

**VOLUME 7**  
**Titles 47 through 60**

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**2010**  
**REVISED CODE OF WASHINGTON**

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Containing all laws of a general and permanent nature through the 2010 special session which adjourned April 13, 2010.

# REVISED CODE OF WASHINGTON

2010 Edition

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## CERTIFICATE

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MARTY BROWN, Chair  
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## PREFACE

**Numbering system:** The number of each section of this code is made up of three parts, in sequence as follows: Number of title; number of chapter within the title; number of section within the chapter. Thus RCW 1.04.020 is Title 1, chapter 4, section 20. The section part of the number (.020) is initially made up of three digits, constitutes a true decimal, and allows for new sections to be inserted between old sections already consecutively numbered, merely by adding one or more digits at the end of the number. In most chapters of the code, sections have been numbered by tens (.010, .020, .030, .040, etc.), leaving vacant numbers between existing sections so that new sections may be inserted without extension of the section number beyond three digits.

**Citation to the Revised Code of Washington:** The code should be cited as RCW; see RCW 1.04.040. An RCW title should be cited Title 7 RCW. An RCW chapter should be cited chapter 7.24 RCW. An RCW section should be cited RCW 7.24.010. Through references should be made as RCW 7.24.010 through 7.24.100. Series of sections should be cited as RCW 7.24.010, 7.24.020, and 7.24.030.

**History of the Revised Code of Washington; Source notes:** The Revised Code of Washington was adopted by the legislature in 1950; see chapter 1.04 RCW. The original publication (1951) contained material variances from the language and organization of the session laws from which it was derived, including a variety of divisions and combinations of the session law sections. During 1953 through 1959, the Statute Law Committee, in exercise of the powers in chapter 1.08 RCW, completed a comprehensive study of these variances and, by means of a series of administrative orders or reenactment bills, restored each title of the code to reflect its session law source, but retaining the general codification scheme originally adopted. An audit trail of this activity has been preserved in the concluding segments of the source note of each section of the code so affected. The legislative source of each section is enclosed in brackets [ ] at the end of the section. Reference to session laws is abbreviated; thus "1891 c 23 § 1; 1854 p 99 § 135" refers to section 1, chapter 23, Laws of 1891 and section 135, page 99, Laws of 1854. "Prior" indicates a break in the statutory chain, usually a repeal and reenactment. "RRS or Rem. Supp.—" indicates the parallel citation in Remington's Revised Code, last published in 1949.

Where, before restoration, a section of this code constituted a consolidation of two or more sections of the session laws, or of sections separately numbered in Remington's, the line of derivation is shown for each component section, with each line of derivation being set off from the others by use of small Roman numerals, "(i)," "(ii)," etc.

Where, before restoration, only a part of a session law section was reflected in a particular RCW section the history note reference is followed by the word "part."

"Formerly" and its correlative form "FORMER PART OF SECTION" followed by an RCW citation preserves the record of original codification.

**Double amendments:** Some double or other multiple amendments to a section made without reference to each other are set out in the code in smaller (8-point) type. See RCW 1.12.025.

**Index:** Titles 1 through 91 are indexed in the RCW General Index. A separate index is provided for the State Constitution.

**Sections repealed or decodified; Disposition table:** Information concerning RCW sections repealed or decodified can be found in the table entitled "Disposition of former RCW sections."

**Codification tables:** To convert a session law citation to its RCW number (for Laws of 1999 or later) consult the codification tables. A complete codification table, including Remington's Revised Statutes, is on the Code Reviser web site at <http://www.leg.wa.gov/codereviser>.

**Notes:** Notes that are more than ten years old have been removed from the print publication of the RCW except when retention has been deemed necessary to preserve the full intent of the law. All notes are displayed in the electronic copy of the RCW on the Code Reviser web site at <http://www.leg.wa.gov/codereviser>.

**Errors or omissions:** (1) Where an obvious clerical error has been made in the law during the legislative process, the code reviser adds a corrected word, phrase, or punctuation mark in [brackets] for clarity. These additions do not constitute any part of the law.

(2) Although considerable care has been taken in the production of this code, it is inevitable that in so large a work that there will be errors, both mechanical and of judgment. When those who use this code detect errors in particular sections, a note citing the section involved and the nature of the error may be sent to: Code Reviser, Box 40551, Olympia, WA 98504-0551, so that correction may be made in a subsequent publication.

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## Chapter 47.01 RCW

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**47.01.011 Legislative declaration.** The legislature hereby recognizes the following imperative needs within the state: To create a statewide transportation development plan which identifies present status and sets goals for the future; to coordinate transportation modes; to promote and protect land use programs required in local, state, and federal law; to coordinate transportation with the economic development of the state; to supply a broad framework in which regional, metropolitan, and local transportation needs can be related; to facilitate the supply of federal and state aid to those areas which will most benefit the state as a whole; to provide for public involvement in the transportation planning and development process; to administer programs within the jurisdiction of this title relating to the safety of the state's transportation systems; and to coordinate and implement national transportation policy with the state transportation planning program.

The legislature finds and declares that placing all elements of transportation in a single department is fully consistent with and shall in no way impair the use of moneys in the motor vehicle fund exclusively for highway purposes.

Through this chapter, a unified department of transportation is created. To the jurisdiction of this department will be transferred the present powers, duties, and functions of the department of highways, the highway commission, the toll bridge authority, the aeronautics commission, and the canal commission, and the transportation related powers, duties, and functions of the \*planning and community affairs agency. The powers, duties, and functions of the department of transportation must be performed in a manner consistent with the policy goals set forth in RCW 47.04.280. [2007 c 516 § 2; 1977 ex.s. c 151 § 1.]

**\*Reviser's note:** "Planning and community affairs agency" means "department of community, trade, and economic development," but the name is retained here for historical purposes. The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

**Findings—Intent—2007 c 516:** "The legislature finds and declares that the citizens of the state expect clear and concise goals, objectives, and responsibilities regarding the operation of the statewide transportation system. Furthermore, the state's citizens expect that the state periodically receive clear and streamlined information that measures whether the goals and objectives are being satisfied. Therefore, it is the intent of the legislature that this act serve to clarify existing goals, objectives, and responsibilities related to the operation of an efficient statewide transportation system." [2007 c 516 § 1.]

**47.01.021 Definitions.** As used in this title unless the context indicates otherwise:

(1) "Department" means the department of transportation created in RCW 47.01.031;

(2) "Commission" means the transportation commission created in RCW 47.01.051;

(3) "Secretary" means the secretary of transportation as provided for in RCW 47.01.041. [1977 ex.s. c 151 § 2.]

*Additional definitions: RCW 47.04.010.*

**47.01.031 Department created—Transfer of powers, duties, and functions.** (1) There is created a department of state government to be known as the department of transportation.

(2) All powers, duties, and functions vested by law in the department of highways, the state highway commission, the director of highways, the Washington toll bridge authority, the aeronautics commission, the director of aeronautics, and the canal commission, and the transportation related powers, duties, and functions of the \*planning and community affairs agency, are transferred to the jurisdiction of the department, except those powers, duties, and functions which are expressly directed elsewhere in \*\*this or in any other act of the 1977 legislature.

(3) The board of pilotage commissioners is transferred to the jurisdiction of the department for its staff support and administration: PROVIDED, That nothing in this section shall be construed as transferring any policy making powers of the board of pilotage commissioners to the transportation commission or the department of transportation. [1988 c 167 § 11; 1977 ex.s. c 151 § 3.]

**Reviser's note:** \*(1) The "planning and community affairs agency" has been renamed the "department of community, trade, and economic development." The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

\*\* (2) For codification of "this . . . act" [1977 ex.s. c 151], see Codification Tables, Volume 0.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.01.041 Secretary of transportation—Appointment, salary, removal.** The executive head of the department of transportation shall be the secretary of transportation, who shall be appointed by the governor with the advice and consent of the senate, and shall be paid a salary to be fixed by the governor in accordance with the provisions of RCW 43.03.040. The secretary shall be an ex officio member of the transportation commission without a vote. The secretary shall serve at the pleasure of the governor. [2005 c 319 § 3; 1983 1st ex.s. c 53 § 28; 1977 ex.s. c 151 § 4.]

**Findings—Intent—Part headings—Effective dates—2005 c 319:** See notes following RCW 43.17.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.01.051 Commission created—Appointment of members—Terms—Qualifications—Removal.** There is hereby created a transportation commission, which shall consist of seven voting members appointed by the governor, with the consent of the senate. The present five members of the highway commission shall serve as five initial members of the transportation commission until their terms of office as highway commission members would have expired. The additional two members provided herein for the transportation commission shall be appointed for initial terms to expire on June 30, 1982, and June 30, 1983. Thereafter all terms shall be for six years. No elective state official, state officer,

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or state employee shall be a member of the commission. At the time of appointment or thereafter during their respective terms of office, four members of the commission shall reside in the western part of the state and three members shall reside in the eastern part of the state as divided north and south by the summit of the Cascade mountains. No more than two members of the commission shall reside in the same county; however, the governor, or his or her designee, shall serve as a nonvoting member of the commission. Commission appointments should reflect both a wide range of transportation interests and a balanced statewide geographic representation. Commissioners may be removed from office by the governor before the expiration of their terms for cause. No member shall be appointed for more than two consecutive terms. [2006 c 334 § 1; 1977 ex.s. c 151 § 5.]

**Effective date—2006 c 334:** "This act takes effect July 1, 2006." [2006 c 334 § 52.]

**47.01.061 Commission—Procedures and internal operations.** (1) The commission shall meet at such times as it deems advisable but at least on a quarterly basis with meetings to be held in different parts of the state. It may adopt its own rules and regulations and may establish its own procedure. It shall act collectively in harmony with recorded resolutions or motions adopted by majority vote of at least four members. The commission may appoint an executive director, and shall elect one of its members chair for a term of one year. The chair may vote on all matters before the commission. The commission may from time to time retain planners, consultants, and other technical personnel to advise it in the performance of its duties.

(2) The commission shall submit to each regular session of the legislature held in an odd-numbered year its own budget proposal necessary for the commission's operations separate from that proposed for the department.

(3) Each member of the commission shall be compensated in accordance with RCW 43.03.250 and shall be reimbursed for actual necessary traveling and other expenses in going to, attending, and returning from meetings of the commission, and actual and necessary traveling and other expenses incurred in the discharge of such duties as may be requested by a majority vote of the commission or by the secretary of transportation, but in no event shall the entire commission membership be compensated for more than one thousand two hundred thirty days combined. Service on the commission shall not be considered as service credit for the purposes of any public retirement system.

(4) Each member of the commission shall disclose any actual or potential conflict of interest, if applicable under the circumstance, regarding any commission business. [2006 c 334 § 2; 2005 c 319 § 4; 1987 c 364 § 2; 1984 c 287 § 94; 1983 1st ex.s. c 53 § 29; 1981 c 59 § 1; 1977 ex.s. c 151 § 6.]

**Effective date—2006 c 334:** See note following RCW 47.01.051.

**Findings—Intent—Part headings—Effective dates—2005 c 319:** See notes following RCW 43.17.020.

**Legislative findings—Severability—Effective date—1984 c 287:** See notes following RCW 43.03.220.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.01.070 Director's and commissioner's prior assignments may be delegated.** In all situations wherein the

director of highways, the director of aeronautics, or any one of their designees, or any member of the highway commission, the toll bridge authority, the aeronautics commission, or the canal commission, or any one of their designees was on September 21, 1977, designated or serving as a member of any board, commission, committee, or authority, the chair of the transportation commission or the chair's designee who shall be an employee of the department of transportation, shall hereafter determine who shall serve as such member. [2010 c 8 § 10001; 1977 ex.s. c 151 § 27; 1961 c 13 § 47.01.070. Prior: 1951 c 247 § 5. Formerly RCW 43.27.120.]

**47.01.071 Commission—Functions, powers, and duties.** The transportation commission shall have the following functions, powers, and duties:

(1) To propose policies to be adopted by the governor and the legislature designed to assure the development and maintenance of a comprehensive and balanced statewide transportation system which will meet the needs of the people of this state for safe and efficient transportation services. Wherever appropriate, the policies shall provide for the use of integrated, intermodal transportation systems. The policies must be aligned with the goals established in RCW 47.04.280. To this end the commission shall:

(a) Develop transportation policies which are based on the policies, goals, and objectives expressed and inherent in existing state laws;

(b) Inventory the adopted policies, goals, and objectives of the local and area-wide governmental bodies of the state and define the role of the state, regional, and local governments in determining transportation policies, in transportation planning, and in implementing the state transportation plan;

(c) Establish a procedure for review and revision of the state transportation policy and for submission of proposed changes to the governor and the legislature; and

(d) Integrate the statewide transportation plan with the needs of the elderly and persons with disabilities, and coordinate federal and state programs directed at assisting local governments to answer such needs;

(2) To provide for the effective coordination of state transportation planning with national transportation policy, state and local land use policies, and local and regional transportation plans and programs;

(3) In conjunction with the provisions under RCW 47.01.075, to provide for public involvement in transportation designed to elicit the public's views both with respect to adequate transportation services and appropriate means of minimizing adverse social, economic, environmental, and energy impact of transportation programs;

(4) By December 2010, to prepare a comprehensive and balanced statewide transportation plan consistent with the state's growth management goals and based on the transportation policy goals provided under RCW 47.04.280 and applicable state and federal laws. The plan must reflect the priorities of government developed by the office of financial management and address regional needs, including multimodal transportation planning. The plan must, at a minimum: (a) Establish a vision for the development of the statewide transportation system; (b) identify significant statewide

transportation policy issues; and (c) recommend statewide transportation policies and strategies to the legislature to fulfill the requirements of subsection (1) of this section. The plan must be the product of an ongoing process that involves representatives of significant transportation interests and the general public from across the state. Every four years, the plan shall be reviewed and revised, and submitted to the governor and the house of representatives and senate standing committees on transportation.

The plan shall take into account federal law and regulations relating to the planning, construction, and operation of transportation facilities;

(5) By December 2007, the office of financial management shall submit a baseline report on the progress toward attaining the policy goals under RCW 47.04.280 in the 2005-2007 fiscal biennium. By October 1, 2008, beginning with the development of the 2009-2011 biennial transportation budget, and by October 1st biennially thereafter, the office of financial management shall submit to the legislature and the governor a report on the progress toward the attainment by state transportation agencies of the state transportation policy goals and objectives prescribed by statute, appropriation, and governor directive. The report must, at a minimum, include the degree to which state transportation programs have progressed toward the attainment of the policy goals established under RCW 47.04.280, as measured by the objectives and performance measures established by the office of financial management under RCW 47.04.280;

(6) To propose to the governor and the legislature prior to the convening of each regular session held in an odd-numbered year a recommended budget for the operations of the commission as required by RCW 47.01.061;

(7) To adopt such rules as may be necessary to carry out reasonably and properly those functions expressly vested in the commission by statute;

(8) To contract with the office of financial management or other appropriate state agencies for administrative support, accounting services, computer services, and other support services necessary to carry out its other statutory duties;

(9) To conduct transportation-related studies and policy analysis to the extent directed by the legislature or governor in the biennial transportation budget act, or as otherwise provided in law, and subject to the availability of amounts appropriated for this specific purpose; and

(10) To exercise such other specific powers and duties as may be vested in the transportation commission by this or any other provision of law. [2007 c 516 § 4; 2006 c 334 § 3; 2005 c 319 § 5; 1981 c 59 § 2; 1980 c 87 § 45; 1977 ex.s. c 151 § 7.]

**Findings—Intent—2007 c 516:** See note following RCW 47.01.011.

**Effective date—2006 c 334:** See note following RCW 47.01.051.

**Findings—Intent—Part headings—Effective dates—2005 c 319:** See notes following RCW 43.17.020.

**47.01.075 Transportation policy development.** (1) The transportation commission shall provide a public forum for the development of transportation policy in Washington state to include coordination with regional transportation planning organizations, transportation stakeholders, counties, cities, and citizens. At least every five years, the commission shall convene regional forums to gather citizen input on transportation issues. The commission shall consider the

input gathered at the forums as it establishes the statewide transportation plan under RCW 47.01.071(4).

(2) In fulfilling its responsibilities under this section, the commission may create ad hoc committees or other such committees of limited duration as necessary.

(3) In order to promote a better transportation system, the commission may offer policy guidance and make recommendations to the governor and the legislature in key issue areas, including but not limited to:

- (a) Transportation finance;
- (b) Preserving, maintaining, and operating the statewide transportation system;
- (c) Transportation infrastructure needs;
- (d) Promoting best practices for adoption and use by transportation-related agencies and programs;
- (e) Transportation efficiencies that will improve service delivery and/or coordination;
- (f) Improved planning and coordination among transportation agencies and providers; and
- (g) Use of intelligent transportation systems and other technology-based solutions. [2007 c 516 § 5; 2006 c 334 § 4; 2005 c 319 § 6.]

**Findings—Intent—2007 c 516:** See note following RCW 47.01.011.

**Effective date—2006 c 334:** See note following RCW 47.01.051.

**Transfers—2005 c 319:** "(1)(a) All reports, documents, surveys, books, records, files, papers, or written material relating to the conduct of performance reviews and audits in the possession of the legislative transportation committee must be delivered to the custody of the transportation commission. Any remaining documents, books, records, files, papers, and written materials must be delivered to the custody of the joint transportation committee. All funds, credits, or other assets held by the legislative transportation committee for the purposes of staffing the transportation performance audit board are assigned to the transportation commission. Any remaining funds, credits, or other assets held by the legislative transportation committee are assigned to the joint transportation committee.

(b) If any question arises as to the transfer of any funds, books, documents, records, papers, files, equipment, or other tangible property used or held in the exercise of the powers and the performance of the duties and functions transferred, the director of financial management shall make a determination as to the proper allocation and certify the same to the state agencies concerned.

(2) All employees of the legislative transportation committee are transferred to the jurisdiction of the transportation commission for the support of the transportation performance audit board. However, the commission may, if staffing needs warrant, assign the employees to other commission functions." [2005 c 319 § 15.]

**Findings—Intent—Part headings—Effective dates—2005 c 319:** See notes following RCW 43.17.020.

**47.01.078 Transportation system policy goals—Duties.** To support achievement of the policy goals described in RCW 47.04.280, the department shall:

- (1) Maintain an inventory of the condition of structures and corridors in most urgent need of retrofit or rehabilitation;
- (2) Develop long-term financing tools that reliably provide ongoing maintenance and preservation of the transportation infrastructure;
- (3) Balance system safety and convenience through all phases of a project to accommodate all users of the transportation system to safely, reliably, and efficiently provide mobility to people and goods;
- (4) Develop strategies to gradually reduce the per capita vehicle miles traveled based on consideration of a range of reduction methods;

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(5) Consider efficiency tools, including high occupancy vehicle and high occupancy toll lanes, corridor-specific and systemwide pricing strategies, active traffic management, commute trip reduction, and other demand management tools;

(6) Promote integrated multimodal planning; and

(7) Consider engineers and architects to design environmentally sustainable, context-sensitive transportation systems. [2007 c 516 § 6.]

**Findings—Intent—2007 c 516:** See note following RCW 47.01.011.

**47.01.081 Department—Organization—Management personnel.** (1) Initially the department shall be organized into divisions, including the division of highways, the division of public transportation, the division of aeronautics, the division of marine transportation, and the division of transportation planning and budget.

(2) The secretary may reorganize divisions in order to attain the maximum possible efficiency in the operation of the department. Each division shall be headed by an assistant secretary to be appointed by the secretary. The secretary may also appoint a deputy secretary as may be needed for the performance of the duties and functions vested in the department and may also appoint up to twelve ferry system management positions as defined in RCW 47.64.011. The secretary may delegate to officers within the several divisions of the department authority to employ personnel necessary to discharge the responsibilities of the department.

(3) The officers appointed under this section shall be exempt from the provisions of the state civil service law and shall be paid salaries to be fixed by the governor in accordance with the procedure established by law for the fixing of salaries for officers exempt from the operation of the state civil service law. [1984 c 48 § 1; 1977 ex.s. c 151 § 8.]

**47.01.091 Advisory councils.** The secretary shall establish such advisory councils as are necessary to carry out the purposes of this title, and to insure adequate public participation in the planning and development of transportation facilities. Members of such councils shall serve at the pleasure of the secretary and may receive per diem and necessary expenses, in accordance with RCW 43.03.050 and 43.03.060, as now or hereafter amended. [2006 c 334 § 5; 1977 ex.s. c 151 § 9.]

**Effective date—2006 c 334:** See note following RCW 47.01.051.

**47.01.101 Secretary—Authority and duties.** The secretary shall have the authority and it shall be his or her duty:

- (1) To serve as chief executive officer of the department with full administrative authority to direct all its activities;
- (2) To organize the department as he or she may deem necessary to carry out the work and responsibilities of the department effectively;
- (3) To designate and establish such transportation district, region, or branch offices as may be necessary or convenient, and to appoint assistants and delegate any powers, duties, and functions to them or any officer or employee of the department as deemed necessary to administer the department efficiently;

(4) To direct and coordinate the programs of the various divisions of the department to assure that they achieve the greatest possible mutual benefit, produce a balanced overall effort, and eliminate unnecessary duplication of activity;

(5) To adopt all department rules that are subject to the adoption procedures contained in the state administrative procedure act, except rules subject to adoption by the commission pursuant to statute;

(6) To maintain and safeguard the official records of the department, including the commission's recorded resolutions and orders;

(7) To provide, under contract or interagency agreement, staff support to the commission, including long-term technical and administrative support as needed, to assist it in carrying out its functions, powers, and duties;

(8) To execute and implement the biennial operating budget for the operation of the department in accordance with chapter 43.88 RCW and with legislative appropriation;

(9) To advise the governor and the legislature with respect to matters under the jurisdiction of the department; and

(10) To exercise all other powers and perform all other duties as are now or hereafter provided by law. [2006 c 334 § 6; 2005 c 319 § 7. Prior: 1987 c 505 § 48; 1987 c 179 § 1; 1983 1st ex.s. c 53 § 30; 1977 ex.s. c 151 § 10.]

**Effective date—2006 c 334:** See note following RCW 47.01.051.

**Findings—Intent—Part headings—Effective dates—2005 c 319:** See notes following RCW 43.17.020.

*Regulations governing parking facilities: RCW 46.61.577.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.01.131 Continuation of state services to department.** All state officials required to maintain contact with or provide services for any of the departments or agencies whose functions are transferred by RCW 47.01.031 shall continue to perform such services for the department of transportation unless otherwise directed by this title. [1977 ex.s. c 151 § 18.]

**47.01.141 Biennial report.** The department shall submit a biennial report to the governor and chairs of the transportation committees of the senate and house of representatives with a copy to the staff of each of the committees, including but not limited to operational and construction activities of the preceding fiscal period as the department deems important and recommendations for future operations of the department. [1987 c 505 § 49; 1984 c 7 § 75; 1977 c 75 § 68; 1973 2nd ex.s. c 12 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.01.170 Right of entry.** The department or its duly authorized and acting assistants, agents, or appointees have the right to enter upon any land, real estate, or premises in this state, whether public or private, for purposes of making examinations, locations, surveys, and appraisals for highway purposes. The making of any such entry for those purposes does not constitute any trespass by the department or by its duly authorized and acting assistants, agents, or appointees. [1984 c 7 § 77; 1961 c 13 § 47.01.170. Prior: 1945 c 176 § 1; Rem. Supp. 1945 § 6400-3f. Formerly RCW 43.27.030.]

[Title 47 RCW—page 6]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.01.180 Roads and bridges in state parks.** The department is authorized at the request of, and upon plans approved by the state parks and recreation commission, to construct and maintain vehicular roads, highways, and bridges within the limits of the several state parks. [1984 c 7 § 78; 1961 c 13 § 47.01.180. Prior: 1943 c 253 § 1; Rem. Supp. 1943 § 6402-35. Formerly RCW 43.27.040.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.01.190 State aid engineer.** The secretary shall appoint, with the approval of the governor, a qualified assistant to be designated as "state aid engineer" whose duties shall consist of the administration of the program of state aid in the matter of county roads and city streets. [1984 c 7 § 79; 1961 c 13 § 47.01.190. Prior: 1949 c 220 § 2; Rem. Supp. 1949 § 4600-3g. Formerly RCW 43.27.050.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.01.210 Contract without bid or bond with public utilities and municipal corporations.** It is lawful for the department to contract without advertising or bid, or performance bond, with any public utility, whether publicly or privately operated, or with any municipal corporation or political subdivision of the state, for the performance of any work or the furnishing of any service of a type ordinarily performed or furnished by such utility, or by such municipal corporation or political subdivision, whenever, in the opinion of the department, the interest of the public will be best served. [1984 c 7 § 80; 1961 c 13 § 47.01.210. Prior: 1955 c 84 § 1; 1953 c 100 § 1. Formerly RCW 43.27.105.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.01.230 Powers relating to toll bridges and facilities and state ferries.** See RCW 47.56.030.

**47.01.240 Coordination of long-range needs studies.** The department and the transportation improvement board shall coordinate their activities relative to long-range needs studies, in accordance with the provisions of chapter 47.05 RCW and RCW 47.26.170, respectively, in order that long-range needs data may be developed and maintained on an integrated and comparable basis. Needs data for county roads and city streets in nonurban areas shall be provided by the counties and cities to the department in such form and extent as requested by the department, after consultation with the county road administration board and the association of Washington cities, in order that needs data may be obtained on a comparable basis for all highways, roads, and streets in Washington. [1988 c 167 § 12; 1984 c 7 § 82; 1971 ex.s. c 195 § 10.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.01.250 Consultation with designated state officials.** The chief of the Washington state patrol, the director of the traffic safety commission, the executive director of the county road administration board, and the director of licensing are designated as official consultants to the transportation commission so that the goals and activities of their respective

agencies which relate to transportation are fully coordinated with other related responsibilities of the department of transportation. In this capacity, the chief of the Washington state patrol, the director of the traffic safety commission, the executive director of the county road administration board, and the director of licensing shall consult with the transportation commission and the secretary of transportation on the implications and impacts on the transportation related functions and duties of their respective agencies of any proposed comprehensive transportation plan, program, or policy.

In order to develop fully integrated, balanced, and coordinated transportation plans, programs, and budgets the chief of the Washington state patrol, the director of the traffic safety commission, the executive director of the county road administration board, and the director of licensing shall consult with the secretary of transportation on the matter of relative priorities during the development of their respective agencies' plans, programs, and budgets as they pertain to transportation activities. [1998 c 245 § 92; 1990 c 266 § 5; 1979 c 158 § 204; 1977 ex.s. c 151 § 26.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.01.260 Authority of department.** (1) The department of transportation shall exercise all the powers and perform all the duties necessary, convenient, or incidental to the planning, locating, designing, constructing, improving, repairing, operating, and maintaining state highways, including bridges and other structures, culverts, and drainage facilities and channel changes necessary for the protection of state highways, and shall examine and allow or disallow bills, subject to the provisions of RCW 85.07.170, for any work or services performed or materials, equipment, or supplies furnished.

(2) Subject to the limitations of RCW 4.24.115, the department, in the exercise of any of its powers, may include in any authorized contract a provision for indemnifying the other contracting party against specific loss or damages arising out of the performance of the contract.

(3) The department is authorized to acquire property as provided by law and to construct and maintain thereon any buildings or structures necessary or convenient for the planning, design, construction, operation, maintenance, and administration of the state highway system and to acquire property and to construct and maintain any buildings, structures, appurtenances, and facilities necessary or convenient to the health and safety and for the accommodation of persons traveling upon state highways.

(4) The department is authorized to engage in planning surveys and may collect, compile, and analyze statistics and other data relative to existing and future highways and highway needs throughout the state, and shall conduct research, investigations, and testing as it deems necessary to improve the methods of construction and maintenance of highways and bridges. [2006 c 368 § 2; 1983 c 29 § 1; 1979 ex.s. c 58 § 1.]

**47.01.270 Radioactive or hazardous cargo, notice of prohibition.** The department of transportation shall adopt regulations to establish procedures for giving notice to transporters of placarded radioactive or hazardous cargo of times

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when transportation of such cargo is prohibited. [1983 c 205 § 2.]

*Transportation of radioactive or hazardous cargo, prohibited, when: RCW 47.48.050.*

**47.01.280 Application for improvements to existing highways.** (1) Upon receiving an application for improvements to an existing state highway or highways pursuant to RCW 43.160.074 from the community economic revitalization board, the department shall, in a timely manner, determine whether or not the proposed state highway improvements:

(a) Meet the safety and design criteria of the department of transportation;

(b) Will impair the operational integrity of the existing highway system; and

(c) Will affect any other improvements planned by the department.

(2) Upon completion of its determination of the factors contained in subsection (1) of this section and any other factors it deems pertinent, the department shall forward its approval, as submitted or amended or disapproval of the proposed improvements to the board, along with any recommendation it may wish to make concerning the desirability and feasibility of the proposed development. If the department disapproves any proposed improvements, it shall specify its reasons for disapproval.

(3) Upon notification from the board of an application's approval pursuant to RCW 43.160.074, the department shall carry out the improvements in coordination with the applicant. [2006 c 334 § 7; 2005 c 319 § 121; 1999 c 94 § 10; 1985 c 433 § 6.]

**Effective date—2006 c 334:** See note following RCW 47.01.051.

**Findings—Intent—Part headings—Effective dates—2005 c 319:** See notes following RCW 43.17.020.

**Legislative finding—Effective dates—1999 c 94:** See notes following RCW 43.84.092.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.01.290 Environmental review of transportation projects.** The legislature recognizes that environmental review of transportation projects is a continuous process that should begin at the earliest stages of planning and continue through final project construction. Early and extensive involvement of the relevant environmental regulatory authorities is critical in order to avoid significant changes in substantially completed project design and engineering. It is the expectation of the legislature that if a comprehensive environmental approach is integrated throughout various transportation processes, onerous, duplicative, and time-consuming permit processes will be minimized. [1994 c 258 § 3; 1993 c 55 § 1.]

*Statewide transportation planning: Chapter 47.06 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.01.300 Environmental review of transportation projects—Cooperation with other environmental regulatory authorities.** The department shall, in cooperation with environmental regulatory authorities:

(1) Identify and document environmental resources in the development of the statewide multimodal plan under RCW 47.06.040;

(2) Allow for public comment regarding changes to the criteria used for prioritizing projects under chapter 47.05 RCW before final adoption of the changes by the commission;

(3) Use an environmental review as part of the project prospectus identifying potential environmental impacts, mitigation, and costs during the early project identification and selection phase, submit the prospectus to the relevant environmental regulatory authorities, and maintain a record of comments and proposed revisions received from the authorities;

(4) Actively work with the relevant environmental regulatory authorities during the design alternative analysis process and seek written concurrence from the authorities that they agree with the preferred design alternative selected;

(5) Develop a uniform methodology, in consultation with relevant environmental regulatory authorities, for submitting plans and specifications detailing project elements that impact environmental resources, and proposed mitigation measures, to the relevant environmental regulatory authorities during the preliminary specifications and engineering phase of project development;

(6) Screen construction projects to determine which projects will require complex or multiple permits. The permitting authorities shall develop methods for initiating review of the permit applications for the projects before the final design of the projects;

(7) Conduct special prebid meetings for those projects that are environmentally complex; and

(8) Review environmental considerations related to particular projects during the preconstruction meeting held with the contractor who is awarded the bid. [1994 c 258 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.01.305 Environmental mitigation in highway construction projects—Public lands first or other sites that avoid loss of long-term, commercially significant agricultural lands.** (1) For highway construction projects where the department considers agricultural lands of long-term commercial significance, as defined in RCW 36.70A.030, in reviewing and selecting sites to meet environmental mitigation requirements under the national environmental policy act (42 U.S.C. Sec. 4321 et seq.) and chapter 43.21C RCW, the department shall, to the greatest extent possible, consider using public land first.

(2) If public lands are not available that meet the required environmental mitigation needs, the department may use other sites while making every effort to avoid any net loss of agricultural lands that have a designation of long-term commercial significance. [2009 c 471 § 1.]

**47.01.321 Skills bank—Report.** The department of transportation shall work with local transportation jurisdictions and representatives of transportation labor groups to establish a human resources skills bank of transportation professionals. The skills bank must be designed to allow all transportation authorities to draw from it when needed. The

department shall issue a report of findings and recommendations to the transportation committees of the legislature by December 1, 2003. The report must include, but not be limited to, identification of any statutory or administrative rule changes necessary to create the skills bank and allow it to function in the manner described. [2003 c 363 § 203.]

**Findings—Intent—2003 c 363 §§ 201-206:** See note following RCW 49.04.041.

**Part headings not law—Severability—2003 c 363:** See notes following RCW 47.28.241.

**47.01.330 Office of transit mobility.** (1) The secretary shall establish an office of transit mobility. The purpose of the office is to facilitate the integration of decentralized public transportation services with the state transportation system. The goals of the office of transit mobility are: (a) To facilitate connection and coordination of transit services and planning; and (b) maximizing opportunities to use public transportation to improve the efficiency of transportation corridors.

(2) The duties of the office include, but are not limited to, the following:

(a) Developing a statewide strategic plan that creates common goals for transit agencies and reduces competing plans for cross-jurisdictional service;

(b) Developing a park and ride lot program;

(c) Encouraging long-range transit planning;

(d) Providing public transportation expertise to improve linkages between regional transportation planning organizations and transit agencies;

(e) Strengthening policies for inclusion of transit and transportation demand management strategies in route development, corridor plan standards, and budget proposals;

(f) Recommending best practices to integrate transit and demand management strategies with regional and local land use plans in order to reduce traffic and improve mobility and access;

(g) Producing recommendations for the public transportation section of the Washington transportation plan; and

(h) Participating in all aspects of corridor planning, including freight planning, ferry system planning, and passenger rail planning.

(3) In forming the office, the secretary shall use existing resources to the greatest extent possible.

(4) The office of transit mobility shall establish measurable performance objectives for evaluating the success of its initiatives and progress toward accomplishing the overall goals of the office.

(5) The office of transit mobility must report quarterly to the secretary, and annually to the transportation committees of the legislature, on the progress of the office in meeting the goals and duties provided in this section. [2005 c 318 § 2.]

**Findings—Intent—2005 c 318:** "The legislature finds that the state needs to reestablish itself as a leader in public transportation.

The legislature also finds that increased demands on transportation resources require increased coordination among public transportation service providers.

The legislature also finds that the efficiency of transportation corridors would be enhanced by a more proactive and integrated approach to public transportation service delivery and planning.

The legislature also finds that the state department of transportation is in the unique position of being able to improve connectivity between service territories of transit agencies and modes of transportation.

The legislature also finds that the state should be a center of excellence in public transportation planning and research and providing technical assistance to transit agencies serving urban, suburban, and rural areas.

Therefore, it is the intent of the legislature that the state department of transportation be a leader in public transportation. The department shall play a guiding role in coordinating decentralized public transportation services, increasing connectivity between them, advocating for public transportation as a means to increase corridor efficiency, and increasing the integration of public transportation and the highway system." [2005 c 318 § 1.]

#### **47.01.340 Local and regional transportation goals.**

Local and regional transportation agencies shall adopt common transportation goals. The office of transit mobility shall review local and regional transportation plans, including plans required under RCW 35.58.2795, 36.70A.070(6), 36.70A.210, and 47.80.023, to provide for the efficient integration of multimodal and multijurisdictional transportation planning. [2005 c 318 § 3.]

**Findings—Intent—2005 c 318:** See note following RCW 47.01.330.

**47.01.350 Ferry grant program.** (1) The department of transportation shall establish a ferry grant program subject to availability of amounts appropriated for this specific purpose. The purpose of the grant program is to provide operating or capital grants for ferry systems as provided in chapters 36.54, 36.57A, and 53.08 RCW to operate passenger-only ferry service.

(2) In providing grants under this section, the department may enter into multiple year contracts with the stipulation that future year allocations are subject to the availability of funding as provided by legislative appropriation. [2008 c 45 § 1; 2007 c 223 § 2; 2006 c 332 § 4.]

**Effective date—2007 c 223:** See note following RCW 36.57A.220.

**47.01.360 Back-up plan for passenger-only ferry service between Vashon and Seattle.** The office of financial management shall contract to develop a back-up plan for operating the Vashon to Seattle passenger-only ferry route existing on January 1, 2006, that does not include operations by state government. [2006 c 332 § 6.]

**47.01.380 State route No. 520 improvements—Exceptions.** The department shall not commence construction on any part of the state route number 520 bridge replacement and HOV project until a record of decision has been reached providing reasonable assurance that project impacts will be avoided, minimized, or mitigated as much as practicable to protect against further adverse impacts on neighborhood environmental quality as a result of repairs and improvements made to the state route number 520 bridge and its connecting roadways, and that any such impacts will be addressed through engineering design choices, mitigation measures, or a combination of both. The requirements of this section shall not apply to off-site pontoon construction supporting the state route number 520 bridge replacement and HOV project. The requirements of this section shall not apply during the 2009-2011 fiscal biennium. [2009 c 470 § 705; 2006 c 311 § 26.]

**Effective date—2009 c 470:** See note following RCW 46.68.170.

**Findings—2006 c 311:** See note following RCW 36.120.020.

#### **47.01.390 Alaskan Way viaduct, Seattle Seawall, and state route No. 520 improvements—Requirements—Exceptions.**

(1) Prior to commencing construction on either project, the department of transportation must complete all of the following requirements for both the Alaskan Way viaduct and Seattle Seawall replacement project, and the state route number 520 bridge replacement and HOV project: (a) In accordance with the national environmental policy act, the department must designate the preferred alternative, prepare a substantial project mitigation plan, and complete a comprehensive cost estimate review using the department's cost estimate validation process, for each project; (b) in accordance with all applicable federal highway administration planning and project management requirements, the department must prepare a project finance plan for each project that clearly identifies secured and anticipated fund sources, cash flow timing requirements, and project staging and phasing plans if applicable; and (c) the department must report these results for each project to the joint transportation committee.

(2) The requirements of this section shall not apply to (a) utility relocation work, and related activities, on the Alaskan Way viaduct and Seattle Seawall replacement project and (b) off-site pontoon construction supporting the state route number 520 bridge replacement and HOV project.

(3) The requirements of subsection (1) of this section shall not apply during the 2007-2009 fiscal biennium.

(4) The requirements of subsection (1) of this section shall not apply during the 2009-2011 fiscal biennium. [2009 c 470 § 706; 2007 c 518 § 705; 2006 c 311 § 27.]

**Effective date—2009 c 470:** See note following RCW 46.68.170.

**Severability—Effective date—2007 c 518:** See notes following RCW 46.68.170.

**Findings—2006 c 311:** See note following RCW 36.120.020.

**47.01.400 Alaskan Way viaduct, Seattle Seawall, and state route No. 520 improvements—Expert review panel—Governor's finding.** The legislature recognizes that the finance and project implementation planning processes required for the Alaskan Way viaduct and Seattle Seawall replacement project and the state route number 520 bridge replacement and HOV project cannot guarantee appropriate decisions unless key study assumptions are reasonable with respect to each project.

To assure appropriate finance plan and project implementation plan assumptions, an expert review panel shall be appointed to provide independent financial and technical review for development of a finance plan and project implementation plan for the projects described in this section.

(1) The expert review panel shall consist of five to ten members who are recognized experts in relevant fields, such as planning, engineering, finance, law, the environment, emerging transportation technologies, geography, and economics.

(2) The expert review panel shall be selected cooperatively by the chairs of the senate and house transportation committees, the secretary of the department of transportation, and the governor to assure a balance of disciplines.

(3) The chair of the expert review panel shall be designated by the governor.

(4) The expert review panel shall, with respect to completion of the project alternatives as described in the draft environmental impact statement of each project:

(a) Review the finance plan for the project to ensure that it clearly identifies secured and anticipated funding sources and is feasible and sufficient;

(b) Review the project implementation plan covering all state and local permitting and mitigation approvals that ensure the most expeditious and cost-effective delivery of the project; and

(c) Report its findings and recommendations on the items described in (a) and (b) of this subsection to the joint transportation committee, the office of financial management, and the governor by September 1, 2006.

(5) Upon receipt of the expert review panel's findings and recommendations under subsection (4)(c) of this section, the governor must make a finding of whether each finance plan is feasible and sufficient to complete the project as described in the draft environmental impact statement.

(6) Nothing in this section shall be interpreted to delay construction of any of the projects referenced in this section. [2006 c 311 § 28.]

**Findings—2006 c 311:** See note following RCW 36.120.020.

**47.01.402 Alaskan Way viaduct replacement project—Deep bore tunnel option—Funding, accountability, and responsibility.** (1) The legislature finds that the replacement of the vulnerable state route number 99 Alaskan Way viaduct is a matter of urgency for the safety of Washington's traveling public and the needs of the transportation system in central Puget Sound. The state route number 99 Alaskan Way viaduct is susceptible to damage, closure, or catastrophic failure from earthquakes and tsunamis. Additionally, the viaduct serves as a vital route for freight and passenger vehicles through downtown Seattle.

Since 2001, the department has undertaken an extensive evaluation of multiple options to replace the Alaskan Way viaduct, including an initial evaluation of seventy-six conceptual alternatives and a more detailed analysis of five alternatives in 2004. In addition to a substantial technical review, the department has also undertaken considerable public outreach, which included consultation with a stakeholder advisory committee that met sixteen times over a thirteen-month period.

Therefore, it is the conclusion of the legislature that time is of the essence, and that Washington state cannot wait for a disaster to make it fully appreciate the urgency of the need to replace this vulnerable structure. The state shall take the necessary steps to expedite the environmental review and design processes to replace the Alaskan Way viaduct with a deep bore tunnel under First Avenue from the vicinity of the sports stadiums in Seattle to Aurora Avenue north of the Battery Street tunnel. The tunnel must include four general purpose lanes in a stacked formation.

(2) The state route number 99 Alaskan Way viaduct replacement project finance plan must include state funding not to exceed two billion four hundred million dollars and must also include no more than four hundred million dollars in toll revenue. These funds must be used solely to build a replacement tunnel, as described in subsection (1) of this sec-

tion, and to remove the existing state route number 99 Alaskan Way viaduct. All costs associated with city utility relocations for state work as described in this section must be borne by the city of Seattle and provided in a manner that meets project construction schedule requirements as determined by the department. State funding is not authorized for any utility relocation costs, or for central seawall or waterfront promenade improvements.

(3) The department shall provide updated cost estimates for construction of the bored tunnel and also for the full Alaskan Way viaduct replacement project to the legislature and governor by January 1, 2010. The department must also consult with independent tunnel engineering experts to review the estimates and risk assumptions. The department shall not enter into a design-build contract for construction of the bored tunnel until the report in this section has been submitted.

(4) Any contract the department enters into related to construction of the deep bored tunnel must include incentives and penalties to encourage on-time completion of the project and to minimize the potential for cost overruns.

(5) It is important that the public and policymakers have accurate and timely access to information related to the Alaskan Way viaduct replacement project as it proceeds to, and during, construction of all aspects of the project, specifically including but not limited to information regarding costs, schedules, contracts, project status, and neighborhood impacts. Therefore it is the intent of the legislature that the state, city, and county departments of transportation establish a single source of accountability for integration, coordination, tracking, and information of all requisite components of the replacement project, which must include, at minimum:

(a) A master schedule of all subprojects included in the full replacement project or program; and

(b) A single point of contact for the public, media, stakeholders, and other interested parties.

(6)(a) The city and county departments of transportation shall be responsible for the cost, delivery, and associated risks of the project components for which each department is responsible, as outlined in the January 13, 2009, letter of agreement signed by the governor, city, and county.

(b) The state's contribution shall not exceed two billion four hundred million dollars. If costs exceed two billion four hundred million dollars, no more than four hundred million [dollars] of the additional costs shall be financed with toll revenue. Any costs in excess of two billion eight hundred million dollars shall be borne by property owners in the Seattle area who benefit from replacement of the existing viaduct with the deep bore tunnel.

(7) Compression brakes may be used by authorized motor vehicles in the deep bore tunnel in a manner consistent with the requirements of RCW 46.37.395. [2009 c 458 § 1.]

**Alaskan Way viaduct replacement project—Deep bore tunnel option—Traffic and revenue study—2009 c 458:** "The department of transportation must prepare a traffic and revenue study for a state route number 99 deep bore tunnel for the purpose of determining the facility's potential to generate toll revenue. The department shall regularly report to the transportation commission regarding the progress of the study for the purpose of guiding the commission's toll setting on the facility. The study must include the following information:

(1) An analysis of the potential diversion from state route number 99 to other parts of the transportation system resulting from tolls on the facility;

(2) An analysis of potential mitigation measures to offset or reduce

diversion from state route number 99;

(3) A summary of the amount of revenue generated from tolling the deep bore tunnel; and

(4) An analysis of the impact of tolls on the performance of the facility.

The department must provide the results of the study to the governor and the legislature by January 2010." [2009 c 458 § 2.]

**Effective date—2009 c 458:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2009." [2009 c 458 § 3.]

**47.01.405 State route No. 520 improvements—Project impact plan—Mediator, duties.** (1) As soon as practicable after May 15, 2007, and after consulting with the city of Seattle, the office of financial management shall hire a mediator, and appropriate planning staff, including urban, transportation, and neighborhood planners, to develop a state route number 520 project impact plan for addressing the impacts of the state route number 520 bridge replacement and HOV project design on Seattle city neighborhoods, parks, including the Washington park arboretum, and institutions of higher education. The mediator must have significant professional experience in working with communities that surround major transportation construction projects, and mitigating the impacts of those transportation projects on those communities. The office of financial management shall hire the mediator and the planning staff within existing appropriations allocated for the state route number 520 bridge replacement and HOV project. The position of mediator under this section is not considered a certified or legally binding position.

(2) The mediator's responsibility to develop a project impact plan is highly time sensitive. As a result, competitive bidding is not cost-effective or appropriate for personal service contracts to hire the mediator. The director of the office of financial management shall, by the director's authority under RCW 39.29.011(5), exempt any such personal service contract from the competitive bidding requirements of chapter 39.29 RCW.

(3) In evaluating the project impacts, the mediator must consider the concerns of neighborhoods and institutions of higher education directly impacted by the proposed design, establish a process that incorporates interest-based negotiation, and work with the appropriate planning staff to develop mitigation recommendations related to the project design. The mediator shall work to ensure that the project impact plan provides a comprehensive approach to mitigating the impacts of the project, including incorporating construction mitigation plans.

(4) The ultimate goal of the mediation and planning process established in subsection (1) of this section is to develop a project impact plan agreed to by all appropriate parties including, but not limited to, those parties listed in subsection (6) of this section. The project impact plan must be consistent with RCW 47.01.380, and must support and be consistent with the approved purpose and need statement for the project, which is: "The purpose of the project is to improve mobility for people and goods across Lake Washington within the SR 520 corridor from Seattle to Redmond in a manner that is safe, reliable, and cost-effective while avoiding, minimizing, and/or mitigating impacts on the affected neighborhoods and the environment." The mediator must strive to develop a consensus-based plan. In the event that

the mediation process does not result in consensus, the mediator shall submit a project impact plan to the governor and the joint transportation committee that reflects the views of the majority of the mediation participants.

(5) The process established in subsection (1) of this section shall result in a project design that provides six total lanes, with four general purpose lanes and two lanes that are for high occupancy vehicle travel that could also accommodate high capacity transportation. The bridge shall also be designed to accommodate light rail in the future and to support a bus rapid transit system. Additionally, the mediator shall strive to develop a project impact plan within the constraints of the range of estimated project costs as of May 1, 2007.

(6)(a) In performing the duties of this section, and consistent with the governor's findings and conclusions, dated December 15, 2006, the mediator shall work with interested parties directly affected by the state route number 520 bridge replacement and HOV project including, but not limited to, at least the following:

(i) Representation from each neighborhood directly impacted by the project;

(ii) Representation from local governments on both ends of the bridge directly impacted by the project;

(iii) Representation from King county;

(iv) Representation from the Washington park arboretum;

(v) Representation from the University of Washington; and

(vi) Representation from sound transit.

(b) The mediator shall also work with the department and others as necessary.

(c) Before the mediator may submit the project impact plan, it must be reviewed by the mayor of Seattle and the Seattle city council. The project impact plan must reflect whether the mayor and council concur or do not concur with the plan and include an explanation regarding their positions.

(7) Until December 1, 2008, the mediator must provide periodic reports to the joint transportation committee and the governor regarding the status of the project impact plan development process. The mediator must submit a progress report to the joint transportation committee and the governor by August 1, 2007. The mediator must submit a final project impact plan to the governor and legislature by December 1, 2008. [2007 c 517 § 2.]

**Finding—2007 c 517:** "The legislature finds that the replacement of the vulnerable state route number 520 corridor is a matter of urgency for the safety of Washington's traveling public and the needs of the transportation system in central Puget Sound. The state route number 520 floating bridge is susceptible to damage, closure, or even catastrophic failure from earthquakes, windstorms, and waves. Additionally, the bridge serves as a vital route for vehicles to cross Lake Washington, carrying over three times its design capacity in traffic, resulting in more than seven hours of congestion per day.

Therefore, it is the conclusion of the legislature that time is of the essence, and that Washington state cannot wait for a disaster to make it fully appreciate the urgency of the need to replace this vulnerable structure. The state must take the necessary steps to move forward with a state route number 520 bridge replacement project design that provides six total lanes, with four general purpose lanes and two lanes that are for high occupancy vehicle travel that could also accommodate high capacity transportation, and the bridge shall also be designed to accommodate light rail in the future. High occupancy vehicle lanes in the state route 520 corridor must also be able to support a bus rapid transit system." [2007 c 517 § 1.]

**Severability—2007 c 517:** "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [2007 c 517 § 8.]

**Effective date—2007 c 517:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [May 15, 2007]." [2007 c 517 § 9.]

**47.01.406 State route No. 520 improvements—Review of project design plans—Goals.** In developing the state route number 520 project impact plan provided in RCW 47.01.405, the mediator and associated planning staff shall review the department's project design plans in the draft environmental impact statement for conformance with the following legislative goals regarding the final design for the state route number 520 bridge replacement and HOV project:

(1) Minimize the total footprint and width of the bridge, and seek appropriate federal design variances to safety and mobility standards, while complying with other federal laws;

(2) Minimize the project impact on surrounding neighborhoods, including incorporation of green lids and connectors, and minimize any increases in additional traffic volumes through the Washington park arboretum and other adjacent neighborhoods;

(3) Incorporate the recommendations of a health impact assessment to calculate the project's impact on air quality, carbon emissions, and other public health issues, conducted by the Puget Sound clean air agency and King county public health;

(4) Ensure that the ultimate project configuration effectively prioritizes maintaining travel time, speed, and reliability on the two high occupancy vehicle lanes; and

(5) Clearly articulate in required environmental documents the alignment of the selected preferred alternative for the state route number 520 bridge replacement and HOV project and the footprint of the project and the affected areas. [2007 c 517 § 3.]

**Finding—Severability—Effective date—2007 c 517:** See notes following RCW 47.01.405.

**47.01.408 State route No. 520 improvements—Design requirements.** (1) The state route number 520 bridge replacement and HOV project shall be designed to provide six total lanes, with two lanes that are for transit and high occupancy vehicle travel, and four general purpose lanes.

(2) The state route number 520 bridge replacement and HOV project shall be designed to accommodate effective connections for transit, including high capacity transit, to the light rail station at the University of Washington. [2008 c 270 § 2.]

**Finding—2008 c 270:** "The legislature finds that the replacement of the vulnerable state route number 520 bridge is a matter of urgency for the safety of Washington's traveling public and the needs of the transportation system in central Puget Sound. The state route number 520 bridge is forty-four years old and has a useful remaining life of between thirteen and eighteen years. While one hundred fifteen thousand vehicles travel on the bridge each day, there is an ever present likelihood that wind or an earthquake could suddenly destroy the bridge or render it unusable. Therefore, the state must develop a comprehensive approach to fund a state route number 520 bridge replacement to be constructed by 2018." [2008 c 270 § 1.]

**47.01.410 State route No. 520 improvements—Multimodal transportation plan.** As part of the state route number 520 bridge replacement and HOV project, the governor's office shall work with the department, sound transit, King county metro, and the University of Washington, to plan for high capacity transportation in the state route number 520 corridor. The parties shall jointly develop a multimodal transportation plan that ensures the effective and efficient coordination of bus services and light rail services throughout the state route number 520 corridor. The plan shall include alternatives for a multimodal transit station that serves the state route number 520 - Montlake interchange vicinity, and mitigation of impacts on affected parties. The high capacity transportation planning work must be closely coordinated with the state route number 520 bridge replacement and HOV project's environmental planning process, and must be completed within the current funding for the project. A draft plan must be submitted to the governor and the joint transportation committee by October 1, 2007. A final plan must be submitted to the governor and the joint transportation committee by December 2008. [2007 c 517 § 6.]

**Finding—Severability—Effective date—2007 c 517:** See notes following RCW 47.01.405.

**47.01.412 State route No. 520 improvements—Tax deferrals—Definition.** (1)(a) Any person involved in the construction of the state route number 520 bridge replacement and HOV project may apply for deferral of state and local sales and use taxes on the site preparation for, the construction of, the acquisition of any related machinery and equipment that will become a part of, and the rental of equipment for use in, the project.

(b) Application shall be made to the department of revenue in a form and manner prescribed by the department of revenue. The application must contain information regarding estimated or actual costs, time schedules for completion and operation, and other information required by the department of revenue. The department of revenue shall approve the application within sixty days if it meets the requirements of this section.

(2) The department of revenue shall issue a sales and use tax deferral certificate for state and local sales and use taxes imposed or authorized under chapters 82.08, 82.12, and 82.14 RCW and RCW 81.104.170 on the project.

(3) A person granted a tax deferral under this section shall begin paying the deferred taxes in the fifth year after the date certified by the department of revenue as the date on which the project is operationally complete. The project is operationally complete under this section when the replacement bridge is constructed and opened to traffic. The first payment is due on December 31st of the fifth calendar year after the certified date, with subsequent annual payments due on December 31st of the following nine years. Each payment shall equal ten percent of the deferred tax.

(4) The department of revenue may authorize an accelerated repayment schedule upon request of a person granted a deferral under this section.

(5) Interest shall not be charged on any taxes deferred under this section for the period of deferral, although all other penalties and interest applicable to delinquent excise taxes may be assessed and imposed for delinquent payments under

this section. The debt for deferred taxes is not extinguished by insolvency or other failure of any private entity granted a deferral under this section.

(6) Applications and any other information received by the department of revenue under this section are not confidential and are subject to disclosure. Chapter 82.32 RCW applies to the administration of this section.

(7) For purposes of this section, "person" has the same meaning as in RCW 82.04.030 and also includes the department of transportation. [2008 c 270 § 7.]

**Finding—2008 c 270:** See note following RCW 47.01.408.

#### **47.01.415 State route No. 520 improvements—**

**Finance plan.** The state route number 520 bridge replacement and HOV project finance plan must include state funding, federal funding, at least one billion dollars in regional contributions, and revenue from tolling. The department must provide a proposed finance plan to be tied to the estimated cost of the recommended project solutions, as provided under RCW 47.01.406, to the governor and the joint transportation committee by January 1, 2008. [2007 c 517 § 7.]

**Finding—Severability—Effective date—2007 c 517:** See notes following RCW 47.01.405.

#### **47.01.417 State route No. 520 improvements—**

**Finance plan—Revenue sources and savings recognition.** The state route number 520 bridge replacement and HOV project finance plan must include:

(1) Recognition of revenue sources that include: One billion seven hundred million dollars in state and federal funds allocated to the project; one billion five hundred million dollars to two billion dollars in tolling revenue, including early tolls that could begin in late 2009; eighty-five million dollars in federal urban partnership grant funds; and other contributions from private and other government sources; and

(2) Recognition of savings to be realized from:

(a) Potential early construction of traffic improvements from the eastern Lake Washington shoreline to 108th Avenue Northeast in Bellevue;

(b) Early construction of a single string of pontoons to support two lanes that are for transit and high occupancy vehicle travel and four general purpose lanes;

(c) Preconstruction tolling to reduce total financing costs; and

(d) A deferral of the sales taxes paid on construction costs. [2008 c 270 § 3.]

**Reviser's note:** This section was directed to be codified in chapter 47.56 RCW. Placement in chapter 47.01 RCW is more appropriate.

**Finding—2008 c 270:** See note following RCW 47.01.408.

#### **47.01.418 State route No. 520 improvements—Work group, subgroups—Corridor projects.**

(1)(a) The state route number 520 work group is created. The work group shall consist of the following members:

(i) The legislators from the forty-third legislative district;

(ii) The legislators from the forty-eighth legislative district;

(iii) The secretary of transportation;

(iv) Two legislators from each of the forty-sixth and forty-fifth legislative districts as jointly determined by the speaker of the house of representatives and the president of the senate;

(v) The chairs of the transportation committees of the legislature, who may each appoint one additional legislator from the joint transportation committee representing a legislative district outside of the state route number 520 corridor; and

(vi) The member of the transportation commission representing King county.

(b) The work group members shall elect two cochairs to consist of one legislative member representing the east side of the state route number 520 corridor and one legislative member representing the west side of the state route number 520 corridor. The work group shall conduct at least three meetings consisting of an initial meeting, a midcourse meeting, and a final meeting.

(2) The state route number 520 work group must:

(a) Review and recommend a financing strategy, in conjunction with the department, to fund the projects in the state route number 520 corridor that reflects the design options recommended under (b) of this subsection. The financing strategy must be based on a total cost of all the intended projects in the state route number 520 corridor that does not exceed four billion six hundred fifty million dollars;

(b) Recommend design options that provide for a full state route number 520 corridor project, including projects in the corridor for which the department applies for federal stimulus funds provided in the American recovery and reinvestment act of 2009, that meets the needs of the region's transportation system while providing appropriate mitigation for the neighborhood and communities in the area directly impacted by the project; and

(c) Present a final report with recommendations on financing and design options to the legislature and the governor by January 1, 2010. The recommendations will inform the supplemental draft environmental impact statement process for the state route number 520 corridor. The process must continue through 2009.

(3) All design options considered or recommended by the state route number 520 work group must adhere to RCW 47.01.408.

(4) The state route number 520 work group shall form a westside subgroup to conduct a detailed review and make recommendations on design options on the west side of the corridor, which extends from the west end of the floating bridge to Interstate 5. The westside subgroup shall consult with neighborhood and community groups impacted by the potential design options. The work group may form an eastside subgroup to review current design options on the east side of the corridor, which extends from the east end of the floating bridge to state route number 202.

(5) The state route number 520 work group shall consult with the governor and legislators representing the primary users of the state route number 520 corridor.

(6) The department shall provide staff support to the state route number 520 work group. [2009 c 472 § 3.]

**Reviser's note:** 2009 c 472 § 3 directed that this section be codified in chapter 47.56 RCW, but codification in chapter 47.01 RCW appears to be more appropriate.

**Intent—Effective date—2009 c 472:** See notes following RCW 47.56.870.

**47.01.420 Naming and renaming state transportation facilities.** (1) The commission may name or rename state transportation facilities including, but not limited to: State highways; state highway bridges, structures, and facilities; state rest areas; and state roadside facilities, such as viewpoints. The commission must consult with the department before taking final action to name or rename a state transportation facility.

(2)(a) The department, state and local governmental entities, citizen organizations, and any person may initiate the process to name or rename a state transportation facility.

(b) For the commission to consider a naming or renaming proposal, the requesting entity or person must provide sufficient evidence, as determined by the commission, indicating community support and acceptance of the proposal. Evidence may include the following:

(i) Letters of support from state and federal legislators representing the impacted area encompassing the state transportation facility;

(ii) Resolutions passed by local, publicly elected bodies in the impacted area encompassing the state transportation facility;

(iii) Department support; or

(iv) Supportive actions by or letters from local organizations including, but not limited to, local chambers of commerce and service clubs.

(3) After the commission takes final action in naming or renaming a state transportation facility, the department shall design and install the appropriate signs in accordance with state and federal standards. [2007 c 33 § 1.]

**47.01.425 Jurisdictional transfers.** The legislature recognizes the need for a multijurisdictional body to review future requests for jurisdictional transfers. The commission shall receive petitions from cities, counties, or the state requesting any addition or deletion from the state highway system. The commission must utilize the criteria established in RCW 47.17.001 in evaluating petitions and to adopt rules for implementation of this process. The commission shall forward to the senate and house transportation committees by November 15th each year any recommended jurisdictional transfers. [2009 c 260 § 1; 2005 c 319 § 130; 1991 c 342 § 62. Formerly RCW 47.26.167.]

**Findings—Intent—Part headings—Effective dates—2005 c 319:** See notes following RCW 43.17.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.01.430 Wounded combat veterans internship program.** Subject to the availability of amounts appropriated for this specific purpose, the department shall establish an internship program for returning wounded combat veterans. The purpose of the program is to assist returning wounded combat veterans by matching them with jobs within the department that require their military skill sets and would be of benefit to the department, or that would teach them new skills. The jobs may include, but are not limited to, the following classifications: Engineering; construction trades; logistics; and project planning. The emphasis of the program should be to

assist veterans who served in southern or central Asia, Operation Enduring Freedom; and the Persian Gulf, Operation Iraqi Freedom. This program may assist with the placement of wounded combat veterans as apprentices under RCW 39.04.320. The department may adopt rules under chapter 34.05 RCW to implement the requirements of this section. For the purposes of this section, "veteran" has the same meaning as in RCW 41.04.005. [2007 c 92 § 1.]

**47.01.440 Adoption of statewide goals to reduce annual per capita vehicle miles traveled by 2050—Department's duties—Reports to the legislature.** To support the implementation of RCW 47.04.280 and 47.01.078(4), the department shall adopt broad statewide goals to reduce annual per capita vehicle miles traveled by 2050 consistent with the stated goals of executive order 07-02. Consistent with these goals, the department shall:

(1) Establish the following benchmarks using a statewide baseline of seventy-five billion vehicle miles traveled less the vehicle miles traveled attributable to vehicles licensed under \*RCW 46.16.070 and weighing ten thousand pounds or more, which are exempt from this section:

(a) Decrease the annual per capita vehicle miles traveled by eighteen percent by 2020;

(b) Decrease the annual per capita vehicle miles traveled by thirty percent by 2035; and

(c) Decrease the annual per capita vehicle miles traveled by fifty percent by 2050;

(2) By July 1, 2008, establish and convene a collaborative process to develop a set of tools and best practices to assist state, regional, and local entities in making progress towards the benchmarks established in subsection (1) of this section. The collaborative process must provide an opportunity for public review and comment and must:

(a) Be jointly facilitated by the department, the department of ecology, and the \*\*department of community, trade, and economic development;

(b) Provide for participation from regional transportation planning organizations, the Washington state transit association, the Puget Sound clean air agency, a statewide business organization representing the sale of motor vehicles, at least one major private employer that participates in the commute trip reduction program, and other interested parties, including but not limited to parties representing diverse perspectives on issues relating to growth, development, and transportation;

(c) Identify current strategies to reduce vehicle miles traveled in the state as well as successful strategies in other jurisdictions that may be applicable in the state;

(d) Identify potential new revenue options for local and regional governments to authorize to finance vehicle miles traveled reduction efforts;

(e) Provide for the development of measurement tools that can, with a high level of confidence, measure annual progress toward the benchmarks at the local, regional, and state levels, measure the effects of strategies implemented to reduce vehicle miles traveled and adequately distinguish between common travel purposes, such as moving freight or commuting to work, and measure trends of vehicle miles traveled per capita on a five-year basis;

(f) Establish a process for the department to periodically evaluate progress toward the vehicle miles traveled bench-

marks, measure achieved and projected emissions reductions, and recommend whether the benchmarks should be adjusted to meet the state's overall goals for the reduction of greenhouse gas emissions;

(g) Estimate the projected reductions in greenhouse gas emissions if the benchmarks are achieved, taking into account the expected implementation of existing state and federal mandates for vehicle technology and fuels, as well as expected growth in population and vehicle travel;

(h) Examine access to public transportation for people living in areas with affordable housing to and from employment centers, and make recommendations for steps necessary to ensure that areas with affordable housing are served by adequate levels of public transportation; and

(i) By December 1, 2008, provide a report to the transportation committees of the legislature on the collaborative process and resulting recommended tools and best practices to achieve the reduction in annual per capita vehicle miles traveled goals.

(3) Included in the December 1, 2008, report to the transportation committees of the legislature, the department shall identify strategies to reduce vehicle miles traveled in the state as well as successful strategies in other jurisdictions that may be applicable in the state that recognize the differing urban and rural transportation requirements.

(4) Prior to implementation of the goals in this section, the department, in consultation with the \*\*department of community, trade, and economic development, cities, counties, local economic development organizations, and local and regional chambers of commerce, shall provide a report to the appropriate committees of the legislature on the anticipated impacts of the goals established in this section on the following:

(a) The economic hardship on small businesses as it relates to the ability to hire and retain workers who do not reside in the county in which they are employed;

(b) Impacts on low-income residents;

(c) Impacts on agricultural employers and their employees, especially on the migrant farmworker community;

(d) Impacts on distressed rural counties; and

(e) Impacts in counties with more than fifty percent of the land base of the county in public or tribal lands. [2008 c 14 § 8.]

**Reviser's note:** \*(1) RCW 46.16.070 was recodified as RCW 46.16A.455 pursuant to 2010 c 161 § 1217, effective July 1, 2011.

\*\* (2) The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

**Findings—Intent—Scope of chapter 14, Laws of 2008—Severability—2008 c 14:** See RCW 70.235.005, 70.235.900, and 70.235.901.

**47.01.450 Funding special needs transportation, application for—Deference to agency council on coordinated transportation recommendations.** (1) To be eligible for funding on or after January 1, 2010, any organization applying for state paratransit/special needs grants, as described in section 223(1), chapter 121, Laws of 2008, or for other funding provided for persons with special transportation needs, as defined in RCW 47.06B.012, must include in its application, in addition to meeting other eligibility requirements provided in law, an explanation of how the requested funding will advance efficiencies in, accessibility

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to, or coordination of transportation services provided to persons with special transportation needs as defined in RCW 47.06B.012.

(2) Unless otherwise required by law, in administering federal funding provided for special needs transportation purposes, including funding under SAFETEA-LU, the safe, accountable, flexible, efficient transportation equity act, P.L. 109-59, or its successor, the department shall give priority to projects that result in increased efficiencies in special needs transportation or improved coordination among special needs transportation service providers.

(3) In making final grant award determinations under subsection (1) of this section, the department shall seek input from the agency council on coordinated transportation, as provided in chapter 47.06B RCW, and shall give substantial deference to applications recommended by the council. [2009 c 515 § 16.]

**47.01.460 Adjustments to recreational vehicle fees. (Effective July 1, 2011.)** (1) The department of transportation may increase the recreational vehicle sanitary disposal fee charged under RCW 46.17.375 as authorized in RCW 43.135.055 by a percentage that exceeds the fiscal growth factor. After consultation with citizen representatives of the recreational vehicle user community, the department of transportation may implement RV account fee adjustments no more than once every four years. RV account fee adjustments must be preceded by an evaluation of the following factors:

(a) Maintenance of a self-supporting program;

(b) Levels of service at existing recreational vehicle sanitary disposal facilities;

(c) Identified needs for improved recreational vehicle service at safety rest areas statewide;

(d) Sewage treatment costs; and

(e) Inflation.

(2) If the department of transportation chooses to adjust the RV account fee, it shall notify the department of licensing six months before implementation of the fee increase. Adjustments in the RV account fee must be in increments of no more than fifty cents per biennium. [2010 c 161 § 1145.]

**Reviser's note:** 2010 c 161 § 1145 directed that this section be codified under chapter 47.06 RCW, but codification under chapter 47.01 RCW appears to be more appropriate.

**Effective date—Intent—Legislation to reconcile chapter 161, Laws of 2010 and other amendments made during the 2010 legislative session—2010 c 161:** See notes following RCW 46.04.013.

## Chapter 47.02 RCW

### DEPARTMENT BUILDINGS

#### Sections

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- 47.02.170 District 1 headquarters bonds—Repayment procedure—Designated funds.
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**47.02.010 Buildings on east capitol site authorized—Financing.** The department is authorized in accordance with the provisions of this chapter and RCW 79.24.500 through 79.24.600 to provide for the acquisition of land and the construction of buildings, laboratories, and facilities on the east capitol site for the use of the commission and the department and to finance payment thereof by bonds payable out of special funds from the proceeds of state excise taxes on motor vehicle fuels, or by gifts, bequests, or grants or by such additional funds as the legislature may provide. [1984 c 7 § 83; 1977 ex.s. c 235 § 14; 1965 ex.s. c 167 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.02.020 Issuance and sale of limited obligation bonds.** In order to finance the immediate acquisition and construction of the buildings and facilities referred to in RCW 47.02.010 there shall be issued and sold limited obligation bonds of the state of Washington in the sum of four million dollars, or such amount thereof and at such times as determined to be necessary by the state highway commission. The issuance, sale and retirement of said bonds shall be under the supervision and control of the state finance committee which, upon request being made by the Washington state highway commission, shall provide for the issuance, sale and retirement of coupon or registered bonds to be dated, issued and sold from time to time in such amounts as may be necessary for the orderly progress of said project. [1965 ex.s. c 167 § 2.]

**Reviser's note:** Powers, duties, and functions of highway commission transferred to department of transportation; see RCW 47.01.031. Term "Washington state highway commission" means department of transportation; see RCW 47.04.015.

**47.02.030 Bonds—Term—Terms and conditions.** Each of such bonds shall be made payable at any time not exceeding thirty years from the date of its issuance with such reserved rights of prior redemption, bearing such interest, and such terms and conditions as the state finance committee may prescribe, to be specified therein. [1965 ex.s. c 167 § 3.]

**47.02.040 Bonds—Signatures—Registration—Where payable—Negotiable instruments.** The bonds shall be signed by the governor and the state treasurer under the seal of the state, one of which signatures shall be made manually and the other signature may be in printed facsimile, and any coupons attached to such bond shall be signed by the same officers whose signatures thereon may be in printed facsimile. Any bonds may be registered in the name of the holder on presentation to the state treasurer or at the fiscal

agency of the state of Washington in New York City, as to principal alone, or as to both principal and interest under such regulations as the state treasurer may prescribe. Such bonds shall be payable at such places as the state finance committee may provide. All bonds issued hereunder shall be fully negotiable instruments. [1965 ex.s. c 167 § 4.]

**47.02.050 Bonds—Denominations—Manner and terms of sale—Legal investment for state funds.** The bonds issued hereunder shall be in denominations to be prescribed by the state finance committee and may be sold in such manner and in such amounts and at such times and on such terms and conditions as the committee may prescribe. If bonds are sold to any purchaser other than the state of Washington, they shall be sold at public sale, and it shall be the duty of the state finance committee to cause such sale to be advertised in such manner as it shall deem sufficient. Bonds issued under the provisions of this chapter shall be legal investment for any of the funds of the state, except the permanent school fund. [1965 ex.s. c 167 § 5.]

**47.02.060 Bonds—Bond proceeds—Deposit and use.** The money arising from the sale of said bonds shall be deposited in the state treasury to the credit of the motor vehicle fund and such money shall be available only for the acquisition of the land and construction of the buildings and facilities referred to in RCW 47.02.010, and for payment of the expenses incurred in the drafting, printing, issuance and sale of any such bonds. [1965 ex.s. c 167 § 6.]

**47.02.070 Bonds—Statement describing nature of obligation—Pledge of excise taxes.** Bonds issued under the provisions of this chapter shall distinctly state that they are not a general obligation of the state but are payable in the manner provided in this chapter from the proceeds of state excise taxes on motor vehicle fuels imposed by chapter 82.36 and \*chapter 82.40 RCW. The proceeds of such excise taxes are hereby pledged to the payment of any bonds and the interest thereon issued under the provisions of this chapter and the legislature hereby agrees to continue to impose the same excise taxes on motor vehicle fuels in amounts sufficient to pay, when due, the principal and interest on all bonds issued under the provisions of this chapter. [1965 ex.s. c 167 § 7.]

**\*Reviser's note:** Chapter 82.40 RCW was repealed by 1971 ex.s. c 175 § 33; for later enactment, see chapter 82.38 RCW.

**47.02.080 Bonds—Designation of funds to repay bonds and interest.** Any funds required to repay such bonds, or the interest thereon when due, shall be taken from that portion of the motor vehicle fund which results from the imposition of excise taxes on motor vehicle fuels and which is, or may be appropriated to the department for state highway purposes, and shall never constitute a charge against any allocations of such funds to counties, cities, and towns unless and until the amount of the motor vehicle fund arising from the excise taxes on motor vehicle fuels and available for state highway purposes proves insufficient to meet the requirements for bond retirement or interest on any such bonds. [1984 c 7 § 84; 1965 ex.s. c 167 § 8.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.02.090 Bonds—Repayment procedure—Highway bond retirement fund.** At least one year prior to the date any interest is due and payable on such bonds or before the maturity date of any bonds, the state finance committee shall estimate the percentage of the receipts in money of the motor vehicle fund, resulting from collection of excise taxes on motor vehicle fuels, for each month of the year which will be required to meet interest or bond payments under the provisions of this chapter when due, and shall notify the state treasurer of such estimated requirement. The state treasurer shall thereafter from time to time each month as such funds are paid into the motor vehicle fund, transfer such percentage of the monthly receipts from excise taxes on motor vehicle fuels of the motor vehicle fund to the highway bond retirement fund, which fund shall be available solely for payment of such interest or bonds when due. If in any month it shall appear that the estimated percentage of money so made is insufficient to meet the requirements for interest or bond retirement, the treasurer shall notify the state finance committee forthwith and such committee shall adjust its estimates so that all requirements for interest and principal of all bonds issued shall be fully met at all times. [1965 ex.s. c 167 § 9.]

**47.02.100 Bonds—Sums in excess of retirement requirements—Use.** Whenever the percentage of the motor vehicle fund arising from excise taxes on motor fuels payable into the highway bond retirement fund shall prove more than is required for the payment of interest on bonds when due or current retirement of bonds, or in the event there is appropriated from time to time additional amounts to be placed in the said bond retirement fund, any excess may, in the discretion of the state finance committee, be available for the prior redemption of any bonds or remain available in the fund to reduce the requirements upon the fuel excise tax portion of the motor vehicle fund at the next interest or bond payment period. [1965 ex.s. c 167 § 10.]

**47.02.110 Bonds—Appropriation from motor vehicle fund.** There is hereby appropriated from the motor vehicle fund to the state highway commission for the biennium ending June 30, 1967, the sum of four million dollars, or so much thereof as may be necessary to carry out the provisions of this chapter, but no money shall be available under this appropriation from said fund unless a like amount of bonds provided for herein are sold and the money derived therefrom deposited to the credit of such fund. [1965 ex.s. c 167 § 11.]

**47.02.120 District 1 headquarters bonds—Issuance and sale.** For the purpose of providing funds for the acquisition of headquarters facilities for district 1 of the department of transportation and costs incidental thereto, together with all improvements and equipment required to make the facilities suitable for the department's use, there shall be issued and sold upon the request of the secretary of the department of transportation a total of fifteen million dollars of general obligation bonds of the state of Washington. [2006 c 334 § 39; 1990 c 293 § 1.]

**Effective date—2006 c 334:** See note following RCW 47.01.051.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

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**47.02.130 District 1 headquarters bonds—Uses of proceeds.** Authorized uses of proceeds from the sale of bonds authorized in RCW 47.02.120 through 47.02.190 include but are not limited to repayment to the motor vehicle fund for the initial financing of the headquarters facilities. [1999 c 94 § 11; 1990 c 293 § 2.]

**Legislative finding—Effective dates—1999 c 94:** See notes following RCW 43.84.092.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.02.140 District 1 headquarters bonds—Duties of state finance committee.** Upon the request of the secretary of the department of transportation, the state finance committee shall supervise and provide for the issuance, sale, and retirement of the bonds authorized by RCW 47.02.120 through 47.02.190 in accordance with chapter 39.42 RCW. Bonds authorized by RCW 47.02.120 through 47.02.190 shall be sold in such manner, at such time or times, in such amounts, and at such price as the state finance committee shall determine. Except for the purpose of repaying the loan from the motor vehicle fund, no such bonds may be offered for sale without prior legislative appropriation of the net proceeds of the sale of the bonds.

The state finance committee shall consider the issuance of short-term obligations in lieu of long-term obligations for the purposes of more favorable interest rates, lower total interest costs, and increased marketability and for the purpose of retiring the bonds during the life of the project for which they were issued. [2006 c 334 § 40; 1990 c 293 § 3.]

**Effective date—2006 c 334:** See note following RCW 47.01.051.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.02.150 District 1 headquarters bonds—Proceeds, deposit and use.** The proceeds from the sale of bonds authorized by RCW 47.02.120 through 47.02.190 shall be available only for the purposes enumerated in RCW 47.02.120 and 47.02.130; for the payment of bond anticipation notes, if any; and for the payment of bond issuance costs, including the costs of underwriting. Proceeds shall be deposited in the motor vehicle fund. [1999 c 94 § 12; 1990 c 293 § 4.]

**Legislative finding—Effective dates—1999 c 94:** See notes following RCW 43.84.092.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.02.160 District 1 headquarters bonds—Statement of general obligation—Pledge of excise taxes.** Bonds issued under the authority of RCW 47.02.120 through 47.02.190 shall distinctly state that they are a general obligation of the state of Washington, shall pledge the full faith and credit of the state to the payment of the principal thereof and the interest thereon, and shall contain an unconditional promise to pay such principal and interest as the same shall become due. The principal and interest on the bonds shall be first payable in the manner provided in RCW 47.02.120 through 47.02.190 from the proceeds of the state excise taxes on motor vehicle and special fuels imposed by chapters 82.36 and 82.38 RCW. Proceeds of such excise taxes are hereby pledged to the payment of any bonds and the interest thereon issued under the authority of RCW 47.02.120 through 47.02.190, and the legislature agrees to continue to impose

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these excise taxes on motor vehicle and special fuels in amounts sufficient to pay, when due, the principal and interest on all bonds issued under the authority of RCW 47.02.120 through 47.02.190. [1995 c 274 § 5; 1990 c 293 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.02.170 District 1 headquarters bonds—Repayment procedure—Designated funds.** Both principal and interest on the bonds issued for the purposes of RCW 47.02.120 through 47.02.190 shall be payable from the highway bond retirement fund. The state finance committee may provide that a special account be created in the fund to facilitate payment of the principal and interest. The state finance committee shall, on or before June 30th of each year, certify to the state treasurer the amount required for principal and interest on the bonds in accordance with the bond proceedings. The state treasurer shall withdraw revenues from the motor vehicle fund and deposit in the highway bond retirement fund, or a special account in the fund, such amounts, and at such times, as are required by the bond proceedings.

Any funds required for bond retirement or interest on the bonds authorized by RCW 47.02.120 through 47.02.190 shall be taken from that portion of the motor vehicle fund that results from the imposition of excise taxes on motor vehicle and special fuels and that is distributed to the state under RCW 46.68.130. Funds required shall never constitute a charge against any other allocations of motor vehicle fuel and special fuel tax revenues to the state, counties, cities, and towns unless the amount arising from excise taxes on motor vehicle and special fuels distributed to the state under RCW 46.68.130 proves insufficient to meet the requirements for bond retirement or interest on any such bonds. [1990 c 293 § 6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.02.190 District 1 headquarters bonds—Equal charges against certain revenues.** Bonds issued under the authority of RCW 47.02.120 through \*47.02.180 and this section and any other general obligation bonds of the state of Washington that have been or that may be authorized and that pledge motor vehicle and special fuels excise taxes for the payment of principal and interest thereon shall be an equal charge against the revenues from such motor vehicle and special fuels excise taxes. [1990 c 293 § 8.]

\***Reviser's note:** RCW 47.02.180 was repealed by 1999 c 94 § 33, effective July 1, 1999.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

## Chapter 47.04 RCW GENERAL PROVISIONS

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*Mobile home or park model trailer movement permits and decals:* RCW 46.44.170, 46.44.175.

**47.04.010 Definitions.** The following words and phrases, wherever used in this title, shall have the meaning as in this section ascribed to them, unless where used the context thereof shall clearly indicate to the contrary or unless otherwise defined in the chapter of which they are a part:

(1) "Alley." A highway within the ordinary meaning of alley not designated for general travel and primarily used as a means of access to the rear of residences and business establishments;

(2) "Arterial highway." Every highway, as herein defined, or portion thereof designated as such by proper authority;

(3) "Business district." The territory contiguous to and including a highway, as herein defined, when within any six hundred feet along such highway there are buildings in use for business or industrial purposes, including but not limited to hotels, banks, or office buildings, railroad stations, and public buildings which occupy at least three hundred feet of frontage on one side or three hundred feet collectively on both sides of the highway;

(4) "Center line." The line, marked or unmarked parallel to and equidistant from the sides of a two-way traffic roadway of a highway except where otherwise indicated by painted lines or markers;

(5) "Center of intersection." The point of intersection of the center lines of the roadways of intersecting highways;

(6) "City street." Every highway as herein defined, or part thereof located within the limits of incorporated cities and towns, except alleys;

(7) "Combination of vehicles." Every combination of motor vehicle and motor vehicle, motor vehicle and trailer, or motor vehicle and semitrailer;

(8) "Commercial vehicle." Any vehicle the principal use of which is the transportation of commodities, merchandise, produce, freight, animals, or passengers for hire;

(9) "County road." Every highway as herein defined, or part thereof, outside the limits of incorporated cities and towns and which has not been designated as a state highway, or branch thereof;

(10) "Crosswalk." The portion of the roadway between the intersection area and a prolongation or connection of the farthest sidewalk line or in the event there are no sidewalks then between the intersection area and a line ten feet therefrom, except as modified by a marked crosswalk;

(11) "Highway." Every way, lane, road, street, boulevard, and every way or place in the state of Washington open as a matter of right to public vehicular travel both inside and outside the limits of incorporated cities and towns;

(12) "Intersection area." (a) The area embraced within the prolongation or connection of the lateral curb lines, or, if none, then the lateral boundary lines of the roadways of two or more highways which join one another at, or approximately at, right angles, or the area within which vehicles traveling upon different highways joining at any other angle may come in conflict;

(b) Where a highway includes two roadways thirty feet or more apart, then every crossing of each roadway of such divided highway by an intersecting highway shall be regarded as a separate intersection. In the event such intersecting highway also includes two roadways thirty feet or more apart, then every crossing of two roadways of such highways shall be regarded as a separate intersection;

(c) The junction of an alley with a street or highway shall not constitute an intersection;

(13) "Intersection control area." The intersection area as herein defined, together with such modification of the adjacent roadway area as results from the arc or curb corners and together with any marked or unmarked crosswalks adjacent to the intersection;

(14) "Laned highway." A highway the roadway of which is divided into clearly marked lanes for vehicular traffic;

(15) "Local authorities." Every county, municipal, or other local public board or body having authority to adopt local police regulations under the Constitution and laws of this state;

(16) "Marked crosswalk." Any portion of a roadway distinctly indicated for pedestrian crossing by lines or other markings on the surface thereof;

(17) "Metal tire." Every tire, the bearing surface of which in contact with the highway is wholly or partly of metal or other hard, nonresilient material;

(18) "Motor truck." Any motor vehicle, as herein defined, designed or used for the transportation of commodities, merchandise, produce, freight, or animals;

(19) "Motor vehicle." Every vehicle, as herein defined, which is in itself a self-propelled unit;

(20) "Multiple lane highway." Any highway the roadway of which is of sufficient width to reasonably accommodate two or more separate lanes of vehicular traffic in the same direction, each lane of which shall be not less than the maximum legal vehicle width, and whether or not such lanes are marked;

(21) "Operator." Every person who drives or is in actual physical control of a vehicle as herein defined;

(22) "Peace officer." Any officer authorized by law to execute criminal process or to make arrests for the violation of the statutes generally or of any particular statute or statutes relative to the highways of this state;

(23) "Pedestrian." Any person afoot or who is using a wheelchair, power wheelchair as defined in RCW 46.04.415, or a means of conveyance propelled by human power other than a bicycle;

(24) "Person." Every natural person, firm, copartnership, corporation, association, or organization;

(25) "Personal wireless service." Any federally licensed personal wireless service;

(26) "Personal wireless service facilities." Unstaffed facilities that are used for the transmission or reception, or both, of personal wireless services including, but not necessarily limited to, antenna arrays, transmission cables, equipment shelters, and support structures;

(27) "Pneumatic tires." Every tire of rubber or other resilient material designed to be inflated with compressed air to support the load thereon;

(28) "Private road or driveway." Every way or place in private ownership and used for travel of vehicles by the owner or those having express or implied permission from the owner, but not by other persons;

(29) "Railroad." A carrier of persons or property upon vehicles, other than streetcars, operated upon stationary rails, the route of which is principally outside incorporated cities and towns;

(30) "Railroad sign or signal." Any sign, signal, or device erected by authority of a public body or official or by a railroad and intended to give notice of the presence of railroad tracks or the approach of a railroad train;

(31) "Residence district." The territory contiguous to and including the highway, as herein defined, not comprising a business district, as herein defined, when the property on such highway for a continuous distance of three hundred feet or more on either side thereof is in the main improved with residences or residences and buildings in use for business;

(32) "Roadway." The paved, improved, or proper driving portion of a highway designed, or ordinarily used for vehicular travel;

(33) "Safety zone." The area or space officially set apart within a roadway for the exclusive use of pedestrians and which is protected or is marked or indicated by painted marks, signs, buttons, standards, or otherwise so as to be plainly discernible;

(34) "Sidewalk." That property between the curb lines or the lateral lines of a roadway, as herein defined, and the adjacent property, set aside and intended for the use of pedestrians or such portion of private property parallel and in proximity to a highway and dedicated to use by pedestrians;

(35) "Solid tire." Every tire of rubber or other resilient material which does not depend upon inflation with compressed air for the support of the load thereon;

(36) "State highway." Every highway as herein defined, or part thereof, which has been designated as a state highway, or branch thereof, by legislative enactment;

(37) "Streetcar." A vehicle other than a train, as herein defined, for the transporting of persons or property and operated upon stationary rails principally within incorporated cities and towns;

(38) "Traffic." Pedestrians, ridden or herded animals, vehicles, streetcars, and other conveyances either singly or together while using any highways for purposes of travel;

(39) "Traffic control signal." Any traffic device, as herein defined, whether manually, electrically, or mechanically operated, by which traffic alternately is directed to stop or proceed or otherwise controlled;

(40) "Traffic devices." All signs, signals, markings, and devices not inconsistent with this title placed or erected by authority of a public body or official having jurisdiction, for the purpose of regulating, warning, or guiding traffic;

(41) "Train." A vehicle propelled by steam, electricity, or other motive power with or without cars coupled thereto, operated upon stationary rails, except street cars;

(42) "Vehicle." Every device capable of being moved upon a highway and in, upon, or by which any person or property is or may be transported or drawn upon a highway, excepting power wheelchairs, as defined in RCW 46.04.415, or devices moved by human or animal power or used exclusively upon stationary rails or tracks.

Words and phrases used herein in the past, present, or future tense shall include the past, present, and future tenses; words and phrases used herein in the masculine, feminine, or neuter gender shall include the masculine, feminine, and neuter genders; and words and phrases used herein in the singular or plural shall include the singular and plural; unless the context thereof shall indicate to the contrary. [2003 c 244 § 2; 2003 c 141 § 8; 1975 c 62 § 50; 1967 ex.s. c 145 § 42; 1961 c 13 § 47.04.010. Prior: 1937 c 53 § 1; RRS § 6400-1.]

**Reviser's note:** This section was amended by 2003 c 141 § 8 and by 2003 c 244 § 2, each without reference to the other. Both amendments are incorporated in the publication of this section under RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

*Aeronautics, definitions relating to:* RCW 47.68.020.

*Canal, defined:* RCW 47.72.060.

*Department, commission, secretary—Defined:* RCW 47.01.021.

*Ferry workers, marine employees, definitions relating to:* RCW 47.64.011.

*Junkyards, definitions relating to:* RCW 47.41.020.

*Limited access facilities, definitions relating to:* RCW 46.52.010.

*Signs and scenic vistas, definitions relating to:* RCW 47.42.020.

*Toll bridges, roads, definitions relating to:* RCW 47.56.010.

*Urban arterials, definitions relating to:* RCW 47.26.040, 47.26.090, 47.26.100, 47.26.110.

*Urban public transportation systems—Defined:* RCW 47.04.082.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.04.015 Change of meaning, certain terms.** Unless the language specifically indicates otherwise, or unless the context plainly requires a different interpretation:

Wherever in Title 47 RCW or in any provision in the Revised Code of Washington the term "Washington state highway commission", "the state highway commission", "the highway commission", "the commission" (when referring to the Washington state highway commission), "the department of highways", "Washington toll bridge authority", or "the authority" (when referring to the Washington toll bridge authority) is used, it shall mean the department of transportation created in RCW 47.01.031.

Wherever in Title 47 RCW or in any provision in the Revised Code of Washington the term "director of highways"

is used, it shall mean the secretary of transportation, whose office is created in RCW 47.01.041. [1977 ex.s. c 151 § 23.]

**47.04.020 Classification of highways.** All public highways in the state of Washington, or portions thereof, outside incorporated cities and towns shall be divided and classified as state highways and county roads. All state highways and branches thereof shall be established by the legislature of the state of Washington by appropriate general location and termini. Any prior distinctions between highways as primary or secondary are hereby abolished. All powers granted to, or duties imposed upon, the department with regard to either primary or secondary state highways shall be construed to relate to all state highways. Whenever these terms are used, either jointly or independently, each shall be construed to include all state highways. All public highways in the state of Washington, or portions thereof, outside incorporated cities and towns, not established as state highways, are hereby declared to be county roads. [1984 c 7 § 85; 1967 ex.s. c 145 § 41; 1963 c 24 § 3; 1961 c 13 § 47.04.020. Prior: 1937 c 207 § 1; RRS § 6402-1; 1937 c 53 § 5; RRS § 6400-5; 1913 c 65 § 1; RRS § 6790.]

*Highway designation system—Signs:* RCW 47.36.095.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.04.040 Title to rights-of-way vested in state.** Upon and after April 1, 1937, all rights-of-way of any primary state highways, together with all appurtenances thereto, the right or interest in or to which was, or is, in any county, road district, township, local improvement district, or other highway or road district or political subdivision of the state of Washington shall be and the same is hereby transferred to and vested in the state of Washington for use in conjunction with such primary state highways under the department of transportation.

All public highways in the state of Washington which have been designated to be primary state highways or secondary state highways or classified as primary roads and which have been constructed and improved and maintained for a period of seven years prior to April 1, 1937, at the expense of the state shall operate to vest in the state of Washington all right, title, and interest to the right of ways thereof, including the roadway and ditches and existing drainage facilities, together with all appurtenances thereto and no informalities in the records of title to such public highways shall be construed to invalidate or vacate such public highways or to divest the state of Washington of any right, title and interest in the right-of-way thereof. [1979 ex.s. c 30 § 7; 1961 c 13 § 47.04.040. Prior: 1937 c 53 § 29; RRS § 6400-29.]

**47.04.045 Wireless service facilities—Right-of-way leases—Rules.** (1) For the purposes of this section:

(a) "Right-of-way" means all state-owned land within a state highway corridor.

(b) "Service provider" means every corporation, company, association, joint stock association, firm, partnership, or person that owns, operates, or manages any personal wireless service facility. "Service provider" includes a service provider's contractors, subcontractors, and legal successors.

(2) The department shall establish a process for issuing a lease for the use of the right-of-way by a service provider and shall require that telecommunications equipment be co-located on the same structure whenever practicable. Consistent with federal highway administration approval, the lease must include the right of direct ingress and egress from the highway for construction and maintenance of the personal wireless service facility during nonpeak hours if public safety is not adversely affected. Direct ingress and egress may be allowed at any time for the construction of the facility if public safety is not adversely affected and if construction will not substantially interfere with traffic flow during peak traffic periods. The lease may specify an indirect ingress and egress to the facility if it is reasonable and available for the particular location.

(3) The cost of the lease must be limited to the fair market value of the portion of the right-of-way being used by the service provider and the direct administrative expenses incurred by the department in processing the lease application.

If the department and the service provider are unable to agree on the cost of the lease, the service provider may submit the cost of the lease to binding arbitration by serving written notice on the department. Within thirty days of receiving the notice, each party shall furnish a list of acceptable arbitrators. The parties shall select an arbitrator; failing to agree on an arbitrator, each party shall select one arbitrator and the two arbitrators shall select a third arbitrator for an arbitration panel. The arbitrator or panel shall determine the cost of the lease based on comparable siting agreements. Costs of the arbitration, including compensation for the arbitrator's services, must be borne equally by the parties participating in the arbitration and each party shall bear its own costs and expenses, including legal fees and witness expenses, in connection with the arbitration proceeding.

(4) The department shall act on an application for a lease within sixty days of receiving a completed application, unless a service provider consents to a different time period.

(5) The reasons for a denial of a lease application must be supported by substantial evidence contained in a written record.

(6) The department may adopt rules to implement this section.

(7) All lease money paid to the department under this section shall be deposited in the motor vehicle fund created in RCW 46.68.070. [2003 c 244 § 5.]

**47.04.046 Wireless site leases—Pending applications.** Applications for wireless site leases pending on July 27, 2003, must be treated as applications under RCW 47.04.045 with the consent of the applicant. [2003 c 244 § 8.]

**47.04.047 Personal wireless service facilities.** Personal wireless service is a critical part of the state's infrastructure. The rapid deployment of personal wireless service facilities is critical to ensure public safety, network access, quality of service, and rural economic development.

It is the declared policy of this state to assure that the use of rights-of-way of state highways accommodate the deployment of personal wireless service facilities consistent with

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highway safety and the preservation of the public investment in state highway facilities. [2004 c 131 § 2.]

**47.04.050 Acceptance of federal acts.** The state of Washington hereby assents to the purposes, provisions, terms and conditions of the grant of money provided in an act of congress entitled: "An act to provide that the United States shall aid the states in the construction of rural post roads, and for other purposes," approved July 11, 1916, and all acts, grants and appropriations amendatory and supplementary thereto and affecting the state of Washington. [1961 c 13 § 47.04.050. Prior: 1937 c 53 § 43; RRS § 6400-43; 1917 c 76 § 1; RRS § 6844.]

**47.04.060 Administration of federal grants.** The department is authorized and directed to act for and on behalf of the state of Washington, and any political subdivision of the state, in all things pertaining to the selection, construction, and maintenance of highways and roads under the provisions of the act of congress approved July 11, 1916, and any and all acts amendatory thereto; and to enter into such agreement with the secretary of transportation or other duly authorized agent of the United States as may from time to time be desirable or necessary to secure the money or aid for any section of state highway, county road, or city or town street selected by law for construction or improvement through an appropriation for the period in which the construction or improvement is to be made. The money shall be added to and expended in connection with the appropriation aforesaid; and shall apply thereto, as may be required, cooperative expenditures from the motor vehicle fund, which may have been appropriated by the state legislature, and from any highway, road, or street fund of any political subdivision, and which are available for the construction and maintenance of any section of state highway, county road, or city or town street selected as aforesaid for such aid and improvement. [1984 c 7 § 86; 1961 c 13 § 47.04.060. Prior: 1937 c 53 § 47; RRS § 6400-47; 1917 c 76 § 5, part; RRS § 6848, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.04.070 Conformity with federal requirements.** In all matters relating to the cooperative construction or improvement of any state highway, county road, or city or town street for which federal funds or aid is secured under any act of congress, the department shall act in the manner provided by state law relating to state highway construction from the motor vehicle fund, so far as the same may be consistent with the provisions of such act of congress and the rules and regulations made by the secretary of transportation or other authorized agent of the United States government pursuant to such act, to which the procedure shall be adapted by the department as may be necessary. [1984 c 7 § 87; 1961 c 13 § 47.04.070. Prior: 1937 c 53 § 44; RRS § 6400-44; 1917 c 76 § 5, part; RRS § 6848, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.04.080 Joint action with other governments and agencies.** The department is empowered to join financially or otherwise with any other state or any county, city, or town of any other state, or with any foreign country, or any prov-

ince or district of any foreign country, or with the federal government or any agency thereof, or with any or all thereof, for the erecting, constructing, operating, or maintaining of any bridge, trestle, or any other structure, for the continuation or connection of any state highway across any stream, body of water, gulch, navigable water, swamp, or other topographical formation requiring any such structure and forming a boundary between the state of Washington and any other state or foreign country, and for the purchase or condemnation of right-of-way therefor. [1984 c 7 § 88; 1973 1st ex.s. c 151 § 11; 1961 c 13 § 47.04.080. Prior: 1937 c 53 § 47 1/2; RRS § 6400-47 1/2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.04.081 Urban public transportation systems—Participation in planning, development, and establishment.** The department is empowered to join financially or otherwise with any public agency or any county, city, or town in the state of Washington or any other state, or with the federal government or any agency thereof, or with any or all thereof for the planning, development, and establishment of urban public transportation systems in conjunction with new or existing highway facilities. [1984 c 7 § 89; 1967 c 108 § 13; 1965 ex.s. c 170 § 63.]

*Urban public transportation system defined: RCW 47.04.082.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.04.082 Urban public transportation systems—Defined.** As used in \*this act the term "urban public transportation system" shall mean a system for the public transportation of persons or property by buses, streetcars, trains, electric trolley coaches, other public transit vehicles, or any combination thereof operating in or through predominantly urban areas and owned and operated by the state, any city or county or any municipal corporation of the state, including all structures, facilities, vehicles and other property rights and interest forming a part of such a system. [1967 c 108 § 1.]

\*Reviser's note: For codification of "this act" [1967 c 108], see Codification Tables, Volume 0.

**47.04.083 Urban public transportation systems—Declaration of public policy—Use of motor vehicle, city street, or county road funds.** The separate and uncoordinated development of public highways and urban public transportation systems is wasteful of this state's natural and financial resources. It is the public policy of this state to encourage wherever feasible the joint planning, construction and maintenance of public highways and urban public transportation systems serving common geographical areas as joint use facilities. To this end the legislature declares it to be a highway purpose to use motor vehicle funds, city and town street funds or county road funds to pay the full proportionate highway, street or road share of the costs of design, right-of-way acquisition, construction and maintenance of any highway, street or road to be used jointly with an urban public transportation system. [1967 c 108 § 2.]

**47.04.090 Penalty.** It is a misdemeanor for any person to violate any of the provisions of this title unless specifically provided otherwise by this title or other law of this state.

Unless another penalty is provided in this title, every person convicted of a misdemeanor for violation of any provisions of this title shall be punished in accordance with chapter 9A.20 RCW. [1989 c 224 § 2; 1961 c 13 § 47.04.090. Prior: 1937 c 53 § 95; RRS § 6400-95.]

**47.04.100 Temporary route pending construction of new highway—Streets, roads not to be maintained as.** Unless otherwise provided, whenever by statute a new highway or extension is added to the state highway system, no existing city street or county road may be maintained or improved by the department as a temporary route of such new highway or extension pending the construction of the new highway or extension on the location adopted by the department. [1984 c 7 § 90; 1973 1st ex.s. c 151 § 12; 1965 ex.s. c 170 § 34.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.04.140 Counties obtaining federal aid for construction, reconstruction, etc., of ferry boats or approaches.** Whenever a county that operates or proposes to operate ferries obtains federal aid for the construction, reconstruction, or modification of any ferry boat or approaches thereto under Title 23, United States Code, the following provisions apply to the county's operation of its ferries:

(1) The county shall obtain from the department a franchise authorizing the ferry operations. The county's application for a franchise or amended franchise shall designate all ferry routes it proposes to operate. The department shall issue the franchise or amended franchise for the operation of each route that it finds is not otherwise served by adequate transportation facilities. A county may terminate any ferry route without approval of the department.

(2) At least ninety days before applying for federal aid for the construction, reconstruction, or modification of any of its ferries or approaches thereto, and thereafter whenever new tolls or charges are proposed for use of its ferries, the county shall file with the department, the current or proposed schedule of tolls and charges for use of its ferries. Such tolls and charges shall be deemed approved by the department unless it finds that the aggregate revenues to be derived from the county's ferry operations will exceed the amount required to pay the actual and necessary costs of operation, maintenance, administration, and repair of the county's ferries and their appurtenances. [1989 c 62 § 1; 1984 c 7 § 91; 1975-'76 2nd ex.s. c 65 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.04.150 Outstanding bonds—Savings.** While any bonds, whether definitive, temporary, or interim, or warrants, certificates, or receipts of any denomination, with or without coupons attached heretofore issued by the state aeronautics commission, the toll bridge authority, the highway commission, or any of the other agencies whose functions are transferred to the department of transportation by RCW 47.01.031, remain outstanding, the powers and duties relating thereto of such agencies or of any official or employee thereof transferred by \*RCW 47.01.111 to the department of transportation, or any powers and duties of any other state official or state agency with respect to such bonds, warrants,

certificates, or receipts shall not be diminished or impaired in any manner that will adversely affect the interests and rights of the holders of such bonds, warrants, certificates, or receipts. The holder of any such bond, warrant, certificate, or receipt may by mandamus or other appropriate proceeding require the performance by the department of transportation, or other appropriate state official or agency, of any of the duties heretofore imposed upon any state department, official, or employee under the terms of any such prior bond, warrant, certificate, or receipt agreement or sale: PROVIDED, That the enumeration of such rights and remedies herein shall not be deemed to exclude the exercise or prosecution of any other rights or remedies by the holders of such bonds, warrants, certificates, or receipts. [1977 ex.s. c 151 § 19.]

\*Reviser's note: RCW 47.01.111 was decodified pursuant to 1985 c 6 § 26.

**47.04.160 Lewis and Clark bridge.** In commemoration of the 175th anniversary of captains Meriwether Lewis and William Clark's epic journey from Wood River, Illinois, to Cape Disappointment, Washington, and to fully honor the expedition's passing the present location of the city of Longview, Washington, in November, 1805, and to couple this commemoration with the dedication of the bridge from Longview, Washington, to Rainier, Oregon, on March 29, 1930, the official name of this bridge is changed from the Longview-Columbia bridge to the Lewis and Clark bridge. [1980 c 5 § 1.]

**47.04.170 Federal agreements for public transportation, rail transportation.** The department of transportation is authorized to enter into and perform agreements with federal agencies as may be necessary to secure federal grants, loans, or other assistance on its own behalf or on behalf of other public or private recipients for:

(1) Public transportation purposes, including but not limited to, bus transportation, specialized transportation services for the elderly and handicapped, and ride sharing activities; and

(2) Rail transportation. [1985 c 20 § 1.]

**47.04.180 Twenty-four hour headlight policy.** On the recommendation of their public works departments or designees, counties or cities can petition the department of transportation to create a "twenty-four hour headlight policy" on state highways in their respective jurisdictions. The department shall develop criteria for approval or disapproval, such as traffic volume, accident statistics, and costs of signs. The department shall notify all counties about this program.

A jurisdiction requesting such a policy shall periodically report to the department regarding its educational efforts. A jurisdiction may petition the department to remove such a policy.

The jurisdiction shall educate its citizens on the "twenty-four hour headlight policy." The department shall place and maintain appropriate signs along the designated highway. Participating jurisdictions shall share in the cost of signing in an amount as determined by the department. [1998 c 245 § 94; 1989 c 195 § 1.]

(2010 Ed.)

**47.04.190 Bicycle transportation management program.** (1) The department of transportation is responsible for the initiation, coordination, and operation of a bicycle transportation management program.

(2) To assist in the operation of the bicycle transportation management program, a full-time staff position of state bicycle program manager is established within the department of transportation. [1991 c 214 § 5.]

*Bicycle awareness program: RCW 43.43.390.*

*Pavement marking standards: RCW 47.36.280.*

**47.04.200 Bicycle program manager.** The state bicycle program manager shall:

(1) Design programs that encourage the use of bicycling for transportation;

(2) Coordinate bicycle safety related programs and bicycle tourism programs in all state agencies;

(3) Assist the department of transportation and the cities and counties of the state in assigning priorities to, programming, and developing bicycle-related projects;

(4) Serve as a clearinghouse for bicycle program information and resources;

(5) Provide assistance in revising and updating bicycle material of the superintendent of public instruction and the state patrol;

(6) Promote the use of bicycle helmets of a type certified to meet the requirements of standard Z-90.4 of the American National Standards Institute or such subsequent nationally recognized standard for bicycle helmet performance; and

(7) Promote bicycle safety equipment. [1991 c 214 § 6.]

**47.04.210 Reimbursable transportation expenditures—Processing and accounting.** Federal funds that are administered by the department of transportation and are passed through to municipal corporations or political subdivisions of the state and moneys that are received as total reimbursement for goods, services, or projects constructed by the department of transportation are removed from the transportation budget. To process and account for these expenditures a new treasury trust account is created to be used for all department of transportation one hundred percent federal and local reimbursable transportation expenditures. This new account is nonbudgeted and nonappropriated. At the same time, federal and private local appropriations and full-time equivalents in subprograms R2, R3, T6, Y6, and Z2 processed through this new account are removed from the department of transportation's 1997-99 budget.

The department of transportation may make expenditures from the account before receiving federal and local reimbursements. However, at the end of each biennium, the account must maintain a zero or positive cash balance. In the twenty-fourth month of each biennium the department of transportation shall calculate and transfer sufficient cash from either the motor vehicle fund or the multimodal transportation account to cover any negative cash balances. The amount transferred is calculated based on expenditures from each fund. In addition, any interest charges accruing to the new account must be distributed to the motor vehicle fund and the multimodal transportation account.

The department of transportation shall provide an annual report to the senate and house transportation committees and the office of financial management on expenditures and full-time equivalents processed through the new account. The report must also include recommendations for process changes, if needed. [2005 c 319 § 122; 2001 2nd sp.s. c 14 § 601; 1997 c 94 § 1.]

**Findings—Intent—Part headings—Effective dates—2005 c 319:** See notes following RCW 43.17.020.

**Severability—2001 2nd sp.s. c 14:** "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [2001 2nd sp.s. c 14 § 612.]

**Effective date—2001 2nd sp.s. c 14:** "Except for section 608 of this act, this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [June 26, 2001]." [2001 2nd sp.s. c 14 § 613.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.04.220 Miscellaneous transportation programs account.** (1) The miscellaneous transportation programs account is created in the custody of the state treasurer.

(2) Moneys from the account may be used only for the costs of:

(a) Miscellaneous transportation services provided by the department that are reimbursed by other public and private entities;

(b) Local transportation projects for which the department is a conduit for federal reimbursement to a municipal corporation or political subdivision; or

(c) Other reimbursable activities as recommended by the senate and house transportation committees and approved by the office of financial management.

(3) Moneys received as reimbursement for expenditures under subsection (2) of this section must be deposited into the account.

(4) No appropriation is required for expenditures from this account. This fund is not subject to allotment procedures provided under chapter 43.88 RCW.

(5) Only the secretary of transportation or the secretary's designee may authorize expenditures from the account.

(6) It is the intent of the legislature that this account maintain a zero or positive cash balance at the end of each biennium. Toward this purpose the department may make expenditures from the account before receiving reimbursements under subsection (2) of this section. Before the end of the biennium, the department shall transfer sufficient cash to cover any negative cash balances from the motor vehicle fund and the multimodal transportation account to the miscellaneous transportation programs account for unrecovered reimbursements. The department shall calculate the distribution of this transfer based on expenditures. In the ensuing biennium the department shall transfer the reimbursements received in the miscellaneous transportation programs account back to the motor vehicle fund and the multimodal transportation account to the extent of the cash transferred at biennium end. The department shall also distribute any interest charges accruing to the miscellaneous transportation programs account to the motor vehicle fund and the multimodal transportation account. Adjustments for any indirect cost recoveries may also be made at this time.

(7) The department shall provide an annual report to the senate and house transportation committees and the office of financial management on the expenditures and full-time equivalents processed through the miscellaneous transportation programs account. The report must also include recommendations for changes to the process, if needed. [2005 c 319 § 123; 2001 2nd sp.s. c 14 § 602; 1997 c 94 § 2.]

**Findings—Intent—Part headings—Effective dates—2005 c 319:** See notes following RCW 43.17.020.

**Severability—Effective date—2001 2nd sp.s. c 14:** See notes following RCW 47.04.210.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.04.230 Dredge spoils—Cowlitz County.** The legislature finds and declares that the December 19, 1991, Washington state conveyance of the Mt. St. Helens Recovery Program, LT-1 and Cook Ferry Road Sites, to Cowlitz County, should be amended to enable Cowlitz County to use dredge spoils revenues for recreational purposes throughout the county.

The legislature further declares that the department of transportation shall execute sufficient legal release to accomplish the following:

(1) Dredge spoil revenues from either the LT-1 or Cook Ferry Road Site must be dedicated for recreational facilities and recreational administration costs throughout the county;

(2) Any mining excavation must meet the requirements of the Shoreline Management Act of 1971 as identified in chapter 90.58 RCW;

(3) Both the LT-1 and Cook Ferry Road Site must be preserved as a long-term dredging facility;

(4) All other requirements in the December 19, 1991, conveyance between the state of Washington and Cowlitz County will remain in effect; and

(5) The LT-1 and Cook Ferry Road Site remains subject to any agreements with the United States Army Corps of Engineers and other agencies of the federal government. [1999 c 63 § 1.]

**47.04.235 Dredge spoils—Castle Rock.** The legislature finds and declares that the December 20, 1993, Washington state conveyance of the Mt. St. Helens recovery program, CR601F site, to the city of Castle Rock, should be amended to enable the city to use dredge spoil revenues for recreational purposes adjacent to the Cowlitz river in the city limits of Castle Rock, and also those other properties owned by the city of Castle Rock that are adjacent to the Cowlitz river.

The legislature further declares that the department of transportation shall execute sufficient legal release to accomplish the following:

(1) Dredge spoil revenues from the CR601F site must be dedicated for recreational facilities and recreational administration cost throughout the defined area listed above;

(2) Any mining excavation must meet the requirements of the Shoreline Management Act of 1971 as identified in chapter 90.58 RCW;

(3) All other requirements in the December 20, 1993, conveyance between the state of Washington and the city of Castle Rock will remain in effect; and

(4) The CR601F site remains subject to any agreements with the United States Army Corps of Engineers and other agencies of the federal government. [2000 c 13 § 1.]

**47.04.240 Public transportation information—Confidentiality.** The department, a county, city, town, any other public entity, and any private entity under the public-private transportation initiatives authorized under chapter 47.46 RCW, that provides transit, high-speed ground transportation, high capacity transportation service, ferry service, toll facilities, or other public transportation service or facilities may only use personally identifiable information obtained from the use of electronic toll payments, transit passes, or other fare media such as magnetic strip cards or stored value cards for billing purposes. This information may not be used to track or monitor individual use of the public transportation facilities or service, except for billing purposes and to provide statistical compilations and reports that do not identify an individual. [1999 c 215 § 2.]

*Public records: Chapter 42.56 RCW.*

**47.04.250 Assaults by motorists on department employees.** (1) For the purposes of this section only, "assault" means an act by a motorist that results in physical injury to an employee of the department while engaged in highway construction or maintenance activities along a roadway right-of-way (fence line to fence line, landscaped areas) or in the loading and unloading of passenger vehicles in service of the vessel as a maritime employee not covered under chapter 51.32 RCW or engaged in those work activities as a Washington State Ferries terminal employee covered under chapter 51.32 RCW.

(2) In recognition of the nature of employment in departmental highway construction or maintenance activities and by the Washington State Ferries, this section provides a supplementary program to reimburse employees of the department for some of their costs attributable to their being the victims of assault by motorists. This program is limited to the reimbursement provided in this section.

(3) An employee is entitled to receive the reimbursement provided in this section only if the secretary finds that each of the following has occurred:

(a) A motorist has assaulted the employee who is engaged in highway construction or maintenance along a roadway right-of-way (fence line to fence line, landscaped areas) or service of the vessel as a maritime employee or terminal employee engaged in the loading or unloading of passenger vehicles and as a result the employee has sustained demonstrated physical injuries that have required the employee to miss one or more days of work;

(b) The assault is not attributable to any extent to the employee's negligence, misconduct, or failure to comply with any rules or conditions of employment; and

(c) The department of labor and industries has approved the employee's workers' compensation application under chapter 51.32 RCW, or for maritime employees the department of transportation risk management office has approved maintenance and cure benefits under 46 U.S.C. Sec. 688 et seq.

(2010 Ed.)

(4) The reimbursement authorized under this section is as follows:

(a) The employee's accumulated sick leave days will not be reduced for the workdays missed. The injured worker who qualifies for and receives assault benefits will also receive full standard benefits (vacation leave, sick leave, health insurance, etc.) as if uninjured;

(b) For an employee covered by chapter 51.32 RCW, for each workday missed for which the employee is not eligible to receive compensation under chapter 51.32 RCW, the employee will receive the full amount of the injured worker's net pay at the time of injury; and

(c) In respect to workdays missed for which the employee will receive or has received compensation under chapter 51.32 RCW, or under federal maritime law benefits, including the Jones Act, for an employee deemed a maritime employee assigned to work in service of the vessel or a non-maritime terminal employee covered under chapter 51.32 RCW, the employee will be reimbursed in an amount that, when added to that compensation, will result in the employee receiving no more than full net pay (gross pay less mandatory and voluntary deductions) for the workdays missed.

(5) Reimbursement under this section may not last longer than three hundred sixty-five consecutive days after the date of the injury. No application for assault benefits is valid nor may a claim be enforced unless it was made within one year after the day upon which the injury occurred.

(6) The employee is not entitled to the reimbursement provided in subsection (4) of this section for a workday for which the secretary or an applicable designee finds that the employee has not diligently pursued his or her compensation remedies under chapter 51.32 RCW or federal maritime law, including the Jones Act.

(7) The reimbursement may be made only for absences that the secretary or an applicable designee believes are justified.

(8) While the employee is receiving reimbursement under this section, he or she will continue to be classified as a state employee, and the reimbursement amount is considered as salary or wages.

(9) The department shall make all reimbursement payments required to be made to employees under this section. The payments are considered as a salary or wage expense and must be paid by the department in the same manner and from the same appropriations as other salary and wage expenses for the department.

(10) Nothing in this section precludes the department from recovering the supplemental payments authorized by this section from the assaulting motorist, and that recovery is considered exclusive of recovery under chapter 51.24 RCW.

(11) If the legislature revokes the reimbursement authorized under this section or repeals this section, no affected employee is entitled after that to receive the reimbursement as a matter of contractual right. [2002 c 355 § 1.]

**47.04.260 Latecomer fees.** The department of transportation may impose and collect latecomer fees on behalf of another entity for infrastructure improvement projects initially funded partially or entirely by private sources. However, there must be an agreement in place between the department of transportation and the entity, before the imposition

and collection of any such fees, that specifies (1) the collection process, (2) the maximum amount that may be collected, and (3) the period of time during which the collection may occur. [2005 c 317 § 30.]

**47.04.270 Tire chain installation and removal.** The department may issue written permits authorizing permittees to install or remove tire chains on motor vehicles with the following conditions:

(1) Chains may only be installed or removed at locations designated in the permit;

(2) Permittees must comply with terms and conditions in the permit relating to the safe and orderly movement of traffic; and

(3) Permittees may charge a fee to drivers for their services.

The department may issue sufficient permits for the installation or removal of tire chains that it finds necessary or desirable to accommodate the demand for those services consistent with the maximum convenience and safety to traffic. In issuing the permits, the department shall insure that the maximum practicable number of different individuals and entities receive permits, and that no one entity, to the extent practicable, is the sole permit holder for a particular location. The department may charge a fee no greater than fifty dollars to permittees for the issuance of permits. The department, in issuing a permit for the installation or removal of tire chains, assumes no responsibility for the actions, inactions, competence, or reliability of the permittee in performing those services and shall not be liable for the damages relating to acts or omissions of the permittees. The department shall adopt rules to implement this section, including requiring permittees to wear reflective clothing and use appropriate signage. [2006 c 324 § 1.]

**47.04.280 Transportation system policy goals.** (1) It is the intent of the legislature to establish policy goals for the planning, operation, performance of, and investment in, the state's transportation system. The policy goals established under this section are deemed consistent with the benchmark categories adopted by the state's blue ribbon commission on transportation on November 30, 2000. Public investments in transportation should support achievement of these policy goals:

(a) Economic vitality: To promote and develop transportation systems that stimulate, support, and enhance the movement of people and goods to ensure a prosperous economy;

(b) Preservation: To maintain, preserve, and extend the life and utility of prior investments in transportation systems and services;

(c) Safety: To provide for and improve the safety and security of transportation customers and the transportation system;

(d) Mobility: To improve the predictable movement of goods and people throughout Washington state;

(e) Environment: To enhance Washington's quality of life through transportation investments that promote energy conservation, enhance healthy communities, and protect the environment; and

(f) Stewardship: To continuously improve the quality, effectiveness, and efficiency of the transportation system.

(2) The powers, duties, and functions of state transportation agencies must be performed in a manner consistent with the policy goals set forth in subsection (1) of this section.

(3) These policy goals are intended to be the basis for establishing detailed and measurable objectives and related performance measures.

(4) It is the intent of the legislature that the office of financial management establish objectives and performance measures for the department of transportation and other state agencies with transportation-related responsibilities to ensure transportation system performance at local, regional, and state government levels progresses toward the attainment of the policy goals set forth in subsection (1) of this section. The office of financial management shall submit initial objectives and performance measures to the legislature for its review and shall provide copies of the same to the commission during the 2008 legislative session. The office of financial management shall submit objectives and performance measures to the legislature for its review and shall provide copies of the same to the commission during each regular session of the legislature during an even-numbered year thereafter.

(5) This section does not create a private right of action. [2010 c 74 § 1; 2007 c 516 § 3; 2002 c 5 § 101. Formerly RCW 47.01.012.]

**Findings—Intent—2007 c 516:** See note following RCW 47.01.011.

**Effective date—2002 c 5 § 101:** "Section 101 of this act takes effect July 1, 2002." [2002 c 5 § 102.]

**Captions not law—2002 c 5:** "Captions and part headings used in this act are not part of the law." [2002 c 5 § 419.]

**Severability—2002 c 5:** "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [2002 c 5 § 420.]

**47.04.290 Park and ride lot accommodation.** (1) Any local transit agency that has received state funding for a park and ride lot shall make reasonable accommodation for use of that lot by auto transportation companies regulated under chapter 81.68 RCW and private, nonprofit transportation providers regulated under chapter 81.66 RCW, that intend to provide or already provide regularly scheduled service at that lot. The accommodation must be in the form of an agreement between the applicable local transit agency and private transit provider regulated under chapter 81.68 or 81.66 RCW. The transit agency may require that the agreement include provisions to recover costs and fair market value for the use of the lot and its related facilities and to provide adequate insurance and indemnification of the transit agency, and other reasonable provisions to ensure that the private transit provider's use does not unduly burden the transit agency. No accommodation is required, and any agreement may be terminated, if the park and ride lot is at or exceeds ninety percent capacity.

(2) A local transit agency described under subsection (1) of this section may enter into a cooperative agreement with a taxicab company regulated under chapter 81.72 RCW in order to accommodate the taxicab company at the agency's park and ride lot, provided the taxicab company must agree to provide service with reasonable availability, subject to sched-

ule coordination provisions as agreed to by the parties. [2008 c 257 § 1.]

**47.04.300 Safe routes to school program.** Concurrent with the federal safe, accountable, flexible, efficient transportation equity act of 2005, a safe routes to school program is established within the department. The purpose of the program is to:

- (1) Enable and encourage children, including those with disabilities, to walk and bicycle to school;
- (2) Make bicycling and walking to school a safer and more appealing transportation alternative, encouraging a healthy and active lifestyle from an early age; and
- (3) Facilitate the planning, development, and implementation of projects and activities that will improve safety and reduce traffic, fuel consumption, and air pollution in the vicinity of schools. [2009 c 392 § 1.]

**47.04.310 Rental car company fees—Child restraint system availability.** (1) A rental car company may include separately stated surcharges, fees, or charges in a rental agreement, which may include, but may not be in any way limited to, vehicle license cost recovery fees, child restraint system rental fees, airport-related recovery fees, all applicable taxes, and government surcharges.

(2) If a rental car company includes a vehicle license cost recovery fee as a separately stated charge in a rental transaction, the amount of the fee must represent the rental car company's good faith estimate of the rental car company's average daily charge as calculated by the rental car company to recover its actual total annual rental car titling, registration, plating, and inspection costs in the state of Washington.

(3) If the total amount of the vehicle license cost recovery fees collected by a rental car company under this section in any calendar year exceeds the rental car company's actual costs in the state of Washington to license, title, register, and plate rental cars and to have such rental cars inspected for that calendar year, the rental car company shall do both of the following:

- (a) Retain the excess amount; and
  - (b) Adjust the estimated average per vehicle titling, licensing, plating, inspecting, and registration charge for the following calendar year by a corresponding amount.
- (4) Nothing in this section prevents a rental car company from making adjustments to the vehicle license cost recovery fee during the calendar year.

(5) The following definitions apply to this section unless the context clearly requires otherwise:

(a) "Child restraint system rental fee" means a charge that may be separately stated and charged on the rental contract in a car rental transaction originating in Washington state to recover the costs associated with providing child restraint systems; and

(b) "Vehicle license cost recovery fee" means a charge that may be separately stated and charged on the rental contract in a car rental transaction originating in Washington state to recover costs incurred in the state of Washington by a rental car company to license, title, register, plate, and inspect rental cars.

(2010 Ed.)

(6)(a) If a rental car company includes a child restraint system rental fee as a separately stated charge in a rental transaction, the amount of the fee must represent no more than the rental car company's good faith estimate of the rental car company's costs to provide a child restraint system.

(b) If a rental car customer pays a child restraint system rental fee and the child restraint system is not available in a timely manner, as determined by the rental car customer, but in no case less than one hour after the arrival of the customer at the location where the customer receives the vehicle or vehicles, (i) the customer may cancel any reservation or other agreement for the rental of the vehicle or vehicles, (ii) any costs or penalties associated with the cancellation are void, and (iii) the customer is entitled to a full refund of any costs associated with the rental of the vehicle or vehicles. [2009 c 346 § 2.]

**Reviser's note:** The definitions in this section have been alphabetized pursuant to RCW 1.08.015(2)(k).

**Finding—Intent—2009 c 346:** "The legislature finds that there are car rental agreements entered into between car rental companies and their customers that include fees in addition to the rental rate and taxes. It is the intent of the legislature that such fees be clearly and separately stated in such agreements." [2009 c 346 § 1.]

## Chapter 47.05 RCW PRIORITY PROGRAMMING FOR HIGHWAY DEVELOPMENT

### Sections

47.05.010	Declaration of purpose.
47.05.021	Functional classification of highways.
47.05.022	Highways of statewide significance.
47.05.025	Highways of regional significance.
47.05.030	Ten-year programs—Investments, improvements, preservation.
47.05.035	Demand modeling tools.
47.05.195	Highways of statewide significance—State route No. 164.
47.05.200	Highways of statewide significance—State route No. 169.

**47.05.010 Declaration of purpose.** The legislature finds that solutions to state highway deficiencies have become increasingly complex and diverse and that anticipated transportation revenues will fall substantially short of the amount required to satisfy all transportation needs. Difficult investment trade-offs will be required.

It is the intent of the legislature that investment of state transportation funds to address deficiencies on the state highway system be based on a policy of priority programming having as its basis the rational selection of projects and services according to factual need and an evaluation of life cycle costs and benefits that are systematically scheduled to carry out defined objectives within available revenue. The state must develop analytic tools to use a common methodology to measure benefits and costs for all modes.

The priority programming system must ensure preservation of the existing state highway system, relieve congestion, provide mobility for people and goods, support the state's economy, and promote environmental protection and energy conservation.

The priority programming system must implement the state-owned highway component of the statewide transportation plan, consistent with local and regional transportation plans, by targeting state transportation investment to appro-

priate multimodal solutions that address identified state highway system deficiencies.

The priority programming system for improvements must incorporate a broad range of solutions that are identified in the statewide transportation plan as appropriate to address state highway system deficiencies, including but not limited to highway expansion, efficiency improvements, nonmotorized transportation facilities, high occupancy vehicle facilities, transit facilities and services, rail facilities and services, and transportation demand management programs. [2002 c 5 § 401; 1993 c 490 § 1; 1969 ex.s. c 39 § 1; 1963 c 173 § 1.]

**Effective date—2002 c 5 §§ 401-404:** "Sections 401 through 404 of this act take effect July 1, 2002." [2002 c 5 § 417.]

**Captions not law—Severability—2002 c 5:** See notes following RCW 47.04.280.

#### 47.05.021 Functional classification of highways. (1)

The department shall conduct periodic analyses of the entire state highway system and report to the office of financial management and the chairs of the transportation committees of the senate and house of representatives, any subsequent recommendations to subdivide, classify, and subclassify all designated state highways into the following three functional classes:

(a) The "principal arterial system" shall consist of a connected network of rural arterial routes with appropriate extensions into and through urban areas, including all routes designated as part of the interstate system, which serve corridor movements having travel characteristics indicative of substantial statewide and interstate travel;

(b) The "minor arterial system" shall, in conjunction with the principal arterial system, form a rural network of arterial routes linking cities and other activity centers which generate long distance travel, and, with appropriate extensions into and through urban areas, form an integrated network providing interstate and interregional service; and

(c) The "collector system" shall consist of routes which primarily serve the more important intercounty, intracounty, and intraurban travel corridors, collect traffic from the system of local access roads and convey it to the arterial system, and on which, regardless of traffic volume, the predominant travel distances are shorter than on arterial routes.

(2) The department shall adopt a functional classification of highways. The department shall consider comments from the public and local municipalities. The department shall give consideration to criteria consistent with this section and federal regulations relating to the functional classification of highways, including but not limited to the following:

(a) Urban population centers within and without the state stratified and ranked according to size;

(b) Important traffic generating economic activities, including but not limited to recreation, agriculture, government, business, and industry;

(c) Feasibility of the route, including availability of alternate routes within and without the state;

(d) Directness of travel and distance between points of economic importance;

(e) Length of trips;

(f) Character and volume of traffic;

(g) Preferential consideration for multiple service which shall include public transportation;

(h) Reasonable spacing depending upon population density; and

(i) System continuity.

(3) The department or the legislature shall designate state highways of statewide significance under RCW 47.06.140. If the department designates a state highway of statewide significance, it shall submit a list of such facilities for adoption by the legislature. This statewide system shall include at a minimum interstate highways and other statewide principal arterials that are needed to connect major communities across the state and support the state's economy.

(4) The department shall designate a freight and goods transportation system. This statewide system shall include state highways, county roads, and city streets. The department, in cooperation with cities and counties, shall review and make recommendations to the legislature regarding policies governing weight restrictions and road closures which affect the transportation of freight and goods. [2006 c 334 § 8; 2005 c 319 § 8; 2002 c 56 § 301. Prior: 1998 c 245 § 95; 1998 c 171 § 5; 1993 c 490 § 2; 1987 c 505 § 50; 1979 ex.s. c 122 § 1; 1977 ex.s. c 130 § 1.]

**Effective date—2006 c 334:** See note following RCW 47.01.051.

**Findings—Intent—Part headings—Effective dates—2005 c 319:** See notes following RCW 43.17.020.

**Captions and subheadings not law—Severability—2002 c 56:** See RCW 36.120.900 and 36.120.901.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.05.022 Highways of statewide significance.** The legislature designates as highways of statewide significance those highways so designated by transportation commission resolution number 660 as adopted on January 21, 2004. [2004 c 232 § 1; 2002 c 56 § 302.]

**Captions and subheadings not law—Severability—2002 c 56:** See RCW 36.120.900 and 36.120.901.

**47.05.025 Highways of regional significance.** Highways of regional significance may receive funding under the conditions of RCW 36.120.020(8)(c). The following highways are of regional significance:

(1) That portion of state route number 9 that runs from state route number 522 in the south to state route number 531 in the north;

(2) That portion of state route number 524 that runs from state route number 5 easterly to state route number 522;

(3) That portion of state route number 704 from state route number 5 to state route number 7. [2002 c 56 § 303.]

**Captions and subheadings not law—Severability—2002 c 56:** See RCW 36.120.900 and 36.120.901.

**47.05.030 Ten-year programs—Investments, improvements, preservation.** (1) The office of financial management shall propose a comprehensive ten-year investment program for the preservation and improvement programs defined in this section, consistent with the policy goals described under RCW 47.04.280. The proposed ten-year investment program must be forwarded as a recommendation by the office of financial management to the legislature, and must be based upon the needs identified in the statewide transportation plan established under RCW 47.01.071(4).

(2) The preservation program consists of those investments necessary to preserve the existing state highway system and to restore existing safety features, giving consideration to lowest life cycle costing.

(3) The improvement program consists of investments needed to address identified deficiencies on the state highway system to meet the goals established in RCW 47.04.280. [2007 c 516 § 7; 2006 c 334 § 45; 2005 c 319 § 9; 2002 c 5 § 402; 1998 c 171 § 6; 1993 c 490 § 3; 1987 c 179 § 2; 1979 ex.s. c 122 § 2; 1977 ex.s. c 151 § 44; 1975 1st ex.s. c 143 § 1; 1973 2nd ex.s. c 12 § 4; 1969 ex.s. c 39 § 3; 1965 ex.s. c 170 § 33; 1963 c 173 § 3.]

**Findings—Intent—2007 c 516:** See note following RCW 47.01.011.

**Effective date—2006 c 334:** See note following RCW 47.01.051.

**Findings—Intent—Part headings—Effective dates—2005 c 319:** See notes following RCW 43.17.020.

**Effective date—2002 c 5 §§ 401-404:** See note following RCW 47.05.010.

**Captions not law—Severability—2002 c 5:** See notes following RCW 47.04.280.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.05.035 Demand modeling tools.** (1) The department shall use the transportation demand modeling tools developed under subsection (2) of this section to evaluate investments based on the best mode or improvement, or mix of modes and improvements, to meet current and future long-term demand within a corridor or system for the lowest cost. The end result of these demand modeling tools is to provide a cost-benefit analysis by which the department can determine the relative mobility improvement and congestion relief each mode or improvement under consideration will provide and the relative investment each mode or improvement under consideration will need to achieve that relief.

(2) The department will participate in the refinement, enhancement, and application of existing transportation demand modeling tools to be used to evaluate investments. This participation and use of transportation demand modeling tools will be phased in. [2007 c 516 § 8; 2006 c 334 § 46; 2005 c 319 § 10; 2002 c 5 § 403; 1993 c 490 § 4; 1987 c 179 § 3; 1979 ex.s. c 122 § 3; 1975 1st ex.s. c 143 § 2.]

**Findings—Intent—2007 c 516:** See note following RCW 47.01.011.

**Effective date—2006 c 334:** See note following RCW 47.01.051.

**Findings—Intent—Part headings—Effective dates—2005 c 319:** See notes following RCW 43.17.020.

**Effective date—2002 c 5 §§ 401-404:** See note following RCW 47.05.010.

**Captions not law—Severability—2002 c 5:** See notes following RCW 47.04.280.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.05.195 Highways of statewide significance—State route No. 164.** The legislature designates state route number 164, as defined in RCW 47.17.320, as a highway of statewide significance. [2009 c 262 § 1.]

**47.05.200 Highways of statewide significance—State route No. 169.** The legislature designates state route number 169, as defined in RCW 47.17.340, as a highway of statewide significance. [2006 c 83 § 1.]

See also: RCW 47.05.022.

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## Chapter 47.06 RCW

### STATEWIDE TRANSPORTATION PLANNING

#### Sections

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47.06.140	Transportation facilities and services of statewide significance—Level of service standards.
47.06.900	Captions not law—1993 c 446.

*Environmental review of transportation projects: RCW 47.01.290.*

**47.06.010 Findings.** The legislature recognizes that the ownership and operation of Washington's transportation system is spread among federal, state, and local government agencies, regional transit agencies, port districts, and the private sector. The legislature also recognizes that transportation planning authority is shared on the local, regional, and state levels, and that this planning must be a comprehensive and coordinated effort. While significant authority for transportation planning is vested with local agencies and regional transportation planning organizations under the growth management act, the legislature recognizes that certain transportation issues and facilities cross local and regional boundaries and are vital to the statewide economy and the cross-state mobility of people and goods. Therefore, the state has an appropriate role in developing statewide transportation plans that address state jurisdiction facilities and services as well as transportation facilities and services of state interest. These plans shall serve as a guide for short-term investment needs and provide a long-range vision for transportation system development. [1993 c 446 § 1.]

**47.06.020 Role of department.** The specific role of the department in transportation planning must be, consistent with the policy goals described under RCW 47.04.280: (1) Ongoing coordination and development of statewide transportation policies that guide all Washington transportation providers; (2) ongoing development of a statewide multimodal transportation plan that includes both state-owned and state-interest facilities and services; (3) coordinating the state high capacity transportation planning and regional transportation planning programs; (4) conducting special transportation planning studies that impact state transportation facilities or relate to transportation facilities and services of statewide significance; and (5) assisting the transportation commission in the development of the statewide transportation plan required under RCW 47.01.071(4). Specific requirements for each of these state transportation planning components are described in this chapter. [2007 c 516 § 9; 1993 c 446 § 2.]

**Findings—Intent—2007 c 516:** See note following RCW 47.01.011.

**47.06.040 Statewide multimodal transportation plan.**

The department shall develop a statewide multimodal transportation plan under \*RCW 47.01.071(3) and in conformance with federal requirements, to ensure the continued mobility of people and goods within regions and across the state in a safe, cost-effective manner. The statewide multimodal transportation plan shall consist of:

(1) A state-owned facilities component, which shall guide state investment for state highways including bicycle and pedestrian facilities, and state ferries; and

(2) A state-interest component, which shall define the state interest in aviation, marine ports and navigation, freight rail, intercity passenger rail, bicycle transportation and pedestrian walkways, and public transportation, and recommend actions in coordination with appropriate public and private transportation providers to ensure that the state interest in these transportation modes is met.

The plans developed under each component must be consistent with the state transportation policy plan and with each other, reflect public involvement, be consistent with regional transportation planning, high capacity transportation planning, and local comprehensive plans prepared under chapter 36.70A RCW, and include analysis of intermodal connections and choices. A primary emphasis for these plans shall be the relief of congestion, the preservation of existing investments and downtowns, ability to attract or accommodate planned population, and employment growth, the improvement of traveler safety, the efficient movement of freight and goods, and the improvement and integration of all transportation modes to create a seamless intermodal transportation system for people and goods.

In the development of the statewide multimodal transportation plan, the department shall identify and document potential affected environmental resources, including, but not limited to, wetlands, storm water runoff, flooding, air quality, fish passage, and wildlife habitat. The department shall conduct its environmental identification and documentation in coordination with all relevant environmental regulatory authorities, including, but not limited to, local governments. The department shall give the relevant environmental regulatory authorities an opportunity to review the department's environmental plans. The relevant environmental regulatory authorities shall provide comments on the department's environmental plans in a timely manner. Environmental identification and documentation as provided for in RCW 47.01.300 and this section is not intended to create a private right of action or require an environmental impact statement as provided in chapter 43.21C RCW. [2002 c 189 § 4; 1998 c 199 § 1; 1994 c 258 § 5; 1993 c 446 § 4.]

**\*Reviser's note:** RCW 47.01.071 was amended by 2005 c 319 § 5, changing subsection (3) to subsection (4).

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.06.043 Technical workers—Skill enhancement.**

The state interest component of the statewide multimodal transportation plan must include a plan for enhancing the skills of the existing technical transportation workforce. [2003 c 363 § 204.]

**Findings—Intent—2003 c 363 §§ 201-206:** See note following RCW 49.04.041.

**Part headings not law—Severability—2003 c 363:** See notes following RCW 47.28.241.

**47.06.045 Freight mobility plan.** The state-interest component of the statewide multimodal transportation plan shall include a freight mobility plan which shall assess the transportation needs to ensure the safe, reliable, and efficient movement of goods within and through the state and to ensure the state's economic vitality. [1998 c 175 § 10.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.06.050 State-owned facilities component.** The state-owned facilities component of the statewide multimodal transportation plan shall consist of:

(1) The state highway system plan, which identifies program and financing needs and recommends specific and financially realistic improvements to preserve the structural integrity of the state highway system, ensure acceptable operating conditions, and provide for enhanced access to scenic, recreational, and cultural resources. The state highway system plan shall contain the following elements:

(a) A system preservation element, which shall establish structural preservation objectives for the state highway system including bridges, identify current and future structural deficiencies based upon analysis of current conditions and projected future deterioration, and recommend program funding levels and specific actions necessary to preserve the structural integrity of the state highway system consistent with adopted objectives. Lowest life cycle cost methodologies must be used in developing a pavement management system. This element shall serve as the basis for the preservation component of the six-year highway program and the two-year biennial budget request to the legislature;

(b) A highway maintenance element, establishing service levels for highway maintenance on state-owned highways. The highway maintenance element must include an estimate of costs for achieving those service levels over twenty years. This element will serve as the basis for the maintenance component of the six-year highway program and the two-year biennial budget request to the legislature;

(c) A capacity and operational improvement element, which shall establish operational objectives, including safety considerations, for moving people and goods on the state highway system, identify current and future capacity, operational, and safety deficiencies, and recommend program funding levels and specific improvements and strategies necessary to achieve the operational objectives. In developing capacity and operational improvement plans the department shall first assess strategies to enhance the operational efficiency of the existing system before recommending system expansion. Strategies to enhance the operational efficiencies include but are not limited to access management, transportation system management, demand management, and high occupancy vehicle facilities. The capacity and operational improvement element must conform to the state implementation plan for air quality and be consistent with regional transportation plans adopted under chapter 47.80 RCW, and shall serve as the basis for the capacity and operational improvement portions of the six-year highway program and the two-year biennial budget request to the legislature;

(d) A scenic and recreational highways element, which shall identify and recommend designation of scenic and recreational highways, provide for enhanced access to scenic, recreational, and cultural resources associated with designated routes, and recommend a variety of management strategies to protect, preserve, and enhance these resources. The department, affected counties, cities, and towns, regional transportation planning organizations, and other state or federal agencies shall jointly develop this element;

(e) A paths and trails element, which shall identify the needs of nonmotorized transportation modes on the state transportation systems and provide the basis for the investment of state transportation funds in paths and trails, including funding provided under chapter 47.30 RCW.

(2) The state ferry system plan, which shall guide capital and operating investments in the state ferry system. The plan shall establish service objectives for state ferry routes, forecast travel demand for the various markets served in the system, develop strategies for ferry system investment that consider regional and statewide vehicle and passenger needs, support local land use plans, and assure that ferry services are fully integrated with other transportation services. The plan must provide for maintenance of capital assets. The plan must also provide for preservation of capital assets based on lowest life cycle cost methodologies. The plan shall assess the role of private ferries operating under the authority of the utilities and transportation commission and shall coordinate ferry system capital and operational plans with these private operations. The ferry system plan must be consistent with the regional transportation plans for areas served by the state ferry system, and shall be developed in conjunction with the ferry advisory committees. [2007 c 516 § 10; 2002 c 5 § 413; 1993 c 446 § 5.]

**Findings—Intent—2007 c 516:** See note following RCW 47.01.011.

**Finding—Intent—2002 c 5:** "The legislature finds that roads, streets, bridges, and highways in the state represent public assets worth over one hundred billion dollars. These investments require regular maintenance and preservation, or rehabilitation, to provide cost-effective transportation services. Many of these facilities are in poor condition. Given the magnitude of public investment and the importance of safe, reliable roadways to the motoring public, the legislature intends to create stronger accountability to ensure that cost-effective maintenance and preservation is provided for these transportation facilities." [2002 c 5 § 408.]

**Captions not law—Severability—2002 c 5:** See notes following RCW 47.04.280.

**47.06.060 Aviation plan.** The state-interest component of the statewide multimodal transportation plan shall include an aviation plan, which shall fulfill the statewide aviation planning requirements of the federal government, coordinate statewide aviation planning, and identify the program needs for public use and state airports. [1993 c 446 § 6.]

**47.06.070 Marine ports and navigation plan.** The state-interest component of the statewide multimodal transportation plan shall include a state marine ports and navigation plan, which shall assess the transportation needs of Washington's marine ports, including navigation, and identify transportation system improvements needed to support the international trade and economic development role of Washington's marine ports. [1993 c 446 § 7.]

**47.06.080 Freight rail plan.** The state-interest component of the statewide multimodal transportation plan shall include a state freight rail plan, which shall fulfill the statewide freight rail planning requirements of the federal government, identify freight rail mainline issues, identify light-density freight rail lines threatened with abandonment, establish criteria for determining the importance of preserving the service or line, and recommend priorities for the use of state rail assistance and state rail banking program funds, as well as other available sources of funds. The plan shall also identify existing intercity rail rights-of-way that should be preserved for future transportation use. [1993 c 446 § 8.]

**47.06.090 Intercity passenger rail plan.** The state-interest component of the statewide multimodal transportation plan shall include an intercity passenger rail plan, which shall analyze existing intercity passenger rail service and recommend improvements to that service under the state passenger rail service program including depot improvements, potential service extensions, and ways to achieve higher train speeds.

For purposes of maintaining and preserving any state-owned component of the state's passenger rail program, the statewide multimodal transportation plan must identify all such assets and provide a preservation plan based on lowest life cycle cost methodologies. [2002 c 5 § 414; 1993 c 446 § 9.]

**Finding—Intent—2002 c 5:** See note following RCW 47.06.050.

**Captions not law—Severability—2002 c 5:** See notes following RCW 47.04.280.

**47.06.100 Bicycle transportation and pedestrian walkways plan.** The state-interest component of the statewide multimodal transportation plan shall include a bicycle transportation and pedestrian walkways plan, which shall propose a statewide strategy for addressing bicycle and pedestrian transportation, including the integration of bicycle and pedestrian pathways with other transportation modes; the coordination between local governments, regional agencies, and the state in the provision of such facilities; the role of such facilities in reducing traffic congestion; and an assessment of statewide bicycle and pedestrian transportation needs. This plan shall satisfy the federal requirement for a long-range bicycle transportation and pedestrian walkways plan. [1993 c 446 § 10.]

**47.06.110 Public transportation plan.** The state-interest component of the statewide multimodal transportation plan shall include a state public transportation plan that:

(1) Articulates the state vision of an interest in public transportation and provides quantifiable objectives, including benefits indicators;

(2) Identifies the goals for public transit and the roles of federal, state, regional, and local entities in achieving those goals;

(3) Recommends mechanisms for coordinating state, regional, and local planning for public transportation;

(4) Recommends mechanisms for coordinating public transportation with other transportation services and modes;

(5) Recommends criteria, consistent with the goals identified in subsection (2) of this section and with RCW

82.44.180 (2) and (3), for existing federal authorizations administered by the department to transit agencies; and

(6) Recommends a statewide public transportation facilities and equipment management system as required by federal law.

In developing the state public transportation plan, the department shall involve local jurisdictions, public and private providers of transportation services, nonmotorized interests, and state agencies with an interest in public transportation, including but not limited to the departments of \*community, trade, and economic development, social and health services, and ecology, the office of the superintendent of public instruction, the office of the governor, and the office of financial management.

The department shall submit to the senate and house transportation committees by December 1st of each year, reports summarizing the plan's progress. [2005 c 319 § 124; 1996 c 186 § 512; 1995 c 399 § 120; 1993 c 446 § 11.]

**\*Reviser's note:** The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

**Findings—Intent—Part headings—Effective dates—2005 c 319:** See notes following RCW 43.17.020.

**Findings—Intent—Part headings not law—Effective date—1996 c 186:** See notes following RCW 43.330.904.

*Environmental review of transportation projects: RCW 47.01.290.*

#### **47.06.120 High capacity transportation planning and regional transportation planning—Role of department.**

The department's role in high capacity transportation planning and regional transportation planning is to administer state planning grants for these purposes, represent the interests of the state in these regional planning processes, and coordinate other department planning with these regional efforts, including those under RCW 81.104.060. [1993 c 446 § 12.]

**47.06.130 Special planning studies—Cost-benefit analysis.** (1) The department may carry out special transportation planning studies to resolve specific issues with the development of the state transportation system or other statewide transportation issues.

(2) The department shall conduct multimodal corridor analyses on major congested corridors where needed improvements are likely to cost in excess of one hundred million dollars. Analysis will include the cost-effectiveness of all feasible strategies in addressing congestion or improving mobility within the corridor, and must recommend the most effective strategy or mix of strategies to address identified deficiencies. A long-term view of corridors must be employed to determine whether an existing corridor should be expanded, a city or county road should become a state route, and whether a new corridor is needed to alleviate congestion and enhance mobility based on travel demand. To the extent practicable, full costs of all strategies must be reflected in the analysis. At a minimum, this analysis must include:

(a) The current and projected future demand for total person trips on that corridor;

(b) The impact of making no improvements to that corridor;

(c) The daily cost per added person served for each mode or improvement proposed to meet demand;

(d) The cost per hour of travel time saved per day for each mode or improvement proposed to meet demand; and

(e) How much of the current and anticipated future demand will be met and left unmet for each mode or improvement proposed to meet demand.

The end result of this analysis will be to provide a cost-benefit analysis by which policymakers can determine the most cost-effective improvement or mode, or mix of improvements and modes, for increasing mobility and reducing congestion. [2002 c 5 § 404; 1993 c 446 § 13.]

**Effective date—2002 c 5 §§ 401-404:** See note following RCW 47.05.010.

**Captions not law—Severability—2002 c 5:** See notes following RCW 47.04.280.

#### **47.06.140 Transportation facilities and services of statewide significance—Level of service standards.** (1)

The legislature declares the following transportation facilities and services to be of statewide significance: Highways of statewide significance as designated by the legislature under chapter 47.05 RCW, the interstate highway system, interregional state principal arterials including ferry connections that serve statewide travel, intercity passenger rail services, intercity high-speed ground transportation, major passenger intermodal terminals excluding all airport facilities and services, the freight railroad system, the Columbia/Snake navigable river system, marine port facilities and services that are related solely to marine activities affecting international and interstate trade, key freight transportation corridors serving these marine port facilities, and high capacity transportation systems serving regions as defined in RCW 81.104.015. The department, in cooperation with regional transportation planning organizations, counties, cities, transit agencies, public ports, private railroad operators, and private transportation providers, as appropriate, shall plan for improvements to transportation facilities and services of statewide significance in the statewide multimodal transportation plan. Improvements to facilities and services of statewide significance identified in the statewide multimodal transportation plan, or to highways of statewide significance designated by the legislature under chapter 47.05 RCW, are essential state public facilities under RCW 36.70A.200.

(2) The department of transportation, in consultation with local governments, shall set level of service standards for state highways and state ferry routes of statewide significance. Although the department shall consult with local governments when setting level of service standards, the department retains authority to make final decisions regarding level of service standards for state highways and state ferry routes of statewide significance. In establishing level of service standards for state highways and state ferry routes of statewide significance, the department shall consider the necessary balance between providing for the free interjurisdictional movement of people and goods and the needs of local communities using these facilities. When setting the level of service standards under this section for state ferry routes, the department may allow for a standard that is adjustable for seasonality. [2009 c 514 § 3. Prior: 2007 c 516 § 11; 2007 c 512 § 2; 1998 c 171 § 7.]

**Findings—Intent—2009 c 514:** See note following RCW 36.70A.085.

**Findings—Intent—2007 c 516:** See note following RCW 47.01.011.

**Finding—Intent—2007 c 512:** "The legislature finds from the 2006 Washington state ferries financing study that the state has limited information on state ferry users and markets. Accurate user and market information is vital in order to find ways to maximize the ferry systems' current capacity and to make the most efficient use of citizens' tax dollars. Therefore, it is the intent of the legislature that Washington state ferries be given the tools necessary to maximize the utilization of existing capacity and to make the most efficient use of existing assets and tax dollars. Furthermore, it is the intent of the legislature that the department of transportation adopt adaptive management practices in its operating and capital programs so as to keep the costs of the Washington state ferries system as low as possible while continuously improving the quality and timeliness of service." [2007 c 512 § 1.]

*Highways of statewide significance: RCW 47.05.022.*

**47.06.900 Captions not law—1993 c 446.** Captions used in this chapter do not constitute any part of the law. [1993 c 446 § 16.]

## Chapter 47.06A RCW FREIGHT MOBILITY

### Sections

47.06A.001	Findings.
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47.06A.030	Board—Creation—Membership.
47.06A.040	Board—Administration and staffing.
47.06A.050	Allocation of funds.
47.06A.060	Grants and loans.
47.06A.070	Records.
47.06A.080	Port district development plans.
47.06A.900	Severability—1998 c 175.

**47.06A.001 Findings.** The legislature finds that:

(1) Washington state is uniquely positioned as a gateway to the global economy. As the most trade-dependent state in the nation, per capita, Washington's economy is highly dependent on an efficient multimodal transportation network in order to remain competitive.

(2) The vitality of the state's economy is placed at risk by growing traffic congestion that impedes the safe and efficient movement of goods. The absence of a comprehensive and coordinated state policy that facilitates freight movements to local, national, and international markets limits trade opportunities.

(3) Freight corridors that serve international and domestic interstate and intrastate trade, and those freight corridors that enhance the state's competitive position through regional and global gateways are strategically important. In many instances, movement of freight on these corridors is diminished by: Barriers that block or delay access to intermodal facilities where freight is transferred from one mode of transport to another; conflicts between rail and road traffic; constraints on rail capacity; highway capacity constraints, congestion, and condition; waterway system depths that affect capacity; and institutional, regulatory, and operational barriers.

(4) Rapidly escalating population growth is placing an added burden on streets, roads, and highways that serve as freight corridors. Community benefits from economic activity associated with freight movement often conflict with community concerns over safety, mobility, [and] environmental quality. Efforts to minimize community impacts in areas of high freight movements that encourage the active participation of communities in the early stages of proposed

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public and private infrastructure investments will facilitate needed freight mobility improvements.

(5) Ownership of the freight mobility network is fragmented and spread across various public jurisdictions, private companies, and state and national borders. Transportation projects have grown in complexity and size, requiring more resources and longer implementation time frames. Currently, there is no comprehensive and integrated framework for planning the freight mobility needs of public and private stakeholders in the freight transportation system. A coordinated planning process should identify new infrastructure investments that are integrated by public and private planning bodies into a multimodal and multijurisdictional network in all areas of the state, urban and rural, east and west. The state should integrate freight mobility goals with state policy on related issues such as economic development, growth management, and environmental management.

(6) State investment in projects that enhance or mitigate freight movements, should pay special attention to solutions that utilize a corridor solution to address freight mobility issues with important transportation and economic impacts beyond any local area. The corridor approach builds partnerships and fosters coordinated planning among jurisdictions and the public and private sectors.

(7) It is the policy of the state of Washington that limited public transportation funding and competition between freight and general mobility improvements for the same fund sources require strategic, prioritized freight investments that reduce barriers to freight movement, maximize cost-effectiveness, yield a return on the state's investment, require complementary investments by public and private interests, and solve regional freight mobility problems. State financial assistance for freight mobility projects must leverage other funds from all potential partners and sources, including federal, county, city, port district, and private capital. [1998 c 175 § 1.]

**47.06A.010 Definitions.** Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Board" means the freight mobility strategic investment board created in RCW 47.06A.030.

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

(3) "Freight mobility" means the safe, reliable, and efficient movement of goods within and through the state to ensure the state's economic vitality.

(4) "Local governments" means cities, towns, counties, special purpose districts, port districts, and any other municipal corporations or quasi-municipal corporations in the state excluding school districts.

(5) "Public entity" means a state agency, city, town, county, port district, or municipal or regional planning organization.

(6) "Strategic freight corridor" means a transportation corridor of great economic importance within an integrated freight system that:

(a) Serves international and domestic interstate and intrastate trade;

(b) Enhances the state's competitive position through regional and global gateways;

(c) Carries freight tonnages of at least:

- (i) Four million gross tons annually on state highways, city streets, and county roads;
  - (ii) Five million gross tons annually on railroads; or
  - (iii) Two and one-half million net tons on waterways;
- and

(d) Has been designated a strategic corridor by the board under RCW 47.06A.020(3). However, new alignments to, realignments of, and new links to strategic corridors that enhance freight movement may qualify, even though no tonnage data exists for facilities to be built in the future. [1998 c 175 § 2.]

**47.06A.020 Board—Duties.** (1) The board shall:

(a) Adopt rules and procedures necessary to implement the freight mobility strategic investment program;

(b) Solicit from public entities proposed projects that meet eligibility criteria established in accordance with subsection (4) of this section; and

(c) Review and evaluate project applications based on criteria established under this section, and prioritize and select projects comprising a portfolio to be funded in part with grants from state funds appropriated for the freight mobility strategic investment program. In determining the appropriate level of state funding for a project, the board shall ensure that state funds are allocated to leverage the greatest amount of partnership funding possible. After selecting projects comprising the portfolio, the board shall submit them as part of its budget request to the office of financial management and the legislature. The board shall ensure that projects submitted as part of the portfolio are not more appropriately funded with other federal, state, or local government funding mechanisms or programs. The board shall reject those projects that appear to improve overall general mobility with limited enhancement for freight mobility.

The board shall provide periodic progress reports on its activities to the office of financial management and the senate and house transportation committees.

(2) The board may:

(a) Accept from any state or federal agency, loans or grants for the financing of any transportation project and enter into agreements with any such agency concerning the loans or grants;

(b) Provide technical assistance to project applicants;

(c) Accept any gifts, grants, or loans of funds, property, or financial, or other aid in any form from any other source on any terms and conditions which are not in conflict with this chapter;

(d) Adopt rules under chapter 34.05 RCW as necessary to carry out the purposes of this chapter; and

(e) Do all things necessary or convenient to carry out the powers expressly granted or implied under this chapter.

(3) The board shall designate strategic freight corridors within the state. The board shall update the list of designated strategic corridors not less than every two years, and shall establish a method of collecting and verifying data, including information on city and county-owned roadways.

(4) The board shall utilize threshold project eligibility criteria that, at a minimum, includes the following:

(a) The project must be on a strategic freight corridor;

(b) The project must meet one of the following conditions:

(i) It is primarily aimed at reducing identified barriers to freight movement with only incidental benefits to general or personal mobility; or

(ii) It is primarily aimed at increasing capacity for the movement of freight with only incidental benefits to general or personal mobility; or

(iii) It is primarily aimed at mitigating the impact on communities of increasing freight movement, including roadway/railway conflicts; and

(c) The project must have a total public benefit/total public cost ratio of equal to or greater than one.

(5) From June 11, 1998, through the biennium ending June 30, 2001, the board shall use the multicriteria analysis and scoring framework for evaluating and ranking eligible freight mobility and freight mitigation projects developed by the freight mobility project prioritization committee and contained in the January 16, 1998, report entitled "Project Eligibility, Priority and Selection Process for a Strategic Freight Investment Program." The prioritization process shall measure the degree to which projects address important program objectives and shall generate a project score that reflects a project's priority compared to other projects. The board shall assign scoring points to each criterion that indicate the relative importance of the criterion in the overall determination of project priority. After June 30, 2001, the board may supplement and refine the initial project priority criteria and scoring framework developed by the freight mobility project prioritization committee as expertise and experience is gained in administering the freight mobility program.

(6) It is the intent of the legislature that each freight mobility project contained in the project portfolio submitted by the board utilize the greatest amount of nonstate funding possible. The board shall adopt rules that give preference to projects that contain the greatest levels of financial participation from nonprogram fund sources. The board shall consider twenty percent as the minimum partnership contribution, but shall also ensure that there are provisions allowing exceptions for projects that are located in areas where minimal local funding capacity exists or where the magnitude of the project makes the adopted partnership contribution financially unfeasible.

(7) The board shall develop and recommend policies that address operational improvements that primarily benefit and enhance freight movement, including, but not limited to, policies that reduce congestion in truck lanes at border crossings and weigh stations and provide for access to ports during nonpeak hours. [2005 c 319 § 125; 1999 c 216 § 1; 1998 c 175 § 3.]

**Findings—Intent—Part headings—Effective dates—2005 c 319:** See notes following RCW 43.17.020.

**47.06A.030 Board—Creation—Membership.** (1)

The freight mobility strategic investment board is created. The board shall convene by July 1, 1998.

(2) The board is composed of twelve members. The following members are appointed by the governor for terms of four years, except that five members initially are appointed for terms of two years: (a) Two members, one of whom is from a city located within or along a strategic freight corri-

dor, appointed from a list of at least four persons nominated by the association of Washington cities or its successor; (b) two members, one of whom is from a county having a strategic freight corridor within its boundaries, appointed from a list of at least four persons nominated by the Washington state association of counties or its successor; (c) two members, one of whom is from a port district located within or along a strategic freight corridor, appointed from a list of at least four persons nominated by the Washington public ports association or its successor; (d) one member representing the office of financial management; (e) one member appointed as a representative of the trucking industry; (f) one member appointed as a representative of the railroads; (g) the secretary of the department of transportation; (h) one member representing the steamship industry; and (i) one member of the general public. In appointing the general public member, the governor shall endeavor to appoint a member with special expertise in relevant fields such as public finance, freight transportation, or public works construction. The governor shall appoint the general public member as chair of the board. In making appointments to the board, the governor shall ensure that each geographic region of the state is represented.

(3) Members of the board shall be reimbursed for reasonable and customary travel expenses as provided in RCW 43.03.050 and 43.03.060.

(4) If a vacancy on the board occurs by death, resignation, or otherwise, the governor shall fill the vacant position for the unexpired term. Each vacancy in a position appointed from lists provided by the associations and departments under subsection (2) of this section must be filled from a list of at least four persons nominated by the relevant association or associations.

(5) The appointments made in subsection (2) of this section are not subject to confirmation. [1999 c 216 § 2; 1998 c 175 § 4.]

#### **47.06A.040 Board—Administration and staffing.**

The board, at its option, may either appoint an executive director, who shall serve at its pleasure and whose salary shall be set by the board or make provisions ensuring the responsibilities of the executive director are carried out by an existing transportation-related state agency or by private contract. Staff support to the board shall be provided by the department of transportation, the transportation improvement board, and the county road administration board, or their successor agencies. [1999 c 216 § 3; 1998 c 175 § 5.]

**47.06A.050 Allocation of funds.** (1) For the purpose of allocating funds for the freight mobility strategic investment program, the board shall allocate the first fifty-five percent of funds to the highest priority projects, without regard to location.

(2) The remaining funds shall be allocated equally among three regions of the state, defined as follows:

(a) The Puget Sound region includes King, Pierce, and Snohomish counties;

(b) The western Washington region includes Clallam, Jefferson, Island, Kitsap, San Juan, Skagit, Whatcom, Clark, Cowlitz, Grays Harbor, Lewis, Mason, Pacific, Skamania, Thurston, and Wahkiakum counties; and

(c) The eastern Washington region includes Adams, Chelan, Douglas, Ferry, Grant, Lincoln, Okanogan, Pend Oreille, Spokane, Stevens, Whitman, Asotin, Benton, Columbia, Franklin, Garfield, Kittitas, Klickitat, Walla Walla, and Yakima counties.

(3) If a region does not have enough qualifying projects to utilize its allocation of funds, the funds will be made available to the next highest priority project, without regard to location.

(4) In the event that a proposal contains projects in more than one region, for purposes of assuring that equitable geographic distributions are made under subsection (2) of this section, the board shall evaluate the proposal and proportionally assign the benefits that are attributable to each region.

(5) If the board identifies a project for funding, but later determines that the project is not ready to proceed at the time the legislature's funding decision is pending, the board shall recommend removing the project from consideration and the next highest priority project shall be substituted in the project portfolio. Any project removed from funding consideration because it is not ready to proceed shall retain its position on the priority project list and is eligible to be recommended for funding in the next project portfolio submitted by the board. [1998 c 175 § 6.]

**47.06A.060 Grants and loans.** In order to aid the financing of eligible freight mobility projects, the board may:

(1) Make grants or loans from funds appropriated for the freight mobility strategic investment program for the purpose of financing freight mobility projects. The board may require terms and conditions as it deems necessary or convenient to carry out the purposes of this chapter.

(2) The state shall not bear the financial burden for project costs unrelated to the movement of freight. Project amenities unrelated to the movement of freight may not be submitted to the board as part of a project proposal under the freight mobility strategic investment program.

(3) All freight mobility projects aided in whole or in part under this chapter must have a public entity designated as the lead project proponent. [1998 c 175 § 7.]

**47.06A.070 Records.** The board shall keep proper records and shall be subject to audit by the state auditor. [1998 c 175 § 8.]

**47.06A.080 Port district development plans.** Port districts in the state shall submit their development plans to the relevant regional transportation planning organization or metropolitan planning organization, the department, and affected cities and counties to better coordinate the development and funding of freight mobility projects. [1998 c 175 § 9.]

**47.06A.900 Severability—1998 c 175.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1998 c 175 § 15.]

**Chapter 47.06B RCW**  
**COORDINATING SPECIAL**  
**NEEDS TRANSPORTATION**

## Sections

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47.06B.075	Local coordinating coalitions—Duties—Annual report to council.
47.06B.080	Local coordinating coalitions—Pilot project—Reports.
47.06B.900	Council—Termination.
47.06B.901	Repealer.

**47.06B.010 Findings—Intent.** (*Effective until June 30, 2012.*) The legislature finds that transportation systems for persons with special needs are not operated as efficiently as possible. In too many cases, programs established by the legislature to assist persons with special needs can not be accessed due to these inefficiencies and coordination barriers.

The legislature further finds that the transportation needs of each community are unique, and that transportation services may be improved by establishing a system of statewide oversight that seeks input, collaboration, and cooperation from and among all local service providers, including public agencies, private organizations, and community-based groups.

It is the intent of the legislature that public transportation agencies, pupil transportation programs, private nonprofit transportation providers, and other public agencies sponsoring programs that require transportation services coordinate those transportation services. Through coordination of transportation services, programs will achieve increased efficiencies and will be able to provide more rides to a greater number of persons with special needs. [2009 c 515 § 3; 2007 c 421 § 1; 1999 c 385 § 1; 1998 c 173 § 1.]

**47.06B.012 Definitions.** (*Effective until June 30, 2012.*) The definitions in this section apply throughout this chapter.

(1) "Persons with special transportation needs" means those persons, including their personal attendants, who because of physical or mental disability, income status, or age are unable to transport themselves or purchase transportation.

(2) "Special needs coordinated transportation" is transportation for persons with special transportation needs that is developed through a collaborative community process involving transportation providers; human service programs and agencies; consumers; social, educational, and health service providers; employer and business representatives; employees and employee representatives; and other affected parties. [1999 c 385 § 2.]

**47.06B.020 Agency council on coordinated transportation—Creation, purpose, membership, staff, meetings.**

(*Effective until June 30, 2012.*) (1) The agency council on coordinated transportation is created. The purpose of the council is to advance and improve accessibility to and coordination of special needs transportation services statewide. The council is composed of fourteen voting members and four nonvoting, legislative members.

(2) The fourteen voting members are the superintendent of public instruction or a designee, the secretary of transportation or a designee, the secretary of the department of social and health services or a designee, and eleven members appointed by the governor as follows:

- (a) One representative from the office of the governor;
- (b) Three persons who are consumers of special needs transportation services, which must include:

(i) One person designated by the executive director of the governor's committee on disability issues and employment; and

(ii) One person who is designated by the executive director of the developmental disabilities council;

(c) One representative from the Washington association of pupil transportation;

(d) One representative from the Washington state transit association;

(e) One of the following:

(i) A representative from the community transportation association of the Northwest; or

(ii) A representative from the community action council association;

(f) One person who represents regional transportation planning organizations and metropolitan planning organizations;

(g) One representative of brokers who provide nonemergency, medically necessary trips to persons with special transportation needs under the medicaid program administered by the department of social and health services;

(h) One representative from the Washington state department of veterans affairs; and

(i) One representative of the state association of counties.

(3) The four nonvoting members are legislators as follows:

(a) Two members from the house of representatives, one from each of the two largest caucuses, appointed by the speaker of the house of representatives, including at least one member from the house transportation policy and budget committee or the house appropriations committee; and

(b) Two members from the senate, one from each of the two largest caucuses, appointed by the president of the senate, including at least one member from the senate transportation committee or the senate ways and means committee.

(4) Gubernatorial appointees of the council will serve two-year terms. Members may not receive compensation for their service on the council, but will be reimbursed for actual and necessary expenses incurred in performing their duties as members as set forth in RCW 43.03.220.

(5) The council shall vote on an annual basis to elect one of its voting members to serve as chair. The position of chair must rotate among the represented agencies, associations, and interest groups at least every two years. If the position of chair is vacated for any reason, the secretary of transportation or the secretary's designee shall serve as acting chair until the

next regular meeting of the council, at which time the members will elect a chair.

(6) The council shall periodically assess its membership to ensure that there exists a balanced representation of persons with special transportation needs and providers of special transportation needs services. Recommendations for modifying the membership of the council must be included in the council's biennial report to the legislature as provided in RCW 47.06B.050.

(7) The department of transportation shall provide necessary staff support for the council.

(8) The council may receive gifts, grants, or endowments from public or private sources that are made from time to time, in trust or otherwise, for the use and benefit of the purposes of the council and spend gifts, grants, or endowments or income from the public or private sources according to their terms, unless the receipt of the gifts, grants, or endowments violates \*RCW 42.17.710.

(9) The meetings of the council must be open to the public, with the agenda published in advance, and minutes kept and made available to the public. The public notice of the meetings must indicate that accommodations for persons with disabilities will be made available upon request.

(10) All meetings of the council must be held in locations that are readily accessible to public transportation, and must be scheduled for times when public transportation is available.

(11) The council shall make an effort to include presentations by and work sessions including persons with special transportation needs. [2009 c 515 § 4; 2007 c 421 § 2; 1998 c 173 § 2.]

**\*Reviser's note:** RCW 42.17.710 was recodified as RCW 42.17A.560 pursuant to 2010 c 204 § 1102, effective January 1, 2012.

**47.06B.030 Council—Duties. (Effective until June 30, 2012.)** (1) To assure implementation of an effective system of coordinated transportation that meets the needs of persons with special transportation needs, the agency council on coordinated transportation shall adopt a biennial work plan that must, at a minimum:

(a) Focus on projects that identify and address barriers in laws, policies, and procedures;

(b) Focus on results; and

(c) Identify and advocate for transportation system improvements for persons with special transportation needs.

(2) The council shall, as necessary, convene work groups at the state, regional, or local level to develop and implement coordinated approaches to special needs transportation.

(3) To improve the service experienced by persons with special transportation needs, the council shall develop statewide guidelines for customer complaint processes so that information about policies regarding the complaint processes is available consistently and consumers are appropriately educated about available options. To be eligible for funding on or after January 1, 2008, organizations applying for state paratransit/special needs grants as described in section 226(1), chapter 370, Laws of 2006 must implement a process following the guidelines established by the council.

(4) The council shall represent the needs and interests of persons with special transportation needs in statewide efforts for emergency and disaster preparedness planning by advis-

ing the emergency management council on how to address transportation needs for high-risk individuals during and after disasters. [2007 c 421 § 3. Prior: 1999 c 385 § 5; (1999 c 372 § 13 repealed by 2007 c 421 § 10); 1998 c 173 § 3.]

**47.06B.040 Council—Certification of regional transportation planning organization local plans. (Effective until June 30, 2012.)** The agency council on coordinated transportation shall review and recommend certification of local plans developed by regional transportation planning organizations based on meeting federal requirements. Each regional transportation planning organization must submit to the council an updated plan that includes the elements, consistent with federal planning requirements, identified by the council beginning on July 1, 2007, and every four years thereafter.

Each regional transportation planning organization must submit to the council every two years a prioritized regional human service and transportation project list. [2007 c 421 § 4; 1999 c 385 § 6.]

**47.06B.050 Council—Progress report. (Effective until June 30, 2012.)** The agency council on coordinated transportation shall submit a progress report to the legislature by December 1, 2009, and every other year thereafter. The report must describe the council's progress in achieving its objectives and in attaining the applicable goals identified in the council's biennial work plan and highlight any problems encountered in achieving these goals. The report must also include the required \*performance measure evaluations established in RCW 47.06B.030(4). The information will be reported in a form established by the council. [2009 c 515 § 8; 2007 c 421 § 6.]

**\*Reviser's note:** Section 5, chapter 515, Laws of 2009, which established the performance measure evaluations, was vetoed by the governor.

**47.06B.060 Council—Work group—Duties, membership, reports. (Effective until June 30, 2012.)** (1) In 2007, the legislature directed the joint transportation committee to conduct a study of special needs transportation to examine and evaluate the effectiveness of special needs transportation in the state. A particular goal of the study was to explore opportunities to enhance coordination of special needs transportation programs to ensure that they are delivered efficiently and result in improved access and increased mobility options for their clients. It is the intent of the legislature to further consider some of the recommendations, and to implement many of these recommendations in the form of two pilot projects that will test the potential for applying these recommendations statewide in the future.

(2) The legislature is aware that the department of social and health services submitted an application in December of 2008 to the federal centers for medicare and medicaid services, seeking approval to use the medical match system, a federal funding system that has different requirements from the federal administrative match system currently used by the department. It is the intent of the legislature to advance the goals of chapter 515, Laws of 2009 and the recommendations of the study identified in subsection (1) of this section without jeopardizing the application made by the department.

(3) By August 15, 2009, the agency council on coordinated transportation shall appoint a work group for the purpose of identifying relevant federal requirements related to special needs transportation, and identifying solutions to streamline the requirements and increase efficiencies in transportation services provided for persons with special transportation needs. To advance its purpose, the work group shall work with relevant federal representatives and agencies to identify and address various challenges and barriers.

(4) Membership of the work group must include, but not be limited to, one or more representatives from:

(a) The departments of transportation, veterans affairs, health, and social and health services;

(b) Medicaid nonemergency medical transportation brokers;

(c) Public transit agencies;

(d) Regional and metropolitan transportation planning organizations, including a representative of the regional transportation planning organization or organizations that provide staff support to the local coordinating coalition established under RCW 47.06B.070;

(e) Indian tribes;

(f) The agency council on coordinated transportation;

(g) The local coordinating coalitions established under RCW 47.06B.070; and

(h) The office of the superintendent of public instruction.

(5) The work group shall elect one or more of its members to service as chair or cochair.

(6) The work group shall immediately contact representatives of the federal congressional delegation for Washington state and the relevant federal agencies and coordinating authorities including, but not limited to, the federal transit administration, the United States department of health and human services, and the interagency transportation coordinating council on access and mobility, and invite the federal representatives to work collaboratively to:

(a) Identify transportation definitions and terminology used in the various relevant state and federal programs, and establish consistent transportation definitions and terminology. For purposes of this subsection, relevant state definitions exclude terminology that requires a medical determination, including whether a trip or service is medically necessary;

(b) Identify restrictions or barriers that preclude federal, state, and local agencies from sharing client lists or other client information, and make progress towards removing any restrictions or barriers;

(c) Identify relevant state and federal performance and cost reporting systems and requirements, and work towards establishing consistent and uniform performance and cost reporting systems and requirements; and

(d) Explore, subject to federal approval, opportunities to test cost allocation models, including the pilot projects established in RCW 47.06B.080, that:

(i) Allow for cost sharing among public paratransit and Medicaid nonemergency medical trips; and

(ii) Capture the value of Medicaid trips provided by public transit agencies for which they are not currently reimbursed with a funding match by federal Medicaid dollars.

(7) By December 1, 2009, the work group shall submit a report to the joint transportation committee that explains the

progress made towards the goals of this section and identifies any necessary legislative action that must be taken to implement all the provisions of this section. A second progress report must be submitted to the joint transportation committee by June 1, 2010, and a final report must be submitted to the joint transportation committee by December 1, 2010. [2009 c 515 § 1.]

**47.06B.070 Local coordinating coalitions--Creation, purpose, membership, meetings, staff. (Effective until June 30, 2012.)** (1) A local coordinating coalition is created in each nonemergency medical transportation brokerage region, as designated by the department of social and health services, that encompasses:

(a) A single county that has a population of more than seven hundred fifty thousand but less than one million; and

(b) Five counties, and is comprised of at least one county that has a population of more than four hundred thousand.

(2) The purpose of a local coordinating coalition is to advance local efforts to coordinate and maximize efficiencies in special needs transportation programs and services, contributing to the overall objectives and goals of the agency council on coordinated transportation. The local coordinating coalition shall serve in an advisory capacity to the agency council on coordinated transportation by providing the council with a focused and ongoing assessment of the special transportation needs and services provided within its region.

(3) The composition and size of each local coordinating coalition may vary by region. Local coordinating coalition members, appointed by the chair of the agency council on coordinated transportation to two-year terms, must reflect a balanced representation of the region's providers of special needs transportation services and must include:

(a) Members of existing local coordinating coalitions, with approval by those members;

(b) One or more representatives of the public transit agency or agencies serving the region;

(c) One or more representatives of private service providers;

(d) A representative of civic or community-based service providers;

(e) A consumer of special needs transportation services;

(f) A representative of nonemergency medical transportation Medicaid brokers;

(g) A representative of social and human service programs;

(h) A representative of local high school districts; and

(i) A representative from the Washington state department of veterans affairs.

(4) Each coalition shall vote on an annual basis to elect one of its members to serve as chair. The position of chair must rotate among the represented members at least every two years. If the position of chair is vacated for any reason, the member representing the regional transportation planning organization described in subsection (6) of this section shall serve as acting chair until the next regular meeting of the coalition, at which time the members will elect a chair.

(5) Regular meetings of the local coordinating coalition may be convened at the call of the chair or by a majority of the members. Meetings must be open to the public, and held

in locations that are readily accessible to public transportation.

(6) The regional transportation planning organization, as described in chapter 47.80 RCW, serving the region in which the local coordinating coalition is created shall provide necessary staff support for the local coordinating coalition. In regions served by more than one regional transportation planning organization, unless otherwise agreed to by the relevant planning organizations, the regional transportation planning organization serving the largest population within the region shall provide the necessary staff support. [2009 c 515 § 9.]

**47.06B.075 Local coordinating coalitions—Duties—Annual report to council. (Effective until June 30, 2012.)** Local coordinating coalitions established under RCW 47.06B.070 shall:

(1) Identify, to the greatest extent possible, all local transportation facilities, services, and providers serving persons with special transportation needs in the region, including public transit agencies, private companies, nonprofit organizations, and community-based groups. For each service provider, the coalition shall identify the boundaries within which services are provided;

(2) Identify local service needs, including connectivity gaps and other barriers to reliable and efficient transportation within and across service boundaries;

(3) Consider strategies to address the local service needs and gaps identified in subsection (2) of this section;

(4) In consultation with the agency council on coordinated transportation, collaborate with local service providers and operators to identify and propose common connectivity standards. The connectivity standards must, at a minimum, address signage, transit information, schedule coordination, and services provided to address access to and from a transit stop or facility; and

(5) Beginning December 1, 2009, submit an annual report to the agency council on coordinated transportation that must, at a minimum, describe local efforts to coordinate and maximize efficiencies in special needs transportation programs and services, and progress made in addressing the duties described in this section. [2009 c 515 § 10.]

**47.06B.080 Local coordinating coalitions—Pilot project—Reports. (Effective until June 30, 2012.)** (1) In addition to the duties identified in RCW 47.06B.070 and 47.06B.075, each local coordinating coalition shall develop or implement a pilot project within the coalition's region, as described under RCW 47.06B.070(1), for the purpose of demonstrating cost sharing and cost saving opportunities as described in subsection (2) of this section, and shall keep the agency council on coordinated transportation informed of progress made toward implementing the pilot project. In developing or implementing the pilot project, the local coordinating coalition shall collaborate with the appropriate federal agencies, including the federal transit authority and United States department of health and human services, and may collaborate with other agencies and organizations as deemed appropriate.

(2) The pilot project must be designed to:

(a) Demonstrate opportunities for cost sharing, including but not limited to opportunities among public paratransit and medicaid nonemergency medical trips; and

(b) Test the feasibility of capturing the value of medicaid trips provided by public transit agencies for which they are not currently reimbursed with a funding match by federal medicaid dollars.

(3) By December 1, 2009, and by June 1, 2010, each local coordinating coalition shall submit a status report to the joint transportation committee and agency council on coordinated transportation describing progress made in implementing the pilot project. By December 1, 2010, each local coordinating coalition shall issue a final report to the joint transportation committee and the agency council on coordinated transportation describing progress made in implementing the pilot project. [2009 c 515 § 11.]

**47.06B.900 Council—Termination.** The agency council on coordinated transportation is terminated on June 30, 2011, as provided in RCW 47.06B.901. [2009 c 515 § 17; 2007 c 421 § 8; 1999 c 385 § 7; 1998 c 173 § 6.]

**47.06B.901 Repealer.** The following acts or parts of acts, as now existing or hereafter amended, are each repealed, effective June 30, 2012:

(1) RCW 47.06B.010 and 2009 c 515 § 3, 2007 c 421 § 1, 1999 c 385 § 1, & 1998 c 173 § 1;

(2) RCW 47.06B.012 and 1999 c 385 § 2;

(3) RCW 47.06B.020 and 2009 c 515 § 4, 2007 c 421 § 2, & 1998 c 173 § 2;

(4) RCW 47.06B.030 and \*2009 c 515 § 5, 2007 c 421 § 3, 1999 c 385 § 5, & 1998 c 173 § 3;

(5) RCW 47.06B.040 and 2007 c 421 § 4 & 1999 c 385 § 6;

(6) RCW 47.06B.050 and 2009 c 515 § 8 & 2007 c 421 § 6;

(7) RCW 47.06B.060;

(8) \*Section 2 of this act;

(9) \*Section 6 of this act;

(10) \*Section 7 of this act;

(11) RCW 47.06B.070;

(12) RCW 47.06B.075; and

(13) RCW 47.06B.080. [2009 c 515 § 18; 2007 c 421 § 9; 1999 c 385 § 8; 1998 c 173 § 7.]

\*Reviser's note: Sections 2 and 5 through 7 of this act [2009 c 515] were vetoed by the governor.

## Chapter 47.08 RCW HIGHWAY FUNDS

### Sections

47.08.010	Control of allocated funds.
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- 47.08.100 Illegal use of county or city road funds—Procedure to correct.
- 47.08.110 Misuse of county or city road funds—General penalty.
- 47.08.120 Transportation equipment fund.
- 47.08.121 Transportation equipment fund declared revolving fund of proprietary nature—Use.
- 47.08.130 Custody of federal funds—Disbursement.

*Highway funds, constitutional limitations: State Constitution Art. 2 § 40 (Amendment 18).*

**47.08.010 Control of allocated funds.** Whenever there is provided an allocation for the construction or improvement of state highways, the allocation shall be under the sole charge and direct control of the department. [1984 c 7 § 92; 1961 c 13 § 47.08.010. Prior: 1937 c 53 § 32, part; RRS § 6400-32, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.08.020 State to match federal funds.** For the construction, alteration, repair and improvement of state highways, county roads, or city and town streets in the state of Washington which are part of the public highway system, the good faith of the state of Washington is hereby pledged to make available funds sufficient to equal the sums appropriated to the state by or under the United States government during succeeding fiscal years and to use and expend the same within one year after the fiscal year for which appropriated, and in the manner and under the rules and regulations imposed by the secretary of commerce and to maintain, or cause to be maintained, the highways or roads constructed or improved with the aid of funds so appropriated, and to make adequate provisions for carrying out such maintenance. [1961 c 13 § 47.08.020. Prior: 1937 c 53 § 46; RRS § 6400-46; 1917 c 76 § 3; RRS § 6846.]

**47.08.040 Contracts with United States as to state highway property.** Whenever it is necessary or desirable for the federal government or any agency thereof to acquire an interest in or in any way damage any property or interest therein owned by the state of Washington and used in connection with any highway in the state of Washington in connection with any federal project for the development of any river within or partially within the state of Washington, the department is authorized, empowered, and directed to negotiate and enter into an agreement with the proper agency of the federal government as to the rights which shall be acquired, the compensation which shall be made therefor and the character of instruments by which the rights shall be conveyed, and as to any other matters which may be necessary in order to satisfy the requirements of the federal government. If the agreement is required to be reduced to writing, the writing shall be approved as to form by the attorney general of the state of Washington. [1984 c 7 § 93; 1961 c 13 § 47.08.040. Prior: 1937 c 113 § 1; RRS § 6450-91.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.08.050 Contracts with United States—Governor to execute instrument to the United States.** Whenever the department has entered into an agreement under RCW 47.08.040 with the federal government or any agency thereof requiring the execution of any deed, flowage easement, or instrument of any nature, to the federal government or agency, and the instrument is approved as to form by the

attorney general of the state of Washington, the governor of the state of Washington is authorized and directed without further authority and in the name of the state of Washington to execute and deliver to the proper agency of the federal government any such instrument or instruments which shall be, when attested by the secretary of state, binding upon the state of Washington. [1984 c 7 § 94; 1961 c 13 § 47.08.050. Prior: 1937 c 113 § 2; RRS § 6450-92.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.08.060 Contracts with United States—Disposal of funds from the United States.** Whenever any moneys shall be realized by the state of Washington as a result of any agreement authorized by RCW 47.08.040, the same shall be deposited in the treasury of the state of Washington to the credit of the motor vehicle fund, and shall be available for highway purposes only. [1967 ex.s. c 145 § 45; 1961 c 13 § 47.08.060. Prior: 1937 c 113 § 3; RRS § 6450-93.]

**47.08.070 Cooperation in public works projects, urban public transportation systems.** When it appears to the department that any state highway will be benefited or improved by the construction of any public works project, including any urban public transportation system, within the state of Washington by any of the departments of the state of Washington, by the federal government, or by any agency, instrumentality, or municipal corporation of either the state of Washington or the United States, the department is authorized to enter into cooperative agreements with any such state department, with the United States, or with any agency, instrumentality, or municipal corporation of either the state of Washington or the United States, wherein the state of Washington, acting through the department, will participate in the cost of the public works project in such amount as may be determined by the department to be the value of the benefits or improvements to the particular state highway derived from the construction of the public works project. Under any such agreement the department may contribute to the cost of the public works project by making direct payment to the particular state department, federal government, or to any agency, instrumentality, or municipal corporation of either the state or the United States, or any combination thereof, which may be involved in the project, from any funds appropriated to the department and available for highway purposes, or by doing a portion of the project either by day labor or by contract, or in any other manner as may be deemed advisable and necessary by the department. [1984 c 7 § 95; 1967 c 108 § 3; 1961 c 13 § 47.08.070. Prior: 1945 c 127 § 2; Rem. Supp. 1945 § 6400-121.]

*Urban public transportation system defined: RCW 47.04.082.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.08.080 Funds when department is in charge of county road improvements.** If any funds become available from the federal government or otherwise for expenditure in conjunction with county funds for the construction, alteration, repair, or improvement of any county road and the work is to be performed by the department, the state treasurer shall, upon notice from the department, set aside from any moneys in the motor vehicle fund credited to any such

county, the cost thereof, together with the cost of engineering, supervision, and other proper items, or so much of the money in the state treasury to the credit of the county as may be necessary for use in conjunction with funds from the federal government to accomplish the work. The work shall then be performed by the department and paid from the money so set aside upon vouchers approved and submitted by the department in the same manner as payment is made for such work on state highways: PROVIDED, That the legislative authority of any such county shall have, by proper resolution, filed in duplicate in the office of the department and approved by it, determined the county road construction, alteration, repair, or improvement to be performed in such county and the same is found to conform in all respects to the requirements necessary for the use of such funds of the federal government. [1984 c 7 § 96; 1973 c 106 § 22; 1961 c 13 § 47.08.080. Prior: 1937 c 187 § 59; RRS § 6450-59.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.08.090 Funds when department is in charge of city street improvements.** If any funds become available from the federal government or otherwise for expenditure in conjunction with funds accruing to any incorporated city or town for the construction, alteration, repair, or improvement of its city streets designated as forming a part of the route of any state highway through the incorporated city or town and the work is to be performed by the department, the state treasurer shall, upon notice from the department, set aside from any moneys in the motor vehicle fund credited to the incorporated city or town, the cost thereof or so much money in the state treasury to the credit of the incorporated city or town as may be necessary in conjunction with the funds from the federal government or otherwise to accomplish the work, the cost to be paid by the state treasurer from the money so set aside upon vouchers approved and submitted by the department in the same manner as payment is made for work on state highways. If any such incorporated city or town has agreed with the state of Washington or the federal government as a condition precedent to the acquiring of federal funds for construction on any city street of the incorporated city or town designated as forming a part of the route of any state highways, that the street will be maintained to a standard and the incorporated city or town fails to so maintain the city street, then the department may perform the maintenance, and the state treasurer is authorized to deduct the cost thereof from any funds credited or to be credited to the incorporated city or town and pay the same on vouchers approved and submitted by the department in the same manner as payment is made for work performed on state highways. [1984 c 7 § 97; 1973 c 106 § 23; 1961 c 13 § 47.08.090. Prior: 1937 c 187 § 65; RRS § 6450-65.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.08.100 Illegal use of county or city road funds—Procedure to correct.** The department is authorized from time to time to investigate expenditures from the county road fund and the city street fund; and if it determines that unauthorized, illegal, or wrongful expenditures are being or have been made from the fund it is authorized to proceed as follows: If the county road fund is involved it shall notify in

writing the county legislative authority and the county treasurer of its determination; and if the city street fund is involved it shall notify the city council or commission and the mayor and city treasurer of the city or town of its determination. In its determination the department is authorized to demand of those officials that the wrongful or illegal expenditures shall be stopped, adjusted, or remedied and that restitution of any wrongful or illegal diversion or use shall be made; and it may notify the officials that if the wrong is not stopped, remedied, or adjusted, or restitution made to its satisfaction within a specified period fixed by it, it will direct the withholding of further payments to the county or city from the motor vehicle fund. The county or city shall have ten days after the notice is given within which to correct or remedy the wrong, or wrongful and illegal practices, to make restitution, or to adjust the matter to the satisfaction of the department.

If no correction, remedy, adjustment, or restitution is made within ten days to the satisfaction of the department, it has power to request in writing that the state treasurer withhold further payments from the motor vehicle fund to the county or city; and it is the duty of the state treasurer upon being so notified to withhold further payments from the motor vehicle fund to the county or city involved until the officials are notified in writing by the department that payments may be resumed.

The department is also authorized to notify in writing the prosecuting attorney of the county in which the violation occurs of the facts, and it is the duty of the prosecuting attorney to file charges and to criminally prosecute any and all persons guilty of any such violation. [1984 c 7 § 98; 1973 c 106 § 24; 1961 c 13 § 47.08.100. Prior: 1943 c 82 § 13, part; 1937 c 187 § 66, part; Rem. Supp. 1943 § 6450-66, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.08.110 Misuse of county or city road funds—General penalty.** It shall be unlawful and a misdemeanor, unless the same is by this title or other law of this state declared to be a felony or gross misdemeanor, to divert or use, or authorize, permit or participate in the diversion or use of any moneys in the county road fund or in the city street fund for any other purpose or in any other manner than that authorized by law. [1961 c 13 § 47.08.110. Prior: 1943 c 82 § 13, part; 1937 c 187 § 66, part; Rem. Supp. 1943 § 6450-66, part.]

**47.08.120 Transportation equipment fund.** There is hereby created in the state treasury a state fund to be known as the "transportation equipment fund," the same to be used by the department of transportation as a revolving fund to be expended for salaries, wages and operations required for the repair, replacement, purchase and operation of equipment and for purchase of equipment, materials and supplies to be used as follows: (1) In the administration and operation of this fund; and (2) in the administration, maintenance and construction of highways and transportation facilities.

The transportation equipment fund shall be credited, in the case of equipment, with a reasonable rental assessed upon the use of such equipment by the various state departments, and in the case of materials and supplies, with a reasonable charge for such materials and supplies. Such credit for rental

and charges for materials and supplies shall be charged against the proper appropriation therefor.

Equipment may be rented and materials and supplies may be sold out of this fund to any federal, state, county or city political subdivision or governmental agency. The terms and charges for such rental and the prices for such sale shall be solely within the discretion of the department of transportation and its determination of the charge for rental or sale price shall be considered a reasonable rental charge or a reasonable sale price. Any political subdivision or governmental agency shall make payment for such rental or for purchase of such materials or supplies directly to the transportation equipment fund at the office of the department of transportation at Olympia. [1979 c 39 § 1; 1961 c 13 § 47.08.120. Prior: 1943 c 135 § 1; 1935 c 144 § 10; Rem. Supp. 1943 § 6600-1c.]

**47.08.121 Transportation equipment fund declared revolving fund of proprietary nature—Use.** The "highway equipment fund" as established by RCW 47.08.120 is declared to be a revolving fund of a proprietary nature and moneys that are or will be deposited in this fund are hereby authorized for expenditures for the purposes provided by law. [1961 c 13 § 47.08.121. Prior: 1959 c 326 § 3.]

**47.08.130 Custody of federal funds—Disbursement.** The state treasurer is hereby authorized and directed to receive and have custody of such funds and warrants drawn by the secretary of transportation or other authorized agent of the United States as are made available for payment by the secretary of the treasury of the United States under the provisions of the federal aid road act approved July 11, 1916, and all acts amendatory or supplementary thereto, disbursing the same under such terms and conditions as may be prescribed by the secretary of transportation or by the secretary of the treasury or other authorized agent of the United States. The state treasurer is further authorized and directed to pay from the motor vehicle fund for the use of the department such funds as may be necessary upon any project in anticipation of reimbursement by the government of the United States. [1984 c 7 § 99; 1961 c 13 § 47.08.130. Prior: 1937 c 53 § 45; RRS § 6400-45; 1931 c 129 § 1; 1929 c 146 § 1; 1927 c 214 § 1; 1925 c 4 § 1; 1923 c 41 § 1; 1921 c 89 § 1; 1919 c 56 § 1; RRS § 6850.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

### Chapter 47.10 RCW

#### HIGHWAY CONSTRUCTION BONDS

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## FIRST PRIORITY PROJECT—1951 ACT

**47.10.010 First priority highway projects—Declaration of.** Reconstruction of primary state highway No. 1 from Oregon to British Columbia, construction of four traffic lanes at Snoqualmie Pass, construction of an adequate highway bridge from Pasco to Kennewick and construction of county arterial highways and farm to market roads in Grant, Franklin and Adams counties to coincide with the opening of lands for settlement in the Columbia Basin irrigation project, are declared to be highway projects of the first priority. The construction of such projects is required in the interest of the public safety and for the orderly development of the state. The reimbursement of the motor vehicle fund for money used to purchase Agate Pass Bridge bonds will also make possible other war emergency or high priority highway construction. The threat of war makes acceleration of construction a vital necessity at this time. [1961 c 13 § 47.10.010. Prior: 1951 c 121 § 1.]

**47.10.020 Bond issue authorized—Use of motor vehicle fund.** To provide funds for accelerating construction of these first priority projects, and to reimburse the motor vehicle fund for money expended for Agate Pass Bridge construction there shall be issued and sold limited obligation bonds of the state of Washington in the sum of sixty-six million seven hundred three thousand, six hundred and twenty-five dollars. The issuance, sale and retirement of said bonds shall be under the general supervision and control of the state finance committee. The state finance committee shall, when notified by the Washington state highway commission, provide for the issuance of coupon or registered bonds to be dated, issued and sold from time to time in such amounts as may be necessary to the orderly progress of construction of the first priority projects: PROVIDED, That if funds are available in the motor vehicle fund in an amount greater than is necessary to pay current demands such funds may be used to finance these first priority projects until such time as bonds are sold, as pro-

vided by law, at which time the motor vehicle fund shall be reimbursed. [1961 c 13 § 47.10.020. Prior: 1955 c 117 § 1; 1951 c 121 § 2.]

**Reviser's note:** Powers, duties, and functions of highway commission transferred to department of transportation; see RCW 47.01.031. Term "Washington state highway commission" means department of transportation; see RCW 47.04.015.

**47.10.030 Form and term of bonds.** Each of such bonds shall be made payable at any time not exceeding twenty-five years from the date of its issuance, with such reserved rights of prior redemption as the state finance committee may prescribe to be specified therein. The bonds shall be signed by the governor and the state auditor under the seal of the state, one of which signatures shall be made manually and the other signature may be in printed facsimile, and any coupons attached to such bonds shall be signed by the same officers whose signatures thereon may be in printed facsimile. Any bonds may be registered in the name of the holder on presentation to the state treasurer or at the fiscal agency of the state of Washington in New York City, as to principal alone, or as to both principal and interest under such regulations as the state treasurer may prescribe. Such bonds shall be payable at such places as the state finance committee may provide. All bonds issued under authority of RCW 47.10.010 through 47.10.140 shall be fully negotiable instruments. [1961 c 13 § 47.10.030. Prior: 1951 c 121 § 3.]

**47.10.040 Bonds not general obligations—Taxes pledged.** Bonds issued under the provisions of RCW 47.10.010 through 47.10.140 shall distinctly state that they are not a general obligation of the state, but are payable in the manner provided in RCW 47.10.010 through 47.10.140 from the proceeds of all state excise taxes on motor vehicle fuels imposed by chapter 82.36 RCW and RCW 82.36.020, 82.36.230, 82.36.250, and 82.36.400, as derived from chapter 58, Laws of 1933, as amended, and as last amended by chapter 220, Laws of 1949; and \*chapter 82.40 RCW and RCW 82.40.020, as derived from chapter 127, Laws of 1941, as amended, and as last amended by chapter 220, Laws of 1949. The proceeds of such excise taxes are hereby pledged to the payment of any bonds and the interest thereon issued under the provisions of RCW 47.10.010 through 47.10.140, and the legislature hereby agrees to continue to impose the same excise taxes on motor vehicle fuels in amounts sufficient to pay the principal and interest on all bonds issued under the provisions of RCW 47.10.010 through 47.10.140 when due. [1961 c 13 § 47.10.040. Prior: 1951 c 121 § 4.]

**\*Reviser's note:** Chapter 82.40 RCW and RCW 82.40.020 were repealed by 1971 ex.s. c 175 § 33; for later enactment see chapter 82.38 RCW.

**47.10.050 Sale of bonds.** The bonds issued hereunder shall be in denominations to be prescribed by the state finance committee and may be sold in such manner and in such amounts and at such times and on such terms and conditions as the committee may prescribe. If bonds are sold to any purchaser other than the state of Washington, they shall be sold at public sale, and it shall be the duty of the state finance committee to cause such sale to be advertised in such manner as it shall deem sufficient. Bonds issued under the provisions

of RCW 47.10.010 through 47.10.140 shall be legal investment for any of the funds of the state, except the permanent school fund: PROVIDED, That bonds authorized herein to reimburse the motor vehicle fund for the cost of the Agate Pass Bridge construction shall be sold at the earliest date which the committee finds feasible. [1961 c 13 § 47.10.050. Prior: 1951 c 121 § 5.]

**47.10.060 Proceeds—Deposit and use.** The money arising from the sale of said bonds shall be deposited in the state treasury to the credit of the motor vehicle fund and such money shall be available only for the construction of such first priority projects, reimbursement of the motor vehicle fund for money expended for construction of the Agate Pass Bridge in order to make such money available for war emergency highway projects or other high priority highway uses, and payment of the expense incurred in the printing, issuance and sale of any such bonds. [1961 c 13 § 47.10.060. Prior: 1951 c 121 § 6.]

**47.10.070 Source of funds for payment of principal and interest.** Any funds required to repay such bonds, or the interest thereon when due, subject to the proviso of this section, shall be taken from that portion of the motor vehicle fund which results from the imposition of all excise taxes on motor vehicle fuels and which is, or may be, appropriated to the department for state highway purposes, and shall never constitute a charge against any allocations of such funds to counties, cities, and towns unless and until the amount of the motor vehicle fund arising from the excise taxes on motor vehicle fuels and available for state highway purposes proves insufficient to meet the requirements for bond retirement or the interest on any bonds: PROVIDED, That money required hereunder to pay interest on or to retire any bonds issued for Columbia Basin county arterial highways or farm to market roads shall be repaid by any such county or counties wherein such highways or roads are constructed in the manner set forth in RCW 47.10.110. [1984 c 7 § 100; 1961 c 13 § 47.10.070. Prior: 1951 c 121 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.10.080 Highway bond retirement fund.** At least one year prior to the date any interest is due and payable on such bonds or before the maturity date of any bonds, the state finance committee shall estimate, subject to the provisions of RCW 47.10.070, the percentage of the receipts in money of the motor vehicle fund, resulting from collection of excise taxes on motor vehicle fuels, for each month of the year which will be required to meet interest or bond payments hereunder when due, and shall notify the state treasurer of such estimated requirement. The state treasurer shall thereafter from time to time each month as such funds are paid into the motor vehicle fund, transfer such percentage of the monthly receipts from excise taxes on motor vehicle fuels of the motor vehicle fund to the highway bond retirement fund, which is hereby established, and which fund shall be available solely for payment of such interest or bonds when due. If in any month it shall appear that the estimated percentage of money so made is insufficient to meet the requirements for interest or bond retirement, the treasurer shall notify the state

finance committee forthwith and such committee shall adjust its estimates so that all requirements for interest and principal of all bonds issued shall be fully met at all times. [1961 c 13 § 47.10.080. Prior: 1951 c 121 § 8.]

**47.10.090 Excess sums in bond retirement fund—Use.** Whenever the percentage of the motor vehicle fund arising from excise taxes on motor fuels, payable into the highway bond retirement fund, shall prove more than is required for the payment of interest on bonds when due, or current retirement of bonds, any excess may, in the discretion of the state finance committee, be available for the prior redemption of any bonds or remain available in the fund to reduce the requirements upon the fuel excise tax portion of the motor vehicle fund at the next interest or bond payment period. [1961 c 13 § 47.10.090. Prior: 1951 c 121 § 11.]

**47.10.100 Allocation of bonds.** The bonds authorized herein are allocated to the first priority projects as follows:

(1) Forty-nine million two hundred fifty thousand dollars of the total issue for the acceleration of the reconstruction of primary state highway No. 1, said amount to be expended on said primary state highway No. 1 as follows: Thirty-three million five hundred thousand dollars between Everett, Seattle, Tacoma, Olympia, Chehalis, Centralia, Kelso, Vancouver, and the Oregon boundary line, and fifteen million seven hundred fifty thousand dollars between Everett and the Canadian boundary line;

(2) Six million five hundred thousand dollars of the total issue for the construction of the highway bridge from Pasco to Kennewick;

(3) Four million two hundred fifty thousand dollars of the total issue for the construction of a four lane highway at Snoqualmie Pass;

(4) Five million dollars of the total issue for the construction of Columbia Basin county arterial highways and farm to market roads in Grant, Franklin and Adams counties, for which the state must be reimbursed as provided in RCW 47.10.110; and

(5) One million seven hundred three thousand six hundred twenty-five dollars of the total issue for reimbursement of the motor vehicle fund for money spent for Washington toll bridge authority bonds purchased in connection with the construction of the Agate Pass Bridge, said sum of one million seven hundred three thousand six hundred twenty-five dollars to be used when it becomes available in the motor vehicle fund, under allotments to be made by the director of highways, for war emergency or other high priority highway projects: PROVIDED, That no bonds shall be issued for Columbia Basin county arterial highway and road purposes unless expenditures are actually required for the settlement of lands ready for irrigation in the Columbia Basin project and all construction of arterial highways and roads in such counties shall be accomplished by the engineering forces of the various counties under the supervision of the director of highways. [1961 c 13 § 47.10.100. Prior: 1951 c 121 § 12.]

**Reviser's note:** Powers, duties, and functions of director of highways transferred to secretary of transportation; see RCW 47.01.031. Term "director of highways" means secretary of transportation; see RCW 47.04.015.

**47.10.110 Columbia Basin highway projects—Reimbursement by counties.** The secretary shall report separately to the state finance committee all sums expended from funds resulting from the sale of bonds for Columbia Basin county arterial highways and farm to market roads in Grant, Franklin, and Adams counties under the provisions of RCW 47.10.010 through 47.10.140. Those counties shall repay to the state all the cost of any Columbia Basin highway or road facilities actually constructed under the provisions of RCW 47.10.010 through 47.10.140 within each of such counties as follows: The state finance committee, at least one year prior to the date any interest is due and payable on such bonds or before the maturity date of any such bonds, shall ascertain the percentage of the motor vehicle funds arising from the excise taxes on motor vehicle fuels, which is to be transferred to such counties under the provisions of law which will be necessary to pay all of the interest upon or retire when due all of the portion of said bonds chargeable to expenditures incurred under the provisions of RCW 47.10.010 through 47.10.140 in each of said counties. The state finance committee shall notify the state treasurer of this estimate and the treasurer shall thereafter, when distributions are made from the motor vehicle fund to counties, retain such percentage of the total sums credited to such counties as aforesaid in the motor vehicle fund arising from the excise taxes on motor vehicle fuels until such fund is fully reimbursed for all expenditures under RCW 47.10.010 through 47.10.140 in Grant, Adams, and Franklin counties. Any money so retained shall be available for state highway purposes. [1984 c 7 § 101; 1961 c 13 § 47.10.110. Prior: 1951 c 121 § 9.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.10.120 Columbia Basin highway projects—Limit as to amounts currently retained.** The sums retained from motor vehicle funds arising from the excise taxes on motor vehicle fuel, of any such counties shall not exceed in any distribution period fifty percent of the total amount to be credited to such county. If there shall be a deficit in the amount available for reimbursement of the motor vehicle fund, due to this provision, then such deficit shall continue to be a charge against any sums due any such county from the motor vehicle fund from such excise taxes until the full cost of such Columbia Basin highway facilities is paid. [1961 c 13 § 47.10.120. Prior: 1951 c 121 § 10.]

**47.10.130 Agate Pass Bridge to become toll free—Cancellation of Agate Pass bonds.** When the state finance committee has made arrangements for the sale of sufficient bonds to reimburse the motor vehicle fund in the sum of one million seven hundred three thousand six hundred twenty-five dollars as aforesaid, the committee shall notify the Washington toll bridge authority and the authority is thereafter directed to transfer the Agate Pass Bridge to the highway department for operation as a toll free part of the state highway system. The bonds of the authority issued to construct the Agate Pass Bridge shall then be canceled. [1961 c 13 § 47.10.130. Prior: 1951 c 121 § 13.]

**Reviser's note:** Powers, duties, and functions of toll bridge authority transferred to department of transportation; see RCW 47.01.031. Terms "Washington state toll bridge authority" and "authority" mean department of transportation; see RCW 47.04.015.

**47.10.140 Appropriation from motor vehicle fund.** There is appropriated from the motor vehicle fund for the biennium ending March 31, 1953 the sum of sixty-six million seven hundred three thousand six hundred and twenty-five dollars, or so much thereof as may be necessary, to carry out the provisions of RCW 47.10.010 through 47.10.140, but no money shall be available under this appropriation from said fund unless a like amount of the bonds provided for herein are sold and the money derived deposited to the credit of such fund. [1961 c 13 § 47.10.140. Prior: 1951 c 121 § 15.]

#### ADDITIONAL BONDS—1953 ACT

**47.10.150 Declaration of necessity for additional funds.** Increased construction costs for highway and bridge construction since the enactment of a highway bond issue by the 1951 legislature makes necessary additional money with which to complete the sections of primary state highway No. 1 planned from funds allocated under RCW 47.10.010 through 47.10.140 and it is vital to the economy of the state and the safety of the traffic that these sections shall be completed to relieve traffic congestions, to add capacity in event of war, and to presently insure greater safety to highway users; the rapid increase of traffic across Snoqualmie Pass necessitates continued improvement of primary state highway No. 2 to provide four-lane paving contiguous to Snoqualmie Pass as the funds will permit; the rapid increase of traffic and the facilitation of movement of military forces and equipment from the military centers of the state makes imperative the construction of a highway from primary state highway No. 2 beginning approximately four miles west of North Bend thence southwesterly by the most feasible route by the way of Auburn to a junction with primary state highway No. 1 in the vicinity of Milton; said highway to follow approximately the route surveyed by the director of highways and covered in the report filed by him or her with the 1951 legislature commonly known as the "Echo Lake Route," as the funds provided for herein will permit; the construction of secondary state highways in to the Columbia Basin area is immediately necessary to provide needed state arterial highways for the irrigated lands of the Columbia Basin areas to market centers and thereby encourage the full development of the basin project. The construction of such projects is required in the interest of the public safety and for the orderly development of the state. The threat of war makes acceleration of construction a vital necessity at this time. [2010 c 8 § 10002; 1961 c 13 § 47.10.150. Prior: 1953 c 154 § 1.]

**Reviser's note:** Powers, duties, and functions of director of highways transferred to department of transportation; see RCW 47.01.031. Term "director of highways" means secretary of transportation; see RCW 47.04.015.

**47.10.160 Additional bonds—Issuance and sale authorized—Use of motor vehicle fund.** To provide funds for accelerating construction of these priority projects there shall be issued and sold limited obligation bonds of the state of Washington in the sum of eighteen million dollars. The issuance, sale and retirement of said bonds shall be under the general supervision and control of the state finance committee. The state finance committee shall, when notified by the Washington state highway commission, provide for the issu-

ance of coupon or registered bonds to be dated, issued and sold from time to time in such amounts as may be necessary to the orderly progress of construction of the first priority projects: PROVIDED, That if funds are available in the motor vehicle fund in an amount greater than is necessary to pay current demands such funds may be used to finance these first priority projects until such time as bonds are sold, as provided by law, at which time the motor vehicle fund shall be reimbursed. [1961 c 13 § 47.10.160. Prior: 1955 c 117 § 2; 1953 c 154 § 2.]

**Reviser's note:** Powers, duties, and functions of highway commission transferred to department of transportation; see RCW 47.01.031. Term "Washington state highway commission" means department of transportation; see RCW 47.04.015.

**47.10.170 Additional bonds—Form and term of bonds.** Each of such bonds shall be made payable at any time not exceeding twenty-five years from the date of its issuance, with such reserved rights of prior redemption as the state finance committee may prescribe to be specified therein. The bonds shall be signed by the governor and the state auditor under the seal of the state, one of which signatures shall be made manually and the other signature may be in printed facsimile, and any coupons attached to such bonds shall be signed by the same officers whose signatures thereon may be in printed facsimile. Any bonds may be registered in the name of the holder on presentation to the state treasurer or at the fiscal agency of the state of Washington in New York City, as to principal alone, or as to both principal and interest under such regulations as the state treasurer may prescribe. Such bonds shall be payable at such places as the state finance committee may provide. All bonds issued under authority of RCW 47.10.150 through 47.10.270 shall be fully negotiable instruments. [1961 c 13 § 47.10.170. Prior: 1953 c 154 § 3.]

**47.10.180 Additional bonds—Bonds not general obligations—Taxes pledged.** Bonds issued under the provisions of RCW 47.10.150 through 47.10.270 shall distinctly state that they are not a general obligation of the state, but are payable in the manner provided in RCW 47.10.150 through 47.10.270 from the proceeds of all state excise taxes on motor vehicle fuels imposed by chapter 82.36 RCW and RCW 82.36.020, 82.36.230, 82.36.250, and 82.36.400, as derived from chapter 58, Laws of 1933, as amended, and as last amended by chapter 220, Laws of 1949; and \*chapter 82.40 RCW and RCW 82.40.020, as derived from chapter 127, Laws of 1941, as amended, and as last amended by chapter 220, Laws of 1949. The proceeds of such excise taxes are hereby pledged to the payment of any bonds and the interest thereon issued under the provisions of RCW 47.10.150 through 47.10.270 and the legislature hereby agrees to continue to impose the same excise taxes on motor vehicle fuels in amounts sufficient to pay the principal and interest on all bonds issued under the provisions of RCW 47.10.150 through 47.10.270 when due. [1961 c 13 § 47.10.180. Prior: 1953 c 154 § 4.]

**\*Reviser's note:** Chapter 82.40 RCW and RCW 82.40.020, see note following RCW 47.10.040.

(2010 Ed.)

**47.10.190 Additional bonds—Sale of bonds.** The bonds issued under RCW 47.10.150 through 47.10.270 shall be in denominations to be prescribed by the state finance committee and may be sold in such manner and in such amounts and at such times and on such terms and conditions as the committee may prescribe. If bonds are sold to any purchaser other than the state of Washington, they shall be sold at public sale, and it shall be the duty of the state finance committee to cause such sale to be advertised in such manner as it shall deem sufficient. Bonds issued under the provisions of RCW 47.10.150 through 47.10.270 shall be legal investment for any of the funds of the state, except the permanent school fund. [1961 c 13 § 47.10.190. Prior: 1953 c 154 § 5.]

**47.10.200 Additional bonds—Proceeds—Deposit and use.** The money arising from the sale of said bonds shall be deposited in the state treasury to the credit of the motor vehicle fund and such money shall be available only for the construction of such priority projects, and payment of the expense incurred in the printing, issuance and sale of any such bonds. [1961 c 13 § 47.10.200. Prior: 1953 c 154 § 6.]

**47.10.210 Additional bonds—Source of funds for payment of principal and interest.** Any funds required to repay such bonds, or the interest thereon when due shall be taken from that portion of the motor vehicle fund which results from the imposition of all excise taxes on motor vehicle fuels and which is, or may be, appropriated to the department for state highway purposes, and shall never constitute a charge against any allocations of such funds to counties, cities, and towns unless and until the amount of the motor vehicle fund arising from the excise taxes on motor vehicle fuels and available for state highway purposes proves insufficient to meet the requirements for bond retirement or the interest on any bonds. [1984 c 7 § 102; 1961 c 13 § 47.10.210. Prior: 1953 c 154 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.10.220 Additional bonds—Highway bond retirement fund.** At least one year prior to the date any interest is due and payable on such bonds or before the maturity date of any bonds, the state finance committee shall estimate the percentage of the receipts in money of the motor vehicle fund, resulting from collection of excise taxes on motor vehicle fuels, for each month of the year which will be required to meet interest or bond payments under RCW 47.10.150 through 47.10.270 when due, and shall notify the state treasurer of such estimated requirement. The state treasurer shall thereafter from time to time each month as such funds are paid into the motor vehicle fund, transfer such percentage of the monthly receipts from excise taxes on motor vehicle fuels of the motor vehicle fund to the highway bond retirement fund, and which fund shall be available solely for payment of such interest or bonds when due. If in any month it shall appear that the estimated percentage of money so made is insufficient to meet the requirements for interest or bond retirement, the treasurer shall notify the state finance committee forthwith and such committee shall adjust its estimate so that all requirements for interest and principal of all bonds

issued shall be fully met at all times. [1961 c 13 § 47.10.220. Prior: 1953 c 154 § 8.]

**47.10.230 Additional bonds—Excess sums in bond retirement fund—Use.** Whenever the percentage of the motor vehicle fund arising from excise taxes on motor fuels, payable into the highway bond retirement fund, shall prove more than is required for the payment of interest on bonds when due, or current retirement of bonds, any excess may, in the discretion of the state finance committee, be available for the prior redemption of any bonds or remain available in the fund to reduce the requirements upon the fuel excise tax portion of the motor vehicle fund at the next interest or bond payment period. [1961 c 13 § 47.10.230. Prior: 1953 c 154 § 9.]

**47.10.240 Additional bonds—Allocation—Primary state highway No. 1.** Seven million dollars of the total issue of the bonds authorized by RCW 47.10.150 through 47.10.270 are allocated for accelerating the completion of four-lane construction of primary state highway No. 1. [1961 c 13 § 47.10.240. Prior: 1953 c 154 § 10.]

**47.10.250 Additional bonds—Allocation—Primary state highway No. 2, Snoqualmie Pass.** Five million dollars of the total issue of the bonds authorized by RCW 47.10.150 through 47.10.270 are allocated for accelerating four-lane construction of primary state highway No. 2 contiguous to Snoqualmie Pass. [1961 c 13 § 47.10.250. Prior: 1953 c 154 § 11.]

**47.10.260 Additional bonds—Allocation—Columbia Basin highways.** Three million dollars of the total issue of the bonds authorized by RCW 47.10.150 through 47.10.270 are allocated for accelerating the construction of secondary state highways in the Columbia Basin area. [1961 c 13 § 47.10.260. Prior: 1953 c 154 § 12.]

**47.10.270 Additional bonds—Allocation—Echo Lake route.** Three million dollars of the total issue of the bonds authorized by RCW 47.10.150 through 47.10.270 are allocated insofar as said funds will permit to the construction of a highway from primary state highway No. 2 beginning approximately four miles west of North Bend thence southwesterly by the most feasible route by the way of Auburn to a junction with primary state highway No. 1 in the vicinity of Milton. [1961 c 13 § 47.10.270. Prior: 1953 c 154 § 13.]

#### ADDITIONAL BONDS—1955 ACT

**47.10.280 Construction in Grant, Franklin, Adams counties authorized—Declaration of priority.** Construction of county arterial highways and farm to market roads in Grant, Franklin and Adams counties to coincide with the opening of lands for settlement in the Columbia Basin irrigation project, is declared to be a project of the first priority. The construction of said project is required in the interest of the public safety and for the orderly development of the state. [1961 c 13 § 47.10.280. Prior: 1955 c 311 § 1.]

**47.10.290 Construction in Grant, Franklin, Adams counties authorized—Issuance and sale of bonds.** To provide funds for construction of this first priority project, there shall be issued and sold limited obligation bonds of the state of Washington in the sum of four million three hundred thousand dollars.

The issuance, sale and retirement of said bonds shall be under the general supervision and control of the state finance committee. The state finance committee shall, when notified by the director of highways, provide for the issuance of coupon or registered bonds to be dated, issued and sold from time to time in such amounts as may be necessary to the orderly progress of construction of this first priority project. [1961 c 13 § 47.10.290. Prior: 1955 c 311 § 2.]

**Reviser's note:** Powers, duties, and functions of director of highways transferred to secretary of transportation; see RCW 47.01.031. Term "director of highways" means secretary of transportation; see RCW 47.04.015.

**47.10.300 Construction in Grant, Franklin, Adams counties authorized—Form and term of bonds.** Each of such bonds shall be made payable at any time not exceeding twenty-five years from the date of its issuance, with such reserved rights of prior redemption as the state finance committee may prescribe to be specified therein. The bonds shall be signed by the governor and the state auditor under the seal of the state, one of which signatures shall be made manually and the other signatures may be printed facsimile. Any bonds may be registered in the name of the holder by the same officers whose signatures thereon may be in printed facsimile. Any bonds may be registered in the name of the holder on presentation to the state treasurer or at the fiscal agency of the state of Washington in New York City, as to principal alone, or as to both principal and interest under such regulations as the state treasurer may prescribe. Such bonds shall be payable at such places as the state finance committee may provide. All bonds issued under authority of RCW 47.10.280 through 47.10.400 shall be fully negotiable instruments. [1961 c 13 § 47.10.300. Prior: 1955 c 311 § 3.]

**47.10.310 Construction in Grant, Franklin, Adams counties authorized—Bonds not general obligations—Taxes pledged.** Bonds issued under the provisions of RCW 47.10.280 through 47.10.400 shall distinctly state that they are not a general obligation of the state, but are payable in the manner provided in RCW 47.10.280 through 47.10.400 from the proceeds of all state excise taxes on motor vehicle fuels imposed by chapter 82.36 RCW, and RCW 82.36.020, 82.36.230, 82.36.250 and 82.36.400; and \*chapter 82.40 RCW and RCW 82.40.020. The proceeds of such excise taxes are pledged to the payment of any bonds and the interest thereon issued under the provisions of RCW 47.10.280 through 47.10.400. The legislature agrees to continue to impose the same excise taxes on motor fuels in amounts sufficient to pay the principal and interest on all bonds issued under the provisions of RCW 47.10.280 through 47.10.400 when due. [1961 c 13 § 47.10.310. Prior: 1955 c 311 § 4.]

**\*Reviser's note:** Chapter 82.40 RCW and RCW 82.40.020, see note following RCW 47.10.040.

**47.10.320 Construction in Grant, Franklin, Adams counties authorized—Sale of bonds.** The bonds issued

hereunder shall be in denominations to be prescribed by the state finance committee. They may be sold in such manner and in such amounts and at such times and on such terms and conditions as the committee may prescribe. If such bonds are sold to any purchaser other than the state of Washington, they shall be sold at public sale. It shall be the duty of the state finance committee to cause such sale to be advertised in such manner as it shall deem sufficient. Bonds issued under the provisions of RCW 47.10.280 through 47.10.400 shall be legal investment for any of the funds of the state, except the permanent school fund. [1961 c 13 § 47.10.320. Prior: 1955 c 311 § 5.]

**47.10.330 Construction in Grant, Franklin, Adams counties authorized—Bond proceeds—Deposit and use.** The money arising from the sale of said bonds shall be deposited in the state treasury to the credit of the motor vehicle fund and such money shall be available only for the construction of this first priority project, and payment of the expense incurred in the printing, issuance and sale of any such bonds. [1961 c 13 § 47.10.330. Prior: 1955 c 311 § 6.]

**47.10.340 Construction in Grant, Franklin, Adams counties authorized—Source of funds for payment of bond principal and interest.** Any funds required to repay such bonds, or the interest thereon when due, subject to the proviso of this section, shall be taken from that portion of the motor vehicle fund which results from the imposition of all excise taxes on motor vehicle fuels and which is, or may be, appropriated to the department for state highway purposes. They shall never constitute a charge against any allocation of such funds to counties, cities, and towns unless and until the amount of the motor vehicle fund arising from the excise taxes on motor vehicle fuels and available for state highway purposes proves insufficient to meet the requirements for bond retirement or the interest on any bonds: PROVIDED, That money required hereunder to pay interest on or to retire any bonds issued for Columbia Basin county arterial highways or farm to market roads shall be repaid by any such county or counties wherein such highways or roads are constructed in the manner set forth in RCW 47.10.360. [1984 c 7 § 103; 1961 c 13 § 47.10.340. Prior: 1955 c 311 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.10.350 Construction in Grant, Franklin, Adams counties authorized—Highway bond retirement fund.** At least one year prior to the date any interest is due and payable on such bonds or before the maturity date of any bonds, the state finance committee shall estimate, subject to the provisions of RCW 47.10.340, the percentage of receipts in money of the motor vehicle fuels, resulting from collection of excise taxes on motor vehicle fuels, for each month of the year which will be required to meet interest or bond payments hereunder when due, and shall notify the state treasurer of such estimated requirement. The state treasurer shall thereafter from time to time each month as such funds are paid into the motor vehicle fund, transfer such percentage of the monthly receipts from excise taxes on motor vehicle fuels of the motor vehicle fund to the highway bond retirement fund, which is hereby established, and which fund shall be avail-

able solely for payment of such interest or bonds when due. If in any month it shall appear that the estimated percentage of money so made is insufficient to meet the requirements for interest or bond retirement, the treasurer shall notify the state finance committee forthwith and such committee shall adjust its estimates so that all requirements for interest and principal of all bonds issued shall be fully met at all times. [1961 c 13 § 47.10.350. Prior: 1955 c 311 § 8.]

**47.10.360 Construction in Grant, Franklin, Adams counties authorized—Reimbursement by counties.** The secretary shall report to the state finance committee all sums expended from funds resulting from the sale of bonds for Columbia Basin county arterial highways and farm to market roads in Grant, Franklin, and Adams counties under the provisions of RCW 47.10.280 through 47.10.400. Those counties shall repay to the state all the cost of any Columbia Basin highway or road facilities actually constructed under the provisions of RCW 47.10.280 through 47.10.400 within each of those counties as follows: The state finance committee, at least one year prior to the date any such interest is due and payable on such bonds or before the maturity date of any such bonds, shall ascertain the percentage of the motor vehicle funds arising from the excise taxes on motor vehicle fuels, which is to be transferred to such counties under the provisions of law which will be necessary to pay all of the interest upon or retire when due all of the portion of said bonds chargeable to expenditures incurred under the provisions of RCW 47.10.280 through 47.10.400 in each of said counties. The state finance committee shall notify the state treasurer of this estimate and the treasurer shall thereafter, when distributions are made from the motor vehicle fund to counties, retain such percentage of the total sums credited to such counties as aforesaid in the motor vehicle fund arising from such excise taxes on motor vehicle fuels until such fund is fully reimbursed for all expenditures under RCW 47.10.280 through 47.10.400 in Grant, Adams, and Franklin counties. Any money so retained shall be available for state highway purposes. [1984 c 7 § 104; 1961 c 13 § 47.10.360. Prior: 1955 c 311 § 9.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.10.370 Construction in Grant, Franklin, Adams counties authorized—Limit as to amounts currently retained from excise taxes.** The sums retained from motor vehicle funds, arising from the excise taxes on motor vehicle fuel, of any such counties shall not exceed in any distribution period fifty percent of the total amount to be credited to such county. If there shall be a deficit in the amount available for reimbursement of the motor vehicle fund, due to this provision, then such deficit shall continue to be a charge against any sums due any such county from the motor vehicle fund from such excise taxes until the full cost of such Columbia Basin highway facilities is paid. [1961 c 13 § 47.10.370. Prior: 1955 c 311 § 10.]

**47.10.380 Construction in Grant, Franklin, Adams counties authorized—Excess sums in bond retirement fund—Use.** Whenever the percentage of the motor vehicle fund arising from excise taxes on motor fuels, payable into

the highway bond retirement fund, shall prove more than is required for the payment of interest on bonds when due, or current retirement of bonds, any excess may, in the discretion of the state finance committee, be available for prior redemption of any bonds or remain available in the fund to reduce the requirements upon the fuel excise tax portion of the motor vehicle fund at the next interest or bond payment period. [1961 c 13 § 47.10.380. Prior: 1955 c 311 § 11.]

**47.10.390 Construction in Grant, Franklin, Adams counties authorized—Allocation of funds to each county.** The bonds authorized herein are allocated to the counties as follows:

- (1) For Adams county—six hundred thousand dollars.
- (2) For Franklin county—one million five hundred thousand dollars.
- (3) For Grant county—two million two hundred thousand dollars:

PROVIDED, That no bonds shall be issued for Columbia Basin county arterial highway and road purposes unless expenditures are actually required for the settlement of lands ready for irrigation in the Columbia Basin project and all construction of arterial highways and roads in such counties shall be accomplished by the engineering forces of the various counties under the supervision of the director of highways. [1961 c 13 § 47.10.390. Prior: 1955 c 311 § 12.]

**Reviser's note:** Powers, duties, and functions of director of highways transferred to secretary of transportation; see RCW 47.01.031. Term "director of highways" means secretary of transportation; see RCW 47.04.015.

**47.10.400 Construction in Grant, Franklin, Adams counties authorized—Appropriation from motor vehicle fund.** There is appropriated from the motor vehicle fund for the biennium ending June 30, 1957 the sum of four million three hundred thousand dollars, or so much thereof as may be necessary, to carry out the provisions of RCW 47.10.280 through 47.10.400, but no money shall be available under this appropriation from said fund unless a like amount of the bonds provided for herein are sold and the money derived deposited to the credit of such fund. [1961 c 13 § 47.10.400. Prior: 1955 c 311 § 13.]

#### ADDITIONAL BONDS—1957 ACT

**47.10.410 Echo Lake route—Declaration of necessity.** Increased costs for highway and bridge construction since the enactment of the highway bond issues authorized by the 1951, 1953 and 1955 legislatures makes necessary additional money with which to complete that portion of primary state highway No. 2, beginning approximately four miles west of North Bend thence southwesterly by the most feasible route by way of Auburn to a junction with primary state highway No. 1 in the vicinity of Milton, commonly known as the "Echo Lake Route." It is vital to the economy of the state and traffic safety that this project be constructed as soon as the funds provided herein will permit. [1961 c 13 § 47.10.410. Prior: 1957 c 206 § 1.]

**47.10.420 Echo Lake route—Additional bond issue authorized—Use of motor vehicle fund.** To provide additional funds for the construction of the "Echo Lake Route," in

addition to bonds authorized to be sold by RCW 47.10.160 and as allocated by RCW 47.10.270, there shall be issued and sold limited obligation bonds of the state of Washington in the sum of three million dollars. The issuance, sale and retirement of said bonds shall be under the general supervision and control of the state finance committee. The state finance committee shall when notified by the Washington state highway commission, provide for the issuance of coupon or registered bonds to be dated, issued and sold from time to time in such amounts as may be necessary to the orderly progress of construction of this project: PROVIDED, That if funds are available in the motor vehicle fund in an amount greater than is necessary to pay current demands, moneys appropriated to the state highway commission for highway purposes may be used to finance this project until such time as bonds are sold, as provided by law, at which time the motor vehicle fund shall be reimbursed. [1961 c 13 § 47.10.420. Prior: 1957 c 206 § 2.]

**Reviser's note:** Powers, duties, and functions of highway commission transferred to department of transportation; see RCW 47.01.031. Terms "Washington state highway commission" and "state highway commission" mean department of transportation; see RCW 47.04.015.

**47.10.430 Echo Lake route—Form and term of bonds.** Each of such bonds shall be made payable at any time not exceeding twenty-five years from the date of its issuance, with such reserved rights of prior redemption bearing such interest, and such terms and conditions as the state finance committee may prescribe to be specified therein. The bonds shall be signed by the governor and the state auditor under the seal of the state, one of which signatures shall be made manually and the other signature may be in printed facsimile, and any coupons attached to such bonds shall be signed by the same officers whose signatures thereon may be in printed facsimile. Any bonds may be registered in the name of the holder on presentation to the state treasurer or at the fiscal agency of the state of Washington in New York City, as to principal alone, or as to both principal and interest under such regulations as the state treasurer may prescribe. Such bonds shall be payable at such places as the state finance committee may provide. All bonds issued under authority of RCW 47.10.410 through 47.10.500 shall be fully negotiable instruments. [1961 c 13 § 47.10.430. Prior: 1957 c 206 § 3.]

**47.10.440 Echo Lake route—Bonds not general obligations—Taxes pledged.** Bonds issued under the provisions of RCW 47.10.410 through 47.10.500 shall distinctly state that they are not a general obligation of the state, but are payable in the manner provided in RCW 47.10.410 through 47.10.500 from the proceeds of all state excise taxes on motor vehicle fuels imposed by chapter 82.36 RCW and RCW 82.36.020, 82.36.230, 82.36.250, and 82.36.400, as derived from chapter 58, Laws of 1933, as amended, and as last amended by chapter 220, Laws of 1949, and \*chapter 82.40 RCW and RCW 82.40.020, as derived from chapter 127, Laws of 1941, as amended, and as last amended by chapter 220, Laws of 1949. The proceeds of such excise taxes are hereby pledged to the payment of any bonds and the interest thereon issued under the provisions of RCW 47.10.410 through 47.10.500 and the legislature hereby agrees to continue to impose the same excise taxes on motor vehicle fuels

in amounts sufficient to pay the principal and interest on all bonds issued under the provisions of RCW 47.10.410 through 47.10.500. [1961 c 13 § 47.10.440. Prior: 1957 c 206 § 4.]

\*Reviser's note: Chapter 82.40 RCW and RCW 82.40.020, see note following RCW 47.10.040.

**47.10.450 Echo Lake route—Sale of bonds.** The bonds issued under the terms of RCW 47.10.410 through 47.10.500 shall be in denominations to be prescribed by the state finance committee and may be sold in such manner and in such amounts and at such times and on such terms and conditions as the committee may prescribe. If bonds are sold to any purchaser other than the state of Washington, they shall be sold at public sale, and it shall be the duty of the state finance committee to cause such sale to be advertised in such manner as it shall deem sufficient. Bonds issued under the provisions of RCW 47.10.150 through 47.10.270 shall be legal investment for any of the funds of the state, except the permanent school fund. [1961 c 13 § 47.10.450. Prior: 1957 c 206 § 5.]

**47.10.460 Echo Lake route—Proceeds—Deposit and use.** The money arising from the sale of said bonds shall be deposited in the state treasury to the credit of the motor vehicle fund and such money shall be available only for the construction of the project referred to in RCW 47.10.410, and payment of the expense incurred in the printing, issuance and sale of any such bonds. [1961 c 13 § 47.10.460. Prior: 1957 c 206 § 6.]

**47.10.470 Echo Lake route—Source of funds for payment of principal and interest.** Any funds required to repay such bonds, or the interest thereon when due shall be taken from that portion of the motor vehicle fund which results from the imposition of all excise taxes on motor vehicle fuels and which is, or may be, appropriated to the department for state highway purposes, and shall never constitute a charge against any allocations of such funds to counties, cities, and towns unless and until the amount of the motor vehicle fund arising from the excise taxes on motor vehicle fuels and available for state highway purposes proves insufficient to meet the requirements for bond retirement or the interest on any bonds. [1984 c 7 § 105; 1961 c 13 § 47.10.470. Prior: 1957 c 206 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.10.480 Echo Lake route—Highway bond retirement fund.** At least one year prior to the date any interest is due and payable on such bonds or before the maturity date of any bonds, the state finance committee shall estimate the percentage of the receipts in money of the motor vehicle fund, resulting from collection of excise taxes on motor vehicle fuels, for each month of the year which will be required to meet interest or bond payments under RCW 47.10.410 through 47.10.500 when due, and shall notify the state treasurer of such estimated requirement. The state treasurer shall thereafter from time to time each month as such funds are paid into the motor vehicle fund, transfer such percentage of the monthly receipts from excise taxes on motor vehicle fuels

(2010 Ed.)

of the motor vehicle fund to the highway bond retirement fund, and which fund shall be available solely for payment of such interest or bonds when due. If in any month it shall appear that the estimated percentage of money so made is insufficient to meet the requirements for interest or bond retirement, the treasurer shall notify the state finance committee forthwith and such committee shall adjust its estimates so that all requirements for interest and principal of all bonds issued shall be fully met at all times. [1961 c 13 § 47.10.480. Prior: 1957 c 206 § 8.]

**47.10.490 Echo Lake route—Excess sums in bond retirement fund—Use.** Whenever the percentage of the motor vehicle fund arising from excise taxes on motor fuels, payable into the highway bond retirement fund, shall prove more than is required for the payment of interest on bonds when due, or current retirement of bonds, any excess may, in the discretion of the state finance committee, be available for the prior redemption of any bonds or remain available in the fund to reduce the requirements upon the fuel excise tax portion of the motor vehicle fund at the next interest or bond payment period. [1961 c 13 § 47.10.490. Prior: 1957 c 206 § 9.]

**47.10.500 Echo Lake route—Appropriation from motor vehicle fund.** There is hereby appropriated from the motor vehicle fund to the state highway commission for the biennium ending June 30, 1959 the sum of three million dollars, or so much thereof as may be necessary to carry out the provisions of RCW 47.10.410 through 47.10.500, but no money shall be available under this appropriation from said fund unless a like amount of bonds provided for herein are sold and the moneys derived therefrom are deposited to the credit of such fund. [1961 c 13 § 47.10.500. Prior: 1957 c 206 § 10.]

#### TACOMA-SEATTLE-EVERETT FACILITY—1957 ACT

**47.10.700 Tacoma-Seattle-Everett facility—Declaration of necessity.** Increased traffic and increased costs of highway and bridge construction make necessary additional moneys with which to complete the sections of primary state highway No. 1 through and between the cities of Tacoma, Seattle, and Everett and as an additional alternate route bypassing Seattle east of Lake Washington. It is vital to the economy of the state and the safety of traffic that these sections shall be completed to relieve traffic congestions, to insure greater safety to highway users, and to assure an adequate through highway to accommodate traffic from bridges across Lake Washington as soon as possible. [1961 c 13 § 47.10.700. Prior: 1957 c 189 § 1.]

**47.10.702 Tacoma-Seattle-Everett facility—To be part of federal system as limited access—Federal standards and conditions to be met.** This highway project shall be constructed as a part of the federal interstate highway system as a fully controlled limited access facility and shall meet the standards and specifications required by the state of Washington and the secretary of commerce of the United States in order to qualify for federal grants in aid as provided for in the federal-aid highway act of 1956. The state shall per-

form all conditions precedent to payment in advance of apportionment as provided by section 108(h) of the federal-aid highway act of 1956 so as to be entitled to federal aid funds for the project covered by RCW 47.10.700 through 47.10.724 when such funds are apportioned. [1961 c 13 § 47.10.702. Prior: 1957 c 189 § 2.]

**47.10.704 Tacoma-Seattle-Everett facility—Powers and duties of highway commission—Route of project. (Effective until July 1, 2011.)** In order to facilitate vehicular traffic through and between the cities of Tacoma, Seattle and Everett and to remove the present handicaps and hazards over and along primary state highway No. 1 as presently established, the state highway commission is authorized to realign, redesign and reconstruct primary state highway No. 1 upon a newly located right-of-way or upon portions of existing right-of-way through and between the cities of Tacoma, Seattle and Everett and as an additional alternate route bypassing Seattle east of Lake Washington. The route of the proposed project is established as follows: Beginning in the vicinity of Ponders Corner, thence in a general northeasterly and northerly direction through the cities of Tacoma and Seattle to a point in the vicinity of the city of Everett and as an additional alternate route bypassing Seattle east of Lake Washington. [1961 c 13 § 47.10.704. Prior: 1957 c 189 § 3.]

**Reviser's note:** Powers, duties, and functions of highway commission transferred to department of transportation; see RCW 47.01.031. Term "state highway commission" means department of transportation; see RCW 47.04.015.

**47.10.704 Tacoma-Seattle-Everett facility—Powers and duties of highway commission—Route of project. (Effective July 1, 2011.)** In order to facilitate vehicular traffic through and between the cities of Tacoma, Seattle, and Everett and to remove the present handicaps and hazards on primary state highway No. 1 as presently established, the state highway commission is authorized to realign, redesign, and reconstruct primary state highway No. 1 upon a newly located right-of-way or upon portions of existing right-of-way through and between the cities of Tacoma, Seattle, and Everett and as an additional alternate route bypassing Seattle east of Lake Washington. The route of the proposed project is established as follows: Beginning in the vicinity of Ponders Corner, thence in a general northeasterly and northerly direction through the cities of Tacoma and Seattle to a point in the vicinity of the city of Everett and as an additional alternate route bypassing Seattle east of Lake Washington. [2010 c 161 § 1146; 1961 c 13 § 47.10.704. Prior: 1957 c 189 § 3.]

**Reviser's note:** Powers, duties, and functions of highway commission transferred to department of transportation; see RCW 47.01.031. Term "state highway commission" means department of transportation; see RCW 47.04.015.

**Effective date—Intent—Legislation to reconcile chapter 161, Laws of 2010 and other amendments made during the 2010 legislative session—2010 c 161:** See notes following RCW 46.04.013.

**47.10.706 Tacoma-Seattle-Everett facility—Issuance and sale of bonds authorized.** In order to finance the immediate construction of the project referred to in RCW 47.10.700 pending receipt of federal grants in aid and in accordance with the federal-aid highway act of 1956, there shall be issued and sold limited obligation bonds of the state

of Washington in the sum of forty-five million dollars or such amount thereof and at such times as determined to be necessary by the state highway commission. No bonds shall be issued under the provisions of RCW 47.10.700 through 47.10.724 until the congress of the United States shall approve the estimated cost of completing the federal interstate system to be submitted to it within ten days subsequent to January 2, 1958, as provided by section 108(d), federal-aid highway act of 1956. The issuance, sale and retirement of said bonds shall be under the supervision and control of the state finance committee which, upon request being made by the Washington state highway commission, shall provide for the issuance, sale and retirement of coupon or registered bonds to be dated, issued, and sold from time to time in such amounts as may be necessary for the orderly progress of said project. [1967 ex.s. c 7 § 1; 1961 c 13 § 47.10.706. Prior: 1957 c 189 § 4.]

**Reviser's note:** Powers, duties, and functions of highway commission transferred to department of transportation; see RCW 47.01.031. Terms "state highway commission" and "Washington state highway commission" mean department of transportation; see RCW 47.04.015.

**47.10.708 Tacoma-Seattle-Everett facility—Form and term of bonds.** Each of such bonds shall be made payable at any time not exceeding twenty-five years from the date of its issuance, with such reserved rights of prior redemption, bearing such interest, and such terms and conditions, as the state finance committee may prescribe to be specified therein. The bonds shall be signed by the governor and the state auditor under the seal of the state, one of which signatures shall be made manually and the other signature may be in printed facsimile, and any coupons attached to such bonds shall be signed by the same officers whose signatures thereon may be in printed facsimile. Any bonds may be registered in the name of the holder on presentation to the state treasurer or at the fiscal agency of the state of Washington in New York City, as to principal alone, or as to both principal and interest under such regulations as the state treasurer may prescribe. Such bonds shall be payable at such places as the state finance committee may provide. All bonds issued hereunder shall be fully negotiable instruments. [1961 c 13 § 47.10.708. Prior: 1957 c 189 § 5.]

**47.10.710 Tacoma-Seattle-Everett facility—Sale of bonds.** The bonds issued hereunder shall be in denominations to be prescribed by the state finance committee and may be sold in such manner and in such amounts and at such times and on such terms and conditions as the committee may prescribe. If bonds are sold to any purchaser other than the state of Washington, they shall be sold at public sale, and it shall be the duty of the state finance committee to cause such sale to be advertised in such manner as it shall deem sufficient. Bonds issued under the provisions of RCW 47.10.700 through 47.10.724 shall be legal investment for any of the funds of the state, except the permanent school fund. [1961 c 13 § 47.10.710. Prior: 1957 c 189 § 6.]

**47.10.712 Tacoma-Seattle-Everett facility—Proceeds from bonds—Deposit and use.** The money arising from the sale of said bonds shall be deposited in the state treasury to the credit of the motor vehicle fund and such money shall be

available only for the construction of the project referred to in RCW 47.10.700, 47.10.702 and 47.10.704, and for payment of the expense incurred in the drafting, printing, issuance, and sale of any such bonds. [1961 c 13 § 47.10.712. Prior: 1957 c 189 § 7.]

**47.10.714 Tacoma-Seattle-Everett facility—Bonds not general obligations—Taxes pledged.** Bonds issued under the provisions of RCW 47.10.700 through 47.10.724 shall distinctly state that they are not a general obligation of the state, but are payable in the manner provided in RCW 47.10.700 through 47.10.724 from the proceeds of state excise taxes on motor vehicle fuels imposed by chapter 82.36 RCW and RCW 82.36.020, 82.36.230, 82.36.250 and 82.36.400, as derived from chapter 58, Laws of 1933, as amended, and as last amended by chapter 220, Laws of 1949; and \*chapter 82.40 RCW and RCW 82.40.020, as derived from chapter 127, Laws of 1941, as amended, and as last amended by chapter 220, Laws of 1949. The proceeds of such excise taxes are hereby pledged to the payment of any bonds and the interest thereon issued under the provisions of RCW 47.10.700 through 47.10.724, and the legislature hereby agrees to continue to impose the same excise taxes on motor vehicle fuels in amounts sufficient to pay, when due, the principal and interest on all bonds issued under the provisions of RCW 47.10.700 through 47.10.724. [1961 c 13 § 47.10.714. Prior: 1957 c 189 § 8.]

\*Reviser's note: Chapter 82.40 RCW and RCW 82.40.020, see note following RCW 47.10.040.

**47.10.716 Tacoma-Seattle-Everett facility—Source of funds for payment of principal and interest.** Any funds required to repay such bonds, or the interest thereon when due, subject to the proviso of this section, shall be taken from that portion of the motor vehicle fund which results from the imposition of excise taxes on motor vehicle fuels and which is, or may be appropriated to the department for state highway purposes, and shall never constitute a charge against any allocations of such funds to counties, cities, and towns unless and until the amount of the motor vehicle fund arising from the excise taxes on motor vehicle fuels and available for state highway purposes proves insufficient to meet the requirements for bond retirement or interest on any such bonds. [1984 c 7 § 106; 1961 c 13 § 47.10.716. Prior: 1957 c 189 § 9.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.10.718 Tacoma-Seattle-Everett facility—Additional security for payment of bonds—Pledge of federal funds.** As additional security for payment of the principal amount of any or all of the bonds to be issued hereunder, the state finance committee, with the consent of the department, may pledge all or any portion of the federal aid funds received or from time to time to be received by the state from the United States under the provisions of the federal-aid highway act of 1956 for the construction of all or any part of the project referred to in RCW 47.10.700, 47.10.702, and 47.10.704. [1984 c 7 § 107; 1961 c 13 § 47.10.718. Prior: 1957 c 189 § 10.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.10.720 Tacoma-Seattle-Everett facility—Highway bond retirement fund.** At least one year prior to the date any interest is due and payable on such bonds or before the maturity date of any bonds, the state finance committee shall estimate, subject to the provisions of RCW 47.10.716, the percentage of the receipts in money of the motor vehicle fund, resulting from collection of excise taxes on motor vehicle fuels, for each month of the year which, together with federal funds which may be pledged as provided in RCW 47.10.718, shall be required to meet interest or bond payments hereunder when due, and shall notify the state treasurer of such estimated requirement. The state treasurer shall thereafter from time to time each month as such funds are paid into the motor vehicle fund, transfer such percentage of the monthly receipts from excise taxes on motor vehicle fuels of the motor vehicle fund to the bond retirement fund, which fund shall be available solely for payment of interest or bonds when due. If in any month it shall appear that the estimated percentage of money so made is insufficient to meet the requirements for interest or bond retirement, the treasurer shall notify the state finance committee forthwith and such committee shall adjust its estimates so that all requirements for interest and principal of all bonds issued shall be fully met at all times. [1961 c 13 § 47.10.720. Prior: 1957 c 189 § 11.]

**47.10.722 Tacoma-Seattle-Everett facility—Excess sums in bond retirement fund—Use.** Whenever the percentage of the motor vehicle fund arising from excise taxes on motor fuels and the federal funds which may be pledged as provided in RCW 47.10.718, payable into the highway bond retirement fund, shall prove more than is required for the payment of interest on bonds when due, or current retirement of bonds, any excess may, in the discretion of the state finance committee, be available for the prior redemption of any bonds or remain available in the fund to reduce the requirements upon the fuel excise tax portion of the motor vehicle fund at the next interest or bond payment period. [1961 c 13 § 47.10.722. Prior: 1957 c 189 § 12.]

**47.10.724 Tacoma-Seattle-Everett facility—Appropriation from motor vehicle fund.** There is hereby appropriated from the motor vehicle fund to the state highway commission for the biennium ending June 30, 1959 the sum of forty-five million dollars, or so much thereof as may be necessary to carry out the provisions of RCW 47.10.700 through 47.10.724, but no money shall be available under this appropriation from said fund unless a like amount of bonds provided for herein are sold and the money derived therefrom deposited to the credit of such fund. [1967 ex.s. c 7 § 2; 1961 c 13 § 47.10.724. Prior: 1957 c 189 § 13.]

#### ADDITIONAL BONDS—1965 ACT

**47.10.726 Construction in Grant, Franklin, Adams counties authorized—Declaration of public interest.** Construction of county arterial highways and farm to market roads in Grant, Franklin and Adams counties to coincide with the opening of additional lands for settlement in the Columbia Basin irrigation project, is declared to be a project required in the interest of the public safety and for the orderly development of the state. [1965 c 121 § 1.]

**47.10.727 Construction in Grant, Franklin, Adams counties authorized—Issuance and sale of limited obligation bonds.** To provide funds for construction of this project, there shall be issued and sold limited obligation bonds of the state of Washington in the sum of one million eight hundred and fifty thousand dollars.

The issuance, sale and retirement of said bonds shall be under the general supervision and control of the state finance committee. The state finance committee shall, when notified by the director of highways, provide for the issuance of coupon or registered bonds to be dated, issued and sold from time to time in such amounts as may be necessary to the orderly progress of construction of this project. [1965 c 121 § 2.]

**Reviser's note:** Powers, duties, and functions of director of highways transferred to secretary of transportation; see RCW 47.01.031. Term "director of highways" means secretary of transportation; see RCW 47.04.015.

**47.10.728 Construction in Grant, Franklin, Adams counties authorized—Form and term of bonds.** Each of such bonds shall be made payable at any time not exceeding twenty-five years from the date of its issuance, with such reserved rights of prior redemption as the state finance committee may prescribe to be specified therein. The bonds shall be signed by the governor and the state treasurer under the seal of the state, one of which signatures shall be made manually and the other signatures may be printed facsimile. The coupons attached to the bonds shall be signed by the same officers whose signatures thereon may be in printed facsimile. Any bonds may be registered in the name of the holder on presentation to the state treasurer or at the fiscal agency of the state of Washington in New York City, as to principal alone, or as to both principal and interest under such regulations as the state treasurer may prescribe. Such bonds shall be payable at such places as the state finance committee may provide. All bonds issued under authority of RCW 47.10.726 through 47.10.738 shall be fully negotiable instruments. [1965 c 121 § 3.]

**47.10.729 Construction in Grant, Franklin, Adams counties authorized—Bonds not general obligations—Taxes pledged.** Bonds issued under the provisions of RCW 47.10.726 through 47.10.738 shall distinctly state that they are not a general obligation of the state, but are payable in the manner provided in RCW 47.10.726 through 47.10.738 from the proceeds of all state excise taxes on motor vehicle fuels imposed by chapter 82.36 RCW and \*chapter 82.40 RCW. The proceeds of such excise taxes are pledged to the payment of any bonds and the interest thereon issued under the provisions of RCW 47.10.726 through 47.10.738. The legislature agrees to continue to impose the same excise taxes on motor fuels in amounts sufficient to pay the principal and interest on all bonds issued under the provisions of RCW 47.10.726 through 47.10.738 when due. [1965 c 121 § 4.]

**\*Reviser's note:** Chapter 82.40 RCW was repealed by 1971 ex.s. c 175 § 33; for later enactment, see chapter 82.38 RCW.

**47.10.730 Construction in Grant, Franklin, Adams counties authorized—Sale of bonds—Legal investment for state funds.** The bonds issued hereunder shall be in denominations to be prescribed by the state finance committee. They may be sold in such manner and in such amounts

and at such times and on such terms and conditions as the committee may prescribe. The bonds shall be sold at public sale. It shall be the duty of the state finance committee to cause such sale to be advertised in such manner as it shall deem sufficient. Bonds issued under the provisions of RCW 47.10.726 through 47.10.738 shall be legal investment for any of the funds of the state, except the permanent school fund. [1965 c 121 § 5.]

**47.10.731 Construction in Grant, Franklin, Adams counties authorized—Bond proceeds—Deposit and use.** The money arising from the sale of said bonds shall be deposited in the state treasury to the credit of the motor vehicle fund and such money shall be available only for the construction of the project authorized by RCW 47.10.726 through 47.10.738, and payment of the expense incurred in the printing, issuance and sale of any such bonds, in which expense shall be included the sum of one eighth of one percent of the amount of the issue to cover the cost of servicing said issue, such sum to be deposited in the general fund. [1965 c 121 § 6.]

**47.10.732 Construction in Grant, Franklin, Adams counties authorized—Source of funds for payment of bond principal and interest.** Any funds required to repay such bonds, or the interest thereon when due, subject to the proviso of this section, shall be taken from that portion of the motor vehicle fund which results from the imposition of all excise taxes on motor vehicle fuels and which is, or may be, appropriated to the department for state highway purposes. They shall never constitute a charge against any allocation of such funds to counties, cities, and towns unless and until the amount of the motor vehicle fund arising from the excise taxes on motor vehicle fuels and available for state highway purposes proves insufficient to meet the requirements for bond retirement or the interest on any bonds: PROVIDED, That money required hereunder to pay interest on or to retire any bonds issued as authorized by RCW 47.10.726 through 47.10.738 shall be repaid by the county or counties wherein the highways or roads are constructed in the manner set forth in RCW 47.10.734. [1984 c 7 § 108; 1965 c 121 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.10.733 Construction in Grant, Franklin, Adams counties authorized—Highway bond retirement fund.** At least one year prior to the date any interest is due and payable on such bonds or before the maturity date of any bonds, the state finance committee shall estimate the percentage of receipts in money of the motor vehicle \*fund, resulting from collection of excise taxes on motor vehicle fuels, for each month of the year which will be required to meet interest or bond payments hereunder when due, and shall notify the state treasurer of such estimated requirement. The state treasurer shall thereafter from time to time each month as such funds are paid into the motor vehicle fund, transfer such percentage of the monthly receipts from excise taxes on motor vehicle fuels of the motor vehicle fund to the highway bond retirement fund, which is hereby established, and which fund shall be available solely for payment of such interest or bonds when due. If in any month it shall appear that the estimated

percentage of money so made is insufficient to meet the requirements for interest or bond retirement, the treasurer shall notify the state finance committee forthwith and such committee shall adjust its estimates so that all requirements for interest and principal of all bonds issued shall be fully met at all times. [1965 c 121 § 8.]

**\*Reviser's note:** The word "fuels" appearing in the session law version of the above section has been corrected to read "fund"; see comparable provisions in RCW 47.10.080, 47.10.220, 47.10.480, and 47.10.720.

**47.10.734 Construction in Grant, Franklin, Adams counties authorized—Repayment to state by Grant, Franklin and Adams counties by retention of funds.** The secretary shall report to the state finance committee all sums expended from funds resulting from the sale of bonds authorized by RCW 47.10.726 through 47.10.738. Grant, Franklin, and Adams counties shall repay to the state all the cost of highway or road facilities actually constructed under the provisions of RCW 47.10.726 through 47.10.738 within each of said counties as follows: The state finance committee, at least one year prior to the date any such interest is due and payable on such bonds or before the maturity date of any such bonds, shall ascertain the percentage of the motor vehicle funds arising from the excise taxes on motor vehicle fuels, which is to be transferred to such counties under the provisions of law which will be necessary to pay all of the interest upon or retire when due all of the portion of said bonds sold under the provisions of RCW 47.10.726 through 47.10.738 in each of said counties. The state finance committee shall notify the state treasurer of this estimate and the treasurer shall thereafter, when distributions are made from the motor vehicle fund to counties, retain such percentage of the total sums credited to such counties as aforesaid in the motor vehicle fund arising from such excise taxes on motor vehicle fuels until such fund is fully reimbursed for all expenditures under RCW 47.10.726 through 47.10.738 in Grant, Adams, and Franklin counties. Any money so retained shall be available for state highway purposes. [1984 c 7 § 109; 1965 c 121 § 9.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.10.735 Construction in Grant, Franklin, Adams counties authorized—Repayment, limitation as to amount of funds retained—Deficits.** The sums retained from motor vehicle funds, arising from the excise taxes on motor vehicle fuel, of any such counties as provided in RCW 47.10.734, together with the sums similarly retained under the provisions of RCW 47.10.010 through 47.10.140 and RCW 47.10.280 through 47.10.400 shall not exceed in any distribution period fifty percent of the total amount to be credited to such county. If there shall be a deficit in the amount available for reimbursement of the motor vehicle fund, due to this provision, then such deficit shall continue to be a charge against any sums due any such county from the motor vehicle fund from such excise taxes until the full cost of such highway facilities is paid. [1965 c 121 § 10.]

**47.10.736 Construction in Grant, Franklin, Adams counties authorized—Sums in excess of retirement requirements—Use.** Whenever the percentages of the motor vehicle fund arising from excise taxes on motor fuels, payable into the highway bond retirement fund, shall prove

more than is required for the payment of interest on bonds when due, or current retirement of bonds, any excess may, in the discretion of the state finance committee, be available for prior redemption of any bonds or remain available in the fund to reduce the requirements upon the fuel excise tax portion of the motor vehicle fund at the next interest or bond payment period. [1965 c 121 § 11.]

**47.10.737 Construction in Grant, Franklin, Adams counties authorized—Allocation of bonds to counties—Conditions upon issuance—Use of county engineering forces.** The bonds authorized herein are allocated to the counties as follows:

- (1) For Adams county—one hundred thousand dollars.
- (2) For Franklin county—four hundred fifty thousand dollars.
- (3) For Grant county—one million three hundred thousand dollars:

PROVIDED, That no bonds shall be issued for Columbia Basin county arterial highway and road purposes unless expenditures are actually required for the settlement of lands ready for irrigation in the Columbia Basin project and all construction of arterial highways and roads in such counties shall be accomplished by the engineering forces of the various counties under the supervision of the director of highways. [1965 c 121 § 12.]

**Reviser's note:** Powers, duties, and functions of director of highways transferred to secretary of transportation; see RCW 47.01.031. Term "director of highways" means secretary of transportation; see RCW 47.04.015.

**47.10.738 Construction in Grant, Franklin, Adams counties authorized—Appropriation from motor vehicle fund.** There is appropriated from the motor vehicle fund for the biennium ending June 30, 1967 the sum of one million eight hundred fifty thousand dollars, or so much thereof as may be necessary, to carry out the provisions of RCW 47.10.726 through 47.10.738. [1965 c 121 § 13.]

#### ADDITIONAL BONDS—CONSTRUCTION AND IMPROVEMENT—1967 ACT

**47.10.751 Additional funds—Declaration of necessity.** Increased costs of construction combined with an unprecedented increase in motor vehicle use in this state have created an urgent demand for additional highway construction funds. It is vital to the economy of this state and the safety of the public that additional funds be provided for the construction of state highways. [1967 ex.s. c 7 § 3.]

**47.10.752 Additional funds—Issuance and sale of limited obligation bonds.** In order to provide funds for the construction and improvement of state highways, there shall be issued and sold limited obligation bonds of the state of Washington in the sum of thirty million dollars or such amount thereof and at such times as determined to be necessary by the state highway commission. The issuance, sale and retirement of said bonds shall be under the supervision and control of the state finance committee which, upon request being made by the state highway commission, shall provide for the issuance, sale and retirement of coupon or registered bonds to be dated, issued, and sold from time to time in such

amounts as shall be requested by the state highway commission. [1967 ex.s. c 7 § 4.]

**Reviser's note:** Powers, duties, and functions of highway commission transferred to department of transportation; see RCW 47.01.031. Term "state highway commission" means department of transportation; see RCW 47.04.015.

**47.10.753 Additional funds—Form and term of bonds.** Each of such bonds shall be made payable at any time not exceeding twenty-five years from the date of its issuance, with such reserved rights of prior redemption, bearing such interest, and such terms and conditions, as the state finance committee may prescribe to be specified therein. The bonds shall be signed by the governor and the state treasurer under the seal of the state, one of which signatures shall be made manually and the other signature may be in printed facsimile, and any coupons attached to such bonds shall be signed by the same officers whose signatures thereon may be in printed facsimile. Any bonds may be registered in the name of the holder on presentation to the state treasurer or at the fiscal agency of the state of Washington in New York City, as to principal alone, or as to both principal and interest under such regulations as the state treasurer may prescribe. Such bonds shall be payable at such places as the state finance committee may provide. All bonds issued hereunder shall be fully negotiable instruments. [1967 ex.s. c 7 § 5.]

**47.10.754 Additional funds—Sale of bonds—Legal investment for state funds.** The bonds issued hereunder shall be in denominations to be prescribed by the state finance committee and may be sold in such manner and in such amounts and at such times and on such terms and conditions as the committee may prescribe. If the bonds are sold to any purchaser other than the state of Washington, they shall be sold at public sale, and it shall be the duty of the state finance committee to cause such sale to be advertised in such manner as it shall deem sufficient. Bonds issued under the provisions of RCW 47.10.751 through 47.10.760 shall be legal investment for any of the funds of the state, except the permanent school fund. [1967 ex.s. c 7 § 6.]

**47.10.755 Additional funds—Bond proceeds—Deposit and use.** The money arising from the sale of said bonds shall be deposited in the state treasury to the credit of the motor vehicle fund and such money shall be available only for the construction of state highways and for payment of the expenses incurred in the printing, issuance, and sale of any such bonds. [1967 ex.s. c 7 § 7.]

**47.10.756 Additional funds—Bonds not general obligations—Taxes pledged.** Bonds issued under the provisions of RCW 47.10.751 through 47.10.760 shall distinctly state that they are not a general obligation of the state, but are payable in the manner provided in RCW 47.10.751 through 47.10.760 from the proceeds of state excise taxes on motor vehicle fuels imposed by chapter 82.36 RCW and \*chapter 82.40 RCW. The proceeds of such excise taxes are hereby pledged to the payment of any bonds and the interest thereon issued under the provisions of RCW 47.10.751 through 47.10.760, and the legislature hereby agrees to continue to impose the same excise taxes on motor vehicle fuels in

amounts sufficient to pay, when due, the principal and interest on all bonds issued under the provisions of RCW 47.10.751 through 47.10.760. [1967 ex.s. c 7 § 8.]

**\*Reviser's note:** Chapter 82.40 RCW was repealed by 1971 ex.s. c 175 § 33; for later enactment, see chapter 82.38 RCW.

**47.10.757 Additional funds—Source of funds for payment of bond principal and interest.** Any funds required to repay such bonds, or the interest thereon when due, subject to the proviso of this section, shall be taken from that portion of the motor vehicle fund which results from the imposition of excise taxes on motor vehicle fuels and which is or may be appropriated to the department for state highway purposes, and shall never constitute a charge against any allocations of any other such funds to the state, counties, cities, and towns unless and until the amount of the motor vehicle fund arising from the excise taxes on motor vehicle fuels and available to the state for construction of state highways proves insufficient to meet the requirements for bond retirement or interest on any such bonds. [1984 c 7 § 110; 1967 ex.s. c 7 § 9.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.10.758 Additional funds—Highway bond retirement fund.** At least one year prior to the date any interest is due and payable on such bonds or before the maturity date of any such bonds, the state finance committee shall estimate, subject to the provisions of RCW 47.10.757, the percentage of the receipts in money of the motor vehicle fund, resulting from collection of excise taxes on motor vehicle fuels, for each month of the year which shall be required to meet interest or bond payments hereunder when due, and shall notify the state treasurer of such estimated requirement. The state treasurer shall thereafter from time to time each month as such funds are paid into the motor vehicle fund, transfer such percentage of the monthly receipts from excise taxes on motor vehicle fuels of the motor vehicle fund to the bond retirement fund, hereby created, which fund shall be available solely for payment of interest or bonds when due. If in any month it shall appear that the estimated percentage of money so made is insufficient to meet the requirements for interest or bond retirement, the treasurer shall notify the state finance committee forthwith and such committee shall adjust its estimates so that all requirements for interest and principal of all bonds issued shall be fully met at all times. [1967 ex.s. c 7 § 10.]

**47.10.759 Additional funds—Sums in excess of retirement requirements—Use.** Whenever the percentage of the motor vehicle fund arising from excise taxes on motor vehicle fuels payable into the bond retirement fund, shall prove more than is required for the payment of interest on bonds when due, or current retirement of bonds, any excess may, in the discretion of the state finance committee, be available for the prior redemption of any bonds or remain available in the fund to reduce the requirements upon the fuel excise tax portion of the motor vehicle fund at the next interest or bond payment period. [1967 ex.s. c 7 § 11.]

**47.10.760 Additional funds—Appropriation from motor vehicle fund.** There is hereby appropriated from the motor vehicle fund to the state highway commission for the biennium ending June 30, 1969, the sum of thirty million dollars, or so much thereof as may be necessary to carry out the provisions of RCW 47.10.751 through 47.10.760. [1967 ex.s. c 7 § 12.]

RESERVE FUNDS FOR HIGHWAY, STREET, AND  
ROAD PURPOSES—1967 ACT

**47.10.761 Reserve funds—Purposes.** It is the purpose of RCW 47.10.761 through 47.10.771 to provide reserve funds to the department for the following purposes:

(1) For construction, reconstruction, or repair of any state highway made necessary by slides, storm damage, or other unexpected or unusual causes;

(2) For construction or improvement of any state highway when necessary to alleviate or prevent intolerable traffic congestion caused by extraordinary and unanticipated economic development within any area of the state;

(3) To advance funds to any city or county to be used exclusively for the construction or improvement of any city street or county road when necessary to alleviate or prevent intolerable traffic congestion caused by extraordinary and unanticipated economic development within a particular area of the state. Before funds provided by the sale of bonds as authorized in RCW 47.10.761 through 47.10.770, are loaned to any city or county for the purposes specified herein, the department shall enter into an agreement with the city or county providing for repayment to the motor vehicle fund of such funds, together with the amount of bond interest thereon, from the city's or the county's share of the motor vehicle funds arising from excise taxes on motor vehicle fuels, over a period not to exceed twenty-five years; and

(4) To participate in projects on state highways or projects benefiting state highways that have been selected for funding by entities other than the Washington state department of transportation and require a financing contribution by the department of transportation. [1993 sp.s. c 11 § 1; 1984 c 7 § 111; 1967 ex.s. c 7 § 13.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.10.762 Issuance and sale of general obligation bonds.** In order to provide reserve funds for the purposes specified in RCW 47.10.761, there shall be issued and sold general obligation bonds of the state of Washington in the sum of twenty-five million dollars or such amount thereof and at such times as may be determined to be necessary by the state transportation commission. The issuance, sale and retirement of said bonds shall be under the supervision and control of the state finance committee which, upon request being made by the Washington state transportation commission, shall provide for the issuance, sale and retirement of coupon or registered bonds to be dated, issued and sold from time to time in such amounts as may be necessary for the purposes enumerated in RCW 47.10.761. [1993 sp.s. c 11 § 2; 1967 ex.s. c 7 § 14.]

**47.10.763 Bonds—Term—Terms and conditions—Signatures—Registration—Where payable—Negotiable**

(2010 Ed.)

**instruments.** Each of such bonds shall be made payable at any time not exceeding twenty-five years from the date of its issuance, with such reserved rights of prior redemption, bearing such interest, and such terms and conditions, as the state finance committee may prescribe to be specified therein. The bonds shall be signed by the governor and the state treasurer under the seal of the state, one of which signatures shall be made manually and the other signature may be in printed facsimile, and any coupons attached to such bonds shall be signed by the same officers whose signatures thereon may be in printed facsimile. Any bonds may be registered in the name of the holder on presentation to the state treasurer or at the fiscal agency of the state of Washington in New York City, as to principal alone, or as to both principal and interest under such regulations as the state treasurer may prescribe. Such bonds shall be payable at such places as the state finance committee may provide. All bonds issued hereunder shall be fully negotiable instruments. [1967 ex.s. c 7 § 15.]

**47.10.764 Bonds—Denominations—Manner and terms of sale—Legal investment for state funds.** The bonds issued hereunder shall be in denominations to be prescribed by the state finance committee and may be sold in such manner and in such amounts and at such times and on such terms and conditions as the committee may prescribe. If the bonds are sold to any purchaser other than the state of Washington, they shall be sold at public sale, and it shall be the duty of the state finance committee to cause such sale to be advertised in such manner as it shall deem sufficient. Bonds issued under the provisions of RCW 47.10.761 through 47.10.771 shall be legal investment for any of the funds of the state, except the permanent school fund. [1967 ex.s. c 7 § 16.]

**47.10.765 Bonds—Bond proceeds—Deposit and use.** The money arising from the sale of said bonds shall be deposited in the state treasury to the credit of the motor vehicle fund and such money shall be available only for the purposes enumerated in RCW 47.10.761 and for payment of the expense incurred in the drafting, printing, issuance and sale of any such bonds. [1967 ex.s. c 7 § 17.]

**47.10.766 Bonds—Statement describing nature of obligation—Pledge of excise taxes.** Bonds issued under the provisions of RCW 47.10.761 through 47.10.771 shall distinctly state that they are not a general obligation of the state, but are payable in the manner provided in RCW 47.10.761 through 47.10.771 from the proceeds of state excise taxes on motor vehicle fuels imposed by chapter 82.36 RCW and \*chapter 82.40 RCW. The proceeds of such excise taxes are hereby pledged to the payment of any bonds and the interest thereon issued under the provisions of RCW 47.10.761 through 47.10.771, and the legislature hereby agrees to continue to impose the same excise taxes on motor vehicle fuels in amounts sufficient to pay, when due, the principal and interest on all bonds issued under the provisions of RCW 47.10.761 through 47.10.771. [1967 ex.s. c 7 § 18.]

\*Reviser's note: Chapter 82.40 RCW was repealed by 1971 ex.s. c 175 § 33; for later enactment, see chapter 82.38 RCW.

**47.10.767 Bonds—Designation of funds to repay bonds and interest.** Any funds required to repay such bonds, or the interest thereon when due, subject to the proviso of this section, shall be taken from that portion of the motor vehicle fund which results from the imposition of excise taxes on motor vehicle fuels and which is, or may be appropriated to the department for state highway purposes, and shall never constitute a charge against any allocations of such funds to counties, cities, and towns unless and until the amount of the motor vehicle fund arising from the excise taxes on motor vehicle fuels and available for state highway purposes proves insufficient to meet the requirements for bond retirement or interest on any such bonds. [1984 c 7 § 112; 1967 ex.s. c 7 § 19.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.10.768 Bonds—Pledge of federal aid funds.** As additional security for payment of the principal amount of any or all of the bonds to be issued hereunder, the state finance committee, with the consent of the department, may pledge all or any portion of the federal aid funds received or from time to time to be received by the state from the United States under the provisions of the federal-aid highway act of 1956, as amended, for the construction of Washington's portion of the national system of interstate and defense highways. [1984 c 7 § 113; 1967 ex.s. c 7 § 20.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.10.769 Bonds—Repayment procedure—Bond retirement fund.** At least one year prior to the date any interest is due and payable on such bonds or before the maturity date of any bonds, the state finance committee shall estimate, subject to the provisions of RCW 47.10.767, the percentage of the receipts in money of the motor vehicle fund, resulting from collection of excise taxes on motor vehicle fuels, for each month of the year which, together with federal funds which may be pledged as provided in RCW 47.10.768, shall be required to meet interest or bond payments hereunder when due, and shall notify the state treasurer of such estimated requirement. The state treasurer shall thereafter from time to time each month as such funds are paid into the motor vehicle fund, transfer such percentage of the monthly receipts from excise taxes on motor vehicle fuels of the motor vehicle fund to the bond retirement fund, which fund shall be available solely for payment of interest or bonds when due. If in any month it shall appear that the estimated percentage of money so made is insufficient to meet the requirements for interest or bond retirement, the treasurer shall notify the state finance committee forthwith and such committee shall adjust its estimates so that all requirements for interest and principal of all bonds issued shall be fully met at all times. [1967 ex.s. c 7 § 21.]

**47.10.770 Bonds—Sums in excess of retirement requirements—Use.** Whenever the percentage of the motor vehicle fund arising from excise taxes on motor fuels and the federal funds which may be pledged as provided in RCW 47.10.768, payable into the highway bond retirement fund, shall prove more than is required for the payment of interest on bonds when due, or current retirement of bonds, any

excess may, in the discretion of the state finance committee, be available for the prior redemption of any bonds or remain available in the fund to reduce the requirements upon the fuel excise tax portion of the motor vehicle fund at the next interest or bond payment period. [1967 ex.s. c 7 § 22.]

**47.10.771 Bonds—Appropriation from motor vehicle fund.** There is hereby appropriated from the motor vehicle fund to the state highway commission for the biennium ending June 30, 1969, the sum of twenty-five million dollars, or so much thereof as may be necessary to carry out the provisions of RCW 47.10.761 through 47.10.771. [1967 ex.s. c 7 § 23.]

#### STATE HIGHWAYS IN URBAN AREAS

**47.10.775 Issuance and sale of limited obligation bonds, terms, conditions, retirement, use of proceeds, etc.** See RCW 47.26.400 through 47.26.407.

#### COUNTY AND CITY ARTERIALS IN URBAN AREAS

**47.10.777 Issuance and sale of limited obligation bonds, terms, conditions, retirement, use of proceeds, etc.** See RCW 47.26.420 through 47.26.460.

#### INTERSTATE 90 COMPLETION—1979 ACT

**47.10.790 Issuance and sale of general obligation bonds—State route 90 improvements.** (1) In order to provide funds for the location, design, right-of-way, and construction of selected interstate highway improvements, there shall be issued and sold upon the request of the Washington state transportation commission, a total of one hundred million dollars of general obligation bonds of the state of Washington to pay the state's share of costs for completion of state route 90 (state route 5 to state route 405) and other related state highway projects eligible for regular federal interstate funding and until December 31, 1989, to temporarily pay the regular federal share of construction of completion projects on state route 90 (state route 5 to state route 405) and other related state highway projects eligible for regular interstate funding in advance of federal-aid apportionments under the provisions of 23 U.S.C. Secs. 115 or 122: PROVIDED, That the total amount of bonds issued to temporarily pay the regular federal share of construction of federal-aid interstate highways in advance of federal-aid apportionments as authorized by this section and RCW 47.10.801 shall not exceed one hundred twenty million dollars: PROVIDED FURTHER, That the transportation commission shall adopt plans for the obligation of federal-aid apportionments received in federal fiscal year 1985 and subsequent years to pay the regular federal share of federal-aid interstate highway construction projects or to convert such apportionments under the provisions of 23 U.S.C. Secs. 115 or 122.

(2) The transportation commission may at any time find and determine that any amount of the bonds authorized in subsection (1) of this section, and not then sold, are no longer required to be issued and sold for the purposes described in subsection (1) of this section.

(3) Any bonds authorized by subsection (1) of this section that the transportation commission determines are no longer required for the purpose of paying the cost of the designated interstate highway improvements described therein shall be issued and sold, upon the request of the Washington state transportation commission, to provide funds for the location, design, right-of-way, and construction of major transportation improvements throughout the state. [2005 c 319 § 126; 1985 c 406 § 1; 1982 c 19 § 3; 1981 c 316 § 10; 1979 ex.s. c 180 § 1.]

**Findings—Intent—Part headings—Effective dates—2005 c 319:** See notes following RCW 43.17.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **47.10.791 Administration and amount of bond sales.**

Upon request being made by the transportation commission, the state finance committee shall supervise and provide for the issuance, sale, and retirement of the bonds authorized by RCW 47.10.790 in accordance with the provisions of chapter 39.42 RCW. The amount of such bonds issued and sold under the provisions of RCW 47.10.790 through 47.10.798 in any biennium may not exceed the amount of a specific appropriation therefor. Such bonds may be sold from time to time in such amounts as may be necessary for the orderly progress of the state highway improvements specified in RCW 47.10.790. The bonds shall be sold in such manner, at such time or times, in such amounts, and at such price or prices as the state finance committee shall determine. The state finance committee may obtain insurance, letters of credit, or other credit facility devices with respect to the bonds and may authorize the execution and delivery of agreements, promissory notes, and other obligations for the purpose of insuring the payment or enhancing the marketability of the bonds. Promissory notes or other obligations issued under this section shall not constitute a debt or the contracting of indebtedness under any constitutional or statutory indebtedness limitation if their payment is conditioned upon the failure of the state to pay the principal of or interest on the bonds with respect to which the promissory notes or other obligations relate. The state finance committee may authorize the issuance of short-term obligations in lieu of long-term obligations for the purposes of more favorable interest rates, lower total interest costs, and increased marketability and for the purposes of retiring the bonds during the life of the project for which they were issued. [1986 c 290 § 6; 1979 ex.s. c 180 § 2.]

**47.10.792 Bond proceeds—Deposit and use.** The proceeds from the sale of the bonds authorized by RCW 47.10.790 shall be deposited in the motor vehicle fund and such proceeds shall be available only for the purposes enumerated in RCW 47.10.790, for the payment of bond anticipation notes, if any, and for the payment of the expense incurred in the drafting, printing, issuance, and sale of such bonds. The costs of obtaining insurance, letters of credit, or other credit enhancement devices with respect to the bonds shall be considered to be expenses incurred in the issuance and sale of the bonds. [1986 c 290 § 7; 1979 ex.s. c 180 § 3.]

**47.10.793 Statement of general obligation—Pledge of excise taxes.** Bonds issued under the provisions of RCW 47.10.790 shall distinctly state that they are a general obligation of the state of Washington, shall pledge the full faith and credit of the state to the payment of the principal thereof and the interest thereon, and shall contain an unconditional promise to pay such principal and interest as the same shall become due. The principal of and interest on such bonds shall be first payable in the manner provided in RCW 47.10.790 through 47.10.798 from the proceeds of the state excise taxes on motor vehicle and special fuels imposed by chapters 82.36 and 82.38 RCW. Proceeds of such excise taxes are hereby pledged to the payment of any bonds and the interest thereon issued under the provisions of RCW 47.10.790 through 47.10.798, and the legislature hereby agrees to continue to impose the same excise taxes on motor vehicle and special fuels in amounts sufficient to pay, when due, the principal and interest on all bonds issued under the provisions of RCW 47.10.790 through 47.10.798. [1995 c 274 § 6; 1979 ex.s. c 180 § 4.]

**47.10.794 Designation of funds to repay bonds and interest.** Any funds required to repay the bonds authorized by RCW 47.10.790 or the interest thereon when due shall be taken from that portion of the motor vehicle fund which results from the imposition of excise taxes on motor vehicle and special fuels and which is distributed to the state for expenditure pursuant to RCW 46.68.130 and shall never constitute a charge against any allocations of such funds to counties, cities, and towns unless and until the amount of the motor vehicle fund arising from the excise taxes on motor vehicle and special fuels and available for state highway purposes proves insufficient to meet the requirements for bond retirement or interest on any such bonds. [1979 ex.s. c 180 § 5.]

**47.10.795 Repayment procedure—Bond retirement fund.** At least one year prior to the date any interest is due and payable on such bonds or before the maturity date of such bonds, the state finance committee shall estimate, subject to the provisions of RCW 47.10.794, the percentage of the receipts in money of the motor vehicle fund resulting from collection of excise taxes on motor vehicle and special fuels, for each month of the year which shall be required to meet interest or bond payments when due and shall notify the treasurer of such estimated requirement. The state treasurer shall thereafter from time to time each month as such funds are paid into the motor vehicle fund, transfer such percentage of the monthly receipts from excise taxes on motor vehicle and special fuels of the motor vehicle fund to the highway bond retirement fund heretofore created in the state treasury, which funds shall be available solely for payment of the principal of and interest on the bonds when due. If in any month it shall appear that the estimated percentage of moneys so made is insufficient to meet the requirements for payment of the principal thereof or interest thereon, the treasurer shall notify the state finance committee forthwith, and such committee shall adjust its estimates so that all requirements for the interest on and principal of all bonds issued shall be fully met at all times. [1979 ex.s. c 180 § 6.]

**47.10.796 Sums in excess of retirement requirements—Use.** Whenever the percentage of the motor vehicle fund arising from excise taxes on motor vehicle and special fuels payable into the highway bond retirement fund shall prove more than is required for the payment of interest on bonds when due, or current retirement of bonds, any excess may, in the discretion of the state finance committee, be available for the prior redemption of any bonds pursuant to applicable bond covenants or remain available in the fund to reduce requirements upon the fuel excise tax portion of the motor vehicle fund. [1979 ex.s. c 180 § 7.]

**47.10.797 Bonds legal investment for state funds.** The bonds authorized in RCW 47.10.790 through 47.10.798 constitute a legal investment for all state funds or for funds under state control and all funds of municipal corporations. [1979 ex.s. c 180 § 8.]

**47.10.798 Bonds equal charge against fuel tax revenues.** Except as otherwise provided by statute, general obligation bonds issued under authority of legislation enacted during the 45th session of the legislature and thereafter and which pledge motor vehicle and special fuel excise taxes for the payment of principal and interest thereon shall be an equal charge against the revenues from such motor vehicle and special fuel excise taxes. [1979 ex.s. c 180 § 9.]

**47.10.799 Appropriation—Expenditure limited to bond sale proceeds.** There is hereby appropriated from the motor vehicle fund to the department of transportation for the biennium ending June 30, 1981, the sum of ten million dollars, or so much thereof as may be necessary, to carry out the provisions of RCW 47.10.790: PROVIDED, That the money available for expenditure under this appropriation may not exceed the amount of money derived from the sale of ten million dollars of bonds authorized by RCW 47.10.790 and deposited to the credit of the motor vehicle fund. [1979 ex.s. c 180 § 10.]

**47.10.800 Severability—1979 ex.s. c 180.** If any provision of this 1979 act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1979 ex.s. c 180 § 12.]

INTERSTATE HIGHWAY, CATEGORY A,  
CATEGORY C IMPROVEMENTS—1981 ACT

**47.10.801 Issuance and sale of general obligation bonds.** (1) In order to provide funds necessary for the location, design, right-of-way, and construction of selected interstate and other state highway improvements, there shall be issued and sold, subject to subsections (2), (3), and (4) of this section, upon the request of the Washington state transportation commission a total of four hundred sixty million dollars of general obligation bonds of the state of Washington for the following purposes and specified sums:

(a) Not to exceed two hundred twenty-five million dollars to pay the state's share of costs for federal-aid interstate highway improvements and until December 31, 1989, to tem-

porarily pay the regular federal share of construction of federal-aid interstate highway improvements to complete state routes 82, 90, 182, and 705 in advance of federal-aid apportionments under the provisions of 23 U.S.C. Secs. 115 or 122: PROVIDED, That the total amount of bonds issued to temporarily pay the regular federal share of construction of federal-aid interstate highways in advance of federal-aid apportionments as authorized by this section and RCW 47.10.790 shall not exceed one hundred twenty million dollars: PROVIDED FURTHER, That the transportation commission shall adopt plans for the obligation of federal-aid apportionments received in federal fiscal year 1985 and subsequent years to pay the regular federal share of federal-aid interstate highway construction projects or to convert such apportionments under the provisions of 23 U.S.C. Secs. 115 or 122;

(b) Two hundred twenty-five million dollars for major transportation improvements throughout the state that are identified as category C improvements and for selected major non-interstate construction and reconstruction projects that are included as Category A Improvements;

(c) Ten million dollars for state highway improvements necessitated by planned economic development, as determined through the procedures set forth in RCW 43.160.074 and 47.01.280.

(2) The amount of bonds authorized in subsection (1)(a) of this section shall be reduced if the transportation commission determines that any of the bonds that have not been sold are no longer required.

(3) The amount of bonds authorized in subsection (1)(b) of this section shall be increased by an amount not to exceed, and concurrent with, any reduction of bonds authorized under subsection (1)(a) of this section in the manner prescribed in subsection (2) of this section.

(4) The transportation commission may decrease the amount of bonds authorized in subsection (1)(c) of this section and increase the amount of bonds authorized in subsection (1)(a) or (b) of this section, or both by an amount equal to the decrease in subsection (1)(c) of this section. The transportation commission may decrease the amount of bonds authorized in subsection (1)(c) of this section only if the legislature appropriates an equal amount of funds from the motor vehicle fund - basic account for the purposes enumerated in subsection (1)(c) of this section. [2005 c 319 § 127; 1999 c 94 § 13; 1994 c 173 § 1. Prior: 1985 c 433 § 7; 1985 c 406 § 2; 1982 c 19 § 1; 1981 c 316 § 1.]

**Findings—Intent—Part headings—Effective dates—2005 c 319:** See notes following RCW 43.17.020.

**Legislative finding—Effective dates—1999 c 94:** See notes following RCW 43.84.092.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.10.802 Administration and amount of bond sales.** Upon request being made by the transportation commission, the state finance committee shall supervise and provide for the issuance, sale, and retirement of the bonds authorized by RCW 47.10.801 in accordance with chapter 39.42 RCW. The amount of such bonds issued and sold under RCW 47.10.801 through 47.10.809 in any biennium may not exceed the amount of a specific appropriation therefor. Such bonds may be sold from time to time in such amounts as may be necessary for the orderly progress of the state highway

improvements specified in RCW 47.10.801. The amount of bonds issued and sold under RCW 47.10.801(1)(a) in any biennium shall not, except as provided in that section, exceed the amount required to match federal-aid interstate funds available to the state of Washington. The bonds shall be sold in such manner, at such time or times, in such amounts, and at such price or prices as the state finance committee shall determine. The state finance committee may obtain insurance, letters of credit, or other credit facility devices with respect to the bonds and may authorize the execution and delivery of agreements, promissory notes, and other obligations for the purpose of insuring the payment or enhancing the marketability of the bonds. Promissory notes or other obligations issued under this section shall not constitute a debt or the contracting of indebtedness under any constitutional or statutory indebtedness limitation if their payment is conditioned upon the failure of the state to pay the principal of or interest on the bonds with respect to which the promissory notes or other obligations relate. The state finance committee may authorize the issuance of short-term obligations in lieu of long-term obligations for the purposes of more favorable interest rates, lower total interest costs, and increased marketability and for the purposes of retiring the bonds during the life of the project for which they were issued. [2005 c 319 § 128; 1986 c 290 § 1; 1983 1st ex.s. c 53 § 23; 1982 c 19 § 2; 1981 c 316 § 2.]

**Findings—Intent—Part headings—Effective dates—2005 c 319:** See notes following RCW 43.17.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.10.803 Bond proceeds—Deposit and use.** The proceeds from the sale of the bonds authorized by RCW 47.10.801(1) shall be deposited in the motor vehicle fund. All such proceeds shall be available only for the purposes enumerated in RCW 47.10.801, for the payment of bond anticipation notes, if any, and for the payment of the expense incurred in the drafting, printing, issuance, and sale of such bonds. The costs of obtaining insurance, letters of credit, or other credit enhancement devices with respect to the bonds shall be considered to be expenses incurred in the issuance and sale of the bonds. [1999 c 94 § 14; 1986 c 290 § 2; 1985 c 433 § 8; 1981 c 316 § 3.]

**Legislative finding—Effective dates—1999 c 94:** See notes following RCW 43.84.092.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.10.804 Statement of general obligation—Pledge of excise taxes.** Bonds issued under RCW 47.10.801 shall distinctly state that they are a general obligation of the state of Washington, shall pledge the full faith and credit of the state to the payment of the principal thereof and the interest thereon, and shall contain an unconditional promise to pay such principal and interest as the same shall become due. The principal of and interest on such bonds shall be first payable in the manner provided in RCW 47.10.801 through 47.10.809 from the proceeds of the state excise taxes on motor vehicle and special fuels imposed by chapters 82.36 and 82.38 RCW. Proceeds of such excise taxes are hereby pledged to the payment of any bonds and the interest thereon issued under RCW 47.10.801 through 47.10.809, and the legislature hereby agrees to continue to impose these excise taxes on motor

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vehicle and special fuels in amounts sufficient to pay, when due, the principal and interest on all bonds issued under RCW 47.10.801 through 47.10.809. [1995 c 274 § 7; 1981 c 316 § 4.]

**47.10.805 Designation of funds to repay bonds and interest.** Any funds required to repay the bonds authorized by RCW 47.10.801 or the interest thereon when due shall be taken from that portion of the motor vehicle fund which results from the imposition of excise taxes on motor vehicle and special fuels and which is distributed to the state for expenditure pursuant to RCW 46.68.130 and shall never constitute a charge against any allocations of such funds to counties, cities, and towns unless the amount of the motor vehicle fund arising from the excise taxes on motor vehicle and special fuels and available for state highway purposes proves insufficient to meet the requirements for bond retirement or interest on any such bonds. [1981 c 316 § 5.]

**47.10.806 Repayment procedure—Bond retirement fund.** At least one year prior to the date any interest is due and payable on such bonds or before the maturity date of such bonds, the state finance committee shall estimate, subject to RCW 47.10.805, the percentage of the receipts in money of the motor vehicle fund resulting from collection of excise taxes on motor vehicle and special fuels, for each month of the year which shall be required to meet interest or bond payments when due and shall notify the treasurer of such estimated requirement. The state treasurer shall thereafter from time to time each month as such funds are paid into the motor vehicle fund, transfer such percentage of the monthly receipts from excise taxes on motor vehicle and special fuels of the motor vehicle fund to the highway bond retirement fund heretofore created in the state treasury, which funds shall be available solely for payment of the principal of and interest on the bonds when due. If in any month it shall appear that the estimated percentage of moneys so made is insufficient to meet the requirements for payment of the principal thereof or interest thereon, the treasurer shall notify the state finance committee forthwith, and the committee shall adjust its estimates so that all requirements for the interest on and principal of all bonds issued shall be fully met at all times. [1981 c 316 § 6.]

**47.10.807 Sums in excess of retirement requirements—Use.** Whenever the percentage of the motor vehicle fund arising from excise taxes on motor vehicle and special fuels payable into the highway bond retirement fund shall prove more than is required for the payment of interest on bonds when due, or current retirement bonds, any excess may, in the discretion of the state finance committee, be available for the prior redemption of any bonds or remain available in the fund to reduce requirements upon the fuel excise tax portion of the motor vehicle fund at the next interest or bond payment period. [1981 c 316 § 7.]

**47.10.808 Bonds legal investment for state funds.** The bonds authorized in RCW 47.10.801 through 47.10.809 constitute a legal investment for all state funds or for funds

under state control and all funds of municipal corporations. [1981 c 316 § 8.]

**47.10.809 Bonds equal charge against fuel tax revenues.** Bonds issued under authority of RCW 47.10.801 through 47.10.809 and any subsequent general obligation bonds of the state of Washington which may be authorized and which pledge motor vehicle and special fuel excise taxes for the payment of principal and interest thereon shall be an equal charge against the revenues from such motor vehicle and special fuel excise taxes. [1981 c 316 § 9.]

**47.10.811 Severability—1981 c 316.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1981 c 316 § 13.]

#### CATEGORY C IMPROVEMENTS—1993 ACT

**47.10.812 Issuance and sale of general obligation bonds.** In order to provide funds necessary for the location, design, right-of-way, and construction of state highway improvements that are identified as special category C improvements, there shall be issued and sold upon the request of the Washington state secretary of transportation a total of six hundred million dollars of general obligation bonds of the state of Washington. [2007 c 519 § 1; 1999 sp.s. c 2 § 1; 1993 c 431 § 1.]

**47.10.813 Administration and amount of sale.** Upon the request of the secretary of transportation, the state finance committee shall supervise and provide for the issuance, sale, and retirement of the bonds authorized by RCW 47.10.812 through 47.10.817 in accordance with chapter 39.42 RCW. Bonds authorized by RCW 47.10.812 through 47.10.817 shall be sold in such manner, at such time or times, in such amounts, and at such price as the state finance committee shall determine. No such bonds may be offered for sale without prior legislative appropriation of the net proceeds of the sale of the bonds.

The state finance committee shall consider the issuance of short-term obligations in lieu of long-term obligations for the purposes of more favorable interest rates, lower total interest costs, and increased marketability and for the purpose of retiring the bonds during the life of the project for which they were issued. [2007 c 519 § 2; 1993 c 431 § 2.]

**47.10.814 Proceeds—Deposit and use.** The proceeds from the sale of bonds authorized by RCW 47.10.812 through 47.10.817 shall be deposited in the special category C account in the motor vehicle fund. The proceeds shall be available only for the purposes enumerated in RCW 47.10.812, for the payment of bond anticipation notes, if any, and for the payment of bond issuance costs, including the costs of underwriting. [1993 c 431 § 3.]

**47.10.815 Statement of general obligation—Pledge of excise taxes.** Bonds issued under the authority of RCW 47.10.812 through 47.10.817 shall distinctly state that they

are a general obligation of the state of Washington, shall pledge the full faith and credit of the state to the payment of the principal thereof and the interest thereon, and shall contain an unconditional promise to pay such principal and interest as the same shall become due. The principal and interest on the bonds shall be first payable in the manner provided in RCW 47.10.812 through 47.10.817 from the proceeds of the state excise taxes on motor vehicle and special fuels imposed by chapters 82.36 and 82.38 RCW. Proceeds of such excise taxes are hereby pledged to the payment of any bonds and the interest thereon issued under the authority of RCW 47.10.812 through 47.10.817, and the legislature agrees to continue to impose these excise taxes on motor vehicle and special fuels in amounts sufficient to pay, when due, the principal and interest on all bonds issued under the authority of RCW 47.10.812 through 47.10.817. [1995 c 274 § 8; 1993 c 431 § 4.]

**47.10.816 Designation of funds to repay bonds and interest.** Both principal and interest on the bonds issued for the purposes of RCW 47.10.812 through 47.10.817 shall be payable from the highway bond retirement fund. The state finance committee may provide that a special account be created in the fund to facilitate payment of the principal and interest. The state finance committee shall, on or before June 30th of each year, certify to the state treasurer the amount required for principal and interest on the bonds in accordance with the bond proceedings. The state treasurer shall withdraw revenues from the special category C account in the motor vehicle fund and deposit in the highway bond retirement fund, or a special account in the fund, such amounts, and at such times, as are required by the bond proceedings.

Any funds required for bond retirement or interest on the bonds authorized by RCW 47.10.812 through 47.10.817 shall be taken from that portion of the motor vehicle fund that results from the imposition of excise taxes on motor vehicle and special fuels and that is distributed to the special category C account in the motor vehicle fund. Funds required shall never constitute a charge against any other allocations of motor vehicle fuel and special fuel tax revenues to the state, counties, cities and towns unless the amount arising from excise taxes on motor vehicle and special fuels distributed to the special category C account proves insufficient to meet the requirements for bond retirement or interest on any such bonds.

Any payments for bond retirement or interest on the bonds taken from other revenues from the motor vehicle fuel or special fuel taxes that are distributable to the state, counties, cities and towns, shall be repaid from the first revenues from the motor vehicle fuel or special fuel taxes distributed to the special category C account not required for bond retirement or interest on the bonds. [1993 c 431 § 5.]

**47.10.817 Equal charge against fuel tax revenues.** Bonds issued under the authority of RCW 47.10.812 through 47.10.816 and this section and any other general obligation bonds of the state of Washington that have been or that may be authorized and that pledge motor vehicle and special fuels excise taxes for the payment of principal and interest thereon shall be an equal charge against the revenues from such

motor vehicle and special fuels excise taxes. [1993 c 431 § 6.]

**47.10.818 Severability—1993 c 431.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1993 c 431 § 8.]

INTERSTATE, OTHER HIGHWAY IMPROVEMENTS—  
1993 ACT

**47.10.819 Issuance and sale of general obligation bonds.** In order to provide funds necessary for the location, design, right-of-way, and construction of selected interstate and other highway improvements, there shall be issued and sold upon the request of the secretary of the department of transportation a total of one hundred million dollars of general obligation bonds of the state of Washington for the following purposes and specified sums:

(1) Not to exceed twenty-five million dollars to pay the state's and local governments' share of matching funds for the ten demonstration projects identified in the Intermodal Surface Transportation Efficiency Act of 1991.

(2) Not to exceed fifty million dollars to temporarily pay the regular federal share of construction in advance of federal-aid apportionments as authorized by this section.

(3) Not to exceed twenty-five million dollars for loans to local governments to provide the required matching funds to take advantage of available federal funds. These loans shall be on such terms and conditions as determined by the secretary of the department of transportation, but in no event may the loans be for a period of more than ten years. The interest rate on the loans authorized under this subsection shall be equal to the interest rate on the bonds sold for such purposes. [2006 c 334 § 37; 1993 c 432 § 1.]

**Effective date—2006 c 334:** See note following RCW 47.01.051.

**47.10.820 Administration and amount of sale.** Upon the request of the secretary of the department of transportation, the state finance committee shall supervise and provide for the issuance, sale, and retirement of the bonds authorized by RCW 47.10.819 through 47.10.824 in accordance with chapter 39.42 RCW. Bonds authorized by RCW 47.10.819 through 47.10.824 shall be sold in such manner, at such time or times, in such amounts, and at such price as the state finance committee shall determine. No such bonds may be offered for sale without prior legislative appropriation of the net proceeds of the sale of the bonds.

The state finance committee shall consider the issuance of short-term obligations in lieu of long-term obligations for the purposes of more favorable interest rates, lower total interest costs, and increased marketability and for the purpose of retiring the bonds during the life of the project for which they were issued. [2006 c 334 § 38; 1993 c 432 § 2.]

**Effective date—2006 c 334:** See note following RCW 47.01.051.

**47.10.821 Proceeds—Deposit and use.** The proceeds from the sale of bonds authorized by RCW 47.10.819 through 47.10.824 shall be deposited in the motor vehicle

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fund. The proceeds shall be available only for the purposes enumerated in RCW 47.10.819, for the payment of bond anticipation notes, if any, and for the payment of bond issuance costs, including the costs of underwriting. [1993 c 432 § 3.]

**47.10.822 Statement of general obligation—Pledge of excise taxes.** Bonds issued under the authority of RCW 47.10.819 through 47.10.824 shall distinctly state that they are a general obligation of the state of Washington, shall pledge the full faith and credit of the state to the payment of the principal thereof and the interest thereon, and shall contain an unconditional promise to pay such principal and interest as the same shall become due. The principal and interest on the bonds shall be first payable in the manner provided in RCW 47.10.819 through 47.10.824 from the proceeds of the state excise taxes on motor vehicle and special fuels imposed by chapters 82.36 and 82.38 RCW. Proceeds of such excise taxes are hereby pledged to the payment of any bonds and the interest thereon issued under the authority of RCW 47.10.819 through 47.10.824, and the legislature agrees to continue to impose these excise taxes on motor vehicle and special fuels in amounts sufficient to pay, when due, the principal and interest on all bonds issued under the authority of RCW 47.10.819 through 47.10.824. [1995 c 274 § 9; 1993 c 432 § 4.]

**47.10.823 Designation of funds to repay bonds and interest.** Both principal and interest on the bonds issued for the purposes of RCW 47.10.819 through 47.10.824 shall be payable from the highway bond retirement fund. The state finance committee may provide that a special account be created in the fund to facilitate payment of the principal and interest. The state finance committee shall, on or before June 30th of each year, certify to the state treasurer the amount required for principal and interest on the bonds in accordance with the bond proceedings. The state treasurer shall withdraw revenues from the motor vehicle fund and deposit in the highway bond retirement fund, or a special account in the fund, such amounts, and at such times, as are required by the bond proceedings.

Any funds required for bond retirement or interest on the bonds authorized by RCW 47.10.819 through 47.10.824 shall be taken from that portion of the motor vehicle fund that results from the imposition of excise taxes on motor vehicle and special fuels and which is, or may be appropriated to the department of transportation for state highway purposes. Funds required shall never constitute a charge against any other allocations of motor vehicle fuel and special fuel tax revenues to the state, counties, cities, and towns unless the amount arising from excise taxes on motor vehicle and special fuels distributed to the state in the motor vehicle fund proves insufficient to meet the requirements for bond retirement or interest on any such bonds.

Any payments for bond retirement or interest on the bonds taken from other revenues from the motor vehicle fuel or special fuel taxes that are distributed to the state, counties, cities, and towns, shall be repaid from the first revenues from the motor vehicle fuel or special fuel taxes distributed to the

motor vehicle fund not required for bond retirement or interest on the bonds. [1993 c 432 § 5.]

**47.10.824 Equal charge against fuel tax revenues.** Bonds issued under the authority of RCW 47.10.819 through 47.10.823 and this section and any other general obligation bonds of the state of Washington that have been or that may be authorized and that pledge motor vehicle and special fuels excise taxes for the payment of principal and interest thereon shall be an equal charge against the revenues from such motor vehicle and special fuels excise taxes. [1993 c 432 § 6.]

**47.10.825 Severability—1993 c 432.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1993 c 432 § 8.]

PUBLIC-PRIVATE TRANSPORTATION INITIATIVES—  
1994 ACT

**47.10.834 Issuance and sale of general obligation bonds.** In order to provide funds necessary to implement the public-private transportation initiatives authorized by chapter 47.46 RCW, there shall be issued and sold upon the request of the secretary of the department of transportation a total of twenty-five million six hundred twenty-five thousand dollars of general obligation bonds of the state of Washington. [2006 c 334 § 35; 1995 2nd sp.s. c 15 § 2; 1994 c 183 § 2.]

**Effective date—2006 c 334:** See note following RCW 47.01.051.

**Finding—1994 c 183:** "The legislature finds and declares:

Successful implementation of the public-private transportation initiative program authorized in chapter 47.46 RCW may require the financial participation of the state in projects authorized in that chapter.

The participation may take the form of loans, loan guarantees, user charge guarantees, including incidental costs incurred by the department in direct support of activities required under chapter 47.46 RCW, or such other cash contribution arrangements as may improve the ability of the private entities sponsoring the projects to obtain financing.

It is in the best interests of the people of the state that state funding of possible financial participation in the projects authorized under chapter 47.46 RCW be in the form of long-term bonds. In order to repay expenditures incurred in the 1993-1995 biennium, up to two million two hundred thousand dollars of these bonds may be expended on highway improvement projects, under chapter 47.05 RCW." [1995 2nd sp.s. c 15 § 1; 1994 c 183 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.10.835 Administration and amount of sale.** Upon the request of the secretary of the department of transportation, the state finance committee shall supervise and provide for the issuance, sale, and retirement of the bonds authorized by RCW 47.10.834 through 47.10.841 in accordance with chapter 39.42 RCW. Bonds authorized by RCW 47.10.834 through 47.10.841 shall be sold in such manner, at such time or times, in such amounts, and at such price as the state finance committee shall determine. No such bonds may be offered for sale without prior legislative appropriation of the net proceeds of the sale of the bonds. In making such appropriation of the net proceeds of the sale of the bonds, the legislature shall specify what portion of the appropriation is pro-

vided for possible loans and what portion of the appropriation is provided for other forms of cash contributions to projects.

The state finance committee shall consider the issuance of short-term obligations in lieu of long-term obligations for the purposes of more favorable interest rates, lower total interest costs, and increased marketability and for the purpose of retiring the bonds during the life of the project for which they were issued. [2006 c 334 § 36; 1994 c 183 § 3.]

**Effective date—2006 c 334:** See note following RCW 47.01.051.

**47.10.836 Proceeds—Deposit and use.** (1) The proceeds from the sale of bonds authorized by RCW 47.10.834 through 47.10.841 that are in support of possible loans as specified under RCW 47.10.835 shall be deposited into the motor vehicle fund. The proceeds shall be available only for the purposes of making loans to entities authorized to undertake projects selected under chapter 47.46 RCW as enumerated in RCW 47.10.835, including incidental costs incurred by the department in direct support of activities required under chapter 47.46 RCW, for the payment of bond anticipation notes, if any, and for the payment of bond issuance costs, including the costs of underwriting.

(2) The proceeds from the sale of bonds authorized by RCW 47.10.834 through 47.10.841 that are in support of all forms of cash contributions to projects selected under chapter 47.46 RCW, including incidental costs incurred by the department in direct support of activities required under chapter 47.46 RCW, except loans shall be deposited into the motor vehicle fund. The proceeds shall be available only for the purposes of making any contributions except loans to projects selected under chapter 47.46 RCW, for the payment of bond anticipation notes, if any, and for the payment of bond issuance costs, including the costs of underwriting.

(3) Up to two million two hundred thousand dollars of the proceeds from the sale of bonds authorized by RCW 47.10.834 through 47.10.841 may be expended on highway improvement projects under chapter 47.05 RCW and for the payment of bond issuance cost, including the cost of underwriting. Such proceeds shall be deposited into the motor vehicle fund. [1995 2nd sp.s. c 15 § 3; 1994 c 183 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.10.837 Designation of funds to repay bonds and interest.** Principal and interest payments made on loans authorized by chapter 47.46 RCW shall be deposited into the motor vehicle fund and shall be available for the payment of principal and interest on bonds authorized by RCW 47.10.834 through 47.10.841 and for such other purposes as may be specified by law. [1995 2nd sp.s. c 15 § 4; 1994 c 183 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.10.838 Statement of general obligation—Pledge of excise taxes.** (1) Bonds issued under the authority of RCW 47.10.834 through 47.10.841 shall distinctly state that they are a general obligation of the state of Washington, shall pledge the full faith and credit of the state to the payment of the principal thereof and the interest thereon, and shall contain an unconditional promise to pay such principal and interest as the same shall become due.

(2) The principal and interest on the bonds issued for the purposes enumerated in RCW 47.10.836 shall be first payable in the manner provided in RCW 47.10.834 through 47.10.841 from the proceeds of the state excise taxes on motor vehicle and special fuels imposed by chapters 82.36 and 82.38 RCW. Proceeds of those excise taxes are pledged to the payment of any bonds and the interest thereon issued under the authority of RCW 47.10.834 through 47.10.841, and the legislature agrees to continue to impose these excise taxes on motor vehicle and special fuels in amounts sufficient to pay, when due, the principal and interest on all bonds issued under the authority of RCW 47.10.834 through 47.10.841. [1995 2nd sp.s. c 15 § 5; 1994 c 183 § 6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.10.839 Repayment procedure—Bond retirement fund.** (1) Both principal and interest on the bonds issued for the purposes of RCW 47.10.834 through 47.10.841 are payable from the highway bond retirement fund.

(2) The state finance committee shall, on or before June 30th of each year certify to the state treasurer the amount required for principal and interest on the bonds issued for the purposes specified in RCW 47.10.836 in accordance with the bond proceedings. The state treasurer shall withdraw revenues from the motor vehicle fund and deposit into the highway bond retirement fund such amounts, and at such times, as are required by the bond proceedings.

(3) Any funds required for bond retirement or interest on the bonds authorized by RCW 47.10.834 through 47.10.841 shall be taken from that portion of the motor vehicle fund that results from the imposition of excise taxes on motor vehicle and special fuels which is, or may be appropriated to the department of transportation for state highway purposes. Funds required shall never constitute a charge against any other allocations of motor vehicle fuel and special fuel tax revenues to the state, counties, cities, or towns unless the amount arising from excise taxes on motor vehicle and special fuels distributed to the state in the motor vehicle fund proves insufficient to meet the requirements for bond retirement or interest on any such bonds.

(4) Any payments for bond retirement or interest on the bonds taken from other revenues from the motor vehicle fuel and special fuel taxes that are distributable to the state, counties, cities, or towns shall be repaid from the first revenues from the motor vehicle fuel or special fuel taxes distributed to the motor vehicle fund not required for bond retirement or interest on the bonds. [1995 2nd sp.s. c 15 § 6; 1994 c 183 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.10.841 Equal charge against motor vehicle excise tax revenues.** Bonds issued under the authority of RCW 47.10.834 through 47.10.839 and this section and any other general obligation bonds of the state of Washington that have been or that may be authorized and that pledge motor vehicle and special fuels taxes for the payment of principal and interest thereon are an equal charge against the revenues from the motor vehicle and special fuels excise taxes. [1995 2nd sp.s. c 15 § 7; 1994 c 183 § 9.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

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**47.10.842 Severability—1994 c 183.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1994 c 183 § 11.]

#### STATE AND LOCAL HIGHWAY IMPROVEMENTS— 1998 ACT

**47.10.843 Bond issue authorized.** In order to provide funds necessary for the location, design, right-of-way, and construction of state and local highway improvements, there shall be issued and sold upon the request of the secretary of the department of transportation a maximum of one billion nine hundred million dollars of general obligation bonds of the state of Washington. [2006 c 334 § 33; 1998 c 321 § 16 (Referendum Bill No. 49, approved November 3, 1998).]

**Effective date—2006 c 334:** See note following RCW 47.01.051.

**Purpose—Severability—1998 c 321:** See notes following RCW 82.14.045.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.10.844 Administration and amount of sale.** Upon the request of the secretary of the department of transportation, the state finance committee shall supervise and provide for the issuance, sale, and retirement of the bonds authorized by RCW 47.10.843 through 47.10.848 in accordance with chapter 39.42 RCW. Bonds authorized by RCW 47.10.843 through 47.10.848 shall be sold in such manner, at such time or times, in such amounts, and at such price as the state finance committee shall determine. No such bonds may be offered for sale without prior legislative appropriation of the net proceeds of the sale of the bonds.

The state finance committee shall consider the issuance of short-term obligations in lieu of long-term obligations for the purposes of more favorable interest rates, lower total interest costs, and increased marketability and for the purpose of retiring the bonds during the life of the project for which they were issued. [2006 c 334 § 34; 1998 c 321 § 17 (Referendum Bill No. 49, approved November 3, 1998).]

**Effective date—2006 c 334:** See note following RCW 47.01.051.

**Purpose—Severability—1998 c 321:** See notes following RCW 82.14.045.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.10.845 Proceeds—Deposit and use.** The proceeds from the sale of bonds authorized by RCW 47.10.843 through 47.10.848 shall be deposited in the motor vehicle fund. The proceeds shall be available only for the purposes enumerated in RCW 47.10.843, for the payment of bond anticipation notes, if any, and for the payment of bond issuance costs, including the costs of underwriting. [1998 c 321 § 18 (Referendum Bill No. 49, approved November 3, 1998).]

**Purpose—Severability—1998 c 321:** See notes following RCW 82.14.045.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.10.846 Statement of general obligation—Pledge of excise taxes.** Bonds issued under the authority of RCW 47.10.843 through 47.10.848 shall distinctly state that they

are a general obligation of the state of Washington, shall pledge the full faith and credit of the state to the payment of the principal thereof and the interest thereon, and shall contain an unconditional promise to pay such principal and interest as the same shall become due. The principal and interest on the bonds shall be first payable in the manner provided in RCW 47.10.843 through 47.10.848 from the proceeds of the state excise taxes on motor vehicle and special fuels imposed by chapters 82.36 and 82.38 RCW. Proceeds of such excise taxes are hereby pledged to the payment of any bonds and the interest thereon issued under the authority of RCW 47.10.843 through 47.10.848, and the legislature agrees to continue to impose these excise taxes on motor vehicle and special fuels in amounts sufficient to pay, when due, the principal and interest on all bonds issued under the authority of RCW 47.10.843 through 47.10.848. [1998 c 321 § 19 (Referendum Bill No. 49, approved November 3, 1998).]

**Purpose—Severability—1998 c 321:** See notes following RCW 82.14.045.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.10.847 Repayment procedure—Bond retirement fund.** Both principal and interest on the bonds issued for the purposes of RCW 47.10.843 through 47.10.848 shall be payable from the highway bond retirement fund. The state finance committee may provide that a special account be created in the fund to facilitate payment of the principal and interest. The state finance committee shall, on or before June 30th of each year, certify to the state treasurer the amount required for principal and interest on the bonds in accordance with the bond proceedings. The state treasurer shall withdraw revenues from the motor vehicle fund and deposit in the highway bond retirement fund, or a special account in the fund, such amounts, and at such times, as are required by the bond proceedings.

Any funds required for bond retirement or interest on the bonds authorized by RCW 47.10.843 through 47.10.848 shall be taken from that portion of the motor vehicle fund that results from the imposition of excise taxes on motor vehicle and special fuels and which is, or may be, appropriated to the department of transportation for state highway purposes. Funds required shall never constitute a charge against any other allocations of motor vehicle fuel and special fuel tax revenues to the state, counties, cities and towns unless the amount arising from excise taxes on motor vehicle and special fuels distributed to the state in the motor vehicle fund proves insufficient to meet the requirements for bond retirement or interest on any such bonds.

Any payments for bond retirement or interest on the bonds taken from other revenues from the motor vehicle fuel or special fuel taxes that are distributable to the state, counties, cities, and towns, shall be repaid from the first revenues from the motor vehicle fuel or special fuel taxes distributed to the motor vehicle fund not required for bond retirement or interest on the bonds. [1998 c 321 § 20 (Referendum Bill No. 49, approved November 3, 1998).]

**Purpose—Severability—1998 c 321:** See notes following RCW 82.14.045.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.10.848 Equal charge against motor vehicle and special fuels tax revenues.** Bonds issued under the authority of RCW 47.10.843 through 47.10.847 and this section and any other general obligation bonds of the state of Washington that have been or that may be authorized and that pledge motor vehicle and special fuels excise taxes for the payment of principal and interest thereon shall be an equal charge against the revenues from such motor vehicle and special fuels excise taxes. [1998 c 321 § 21 (Referendum Bill No. 49, approved November 3, 1998).]

**Purpose—Severability—1998 c 321:** See notes following RCW 82.14.045.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### 2003 TRANSPORTATION PROJECTS— NICKEL ACCOUNT

**47.10.861 Bond issue authorized.** In order to provide funds necessary for the location, design, right-of-way, and construction of selected projects or improvements that are identified as transportation 2003 projects or improvements in the omnibus transportation budget, there shall be issued and sold upon the request of the secretary of the department of transportation a total of three billion two hundred million dollars of general obligation bonds of the state of Washington. [2007 c 519 § 3; 2006 c 334 § 31; 2003 c 147 § 1.]

**Effective date—2006 c 334:** See note following RCW 47.01.051.

**Effective date—2003 c 147:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2003." [2003 c 147 § 16.]

**47.10.862 Administration and amount of sale.** Upon the request of the secretary of the department of transportation, as appropriate, the state finance committee shall supervise and provide for the issuance, sale, and retirement of the bonds in RCW 47.10.861 through 47.10.866 in accordance with chapter 39.42 RCW. Bonds authorized by RCW 47.10.861 through 47.10.866 shall be sold in the manner, at time or times, in amounts, and at the price as the state finance committee shall determine. No bonds may be offered for sale without prior legislative appropriation of the net proceeds of the sale of the bonds.

The state finance committee shall consider the issuance of short-term obligations in lieu of long-term obligations for the purposes of more favorable interest rates, lower total interest costs, and increased marketability and for the purpose of retiring the bonds during the life of the project for which they were issued. [2006 c 334 § 32; 2003 c 147 § 2.]

**Effective date—2006 c 334:** See note following RCW 47.01.051.

**Effective date—2003 c 147:** See note following RCW 47.10.861.

**47.10.863 Proceeds—Deposit and use.** The proceeds from the sale of bonds authorized by RCW 47.10.861 shall be deposited in the transportation 2003 account (nickel account) in the motor vehicle fund. The proceeds shall be available only for the purposes enumerated in RCW 47.10.861, for the payment of bond anticipation notes, if any, and for the payment of bond issuance costs, including the costs of underwriting. [2003 c 147 § 3.]

**Effective date—2003 c 147:** See note following RCW 47.10.861.

**47.10.864 Statement of general obligation—Pledge of excise taxes.** Bonds issued under the authority of RCW 47.10.861 through 47.10.866 shall distinctly state that they are a general obligation of the state of Washington, shall pledge the full faith and credit of the state to the payment of the principal thereof and the interest thereon, and shall contain an unconditional promise to pay such principal and interest as the same shall become due. The principal and interest on the bonds shall be first payable in the manner provided in RCW 47.10.861 through 47.10.866 from the proceeds of the state excise taxes on motor vehicle and special fuels imposed by chapters 82.36 and 82.38 RCW. Proceeds of these excise taxes are hereby pledged to the payment of any bonds and the interest thereon issued under the authority of RCW 47.10.861 through 47.10.866, and the legislature agrees to continue to impose these excise taxes on motor vehicle and special fuels in amounts sufficient to pay, when due, the principal and interest on all bonds issued under the authority of RCW 47.10.861 through 47.10.866. [2003 c 147 § 4.]

**Effective date—2003 c 147:** See note following RCW 47.10.861.

**47.10.865 Repayment procedure—Bond retirement fund.** Both principal and interest on the bonds issued for the purposes of RCW 47.10.861 through 47.10.866 shall be payable from the highway bond retirement fund. The state finance committee may provide that a special account be created in the fund to facilitate payment of the principal and interest. The state finance committee shall, on or before June 30th of each year, certify to the state treasurer the amount required for principal and interest on the bonds in accordance with the bond proceedings. The state treasurer shall withdraw revenues from the transportation 2003 account (nickel account) in the motor vehicle fund and deposit in the highway bond retirement fund, or a special account in the fund, such amounts, and at such times, as are required by the bond proceedings.

Any funds required for bond retirement or interest on the bonds authorized by RCW 47.10.861 through 47.10.866 shall be taken from that portion of the motor vehicle fund that results from the imposition of excise taxes on motor vehicle and special fuels and that is distributed to the transportation 2003 account (nickel account) in the motor vehicle fund. Funds required shall never constitute a charge against any other allocations of motor vehicle fuel and special fuel tax revenues to the state, counties, cities, and towns unless the amount arising from excise taxes on motor vehicle and special fuels distributed to the transportation 2003 account (nickel account) proves insufficient to meet the requirements for bond retirement or interest on any such bonds.

Any payments for bond retirement or interest on the bonds taken from other revenues from the motor vehicle fuel or special fuel taxes that are distributable to the state, counties, cities, and towns shall be repaid from the first revenues from the motor vehicle fuel or special fuel taxes distributed to the transportation 2003 account (nickel account) not required for bond retirement or interest on the bonds. [2003 c 147 § 5.]

**Effective date—2003 c 147:** See note following RCW 47.10.861.

**47.10.866 Equal charge against motor vehicle and special fuels tax revenues.** Bonds issued under the authority of RCW 47.10.861 through 47.10.865 and this section and any other general obligation bonds of the state of Washington that have been or that may be authorized and that pledge motor vehicle and special fuels excise taxes for the payment of principal and interest thereon shall be an equal charge against the revenues from such motor vehicle and special fuels excise taxes. [2003 c 147 § 6.]

**Effective date—2003 c 147:** See note following RCW 47.10.861.

#### MULTIMODAL TRANSPORTATION PROJECTS— 2003 ACT

**47.10.867 Bond issue authorized—Appropriation of proceeds.** For the purpose of providing funds for the planning, design, construction, reconstruction, and other necessary costs for transportation projects, the state finance committee is authorized to issue general obligation bonds of the state of Washington in the sum of two hundred forty-nine million five hundred thousand dollars, or as much thereof as may be required, to finance these projects and all costs incidental thereto. Bonds authorized in this section may be sold at such price as the state finance committee shall determine. No bonds authorized in this section may be offered for sale without prior legislative appropriation of the net proceeds of the sale of the bonds. [2009 c 498 § 6; 2003 c 147 § 7.]

**Effective date—2003 c 147:** See note following RCW 47.10.861.

**47.10.868 Proceeds—Deposit and use.** The proceeds of the sale of the bonds authorized in RCW 47.10.867 must be deposited in the multimodal transportation account and must be used exclusively for the purposes specified in RCW 47.10.867 and for the payment of expenses incurred in the issuance and sale of the bonds. [2003 c 147 § 8.]

**Effective date—2003 c 147:** See note following RCW 47.10.861.

**47.10.869 Repayment procedure.** (1) The nondebt-limit reimbursable bond retirement account must be used for the payment of the principal and interest on the bonds authorized in RCW 47.10.867.

(2)(a) The state finance committee must, on or before June 30th of each year, certify to the state treasurer the amount needed in the ensuing twelve months to meet the bond retirement and interest requirements on the bonds authorized in RCW 47.10.867.

(b) On or before the date on which any interest or principal and interest is due, the state treasurer shall transfer from the multimodal transportation account for deposit into the nondebt-limit reimbursable bond retirement account the amount computed in (a) of this subsection for bonds issued for the purposes of RCW 47.10.867.

(3) If the multimodal transportation account has insufficient revenues to pay the principal and interest computed in subsection (2)(a) of this section, then the debt-limit reimbursable bond retirement account must be used for the payment of the principal and interest on the bonds authorized in RCW 47.10.867 from any additional means provided by the legislature.

(4) If at any time the multimodal transportation account has insufficient revenues to repay the bonds, the legislature may provide additional means for the payment of the bonds. [2003 c 147 § 9.]

**Effective date—2003 c 147:** See note following RCW 47.10.861.

**47.10.870 Statement of general obligation—Transfer and payment of funds.** (1) Bonds issued under RCW 47.10.867 must state that they are a general obligation of the state of Washington, must pledge the full faith and credit of the state to the payment of the principal and interest, and must contain an unconditional promise to pay the principal and interest as it becomes due.

(2) The owner and holder of each of the bonds or the trustee for the owner and holder of any of the bonds may by mandamus or other appropriate proceeding require the transfer and payment of funds as directed in this section. [2003 c 147 § 10.]

**Effective date—2003 c 147:** See note following RCW 47.10.861.

**47.10.871 Additional repayment means.** The legislature may provide additional means for raising moneys for the payment of the principal and interest on the bonds authorized in RCW 47.10.867, and RCW 47.10.869 and 47.10.870 are not deemed to provide an exclusive method for their payment. [2003 c 147 § 11.]

**Effective date—2003 c 147:** See note following RCW 47.10.861.

**47.10.872 Legal investment.** The bonds authorized in RCW 47.10.867 are a legal investment for all state funds or funds under state control and for all funds of any other public body. [2003 c 147 § 12.]

**Effective date—2003 c 147:** See note following RCW 47.10.861.

#### SELECTED PROJECTS AND IMPROVEMENTS— 2005 ACT

**47.10.873 Bond issue authorized.** In order to provide funds necessary for the location, design, right-of-way, and construction of selected projects or improvements that are identified as 2005 transportation partnership projects or improvements in the omnibus transportation budget chapter 313, Laws of 2005, there shall be issued and sold upon the request of the department of transportation a total of five billion three hundred million dollars of general obligation bonds of the state of Washington. [2007 c 519 § 4; 2005 c 315 § 1.]

**Effective date—2005 c 315:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2005." [2005 c 315 § 8.]

**47.10.874 Administration and amount of sale.** Upon the request of the department of transportation, as appropriate, the state finance committee shall supervise and provide for the issuance, sale, and retirement of the bonds in RCW 47.10.873 through 47.10.878 in accordance with chapter 39.42 RCW. Bonds authorized by RCW 47.10.873 through 47.10.878 shall be sold in the manner, at time or times, in amounts, and at the price as the state finance committee shall determine. No bonds may be offered for sale without prior

legislative appropriation of the net proceeds of the sale of the bonds.

The state finance committee shall consider the issuance of short-term obligations in lieu of long-term obligations for the purposes of more favorable interest rates, lower total interest costs, and increased marketability and for the purpose of retiring the bonds during the life of the project for which they were issued. [2005 c 315 § 2.]

**Effective date—2005 c 315:** See note following RCW 47.10.873.

**47.10.875 Proceeds—Deposit and use.** The proceeds from the sale of bonds authorized by RCW 47.10.873 shall be deposited in the transportation partnership account in the motor vehicle fund. The proceeds shall be available only for the purposes enumerated in RCW 47.10.873, for the payment of bond anticipation notes, if any, and for the payment of bond issuance costs, including the costs of underwriting. [2005 c 315 § 3.]

**Effective date—2005 c 315:** See note following RCW 47.10.873.

**47.10.876 Statement of general obligation—Pledge of excise taxes.** Bonds issued under the authority of RCW 47.10.873 through 47.10.878 shall distinctly state that they are a general obligation of the state of Washington, shall pledge the full faith and credit of the state to the payment of the principal thereof and the interest thereon, and shall contain an unconditional promise to pay such principal and interest as the same shall become due. The principal and interest on the bonds shall be first payable in the manner provided in RCW 47.10.873 through 47.10.878 from the proceeds of the state excise taxes on motor vehicle and special fuels imposed by chapters 82.36 and 82.38 RCW. Proceeds of these excise taxes are hereby pledged to the payment of any bonds and the interest thereon issued under the authority of RCW 47.10.873 through 47.10.878, and the legislature agrees to continue to impose these excise taxes on motor vehicle and special fuels in amounts sufficient to pay, when due, the principal and interest on all bonds issued under the authority of RCW 47.10.873 through 47.10.878. [2005 c 315 § 4.]

**Effective date—2005 c 315:** See note following RCW 47.10.873.

**47.10.877 Repayment procedure—Bond retirement fund.** Both principal and interest on the bonds issued for the purposes of RCW 47.10.873 through 47.10.878 shall be payable from the highway bond retirement fund. The state finance committee may provide that a special account be created in the fund to facilitate payment of the principal and interest. The state finance committee shall, on or before June 30th of each year, certify to the state treasurer the amount required for principal and interest on the bonds in accordance with the bond proceedings. The state treasurer shall withdraw revenues from the transportation partnership account in the motor vehicle fund and deposit in the highway bond retirement fund, or a special account in the fund, such amounts, and at such times, as are required by the bond proceedings.

Any funds required for bond retirement or interest on the bonds authorized by RCW 47.10.873 through 47.10.878 shall be taken from that portion of the motor vehicle fund that results from the imposition of excise taxes on motor vehicle

and special fuels and that is distributed to the transportation partnership account in the motor vehicle fund. Funds required shall never constitute a charge against any other allocations of motor vehicle fuel and special fuel tax revenues to the state, counties, cities, and towns unless the amount arising from excise taxes on motor vehicle and special fuels distributed to the transportation partnership account proves insufficient to meet the requirements for bond retirement or interest on any such bonds.

Any payments for bond retirement or interest on the bonds taken from other revenues from the motor vehicle fuel or special fuel taxes that are distributable to the state, counties, cities, and towns shall be repaid from the first revenues from the motor vehicle fuel or special fuel taxes distributed to the transportation partnership account not required for bond retirement or interest on the bonds. [2007 c 519 § 5; 2005 c 315 § 5.]

**Effective date—2005 c 315:** See note following RCW 47.10.873.

**47.10.878 Equal charge against motor vehicle and special fuels tax revenues.** Bonds issued under the authority of RCW 47.10.873 through 47.10.877 and this section and any other general obligation bonds of the state of Washington that have been or that may be authorized and that pledge motor vehicle and special fuels excise taxes for the payment of principal and interest thereon shall be an equal charge against the revenues from such motor vehicle and special fuels excise taxes. [2005 c 315 § 6.]

**Effective date—2005 c 315:** See note following RCW 47.10.873.

STATE ROUTE NO. 520 CORRIDOR PROJECTS—  
2009 ACT

**47.10.879 Bond issue authorized.** In order to provide funds necessary for the location, design, right-of-way, and construction of the state route number 520 corridor projects, as allowed in section 2, chapter 472, Laws of 2009, there shall be issued and sold upon the request of the department of transportation a total of one billion nine hundred fifty million dollars of general obligation bonds of the state of Washington first payable from toll revenue and excise taxes on motor vehicle and special fuels in accordance with RCW 47.10.883. [2009 c 498 § 8.]

**47.10.880 Administration and amount of sale.** Upon the request of the department of transportation, the state finance committee shall supervise and provide for the issuance, sale, and retirement of the bonds authorized by chapter 498, Laws of 2009 in accordance with chapter 39.42 RCW. Bonds authorized by chapter 498, Laws of 2009 shall be sold in the manner, at time or times, in amounts, and at the price as the state finance committee shall determine. No bonds may be offered for sale without prior legislative appropriation of the net proceeds of the sale of the bonds. [2009 c 498 § 9.]

**47.10.881 Proceeds—Deposit and use.** The proceeds from the sale of bonds authorized by chapter 498, Laws of 2009 shall be deposited in the state route number 520 corridor account created under chapter 472, Laws of 2009, and shall be available only for the purposes enumerated in RCW

47.10.879, for the payment of bond anticipation notes or other interim financing, if any, capitalizing interest on the bonds, and for the payment of bond issuance costs, including the costs of underwriting. [2009 c 498 § 10.]

**47.10.882 Toll facility bond retirement account.** The toll facility bond retirement account is created in the state treasury for the purpose of payment of the principal of and interest and premium on bonds. Both principal of and interest on the bonds issued for the purposes of chapter 498, Laws of 2009 shall be payable from the toll facility bond retirement account. The state finance committee may provide that special subaccounts be created in the account to facilitate payment of the principal of and interest on the bonds. The state finance committee shall, on or before June 30th of each year, certify to the state treasurer the amount required for principal and interest on the bonds in accordance with the bond proceedings. [2009 c 498 § 11.]

**47.10.883 Statement of general obligation—Pledge of toll revenue and excise taxes.** Bonds issued under the authority of this section and RCW 47.10.879, 47.10.884, and 47.10.885 shall distinctly state that they are a general obligation of the state of Washington, shall pledge the full faith and credit of the state to the payment of the principal thereof and the interest thereon, and shall contain an unconditional promise to pay such principal and interest as the same shall become due. The principal of and interest on the bonds shall be first payable in the manner provided in this section and RCW 47.10.879, 47.10.884, and 47.10.885 from toll revenue and then from proceeds of excise taxes on motor vehicle and special fuels to the extent toll revenue is not available for that purpose. Toll revenue and the state excise taxes on motor vehicle and special fuels imposed by chapters 82.36 and 82.38 RCW are hereby pledged to the payment of any bonds and the interest thereon issued under the authority of this section and RCW 47.10.879, 47.10.884, and 47.10.885, and the legislature agrees to continue to impose these toll charges on the state route number 520 corridor, and on any other eligible toll facility designated by the legislature and on which the imposition of tolls is authorized by the legislature in respect of the bonds, and excise taxes on motor vehicle and special fuels in amounts sufficient to pay, when due, the principal and interest on all bonds issued under the authority of this section and RCW 47.10.879, 47.10.884, and 47.10.885. [2009 c 498 § 12.]

**47.10.884 Repayment procedure.** For bonds issued under the authority of this section and RCW 47.10.879, 47.10.883, and 47.10.885, the state treasurer shall first withdraw toll revenue from the state route number 520 corridor account created under chapter 472, Laws of 2009, and, to the extent toll revenue is not available, excise taxes on motor vehicle and special fuels in the motor vehicle fund and deposit in the toll facility bond retirement account, or a special subaccount in the account, such amounts, and at such times, as are required by the bond proceedings.

Any excise taxes on motor vehicle and special fuels required for bond retirement or interest on the bonds authorized by this section and RCW 47.10.879, 47.10.883, and

47.10.885 shall be taken from that portion of the motor vehicle fund that results from the imposition of excise taxes on motor vehicle and special fuels and which is, or may be, appropriated to the department for state highway purposes. Funds required shall never constitute a charge against any other allocations of motor vehicle fuel and special fuel tax revenues to the state, counties, cities, and towns unless the amount arising from excise taxes on motor vehicle and special fuels distributed to the state in the motor vehicle fund proves insufficient to meet the requirements for bond retirement or interest on any such bonds.

Any payments for bond retirement or interest on the bonds taken from other revenues from the motor vehicle fuel or special fuel taxes that are distributable to the state, counties, cities, and towns shall be repaid from available toll revenue in the manner provided in the bond proceedings or, if toll revenue is not available for that purpose, from the first excise taxes on motor vehicle and special fuels distributed to the motor vehicle fund not required for bond retirement or interest on the bonds. Any excise taxes on motor vehicle and special fuels required for bond retirement or interest on the bonds authorized by this section and RCW 47.10.879, 47.10.883, and 47.10.885 shall be reimbursed to the motor vehicle fund from toll revenue in the manner and with the priority specified in the bond proceedings. [2009 c 498 § 13.]

**47.10.885 Equal charge against motor vehicle and special fuels excise taxes.** Bonds issued under the authority of RCW 47.10.879, 47.10.883, and 47.10.884 and this section and any other general obligation bonds of the state of Washington that have been or that may be authorized and that pledge motor vehicle and special fuels excise taxes for the payment of principal and interest thereon shall be an equal charge against the revenues from such motor vehicle and special fuels excise taxes. [2009 c 498 § 14.]

**47.10.886 Toll revenue bonds.** If and to the extent that the state finance committee determines, in consultation with the department of transportation and the tolling authority, that it will be beneficial for the state to issue any bonds authorized in RCW 47.10.879 and 47.10.883 through 47.10.885 as toll revenue bonds rather than as general obligation bonds, the state finance committee is authorized to issue and sell, upon the request of the department of transportation, such bonds as toll revenue bonds and not as general obligation bonds. Notwithstanding RCW 47.10.883, each such bond shall contain a recital that payment or redemption of the bond and payment of the interest and any premium thereon is payable solely from and secured solely by a direct pledge, charge, and lien upon toll revenue and is not a general obligation of the state to which the full faith and credit of the state is pledged.

Toll revenue is hereby pledged to the payment of any bonds and the interest thereon issued under the authority of this section, and the legislature agrees to continue to impose these toll charges on the state route number 520 corridor, and on any other eligible toll facility designated by the legislature and on which the imposition of tolls is authorized by the legislature in respect of the bonds, in amounts sufficient to pay, when due, the principal and interest on all bonds issued under the authority of this section. [2009 c 498 § 16.]

**47.10.887 State finance committee authority—Department of transportation approval of actions—Bond owners' rights.** The state finance committee may determine and include in any resolution authorizing the issuance of any bonds under chapter 498, Laws of 2009, such terms, provisions, covenants, and conditions as it may deem appropriate in order to assist with the marketing and sale of the bonds, confer rights upon the owners of bonds, and safeguard rights of the owners of bonds including, among other things:

(1) Provisions regarding the maintenance and operation of eligible toll facilities;

(2) The pledges, uses, and priorities of application of toll revenue;

(3) Provisions that bonds shall be payable from and secured solely by toll revenue as provided by RCW 47.10.886, or shall be payable from and secured by both toll revenue and by a pledge of excise taxes on motor vehicle and special fuels and the full faith and credit of the state as provided in RCW 47.10.879 and 47.10.883 through 47.10.885;

(4) In consultation with the department of transportation and the tolling authority, financial covenants requiring that the eligible toll facilities must produce specified coverage ratios of toll revenue to debt service on bonds;

(5) The purposes and conditions that must be satisfied prior to the issuance of any additional bonds that are to be payable from and secured by any toll revenue on an equal basis with previously issued and outstanding bonds payable from and secured by toll revenue;

(6) Provisions that bonds for which any toll revenue are pledged, or for which a pledge of any toll revenue may be reserved, may be structured on a senior, parity, subordinate, or special lien basis in relation to any other bonds for which toll revenue is pledged, with respect to toll revenue only; and

(7) Provisions regarding reserves, credit enhancement, liquidity facilities, and payment agreements with respect to bonds.

Notwithstanding the foregoing, covenants and conditions detailing the character of management, maintenance, and operation of eligible toll facilities, insurance for eligible toll facilities, financial management of toll revenue, and disposition of eligible toll facilities must first be approved by the department of transportation.

The owner of any bond may by mandamus or other appropriate proceeding require and compel performance of any duties imposed upon the tolling authority and the department of transportation and their respective officials, including any duties imposed upon or undertaken by them or by their respective officers, agents, and employees, in connection with the construction, maintenance, and operation of eligible toll facilities and in connection with the collection, deposit, investment, application, and disbursement of the proceeds of the bonds and toll revenue. [2009 c 498 § 17.]

**47.10.888 Definitions.** (1) For the purposes of chapter 498, Laws of 2009, "toll revenue" means all toll receipts, all interest income derived from the investment of toll receipts, and any gifts, grants, or other funds received for the benefit of eligible toll facilities. However, for the purpose of any pledge of toll revenue to the payment of particular bonds issued under chapter 498, Laws of 2009, "toll revenue" means and includes only such toll revenue or portion thereof

that is pledged to the payment of those bonds in the resolution authorizing the issuance of such bonds. Toll revenue constitutes "fees and revenues derived from the ownership or operation of any undertaking, facility, or project" as that phrase is used in Article VIII, section 1(c)(1) of the state Constitution.

(2) For the purposes of chapter 498, Laws of 2009, "tolling authority" has the same meaning as in RCW 47.56.810. [2009 c 498 § 18.]

### Chapter 47.12 RCW

## ACQUISITION AND DISPOSITION OF STATE HIGHWAY PROPERTY

#### Sections

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*Acquisition of rights-of-way, city streets: RCW 47.24.030.*

**47.12.010 Acquisition of property authorized—Condemnation actions—Cost.** Whenever it is necessary to secure any lands or interests in land for a right-of-way for any state highway, or for the drainage thereof or construction of a protection therefor or so as to afford unobstructed vision therefor toward any railroad crossing or another public highway crossing or any point of danger to public travel or to provide a visual or sound buffer between highways and adjacent properties or for the purpose of acquiring sand pits, gravel pits, borrow pits, stone quarries, or any other land for the extraction of materials for construction or maintenance or both, or for any site for the erection upon and use as a maintenance camp, of any state highway, or any site for other necessary structures or for structures for the health and accommodation of persons traveling or stopping upon the state highways of this state, or any site for the construction and maintenance of structures and facilities adjacent to, under, upon, within, or above the right-of-way of any state highway for exclusive or nonexclusive use by an urban public transportation system, or for any other highway purpose, together with right-of-way to reach such property and gain access thereto, the department of transportation is authorized to acquire such lands or interests in land in behalf of the state by gift, purchase, or condemnation. In case of condemnation to secure such lands or interests in land, the action shall be brought in the name of the state of Washington in the manner provided for the acquiring of property for the public uses of the state, and in such action the selection of the lands or interests in land by the secretary of transportation shall, in the absence of bad faith, arbitrary, capricious, or fraudulent action, be conclusive upon the court and judge before which the action is brought that said lands or interests in land are necessary for public use for the purposes sought. The cost and expense of such lands or interests in land may be paid as a part of the cost of the state highway for which such right-of-way, drainage, unobstructed vision, sand pits, gravel pits, borrow pits, stone quarries, maintenance camp sites, and structure sites or other lands are acquired. [1977 ex.s. c 151 § 46; 1967 c 108 § 4; 1961 c 13 § 47.12.010. Prior: 1937 c 53 § 25, part; RRS § 6400-25, part.]

*Urban public transportation system defined: RCW 47.04.082.*

*Right-of-way donations: Chapter 47.14 RCW.*

**47.12.011 Purchase options authorized.** Whenever it becomes necessary or feasible to purchase rights-of-way for state highways, and the department deems it to be in the best interest of the general public, the department may secure options for purchase of property needed or proposed for any entire project or section thereof or proposed alignment for the location or relocation of any highway. [1984 c 7 § 114; 1961 c 13 § 47.12.011. Prior: 1955 c 49 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.12.015 "Reservation boundary" defined.** For the purposes of this chapter "reservation boundary" means the boundary of the reservation as established by federal law or under the authority of the United States Secretary of the Interior. [2002 c 255 § 2.]

**47.12.023 Acquisition of state lands or interests or rights therein—Procedures—Compensation—Reacquisition by department of natural resources.** (1) Except as provided in RCW 47.12.026 and 47.12.029, whenever it is necessary to secure any lands or interests in lands for any highway purpose mentioned in RCW 47.12.010, or for the construction of any toll facility or ferry terminal or docking facility, the title to which is in the state of Washington and under the jurisdiction of the department of natural resources, the department of transportation may acquire jurisdiction over the lands or interests in lands, or acquire rights to remove materials from the lands in the manner set forth in this section.

(2) At any time after the final adoption of a right-of-way plan or other plan requiring the acquisition of lands or interests in lands for any purpose as authorized in subsection (1) of this section, the department of transportation may file with the department of natural resources a notice setting forth its intent to acquire jurisdiction of the lands or interests in lands under the jurisdiction of the department of natural resources required for right-of-way or other highway purposes related to the construction or improvement of such state highway, toll facility, or ferry terminal or docking facility.

(3) The department of transportation at the time of filing its notice of intent as provided in subsection (2) of this section shall file therewith a written statement showing the total amount of just compensation to be paid for the property in the event of settlement. The offer shall be based upon the department of transportation approved appraisal of the fair market value of the property to be acquired. In no event may the offer of settlement be referred to or used during any arbitration proceeding or trial conducted for the purpose of determining the amount of just compensation.

(4) Just compensation and/or fair market value for the purposes of this section shall be determined in accordance with applicable federal and state constitutional, statutory, and case law relating to the condemnation of private and public property for public purposes.

(5) If the department of natural resources does not accept the offer of the department of transportation, the department of transportation may nonetheless pay to the department of natural resources the amount of its offer and obtain immediate possession and use of the property pending the determination of just compensation in the manner hereinafter provided.

(6) If the amount of just compensation is not agreed to, either the department of natural resources or the department of transportation may request in writing the appointment of an arbitrator for the purpose of determining the amount of compensation to be paid by the department of transportation for the acquisition of jurisdiction over the lands or interests in lands or rights therein. In that event the department of natural resources and the department of transportation may jointly agree on an arbitrator to determine the compensation, and his or her determination shall be final and conclusive upon both departments. The costs of the arbitrator shall be borne

equally by the parties. If the department of natural resources and the department of transportation are unable to agree on the selection of an arbitrator within thirty days after a request therefor is made, either the department of transportation or the department of natural resources may file a petition with the superior court for Thurston county for the purpose of determining the amount of just compensation to be paid. The matter shall be tried by the court pursuant to the procedures set forth in RCW 8.04.080.

(7) Whenever the department of transportation has acquired immediate possession and use of property by payment of the amount of its offer to the department of natural resources, and the arbitration award or judgment of the court for the acquisition exceeds the payment for immediate possession and use, the department of transportation shall forthwith pay the amount of such excess to the department of natural resources with interest thereon from the date it obtained immediate possession. If the arbitration or court award is less than the amount previously paid by the department of transportation for immediate possession and use, the department of natural resources shall forthwith pay the amount of the difference to the department of transportation.

(8) Upon the payment of just compensation, as agreed to by the department of transportation and the department of natural resources, or as determined by arbitration or by judgment of the court, and other costs or fees as provided by statute, the department of natural resources shall cause to be executed and delivered to the department of transportation an instrument transferring jurisdiction over the lands or interests in lands, or rights to remove material from the lands, to the department of transportation.

(9) Except as provided in RCW 47.12.026, whenever the department of transportation ceases to use any lands or interests in lands acquired in the manner set forth in this section for the purposes mentioned herein, the department of natural resources may reacquire jurisdiction over the lands or interests in land by paying the fair market value thereof to the department of transportation. If the two departments are unable to agree on the fair market value of the lands or interests in lands, the market value shall be determined and the interests therein shall be transferred in accordance with the provisions and procedures set forth in subsections (4) through (8) of this section. [2010 c 8 § 10003; 1984 c 7 § 115; 1977 ex.s. c 103 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.12.026 Acquisition of state lands or interests or rights therein—Easements—Removal of materials—Relocation of railroad tracks.** (1) The department of transportation may acquire an easement for highway or toll facilities right-of-way or for ferry terminal or docking facilities, including the right to make necessary fills, on, over, or across the beds of navigable waters which are under the jurisdiction of the department of natural resources, in accordance with the provisions of RCW 47.12.023, except that no charge may be made to the department of transportation for such an easement.

(2) The department of transportation may obtain an easement for highway or toll facilities purposes or for ferry terminal or docking facilities on, over, or across harbor areas in

accordance with RCW 47.12.023 but only when the areas are approved by the harbor line commission as a public place for public landings, wharves, or other public conveniences of commerce or navigation. No charge may be made to the department of transportation for such an easement.

(3) Upon the selection by the department of transportation of an easement for highway or toll facilities right-of-way or for ferry terminal or docking facilities, as authorized in subsections (1) and (2) of this section, the department of natural resources shall cause to be executed and delivered to the department of transportation an instrument transferring the easement. Whenever the state no longer requires the easement for highway or toll facilities right-of-way or for ferry terminal or docking facilities, the easement shall automatically terminate and the department of transportation shall, upon request, cause to be executed an instrument relinquishing to the department of natural resources all of its interest in the lands.

(4) The department of transportation, pursuant to the procedures set forth in RCW 47.12.023, may remove sand and gravel and borrow materials and stone from the beds of navigable waters under the jurisdiction of the department of natural resources which lie below the line of ordinary high water upon the payment of fair market value per cubic yard for such materials to be determined in the manner set forth in RCW 47.12.023.

(5) The department of transportation may acquire full jurisdiction over lands under the jurisdiction of the department of natural resources including the beds of navigable waters that are required for the relocation of the operating tracks of any railroad that will be displaced by the acquisition of such railroad property for state highway purposes. The department of transportation may exchange lands so acquired in consideration or partial consideration for the land or property rights needed for highway purposes and may cause to be executed a conveyance of the lands in the manner prescribed in RCW 47.12.150. In that event the department of transportation shall pay to the department of natural resources, as just compensation for the acquisition, the fair market value of the property, including the beds of any navigable waters, to be determined in accordance with procedures set forth in RCW 47.12.023. [1984 c 7 § 116; 1977 ex.s. c 103 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.12.029 Acquisition of state lands or interests or rights therein—Certain purposes prohibited.** The department of transportation shall not acquire jurisdiction of any lands or interest in lands under the jurisdiction of the department of natural resources for any of the purposes set forth in RCW 47.12.150, 47.12.160, 47.12.180, 47.12.250, and 47.12.270. [1984 c 7 § 117; 1977 ex.s. c 103 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.12.040 Acquisition of property from a political subdivision.** Whenever it is necessary to secure any lands for primary or secondary state highway right-of-way or other state highway purposes, the title to which is in any county of the state or in any political or municipal subdivision of the state, which land is not at the time being used as a public highway, the county legislative authority or the board of

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directors or governing body of any such political or municipal subdivision are authorized to directly lease, sell, or convey by gift the land or any interest therein to the state of Washington, without requiring competitive bids or notice to the public, and at such price as the legislative authority, directors, or governing body may deem for the best interests of the county or for the best interests of the political or municipal subdivision of the state. The county legislative authority or the directors or governing body of any political or municipal subdivision are empowered to execute a deed or other proper instrument to the land, passing title to the state of Washington, and the instrument need not require consideration other than the benefit which may be derived by the grantor on account of the use thereof. Whenever any state highway is established by legislative enactment and the state highway is upon the former route of a county road, the county legislative authority shall cause the title to the existing right-of-way or so much thereof as the department requires to be transferred to the state of Washington by proper instrument. [1984 c 7 § 118; 1961 c 13 § 47.12.040. Prior: 1943 c 266 § 1; 1937 c 53 § 26; Rem. Supp. 1943 § 6400-26.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.12.044 Proceedings to acquire property or rights for highway purposes—Precedence.** Court proceedings necessary to acquire property or property rights for highway purposes pursuant to RCW 47.12.010 take precedence over all other causes not involving the public interest in all courts in cases where the state is unable to secure an order granting it immediate possession and use of the property or property rights pursuant to RCW 8.04.090 through 8.04.094. [1983 c 140 § 2.]

**47.12.050 Work on remaining land as payment.** Whenever it is considered in the securing of any lands for state highway purpose, whether by condemnation or otherwise, that it is for the best interest of the state, for specific structural items of damage claimed, the court or judge may order or the person whose lands are sought may agree that a portion or all work or labor necessary to the land or remaining land by reason of the taking by way of damage, be performed by the state through the department as all or a part of the consideration or satisfaction of the judgment therefor, in which event the department may perform the work as a portion of the right-of-way cost of the state highway. [1984 c 7 § 119; 1961 c 13 § 47.12.050. Prior: 1937 c 53 § 27; RRS § 6400-27.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.12.055 Notification requirements.** Actions under this chapter are subject to the notification requirements of RCW 43.17.400. [2007 c 62 § 9.]

**Finding—Intent—Severability—2007 c 62:** See notes following RCW 43.17.400.

**47.12.063 Surplus real property program. (Effective until June 30, 2012.)** (1) It is the intent of the legislature to continue the department's policy giving priority consideration to abutting property owners in agricultural areas when

disposing of property through its surplus property program under this section.

(2) Whenever the department determines that any real property owned by the state of Washington and under the jurisdiction of the department is no longer required for transportation purposes and that it is in the public interest to do so, the department may sell the property or exchange it in full or part consideration for land or improvements or for construction of improvements at fair market value to any of the following governmental entities or persons:

- (a) Any other state agency;
- (b) The city or county in which the property is situated;
- (c) Any other municipal corporation;
- (d) Regional transit authorities created under chapter 81.112 RCW;
- (e) The former owner of the property from whom the state acquired title;
- (f) In the case of residentially improved property, a tenant of the department who has resided thereon for not less than six months and who is not delinquent in paying rent to the state;
- (g) Any abutting private owner but only after each other abutting private owner (if any), as shown in the records of the county assessor, is notified in writing of the proposed sale. If more than one abutting private owner requests in writing the right to purchase the property within fifteen days after receiving notice of the proposed sale, the property shall be sold at public auction in the manner provided in RCW 47.12.283;
- (h) To any person through the solicitation of written bids through public advertising in the manner prescribed by RCW 47.28.050;
- (i) To any other owner of real property required for transportation purposes;
- (j) In the case of property suitable for residential use, any nonprofit organization dedicated to providing affordable housing to very low-income, low-income, and moderate-income households as defined in RCW 43.63A.510 and is eligible to receive assistance through the Washington housing trust fund created in chapter 43.185 RCW;
- (k) A federally qualified community health center as defined in RCW 82.04.4311; or
- (l) A federally recognized Indian tribe within whose reservation boundary the property is located.

(3) Sales to purchasers may at the department's option be for cash, by real estate contract, or exchange of land or improvements. Transactions involving the construction of improvements must be conducted pursuant to chapter 47.28 RCW or Title 39 RCW, as applicable, and must comply with all other applicable laws and rules.

(4) Conveyances made pursuant to this section shall be by deed executed by the secretary of transportation and shall be duly acknowledged.

(5) Unless otherwise provided, all moneys received pursuant to the provisions of this section less any real estate broker commissions paid pursuant to RCW 47.12.320 shall be deposited in the motor vehicle fund. [2010 c 157 § 1; 2006 c 17 § 2; 2002 c 255 § 1; 1999 c 210 § 1; 1993 c 461 § 11; 1988 c 135 § 1; 1983 c 3 § 125; 1977 ex.s. c 78 § 1.]

**Expiration date—2010 c 157 § 1:** "Section 1 of this act expires June 30, 2012." [2010 c 157 § 2.]

**Finding—1993 c 461:** See note following RCW 43.63A.510.

*Proceeds from the sale of surplus real property for construction of second Tacoma Narrows bridge deposited in Tacoma Narrows toll bridge account: RCW 47.56.165.*

**47.12.063 Surplus real property program. (Effective June 30, 2012.)** (1) It is the intent of the legislature to continue the department's policy giving priority consideration to abutting property owners in agricultural areas when disposing of property through its surplus property program under this section.

(2) Whenever the department determines that any real property owned by the state of Washington and under the jurisdiction of the department is no longer required for transportation purposes and that it is in the public interest to do so, the department may sell the property or exchange it in full or part consideration for land or improvements or for construction of improvements at fair market value to any of the following governmental entities or persons:

- (a) Any other state agency;
- (b) The city or county in which the property is situated;
- (c) Any other municipal corporation;
- (d) Regional transit authorities created under chapter 81.112 RCW;
- (e) The former owner of the property from whom the state acquired title;
- (f) In the case of residentially improved property, a tenant of the department who has resided thereon for not less than six months and who is not delinquent in paying rent to the state;
- (g) Any abutting private owner but only after each other abutting private owner (if any), as shown in the records of the county assessor, is notified in writing of the proposed sale. If more than one abutting private owner requests in writing the right to purchase the property within fifteen days after receiving notice of the proposed sale, the property shall be sold at public auction in the manner provided in RCW 47.12.283;
- (h) To any person through the solicitation of written bids through public advertising in the manner prescribed by RCW 47.28.050;
- (i) To any other owner of real property required for transportation purposes;
- (j) In the case of property suitable for residential use, any nonprofit organization dedicated to providing affordable housing to very low-income, low-income, and moderate-income households as defined in RCW 43.63A.510 and is eligible to receive assistance through the Washington housing trust fund created in chapter 43.185 RCW; or
- (k) A federally recognized Indian tribe within whose reservation boundary the property is located.

(3) Sales to purchasers may at the department's option be for cash, by real estate contract, or exchange of land or improvements. Transactions involving the construction of improvements must be conducted pursuant to chapter 47.28 RCW or Title 39 RCW, as applicable, and must comply with all other applicable laws and rules.

(4) Conveyances made pursuant to this section shall be by deed executed by the secretary of transportation and shall be duly acknowledged.

(5) Unless otherwise provided, all moneys received pursuant to the provisions of this section less any real estate broker commissions paid pursuant to RCW 47.12.320 shall be

deposited in the motor vehicle fund. [2006 c 17 § 2; 2002 c 255 § 1; 1999 c 210 § 1; 1993 c 461 § 11; 1988 c 135 § 1; 1983 c 3 § 125; 1977 ex.s. c 78 § 1.]

**Finding—1993 c 461:** See note following RCW 43.63A.510.

*Proceeds from the sale of surplus real property for construction of second Tacoma Narrows bridge deposited in Tacoma Narrows toll bridge account: RCW 47.56.165.*

**47.12.064 Affordable housing—Inventory of suitable property.** (1) The department shall identify and catalog real property that is no longer required for department purposes and is suitable for the development of affordable housing for very low-income, low-income, and moderate-income households as defined in RCW 43.63A.510. The inventory shall include the location, approximate size, and current zoning classification of the property. The department shall provide a copy of the inventory to the \*department of community, trade, and economic development by November 1, 1993, and every November 1 thereafter.

(2) By November 1 of each year, beginning in 1994, the department shall purge the inventory of real property of sites that are no longer available for the development of affordable housing. The department shall include an updated listing of real property that has become available since the last update. As used in this section, "real property" means buildings, land, or buildings and land. [1995 c 399 § 121; 1993 c 461 § 10.]

\*Reviser's note: The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

**Finding—1993 c 461:** See note following RCW 43.63A.510.

**47.12.066 Sale or lease of personal property—Provision of services—Proceeds.** (1) The department may sell at fair market value, or lease at rental value (economic rent), materials or other personal property to any United States agency or to any municipal corporation, political subdivision, or another agency of the state and may provide services to any United States agency or to any municipal corporation, political subdivision, or another agency of the state at actual cost, including a reasonable amount for indirect costs.

(2) The department may sell at fair market value materials or other personal property to any private utility company regulated by the utilities and transportation commission for the purpose of making emergency repairs to utility facilities or to protect such facilities from imminent damage upon a finding in writing by the secretary that an emergency exists.

(3) The proceeds of all sales and leases under this section shall be placed in the motor vehicle fund. [1984 c 7 § 120; 1977 ex.s. c 78 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.12.080 Sale or exchange of unused land.** The secretary of transportation may transfer and convey to the United States, its agencies or instrumentalities, to any other state agency, to any county or city or port district of this state, or to any public utility company, any unused state-owned real property under the jurisdiction of the department of transportation when, in the judgment of the secretary of transportation and the attorney general, the transfer and conveyance is consistent with public interest. Whenever the secretary makes an agreement for any such transfer or conveyance, and the attorney general concurs therein, the secretary shall execute and

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deliver unto the grantee a deed of conveyance, easement, or other instrument, duly acknowledged, as shall be necessary to fulfill the terms of the aforesaid agreement. All moneys paid to the state of Washington under any of the provisions hereof shall be deposited in the motor vehicle fund. [1984 c 7 § 121. Prior: 1977 ex.s. c 151 § 49; 1977 ex.s. c 78 § 5; 1975 1st ex.s. c 96 § 3; 1961 c 13 § 47.12.080; prior: 1945 c 127 § 1; Rem. Supp. 1945 § 6400-120.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.12.120 Lease of unused highway land or air space.** The department may rent or lease any lands, improvements, or air space above or below any lands that are held for highway purposes but are not presently needed. The rental or lease:

(1) Must be upon such terms and conditions as the department may determine;

(2) Is subject to the provisions and requirements of zoning ordinances of political subdivisions of government;

(3) Includes lands used or to be used for both limited access and conventional highways that otherwise meet the requirements of this section; and

(4) In the case of bus shelters provided by a local transit authority that include commercial advertising, may charge the transit authority only for commercial space. [2003 c 198 § 2; 1977 ex.s. c 151 § 50; 1969 c 91 § 1; 1961 c 13 § 47.12.120. Prior: 1949 c 162 § 1; Rem. Supp. 1949 § 6400-122.]

**47.12.125 Lease of unused highway land or air space—Disposition of proceeds.** All moneys paid to the state of Washington under any of the provisions of RCW 47.12.120 shall be deposited in the department's advance right-of-way revolving fund, except moneys that are subject to federal aid reimbursement and moneys received from rental of capital facilities properties, which shall be deposited in the motor vehicle fund. [1999 c 94 § 15; 1991 c 291 § 3; 1961 c 13 § 47.12.125. Prior: 1949 c 162 § 2; Rem. Supp. 1949 § 6400-123.]

**Legislative finding—Effective dates—1999 c 94:** See notes following RCW 43.84.092.

**47.12.140 Severance and sale of timber and other personalty—Removal of nonmarketable materials.** Whenever the department has acquired any lands for transportation purposes, except state granted lands, upon which are located any structures, timber, or other thing of value attached to the land that the department deems it best to sever from the land and sell as personal property, the same may be disposed of by one of the following means:

(1) The department may sell the personal property at public auction after due notice has been given in accordance with general rules adopted by the secretary. The department may set minimum prices that will be accepted for any item offered for sale at public auction as provided in this section and may prescribe terms or conditions of sale. If an item is offered for sale at the auction and no satisfactory bids are received or the amount bid is less than the minimum set by the department, the department may sell the item at private sale for the best price that it deems obtainable, but not less

than the highest price bid at the public auction. The proceeds of all sales under this section must be placed in the motor vehicle fund.

(2) The department may issue permits to residents of this state to remove specified quantities of standing or downed trees and shrubs, rock, sand, gravel, or soils that have no market value in place and that the department desires to be removed from state-owned lands that are under the jurisdiction of the department. An applicant for a permit must certify that the materials so removed are to be used by the applicant and that they will not be disposed of to any other person. Removal of materials under the permit must be in accordance with rules adopted by the department. The fee for a permit is two dollars and fifty cents, which fee must be deposited in the motor vehicle fund. The department may adopt rules providing for special access to limited access facilities for the purpose of removal of materials under permits authorized in this section.

(3) The department may sell timber or logs to an abutting landowner for cash at full appraised value, but only after each other abutting owner (if any), as shown in the records of the county assessor, is notified in writing of the proposed sale. If more than one abutting owner requests in writing the right to purchase the timber within fifteen days after receiving notice of the proposed sale, the timber must be sold in accordance with subsection (1) of this section.

(4) The department may sell timber or logs having an appraised value of one thousand dollars or less directly to interested parties for cash at the full appraised value without notice or advertising. If the timber is attached to state-owned land, the department shall issue a permit to the purchaser of the timber to allow for the removal of the materials from state land. The permit fee is two dollars and fifty cents. [1997 c 240 § 1; 1981 c 260 § 12. Prior: 1977 ex.s. c 151 § 52; 1977 ex.s. c 78 § 6; 1961 c 13 § 47.12.140; prior: 1953 c 42 § 1.]

**47.12.150 Acquisition, exchange of property to relocate displaced facility.** Whenever the department shall need for highway purposes land or property rights belonging to the United States government or any municipality or political subdivision of the state, or which shall be a part of the right-of-way of any public utility having authority to exercise powers of eminent domain, when the acquisition of such property by the state will result in the displacement of any existing right-of-way or facility, the department is authorized to acquire by condemnation or otherwise such lands and property rights as shall be needed to relocate such right-of-way or facilities so displaced and to exchange lands or property rights so acquired in consideration or partial consideration for the land or property rights needed for highway purposes. The secretary of transportation shall execute each conveyance, which shall be duly acknowledged, necessary to accomplish such exchange. [1977 ex.s. c 151 § 53; 1975 1st ex.s. c 96 § 5; 1961 c 13 § 47.12.150. Prior: 1953 c 55 § 1.]

**47.12.160 Acquisition of land outside highway right-of-way to minimize damage.** Whenever a part of a parcel of land is to be acquired for state highway purposes and the remainder lying outside of the right-of-way is to be left in such shape or condition as to be of little value to its owner or

to give rise to claims or litigation concerning severance or other damage, and its value does not exceed the probable amount of the severance claims or damages, the department may acquire by gift, purchase, or condemnation the whole parcel and may sell that portion lying outside of the highway right-of-way or may exchange the same for other property needed for highway purposes. The provisions of this section do not apply if the taking of that portion of the land lying outside of the highway right-of-way would deprive any adjacent owner of an existing right of ingress and egress to his or her property. [2010 c 8 § 10004; 1984 c 7 § 122; 1961 c 13 § 47.12.160. Prior: 1953 c 131 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.12.170 Sale, lease of unneeded toll facility, ferry system property—Franchises for utility, railway purposes.** See RCW 47.56.253 through 47.56.257.

**47.12.180 Additional financing methods for property and engineering costs—Formal declarations.** It is declared to be the public policy of the state of Washington to provide for the acquisition of real property and engineering costs necessary for the improvement of the state highway system, in advance of actual construction, for the purposes of eliminating costly delays in construction, reducing hardship to owners of the property, and eliminating economic waste occasioned by the improvement of such property immediately prior to its acquisition for highway uses.

The legislature therefore finds and declares that purchase and condemnation of real property necessary for the state highway system and engineering costs, reasonably in advance of programmed construction, is a public use and purpose and a highway purpose.

The department is hereby authorized to purchase or condemn any real property or property rights therein which it deems will be necessary for the improvement of routes on the state highway system by the method provided in RCW 47.12.180 through 47.12.240 or alternatively by the method provided in RCW 47.12.242 through 47.12.246. Neither method may be used to condemn property or property rights in advance of programmed construction until the department has complied with hearing procedures required for the location or relocation of the type of highway for which the property is to be condemned. [1984 c 7 § 123; 1969 ex.s. c 197 § 1; 1961 c 281 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.12.190 Additional financing methods for property and engineering costs—Purchase or condemnation.** The department, in addition to its other powers and duties as provided by law, is authorized to purchase or condemn any real property or property rights therein which it deems will be necessary for the improvements of routes on the state highway system by the method provided in RCW 47.12.180 through 47.12.240. Condemnation actions brought hereunder shall be brought in the name of the state as provided for acquiring property for the public uses of the state, and in such actions selection of the property and property rights by the secretary of transportation is conclusive that they are necessary for the purposes sought, in the absence of bad faith, or

arbitrary, capricious, or fraudulent action. [1977 ex.s. c 151 § 54; 1961 c 281 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.12.200 Additional financing methods for property and engineering costs—Agreements with state finance committee.** The transportation commission may enter into agreements with the state finance committee for financing the acquisition, by purchase or condemnation, of real property together with engineering costs that the transportation commission deems will be necessary for the improvement of the state highway system. Such agreements may provide for the acquisition of an individual parcel or for the acquisition of any number of parcels within the limits of a contemplated highway project. [1977 ex.s. c 151 § 55; 1969 ex.s. c 197 § 2; 1961 c 281 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.12.210 Additional financing methods for property and engineering costs—Warrants on motor vehicle fund.** Such an agreement shall provide that the state finance committee shall purchase, at par, warrants drawn upon the motor vehicle fund in payment for the property covered by the agreement and the engineering costs necessary for such advance purchase or condemnation. Such warrants shall be purchased by the state finance committee, upon the presentation by the holders thereof to the state treasurer, from any moneys available for investment in the state treasury as provided in RCW 43.84.080: PROVIDED, That in no event shall more than ten percent of the assets of any fund be used for the purpose of acquiring property as authorized herein, except in the case of current state funds in the state treasury, twenty percent of the balance therein available for investment may be invested as provided in RCW 47.12.180 through 47.12.240. [1981 c 3 § 38; 1969 ex.s. c 197 § 3; 1961 c 281 § 4.]

*Authorization that certain funds may be invested in motor vehicle fund warrants: RCW 43.84.080.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.12.220 Additional financing methods for property and engineering costs—Provisions in agreement.** Each such agreement shall include, but shall not be limited to the following:

(1) A provision stating the term of the agreement which shall not extend more than seven years from the effective date of the agreement;

(2) A designation of the specific fund or funds to be used to carry out such agreement;

(3) A provision that the department of transportation may redeem warrants purchased by the state finance committee at any time prior to the letting of a highway improvement contract utilizing the property; and further, during the effective period of each such agreement the department of transportation shall redeem such warrants whenever such a highway improvement contract is let, or upon the expiration of such agreement, whichever date is earlier;

(4) A provision stating the rate of interest such warrants shall bear commencing at the time of purchase by the state finance committee;

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(5) Any additional provisions agreed upon by the transportation commission and the state finance committee which are necessary to carry out the purposes of such agreement as indicated by RCW 47.12.180 through 47.12.240, as now or hereafter amended. [1977 ex.s. c 151 § 56; 1969 ex.s. c 197 § 4; 1961 c 281 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.12.230 Additional financing methods for property and engineering costs—Warrant form and procedure.** Warrants issued for payment of property and engineering costs as provided herein shall be of a distinctive design and shall contain the words "for purchase by the state finance committee from . . . fund" (indicating the proper investing fund as provided by the agreement). Such warrants shall be approved by the secretary of the state finance committee prior to their issuance by the state treasurer. Upon presentation of such warrants to the state treasurer for payment, he or she shall pay the par value thereof from the fund for which the state finance committee agreed to purchase such warrants whether or not there are then funds in the motor vehicle fund. The state treasurer shall deposit such warrants in the treasury for the investing fund. [2010 c 8 § 10005; 1969 ex.s. c 197 § 5; 1961 c 281 § 6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.12.240 Additional financing methods for property and engineering costs—Payment procedure—Prior charge.** The state treasurer shall transfer from the motor vehicle fund to the credit of the fund purchasing such warrants interest at the rate and at the times provided for in the agreement. The state treasurer shall pay the warrants at the time provided for in the agreement. The obligations coming due are a prior charge against any funds in the motor vehicle fund available to the department for construction of state highways. [1984 c 7 § 124; 1961 c 281 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.12.242 "Advance right-of-way acquisition" defined.** The term "advance right-of-way acquisition" means the acquisition of property and property rights, generally not more than ten years in advance of programmed highway construction projects, together with the engineering costs necessary for such advance right-of-way acquisition. Any property or property rights purchased must be in designated highway transportation corridors and be for projects approved by the commission as part of the state's six-year plan or included in the state's route development planning effort. [1991 c 291 § 1; 1969 ex.s. c 197 § 6.]

**47.12.244 Advance right-of-way revolving fund.** There is created the "advance right-of-way revolving fund" in the custody of the treasurer, into which the department is authorized to deposit directly and expend without appropriation:

(1) An initial deposit of ten million dollars from the motor vehicle fund included in the department of transportation's 1991-93 budget;

(2) All moneys received by the department as rental income from real properties that are not subject to federal aid

reimbursement, except moneys received from rental of capital facilities properties as defined in \*chapter 47.13 RCW; and

(3) Any federal moneys available for acquisition of right-of-way for future construction under the provisions of section 108 of Title 23, United States Code.

During the 2007-2009 and 2009-2011 fiscal biennia, the legislature may transfer from the advance right-of-way revolving fund to the motor vehicle account amounts as reflect the excess fund balance of the advance right-of-way revolving fund. [2009 c 470 § 709; 2007 c 518 § 707; 1991 c 291 § 2; 1984 c 7 § 125; 1969 ex.s. c 197 § 7.]

**\*Reviser's note:** Chapter 47.13 RCW was repealed by 1999 c 94 § 33, effective July 1, 1999.

**Effective date—2009 c 470:** See note following RCW 46.68.170.

**Severability—Effective date—2007 c 518:** See notes following RCW 46.68.170.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.12.246 Reimbursement to advance right-of-way revolving fund.** (1) After any properties or property rights are acquired from funds in the advance right-of-way revolving fund, the department shall manage the properties in accordance with sound business practices. Funds received from interim management of the properties shall be deposited in the advance right-of-way revolving fund.

(2) When the department proceeds with the construction of a highway which will require the use of any of the property so acquired, the department shall reimburse the advance right-of-way revolving fund, from other funds available to it, the current appraised value of the property or property rights required for the project together with damages caused to the remainder by the acquisition after offsetting against all such compensation and damages the special benefits, if any, accruing to the remainder by reason of the state highway being constructed.

(3) When the department determines that any properties or property rights acquired from funds in the advance right-of-way revolving fund will not be required for a highway construction project the department may sell the property at fair market value in accordance with requirements of RCW 47.12.063. All proceeds of such sales shall be deposited in the advance right-of-way revolving fund.

(4) Deposits in the fund may be reexpended as provided in RCW 47.12.180, 47.12.200 through 47.12.230, and 47.12.242 through 47.12.248 without further or additional appropriations. [1991 c 291 § 4; 1984 c 7 § 126; 1969 ex.s. c 197 § 9.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.12.248 Structures acquired in advance of programmed construction—Maintenance.** Whenever the department purchases or condemns any property under RCW 47.12.180 through 47.12.240 or 47.12.242 through 47.12.246, the department shall cause any structures so acquired and not removed within a reasonable time to be maintained in good appearance. [1984 c 7 § 127; 1969 ex.s. c 197 § 10.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.12.250 Acquisition of property for preservation, safety, buffer purposes.** The department is authorized to acquire by purchase, lease, condemnation, gift, devise, bequest, grant, or exchange, title to or any interests or rights in real property adjacent to state highways for the preservation of natural beauty, historic sites or viewpoints or for safety rest areas or to provide a visual or sound buffer between highways and adjacent properties. However, the department shall not acquire, by condemnation, less than an owner's entire interest for providing a visual or sound buffer between highways and adjacent properties under RCW 47.12.010 and 47.12.250 if the owner objects to the taking of a lesser interest or right. [1984 c 7 § 128; 1967 c 108 § 5; 1965 ex.s. c 170 § 62.]

*Roadside areas—Safety rest areas:* Chapter 47.38 RCW.

*Scenic and Recreational Highway Act:* Chapter 47.39 RCW.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.12.260 Acquisition of real property subject to local improvement assessments—Payment.** See RCW 79.44.190.

**47.12.270 Acquisition of property for park and ride lots.** The department may acquire real property or interests in real property by gift, purchase, lease, or condemnation and may construct and maintain thereon fringe and transportation corridor parking facilities to serve motorists transferring to or from urban public transportation vehicles or private car pool vehicles. The department may obtain and exercise options for the purchase of property to be used for purposes described in this section. The department shall not expend any funds for acquisition or construction costs of any parking facility to be operated as a part of a transit system by a metropolitan municipal corporation unless the facility has been approved by the department in advance of its acquisition or construction. [1984 c 7 § 129; 1973 2nd ex.s. c 18 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.12.283 Sale of real property authorized—Procedure—Disposition of proceeds.** (1) Whenever the department of transportation determines that any real property owned by the state of Washington and under the jurisdiction of the department is no longer required for highway purposes and that it is in the public interest to do so, the department may, in its discretion, sell the property under RCW 47.12.063 or under subsections (2) through (6) of this section.

(2) Whenever the department determines to sell real property under its jurisdiction at public auction, the department shall first give notice thereof by publication on the same day of the week for two consecutive weeks, with the first publication at least two weeks prior to the date of the auction, in a legal newspaper of general circulation in the area where the property to be sold is located. The notice shall be placed in both the legal notices section and the real estate classified section of the newspaper. The notice shall contain a description of the property, the time and place of the auction, and the terms of the sale. The sale may be for cash or by real estate contract.

(3) The department shall sell the property at the public auction, in accordance with the terms set forth in the notice,

to the highest and best bidder providing the bid is equal to or higher than the appraised fair market value of the property.

(4) If no bids are received at the auction or if all bids are rejected, the department may, in its discretion, enter into negotiations for the sale of the property or may list the property with a licensed real estate broker. No property shall be sold by negotiations or through a broker for less than the property's appraised fair market value. Any offer to purchase real property pursuant to this subsection shall be in writing and may be rejected at any time prior to written acceptance by the department.

(5) Before the department shall approve any offer for the purchase of real property having an appraised value of more than ten thousand dollars, pursuant to subsection (4) of this section, the department shall first publish a notice of the proposed sale in a local newspaper of general circulation in the area where the property is located. The notice shall include a description of the property, the selling price, the terms of the sale, including the price and interest rate if sold by real estate contract, and the name and address of the department employee or the real estate broker handling the transaction. The notice shall further state that any person may, within ten days after the publication of the notice, deliver to the designated state employee or real estate broker a written offer to purchase the property for not less than ten percent more than the negotiated sale price, subject to the same terms and conditions. A subsequent offer shall not be considered unless it is accompanied by a deposit of twenty percent of the offer in the form of cash, money order, cashier's check, or certified check payable to the Washington state treasurer, to be forfeited to the state (for deposit in the motor vehicle fund) if the offeror fails to complete the sale if the offeror's offer is accepted. If a subsequent offer is received, the first offeror shall be informed by registered or certified mail sent to the address stated in his or her offer. The first offeror shall then have ten days, from the date of mailing the notice of the increased offer, in which to file with the designated state employee or real estate broker a higher offer than that of the subsequent offeror. After the expiration of the ten-day period, the department shall approve in writing the highest and best offer which the department then has on file.

(6) All moneys received pursuant to this section, less any real estate broker's commissions paid pursuant to RCW 47.12.320, shall be deposited in the motor vehicle fund. [2010 c 8 § 10006; 1979 ex.s. c 189 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.12.287 Exchange of real property authorized—Conveyance by deed.** The department of transportation is hereby authorized to enter into an exchange agreement with the owner of real property required for highway purposes to convey to such owner real property, owned by the state and under the department's jurisdiction, as full or part consideration for property to be acquired for highway purposes. Such an exchange agreement may relate back and apply to any exchange of property previously agreed to and partially executed (pursuant to an earlier exchange agreement found to be void for want of a governor's deed as required by prior law), and shall be subject to such agreed terms and conditions as are authorized by RCW 47.12.063(3) as now existing or here-

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after amended. Any conveyance from the state of Washington made pursuant to this section shall be by deed executed by the secretary of transportation, which shall be duly acknowledged. [1979 ex.s. c 189 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.12.290 Sale of real property—Execution, acknowledgement, and delivery of deed.** When full payment for real property agreed to be sold as authorized by RCW 47.12.283 has been received, the secretary of transportation shall execute the deed which shall be duly acknowledged and deliver it to the grantee. [1979 ex.s. c 189 § 3; 1975 1st ex.s. c 96 § 6; 1973 1st ex.s. c 177 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.12.300 Sale of unneeded property—Department of transportation—Authorized—Rules.** See RCW 47.56.254.

**47.12.301 Sale of unneeded property—Department of transportation—Certification to governor—Execution, delivery of deed.** See RCW 47.56.255.

**47.12.302 Department of transportation—Sale of unneeded property.** See RCW 47.60.130.

**47.12.320 Sale of property—Listing with broker.** The department may list any available properties with any licensed real estate broker at a commission rate otherwise charged in the geographic area for such services. [1984 c 7 § 130; 1973 1st ex.s. c 177 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.12.330 Advanced environmental mitigation—Authorized.** For the purpose of environmental mitigation of transportation projects, the department may acquire or develop, or both acquire and develop, environmental mitigation sites in advance of the construction of programmed projects. The term "advanced environmental mitigation" means mitigation of adverse impacts upon the environment from transportation projects before their design and construction. Advanced environmental mitigation consists of the acquisition of property; the acquisition of property, water, or air rights; the development of property for the purposes of improved environmental management; engineering costs necessary for such purchase and development; and the use of advanced environmental mitigation sites to fulfill project environmental permit requirements. Advanced environmental mitigation must be conducted in a manner that is consistent with the definition of mitigation found in the council of environmental quality regulations (40 C.F.R. Sec. 1508.20) and the governor's executive order on wetlands (EO 90-04). Advanced environmental mitigation is for projects approved by the transportation commission as part of the state's six-year plan or included in the state highway system plan. Advanced environmental mitigation must give consideration to activities related to fish passage, fish habitat, wetlands, and flood management. Advanced environmental mitigation may also be conducted in partnership with federal, state, or local government agencies, tribal governments, interest groups, or

private parties. Partnership arrangements may include joint acquisition and development of mitigation sites, purchasing and selling mitigation bank credits among participants, and transfer of mitigation site title from one party to another. Specific conditions of partnership arrangements will be developed in written agreements for each applicable environmental mitigation site. [1998 c 181 § 2; 1997 c 140 § 2.]

**Findings—1998 c 181:** "The legislature finds that fish passage, fish habitat, wetlands, and flood management are critical issues in the effective management of watersheds in Washington. The legislature also finds that the state of Washington invests a considerable amount of resources on environmental mitigation activities related to fish passage, fish habitat, wetlands, and flood management. The department of transportation's advanced environmental mitigation revolving account established under RCW 47.12.340, is a key funding component in bringing environmental mitigation together with comprehensive watershed management." [1998 c 181 § 1.]

**Intent—1997 c 140:** "It is the intent of chapter 140, Laws of 1997 to provide environmental mitigation in advance of the construction of programmed projects where desirable and feasible, [which] will provide a more efficient and predictable environmental permit process, increased benefits to environmental resources, and a key tool in using the watershed approach for environmental impact mitigation. The legislative transportation committee, through its adoption of the December 1994 report "Environmental Cost Savings and Permit Coordination Study," encourages state agencies to use a watershed approach based on a water resource inventory area in an improved environmental mitigation and permitting process. Establishment of an advanced transportation environmental mitigation revolving account would help the state to improve permit processes and environmental protection when providing transportation services." [1997 c 140 § 1.]

**47.12.340 Advanced environmental mitigation revolving account.** The advanced environmental mitigation revolving account is created in the custody of the treasurer, into which the department shall deposit directly and may expend without appropriation:

- (1) An initial appropriation included in the department of transportation's 1997-99 budget, and deposits from other identified sources;
- (2) All moneys received by the department from internal and external sources for the purposes of conducting advanced environmental mitigation; and
- (3) Interest gained from the management of the advanced environmental mitigation revolving account.
- (4) During the 2009-2011 fiscal biennium, the legislature may transfer from the advanced environmental mitigation revolving account to the motor vehicle account such amounts as reflect the excess fund balance of the advanced environmental mitigation revolving account. [2010 c 247 § 703; 1997 c 140 § 3.]

**Effective date—2010 c 247:** See note following RCW 43.19.642.

**Intent—1997 c 140:** See note following RCW 47.12.330.

**47.12.350 Advanced environmental mitigation—Site management—Reimbursement of account.** (1) After advanced environmental mitigation is conducted from funds in the advanced environmental mitigation revolving account, the advanced environmental mitigation sites must be managed in accordance with any permits, agreements, or other legal documents under which the subject advanced environmental mitigation is conducted.

(2) When the department or any of its transportation partners proceeds with the construction of a transportation project that will use advanced environmental mitigation sites to meet the environmental mitigation needs of a project, the

advanced environmental mitigation revolving account shall be reimbursed from those transportation project funds appropriated for the use of the advanced environmental mitigation sites. Reimbursements to the advanced environmental mitigation revolving account must be paid at a rate that captures:

- (a) Projected land acquisition costs for environmental mitigation for the subject transportation project;
- (b) Advanced environmental mitigation site development costs;
- (c) Advanced environmental mitigation site operational costs (e.g., site monitoring);
- (d) Administrative costs for the management of the advanced environmental revolving account.

These costs must be adjusted based on inflation, as appropriate.

When only a portion of an advanced environmental mitigation site is used, the reimbursement rate charged to the purchasing party will be prorated for the portion used. [1997 c 140 § 4.]

**Intent—1997 c 140:** See note following RCW 47.12.330.

**47.12.370 Environmental mitigation—Exchange agreements.** (1) The department may enter into exchange agreements with local, state, or federal agencies, tribal governments, or private nonprofit nature conservancy corporations as defined in RCW 64.04.130, to convey properties under the jurisdiction of the department that serve as environmental mitigation sites, as full or part consideration for the grantee assuming all future maintenance and operation obligations and costs required to maintain and operate the environmental mitigation site in perpetuity.

(2) Tribal governments shall only be eligible to participate in an exchange agreement if they:

- (a) Provide the department with a valid waiver of their tribal sovereign immunity from suit. The waiver must allow the department to enforce the terms of the exchange agreement or quitclaim deed in state court; and
- (b) Agree that the property shall not be placed into trust status.

(3) The conveyances must be by quitclaim deed, or other form of conveyance, executed by the secretary of transportation, and must expressly restrict the use of the property to a mitigation site consistent with preservation of the functions and values of the site, and must provide for the automatic reversion to the department if the property is not used as a mitigation site or is not maintained in a manner that complies with applicable permits, laws, and regulations pertaining to the maintenance and operation of the mitigation site. [2003 c 187 § 1; 2002 c 188 § 1.]

## Chapter 47.14 RCW RIGHT-OF-WAY DONATIONS

### Sections

47.14.010	Legislative finding, intent.
47.14.020	Definitions.
47.14.030	Credit against transportation benefit district assessment.
47.14.040	Advertising signs on donated parcel.
47.14.050	Department's duties.
47.14.900	Construction.
47.14.910	Severability—1987 c 267.

**47.14.010 Legislative finding, intent.** The legislature finds that in numerous areas throughout the state, rapid expansion of residential, commercial, industrial, and business activities is producing increased traffic levels. The legislature further finds that many property owners have exhibited a willingness to donate real property or property rights for transportation improvements to accommodate such increases in traffic. The legislature recognizes that the cost of right-of-way acquisition is often a significant, and even a prohibitive cost element in many transportation improvement projects.

The legislature seeks to encourage the voluntary donation of right-of-way to the state, counties, cities, and towns for transportation improvements recognizing that such donations can result in direct benefits to property owners, developers, and the community at large.

It is the intent of the legislature to further facilitate the department of transportation's authority under RCW 47.12.010, 47.24.030, and 47.52.050 to accept donations of right-of-way for state transportation purposes. The legislature further intends to facilitate the authority of a city, town, or county to accept donations of right-of-way for other transportation purposes.

The legislature therefore declares it to be in the best interest and welfare of the citizens of Washington for the state department of transportation, and for counties, cities, and towns to actively foster and encourage donations of right-of-way by willing donors in all areas where transportation improvements are to be made. In addition, and in lieu of monetary compensation for property needed for right-of-way purposes, the legislature seeks to provide incentives to potential donors such as are set forth in RCW 47.14.030 and 47.14.040. [1987 c 267 § 1.]

**47.14.020 Definitions.** The definitions set forth in this section apply throughout this chapter.

(1) "Right-of-way" means the area of land designated for transportation purposes.

(2) "Airspace" means the space above and below the gradeline of all highways, roads, and streets, and the area alongside the traveled way and within approved right-of-way lines. [1987 c 267 § 2.]

**47.14.030 Credit against transportation benefit district assessment.** The governing body of a transportation benefit district may give credit for all or any portion of any real property donation against an assessment, charge, or other required financial contribution for transportation improvements within a transportation benefit district established under RCW 36.73.020 or 35.21.225. The credit granted shall be available against any assessment, charge or other required financial contribution for any transportation purpose which utilizes the donated property. [1987 c 267 § 3.]

**47.14.040 Advertising signs on donated parcel.** The department or the county, city, or town to which the right-of-way is donated shall, upon request, grant the donor an airspace lease or a permit for the purpose of erecting or maintaining, or both, one or more signs advertising a business of the donor that is conducted on premises adjacent to the donated parcel unless the sign or signs would be detrimental to the safety and operation of the highway, road, or street.

This provision applies to all highways, roads, and streets other than limited access highways and streets, where it applies only until the donated parcel becomes part of a completed operating facility. Except as provided in this section, any such sign shall conform to the requirements of all other applicable federal, state, and local laws and ordinances. The lease agreement or permit shall take into consideration applicable county and city zoning ordinances and may provide for compensation for removal of the sign in accordance with applicable federal, state, and local laws and ordinances. The lease agreement or permit shall specify the conditions for signage. [1987 c 267 § 4.]

**47.14.050 Department's duties.** The department shall:

(1) Give priority to the refinement and modification of right-of-way procedures and policies dealing with donation;

(2) Reduce or simplify paperwork requirements resulting from right-of-way procurement;

(3) Increase communication and education efforts as a means to solicit and encourage voluntary right-of-way donations;

(4) Enhance communication and coordination with local governments through agreements of understanding that address state acceptance of right-of-way donations secured under zoning, use permits, subdivision, and associated police power authority of local government. [1998 c 245 § 96; 1987 c 267 § 5.]

**47.14.900 Construction.** Nothing in this chapter may be construed to contravene the requirements of chapter 8.26 RCW. [1987 c 267 § 6.]

**47.14.910 Severability—1987 c 267.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1987 c 267 § 12.]

## Chapter 47.17 RCW

### STATE HIGHWAY ROUTES

#### Sections

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47.17.390	State route No. 203.	47.17.780	State route No. 538.
47.17.395	State route No. 204.	47.17.785	State route No. 539.
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47.17.917	State route No. 970.
47.17.919	State route No. 971.
47.17.960	Local bridges—Department responsibility.
47.17.990	Construction—Refunds to counties composed of islands.

*Latitude in selecting route: RCW 47.28.010.*

**47.17.001 Criteria for changes to system.** In considering whether to make additions, deletions, or other changes to the state highway system, the legislature shall be guided by the following criteria as contained in the Road Jurisdiction Committee Phase I report to the legislature dated January 1987:

(1) A rural highway route should be designated as a state highway if it meets any of the following criteria:

(a) Is designated as part of the national system of interstate and defense highways (popularly called the interstate system); or

(b) Is designated as part of the system of numbered United States routes; or

(c) Contains an international border crossing that is open twelve or more hours each day.

(2) A rural highway route may be designated as a state highway if it is part of an integrated system of roads and:

(a) Carries in excess of three hundred thousand tons annually and provides primary access to a rural port or intermodal freight terminal;

(b) Provides a major cross-connection between existing state highways;

(c) Connects places exhibiting one or more of the following characteristics:

(i) A population center of one thousand or greater;

(ii) An area or aggregation of areas having a population equivalency of one thousand or more, such as, but not limited to, recreation areas, military installations, and so forth;

(iii) A county seat;

(iv) A major commercial-industrial terminal in a rural area with a population equivalency of one thousand or greater; or

(d) Is designated as a scenic and recreational highway.

(3) An urban highway route that meets any of the following criteria should be designated as part of the state highway system:

(a) Is designated as part of the interstate system;

(b) Is designated as part of the system of numbered United States routes;

(c) Is an urban extension of a rural state highway into or through an urban area and is necessary to form an integrated system of state highways;

(d) Is a principal arterial that is a connecting link between two state highways and serves regionally oriented through traffic in urbanized areas with a population of fifty thousand or greater, or is a spur that serves regionally oriented traffic in urbanized areas.

(4) The following guidelines are intended to be used as a basis for interpreting and applying the criteria to specific routes:

(a) For any route wholly within one or more contiguous jurisdictions which would be proposed for transfer to the state highway system under these criteria, if local officials prefer, responsibility will remain at the local level.

(b) State highway routes maintain continuity of the system by being composed of routes that join other state routes at both ends or to arterial routes in the states of Oregon and Idaho and the Province of British Columbia.

(c) Public facilities may be considered to be served if they are within approximately two miles of a state highway.

(d) Exceptions may be made to include:

(i) Rural spurs as state highways if they meet the criteria relative to serving population centers of one thousand or greater population or activity centers with population equivalencies or an aggregated population of one thousand or greater;

(ii) Urban spurs as state highways that provide needed access to Washington state ferry terminals, state parks, major seaports, and trunk airports; and

(iii) Urban connecting links as state highways that function as needed bypass routing of regionally oriented through traffic and benefit truck routing, capacity alternative, business congestion, and geometric deficiencies.

(e) In urban and urbanized areas:

(i) Unless they are significant regional traffic generators, public facilities such as state hospitals, state correction centers, state universities, ferry terminals, and military bases do not constitute a criteria for establishment of a state highway; and

(ii) There may be no more than one parallel nonaccess controlled facility in the same corridor as a freeway or limited access facility as designated by the metropolitan planning organization.

(f) When there is a choice of two or more routes between population centers, the state route designation shall normally be based on the following considerations:

(i) The ability to handle higher traffic volumes;

(ii) The higher ability to accommodate further development or expansion along the existing alignment;

(iii) The most direct route and the lowest travel time;

(iv) The route that serves traffic with the most interstate, statewide, and interregional significance;

(v) The route that provides the optimal spacing between other state routes; and

(vi) The route that best serves the comprehensive plan for community development in those areas where such a plan has been developed and adopted.

(g) A route designated in chapter 47.39 RCW as a scenic and recreational highway may be designated as a state highway in addition to a parallel state highway route. [1993 c 430 § 1; 1990 c 233 § 1.]

**47.17.005 State route No. 2.** A state highway to be known as state route number 2 is established as follows:

Beginning at a junction with state route number 5 in Everett, thence easterly by way of Monroe, Stevens Pass, and Leavenworth to a junction with state route number 97 in the vicinity of Peshastin; also

From a junction with state route number 97 in the vicinity of Peshastin, thence easterly by way of Wenatchee, to a junction with state route number 97 in the vicinity of Orondo, thence easterly by way of Waterville, Wilbur, and Davenport to a junction with state route number 90 in the vicinity west of Spokane; also

Beginning at a junction with state route number 90 at Spokane, thence northerly to a junction with state route number 395 in the vicinity north of Spokane; also

From a junction with state route number 395 in the vicinity north of Spokane, thence northerly to a junction with state route number 20 at Newport; also

From a junction with state route number 20 at Newport, thence easterly to the Washington-Idaho boundary line. [1997 c 155 § 1; 1987 c 199 § 1; 1970 ex.s. c 51 § 2.]

**Purpose—1970 ex.s. c 51:** "This act is intended to assign state route numbers to existing state highways duly established by prior legislative act in lieu of primary state highway numbers and secondary state highway numbers. Nothing contained herein is intended to add any new section of highway to the state highway system or delete any section of highway from the state highway system." [1970 ex.s. c 51 § 179.]

**47.17.010 State route No. 3.** A state highway to be known as state route number 3 is established as follows:

Beginning at a junction with state route number 101 at Shelton, thence northeasterly to a junction with state route number 302 at Allyn; also

From that junction with state route number 302 at Allyn, thence northeasterly to a junction with state route number 106 in the vicinity of Belfair; also

From that junction with state route number 106 in the vicinity of Belfair, thence northeasterly by the most feasible route to Bremerton, thence northerly and easterly by the most feasible route in the vicinity of Poulsbo to a junction with state route number 104 in the vicinity of Port Gamble. [1970 ex.s. c 51 § 3.]

**47.17.015 State route No. 4.** A state highway to be known as state route number 4 is established as follows:

Beginning at a junction with state route number 101 in the vicinity of a location known as Johnson's Landing, in Pacific county, thence southeasterly by the most feasible route by way of Kelso to a junction with state route number 5. [1970 ex.s. c 51 § 4.]

**47.17.020 State route No. 5—Washington green highway.** A state highway to be known as state route number 5, and designated as a Washington green highway, is established as follows:

Beginning at the Washington-Oregon boundary line on the interstate bridge over the Columbia river at Vancouver, thence northerly by way of Kelso, Chehalis, Centralia, Olympia, Tacoma, Seattle, Everett and Mt. Vernon, thence northwesterly to the east of Lake Samish, thence northeasterly and northerly by way of Bellingham to the international boundary line in the vicinity of Blaine in Whatcom county. [2007 c 348 § 405; 1970 ex.s. c 51 § 5.]

**Findings—Part headings not law—2007 c 348:** See RCW 43.325.005 and 43.325.903.

**47.17.025 State route No. 6.** A state highway to be known as state route number 6 is established as follows:

Beginning at a junction with state route number 101 at Raymond, thence easterly by the most feasible route to a junction with state route number 5 at Chehalis. [1970 ex.s. c 51 § 6.]

**47.17.030 State route No. 7.** A state highway to be known as state route number 7 is established as follows:

Beginning at a junction with state route number 12 in the vicinity of Morton, thence northerly to a junction with state route number 706 at Elbe; also

From that junction with state route number 706 at Elbe, thence northerly to a junction with state route number 5 at Tacoma. [1970 ex.s. c 51 § 7.]

**47.17.035 State route No. 8.** A state highway to be known as state route number 8 is established as follows:

Beginning at a junction with state route number 12 in the vicinity of Elma, thence easterly to a junction with state route number 101 west of Olympia. [1987 c 199 § 2; 1970 ex.s. c 51 § 8.]

**47.17.040 State route No. 9.** A state highway to be known as state route number 9 is established as follows:

Beginning at a junction with state route number 522 north of Woodinville, thence northerly by way of Snohomish, Arlington and Sedro Woolley to a junction with state route number 542, in the vicinity of Deming; also

Beginning at a junction with state route number 542, in the vicinity of Lawrence, thence northerly to the international boundary at Sumas. [1970 ex.s. c 51 § 9.]

**47.17.045 State route No. 10.** A state highway to be known as state route number 10 is established as follows:

Beginning at a junction with state route number 970 at Teanaway junction thence easterly to a junction with state route number 97 west of Ellensburg. [1987 c 199 § 3; 1975 c 63 § 14; 1971 ex.s. c 73 § 1; 1970 ex.s. c 51 § 10.]

**47.17.050 State route No. 11.** A state highway to be known as state route number 11 is established as follows:

Beginning at a junction with state route number 5 in the vicinity of Burlington, thence northerly by way of Blanchard to a junction with state route number 5 at Bellingham. [1987 c 199 § 4; 1970 ex.s. c 51 § 11.]

**47.17.055 State route No. 12.** A state highway to be known as state route number 12 is established as follows:

Beginning at a junction with state route number 101 at Aberdeen, thence easterly by way of Montesano and Elma to a junction with state route number 8 in the vicinity of Elma; also

From that junction with state route number 8 in the vicinity of Elma, thence southeasterly to a junction with state route number 5 in the vicinity north of Centralia; also

Beginning at a junction with state route number 5 in the vicinity south of Chehalis, thence easterly by way of Morton and White Pass to a junction with state route number 410 northwest of Yakima; also

From that junction with state route number 410 northwest of Yakima, thence southeasterly to a junction with state route number 82 at Yakima; also

Beginning at a junction with state route number 182 near Pasco, thence southeasterly by the most feasible route by way of Wallula to Walla Walla, thence northerly by way of Dayton to a junction with state route number 127 at Dodge; also

From that junction with state route number 127 in the vicinity of Dodge, thence easterly by the most feasible route by way of Pomeroy and Clarkston to the Washington-Idaho boundary line. [1985 c 177 § 1; 1983 c 180 § 1; 1970 ex.s. c 51 § 12.]

**47.17.060 State route No. 14.** A state highway to be known as state route number 14 is established as follows:

Beginning at a junction with state route number 5 at Vancouver, thence easterly by way of Stevenson to a junction with state route number 97 in the vicinity of Maryhill; also

Beginning at a junction with state route number 97 in the vicinity of Maryhill, thence easterly along the north bank of the Columbia river to a junction with state route number 82 in the vicinity of Plymouth. [1985 c 177 § 2; 1970 ex.s. c 51 § 13.]

**47.17.065 State route No. 16.** A state highway to be known as state route number 16 is established as follows:

Beginning at a junction with state route number 5 at Tacoma, thence northwesterly by way of the Tacoma Narrows Bridge to a junction with state route number 3 in the vicinity of Gorst. [1987 c 199 § 5; 1973 1st ex.s. c 151 § 1; 1970 ex.s. c 51 § 14.]

**47.17.070 State route No. 17.** A state highway to be known as state route number 17 is established as follows:

Beginning at a junction with state route number 395 in the vicinity of Mesa, thence northwesterly by way of the vicinity of Moses Lake, and Soap Lake, to a junction with state route number 2 west of Coulee City; also

From a junction with state route number 2 in the vicinity west of Coulee City, thence northerly by way of the vicinity of Leahy, crossing the Columbia river in the vicinity of Bridgeport, thence northwesterly to a junction with state route number 97 east of Brewster. [1979 ex.s. c 33 § 1; 1970 ex.s. c 51 § 15.]

**47.17.075 State route No. 18.** A state highway to be known as state route number 18 is established as follows:

Beginning at a junction with state route number 99 in the vicinity of northeast Tacoma, thence northeasterly by way of Auburn to a junction with state route number 90 west of North Bend. [1987 c 199 § 6; 1970 ex.s. c 51 § 16.]

**47.17.077 State route No. 19.** A state highway to be known as state route number 19 is established as follows:

Beginning at a junction with state route number 104, thence northerly to a junction with state route number 20 near Old Fort Townsend state park. [1991 c 342 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.080 State route No. 20.** A state highway to be known as state route number 20 is established as follows:

Beginning at a junction with state route number 101 in the vicinity of Discovery Bay, thence northeasterly via the most feasible route to Port Townsend; also

From the state ferry terminal at Port Townsend via the state ferry system northeasterly to the state ferry terminal at Keystone; also

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From the Keystone ferry dock on Whidbey Island, thence northeasterly by the most feasible route by way of Deception Pass, Burlington, Sedro Woolley, Concrete, Newhalem, Winthrop, Twisp, Okanogan, Tonasket, Republic, Kettle Falls, Colville, and Tiger; thence southerly and southeasterly to a junction with state route number 2 at Newport. [1994 c 209 § 1; 1973 1st ex.s. c 151 § 13; 1970 ex.s. c 51 § 17.]

**47.17.081 State route No. 20 north.** A state highway to be known as state route number 20 north is established as follows:

Beginning at a junction with state route number 20 in the vicinity southeast of Anacortes, thence northwesterly to the state ferry terminal at Anacortes; also

From the state ferry terminal at Anacortes via the state ferry system to the state ferry terminals at Lopez Island, Shaw Island, Orcas Island, and Friday Harbor. [1994 c 209 § 2; 1973 1st ex.s. c 151 § 17.]

**47.17.085 State route No. 21.** A state highway to be known as state route number 21 is established as follows:

Beginning at a junction with state route number 260 in Kahlotus, thence northerly by the most feasible route, crossing state route number 26, and continuing northerly to a junction with state route number 395 in the vicinity of Lind; also

Beginning at a junction with state route number 395 in the vicinity of Lind, thence northerly by the most feasible route by way of Odessa to a junction with state route number 2 in the vicinity west of Wilbur; also

Beginning at a junction with state route number 2 at Wilbur, thence northerly by the most feasible route to a junction with state route number 20 at Republic; also

Beginning at a junction with state route number 20 east of Republic, thence northeasterly by the most feasible route to the east of Curlew lake by way of Curlew to the international boundary line in the vicinity of Danville. [1983 c 79 § 1; 1975 c 63 § 1; 1970 ex.s. c 51 § 18.]

**47.17.090 State route No. 22.** A state highway to be known as state route number 22 is established as follows:

Beginning at a junction with state route number 82, thence southerly to a junction of state route number 97 in the vicinity of Toppenish; also

From a junction with state route number 97 at Toppenish, thence southeasterly by way of Mabton to a junction with state route number 82 at Prosser. [1987 c 199 § 7; 1970 ex.s. c 51 § 19.]

**47.17.095 State route No. 23.** A state highway to be known as state route number 23 is established as follows:

Beginning at a junction with state route number 195 in the vicinity north of Colfax, thence northwesterly to a junction with state route number 90 at Sprague; also

From that junction with state route number 90 at Sprague, thence northwesterly to a junction with state route number 28 at Harrington. [1987 c 199 § 8; 1970 ex.s. c 51 § 20.]

**47.17.100 State route No. 24.** A state highway to be known as state route number 24 is established as follows:

Beginning at a junction with state route number 82 at Yakima, thence easterly and northerly via Cold Creek and Vernita to a junction with state route number 26 in the vicinity of Othello. [1970 ex.s. c 51 § 21.]

**47.17.105 State route No. 25.** A state highway to be known as state route number 25 is established as follows:

Beginning at a junction with state route number 2 at Davenport, thence northerly by the most feasible route to a junction with state route number 395 in the vicinity of Kettle Falls, thence northeasterly by the most feasible route to international boundary line. [1970 ex.s. c 51 § 22.]

**47.17.110 State route No. 26.** A state highway to be known as state route number 26 is established as follows:

Beginning at a junction with state route number 90 in the vicinity of the east end of the Vantage bridge, thence southerly, parallel to the east bank of the Columbia river for a distance of approximately two and one-half miles, thence southeasterly to the vicinity of Othello, thence easterly to a junction with state route number 395, thence easterly by way of the vicinity of Washtucna and Dusty to a junction with state route number 195 in the vicinity of Colfax. [1979 ex.s. c 33 § 2; 1970 ex.s. c 51 § 23.]

**47.17.115 State route No. 27.** A state highway to be known as state route number 27 is established as follows:

Beginning at a junction with state route number 195 in the vicinity of Pullman, thence northerly to a junction with state route number 271 in the vicinity of Oakesdale; also

From a junction with state route number 271 at Oakesdale, thence northerly by way of Tekoa, Latah, Fairfield, and Rockford to a junction with state route number 290 in the vicinity of Millwood. [1991 c 342 § 2; 1979 ex.s. c 195 § 1; 1975 c 63 § 2; 1970 ex.s. c 51 § 24.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.120 State route No. 28.** A state highway to be known as state route number 28 is established as follows:

Beginning at a junction with state route number 2 in the vicinity east of Wenatchee, thence southeasterly to a junction with state route number 281 at Quincy; also

From that junction with state route number 281 at Quincy, thence easterly by way of Ephrata and Odessa to a junction with state route number 2 at Davenport. [1970 ex.s. c 51 § 25.]

**47.17.130 State route No. 31.** A state highway to be known as state route number 31 is established as follows:

Beginning at a junction with state route number 20 at Tiger, thence northerly by way of Metaline Falls to the international boundary. [1973 1st ex.s. c 151 § 14; 1970 ex.s. c 51 § 27.]

**47.17.132 State route No. 35.** A state highway to be known as state route number 35 is established as follows:

Beginning at the Washington-Oregon boundary line thence northerly to a junction with state route number 14 in the vicinity of White Salmon. [2006 c 334 § 41; 1997 c 308 § 1.]

**Effective date—2006 c 334:** See note following RCW 47.01.051.

**47.17.133 State route No. 41.** A state highway to be known as state route number 41 is established as follows:

Beginning at a junction with state route number 2 in Newport, thence southerly along the Washington-Idaho boundary line to Fourth Street in Newport. [1997 c 155 § 2.]

**47.17.135 State route No. 82—Washington green highway.** A state highway to be known as state route number 82, and designated as a Washington green highway, is established as follows:

Beginning at a junction with state route number 90 in the vicinity of Ellensburg, thence southerly and easterly by way of Yakima, Union Gap, Sunnyside, Prosser, Kiona, and Goose Gap west of Richland, thence southeasterly near Kennewick and southwesterly by way of the vicinity of Plymouth to a crossing of the Columbia river at the Washington-Oregon boundary line. [2007 c 348 § 406; 1979 ex.s. c 33 § 3; 1970 ex.s. c 51 § 28.]

**Findings—Part headings not law—2007 c 348:** See RCW 43.325.005 and 43.325.903.

**47.17.140 State route No. 90—American Veterans Memorial Highway—Washington green highway.** A state highway to be known as state route number 90, and designated as the American Veterans Memorial Highway as well as a Washington green highway, is established as follows:

Beginning at a junction with state route number 5, thence, via the west approach to the Lake Washington bridge in Seattle, in an easterly direction by way of Mercer Island, North Bend, Snoqualmie pass, Ellensburg, Vantage, Moses Lake, Ritzville, Sprague and Spokane to the Washington-Idaho boundary line. [2007 c 348 § 407; 1991 c 56 § 2; 1971 ex.s. c 73 § 2; 1970 ex.s. c 51 § 29.]

**Findings—Part headings not law—2007 c 348:** See RCW 43.325.005 and 43.325.903.

**Purpose—1991 c 56:** "In order to create a great memorial and tribute to American veterans, it is proposed that the Washington state portion of Interstate 90 be renamed in their honor, to become the westernmost portion of a memorial highway reaching across the United States." [1991 c 56 § 1.]

**47.17.145 State route No. 92.** A state highway to be known as state route number 92 is established as follows:

Beginning at a junction with state route number 9 northeast of Everett, thence northeasterly by the most feasible route to Granite Falls. [1970 ex.s. c 51 § 30.]

**47.17.153 State route No. 96.** A state highway to be known as state route number 96 is established as follows:

Beginning at a junction with state route number 5 in the vicinity south of Everett, thence easterly to a junction with state route number 9 in the vicinity of Ree's Corner. [1991 c 342 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.155 State route No. 97.** A state highway to be known as state route number 97 is established as follows:

Beginning at the Washington-Oregon boundary on the interstate bridge across the Columbia river at Biggs Rapids, thence in a northerly direction to the junction with state route

number 14 in the vicinity of Maryhill, thence in a northerly direction by way of Goldendale, thence northeasterly by way of Satus Pass to a junction with state route number 22 at Toppenish, thence northwesterly south of the Yakima river to a junction with state route number 82 at Union Gap; also

Beginning at a junction with state route number 90 in the vicinity of Ellensburg, thence northeasterly by way of Swauk Pass to a junction with state route number 2 in the vicinity of Peshastin; also

Beginning at a junction with state route number 2 in the vicinity north of Orondo, thence northerly by way of the vicinities of Chelan, Pateros, Brewster, Okanogan, and Oroville to the international boundary line. [1987 c 199 § 9; 1984 c 7 § 131; 1975 c 63 § 3; 1973 1st ex.s. c 151 § 2; 1970 ex.s. c 51 § 32.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.157 State route No. 97-alternate.** A state highway to be known as state route number 97-alternate is established as follows:

Beginning at a junction with state route number 2 in the vicinity of Olds, thence northerly by way of Entiat to a junction with state route number 97 in the vicinity east of Chelan. [1987 c 199 § 10.]

**47.17.160 State route No. 99.** A state highway to be known as state route number 99 is established as follows:

Beginning at a junction with state route number 18 in the vicinity of Federal Way, thence northerly by way of Midway, to a junction with state route 518 in Tukwila; also

Beginning at a junction with state route number 599 in the vicinity of Tukwila, thence northerly by way of Seattle, Edmonds, and Lynnwood to a junction with state route number 5 in Everett: PROVIDED, That until state route number 509 is constructed and opened to traffic on an anticipated ultimate alignment from a junction with state route number 705 in Tacoma via the Port of Tacoma industrial area to a junction with state route number 18 in the vicinity of Federal Way that portion of state route number 99 between state route number 5 at Fife and state route number 18 in the vicinity of Federal Way shall remain on the state highway system. [2004 c 205 § 1; 1979 ex.s. c 33 § 4; 1971 ex.s. c 73 § 3; 1970 ex.s. c 51 § 33.]

**47.17.163 State route No. 100.** A state highway to be known as state route number 100 is established as follows:

Beginning at a junction with state route number 101 in Ilwaco, thence westerly and southerly to Fort Canby state park; also

Beginning at a junction with state route number 100 in Ilwaco, thence southerly to Fort Canby state park. [1991 c 342 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.165 State route No. 101.** A state highway to be known as state route number 101 is established as follows:

Beginning at the Oregon boundary on the interstate bridge at Point Ellis, thence northwesterly by way of Ilwaco to a junction with state route number 4 in the vicinity of a location known as Johnson's Landing in Pacific county; also

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From that junction with state route number 4 in the vicinity of a location known as Johnson's Landing, in Pacific county, thence northerly by way of South Bend to a junction with state route number 6 at Raymond; also

From that junction with state route number 6 at Raymond, thence northerly by way of Cosmopolis to a junction with state route number 12 at Aberdeen; also

From that junction with state route number 12 at Aberdeen, thence westerly to Hoquiam, thence northwesterly by way of Lake Quinalt to Forks, thence easterly by way of Port Angeles to the vicinity of Discovery Bay, thence southerly by way of Shelton to a junction with state route number 5 in the vicinity west of Olympia; also

Beginning at a junction with state route number 101 in the vicinity east of Ilwaco, thence northerly to a junction with state route number 101 in the vicinity northeast of Ilwaco. [1987 c 199 § 11; 1970 ex.s. c 51 § 34.]

**47.17.168 State route No. 102.** A state highway to be known as state route number 102 is established as follows:

Beginning at the Washington Corrections Center, thence northeasterly to a junction of state route number 101 north of Shelton.

Before award of any construction contract for improvements to state route number 102 under either program A or program C, the department of transportation shall secure a portion of the construction cost from Mason county. [1984 c 197 § 1.]

**47.17.170 State route No. 103.** A state highway to be known as state route number 103 is established as follows:

Beginning at a junction with state route number 101 at Seaview, thence northerly by way of Long Beach to Leadbetter Point state park. [1991 c 342 § 5; 1970 ex.s. c 51 § 35.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.175 State route No. 104.** A state highway to be known as state route number 104 is established as follows:

Beginning at a junction with state route number 101 in the vicinity south of Discovery Bay, thence southeasterly to the vicinity of Shine on Hood Canal, thence crossing Hood Canal to a junction with state route number 3 in the vicinity of Port Gamble; also

From that junction with state route number 3 in the vicinity of Port Gamble, thence to Port Gamble, thence southerly and easterly to the state ferry terminal at Kingston; also

From the state ferry terminal at Kingston via the state ferry system easterly to the state ferry terminal at Edmonds; also

From the state ferry terminal at Edmonds, thence southeasterly to a junction with state route number 99 in the vicinity of the Snohomish-King county line; also

Beginning at a junction with state route number 99 in the vicinity of the Snohomish-King county line, thence southeasterly to a junction with state route number 522 in the vicinity of Lake Forest Park. [1994 c 209 § 3; 1970 ex.s. c 51 § 36.]

**47.17.180 State route No. 105.** A state highway to be known as state route number 105 is established as follows:

Beginning at a junction with state route number 101 at Raymond, thence westerly by way of Tokeland and North Cove to the shore of Grays Harbor north of Westport; also

Beginning at a junction with state route number 105 in the vicinity south of Westport, thence northeasterly to a junction with state route number 101 at Aberdeen. [1987 c 199 § 12; 1970 ex.s. c 51 § 37.]

**47.17.185 State route No. 106.** A state highway to be known as state route number 106 is established as follows:

Beginning at a junction with state route number 101 near the mouth of the Skokomish river, thence northeasterly along the southeast shore of Hood Canal to a junction with state route number 3 in the vicinity of Belfair. [1970 ex.s. c 51 § 38.]

**47.17.190 State route No. 107.** A state highway to be known as state route number 107 is established as follows:

Beginning at a junction with state route number 101 north of Artic, thence northeasterly to a junction with state route number 12 at Montesano. [1970 ex.s. c 51 § 39.]

**47.17.195 State route No. 108.** A state highway to be known as state route number 108 is established as follows:

Beginning at a junction with state route number 8 in the vicinity west of McCleary, thence northeasterly to a junction with state route number 101 south of Shelton. [1973 1st ex.s. c 151 § 3; 1970 ex.s. c 51 § 40.]

**47.17.200 State route No. 109.** A state highway to be known as state route number 109 is established as follows:

Beginning at a junction with state route number 101 in Hoquiam, thence northwesterly by way of Ocean City, Copalis, Pacific Beach, and Moclips to a junction with state route number 101 in the vicinity of Queets; also a bypass beginning at a junction with state route number 101 in the vicinity of the north city limits of Hoquiam, thence southerly to a junction with state route number 109 in the vicinity of the west city limits of Hoquiam. [1983 c 180 § 2; 1970 ex.s. c 51 § 41.]

*Quinault Tribal Highway: RCW 47.20.710.*

**47.17.212 State route No. 110.** A state highway to be known as state route number 110 is established as follows:

Beginning at a junction with state route number 101 in the vicinity north of Forks, thence westerly to the Olympic national park boundary in the vicinity of La Push; also

Beginning at a junction with state route number 110 near the Quillayute river, thence westerly to the Olympic national park boundary in the vicinity of Moro. [1991 c 342 § 6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.215 State route No. 112.** A state highway to be known as state route number 112 is established as follows:

Beginning at the easterly boundary of the Makah Indian Reservation, thence easterly by way of Clallam Bay and Pysht to a junction with state route number 101 in or near Port Angeles. [1971 ex.s. c 73 § 5; 1970 ex.s. c 51 § 44.]

**47.17.216 State route No. 113.** A state highway to be known as state route number 113 is established as follows:

Beginning at a junction with state route number 101 in the vicinity of Sappho, thence northerly to a junction with state route number 112 in the vicinity of the Pysht River. [1991 c 342 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.217 State route No. 115.** A state highway to be known as state route number 115 is established as follows:

Beginning at Ocean Shores thence in an easterly and northerly direction by the most feasible route to a junction with state route number 109 in the vicinity south of Ocean City. [1973 c 60 § 1.]

**47.17.219 State route No. 116.** A state highway to be known as state route number 116 is established as follows:

Beginning at a junction with state route number 19 in the vicinity of Irondale, thence easterly and northerly to Fort Flagler state park. [1991 c 342 § 8.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.221 State route No. 117.** A state highway to be known as state route number 117 is established as follows:

Beginning at a junction with state route number 101 in Port Angeles, thence northerly to the port of Port Angeles at Marine Drive. [1991 c 342 § 9.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.223 State route No. 119.** A state highway to be known as state route number 119 is established as follows:

Beginning at a junction with state route number 101 near Hoodspout, thence northwesterly to the Mount Rose development intersection. [1991 c 342 § 10.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.225 State route No. 121.** A state highway to be known as state route number 121 is established as follows:

Beginning at a junction with state route number 5 in the vicinity of Maytown, thence easterly, northerly, and westerly by way of Millersylvania state park to a junction with state route number 5 south of Tumwater. [1991 c 342 § 11; 1970 ex.s. c 51 § 46.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.227 State route No. 122.** A state highway to be known as state route number 122 is established as follows:

Beginning at a junction with state route number 12 near Mayfield dam, thence northeasterly and southerly by way of Mayfield to a junction with state route number 12 in Mossyrock. [1991 c 342 § 12.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.230 State route No. 123.** A state highway to be known as state route number 123 is established as follows:

Beginning at a junction with state route number 12 in the vicinity west of White Pass, thence northerly to a junction with state route number 410 in the vicinity west of Chinook Pass. [1970 ex.s. c 51 § 47.]

**47.17.235 State route No. 124.** A state highway to be known as state route number 124 is established as follows:

Beginning at a junction with state route number 12 in the vicinity of Burbank, thence northeasterly by the most feasible route to a point in the vicinity of Eureka, thence easterly by the most feasible route to a junction with state route number 125 in the vicinity of Prescott, thence easterly to a junction with state route number 12 in the vicinity northeast of Waitsburg.

That portion of state route number 124 lying between the junction with state route number 12 and the county road to Ice Harbor Dam to be known as "Ice Harbor Drive". [1973 1st ex.s. c 151 § 4; 1970 ex.s. c 51 § 48.]

**47.17.240 State route No. 125.** A state highway to be known as state route number 125 is established as follows:

Beginning at the Washington-Oregon boundary line south of Walla Walla, thence northerly to a junction with state route number 12 at Walla Walla; also

From a junction with state route number 12 at Walla Walla, thence northerly to a junction with state route number 124 at Prescott. [1979 ex.s. c 33 § 5; 1970 ex.s. c 51 § 49.]

**47.17.250 State route No. 127.** A state highway to be known as state route number 127 is established as follows:

Beginning at a junction with state route number 12 in the vicinity of Dodge, thence northerly to a junction with state route number 26 in the vicinity of Dusty. [1979 ex.s. c 33 § 6; 1970 ex.s. c 51 § 51.]

**47.17.255 State route No. 128.** A state highway to be known as state route number 128 is established as follows:

Beginning at a junction with state route number 12 in Clarkston, thence northeasterly and easterly by way of the Red Wolf crossing to the Idaho state line. [1991 c 342 § 13; 1990 c 108 § 1; 1970 ex.s. c 51 § 52.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.260 State route No. 129.** A state highway to be known as state route number 129 is established as follows:

Beginning at the Washington-Oregon boundary line in Asotin county, thence northerly by the most feasible route by way of Asotin to a junction with state route number 12 at Clarkston. [1970 ex.s. c 51 § 53.]

**47.17.262 State route No. 131.** A state highway to be known as state route number 131 is established as follows:

Beginning at the Gifford Pinchot national forest boundary south of Randle, thence northerly to a junction with state route number 12 in Randle. [1991 c 342 § 14.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.275 State route No. 141.** A state highway to be known as state route number 141 is established as follows:

Beginning at a wye junction with state route number 14, the west branch in the vicinity east of Underwood and the east branch in the vicinity of White Salmon, thence northerly to the boundary of the Gifford Pinchot National Forest. [1970 ex.s. c 51 § 56.]

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**47.17.280 State route No. 142.** A state highway to be known as state route number 142 is established as follows:

Beginning at a junction with state route number 14 in the vicinity of Lyle, thence northeasterly by way of Klickitat to a junction with state route number 97 in the vicinity of Golden-dale. [1970 ex.s. c 51 § 57.]

**47.17.285 State route No. 150.** A state highway to be known as state route number 150 is established as follows:

Beginning at Manson, thence southeasterly to the north of Lake Chelan to a junction with state route number 97-alternate at Chelan.

Also beginning at a junction with state route number 97-alternate at Chelan southerly to a junction with state route number 97 in the vicinity of Chelan Station. [1987 c 199 § 13; 1970 ex.s. c 51 § 58.]

**47.17.295 State route No. 153.** A state highway to be known as state route number 153 is established as follows:

Beginning at a junction with state route number 97 in the vicinity of Pateros, thence northerly and westerly by the most feasible route to a junction with state route number 20 in the vicinity south of Twisp. [1970 ex.s. c 51 § 60.]

**47.17.300 State route No. 155.** A state highway to be known as state route number 155 is established as follows:

Beginning at a junction with state route number 2 in the vicinity north of Coulee City, thence northeasterly to the boundary of the federal reservation at the Grand Coulee dam; also

Beginning at the boundary of the federal reservation at the Grand Coulee dam, thence northwesterly by the most feasible route by way of Nespelem and Disautel to a junction with state route number 97 at Omak; also

Beginning at a junction with state route number 155 at Omak, thence northwesterly crossing the Okanogan river to a junction with state route number 215 at Omak. [1975 c 63 § 4; 1970 ex.s. c 51 § 61.]

**47.17.305 State route No. 160.** A state highway to be known as state route number 160 is established as follows:

Beginning at a junction with state route number 16 in the vicinity south of Port Orchard, thence easterly on Sedgwick Road to the Washington state ferry dock at Point Southworth; also

From the state ferry terminal at Point Southworth via the state ferry system easterly to the state ferry terminal at Vashon Heights; also

From the state ferry terminal at Vashon Heights easterly via the state ferry system to the state ferry terminal at Fautleroy. [1994 c 209 § 4; 1993 c 430 § 2; 1970 ex.s. c 51 § 62; (1991 c 342 § 15 repealed by 1992 c 166 § 31).]

**47.17.310 State route No. 161.** A state highway to be known as state route number 161 is established as follows:

Beginning at a junction with state route number 7 in the vicinity of La Grande, thence northeasterly via Eatonville to Puyallup, thence northerly to a junction with state route number 18.

That portion of state route 161 within King county shall be designated Enchanted Parkway. [1987 c 520 § 1; 1971 ex.s. c 73 § 6; 1970 ex.s. c 51 § 63.]

**47.17.315 State route No. 162.** A state highway to be known as state route number 162 is established as follows:

Beginning at a junction with state route number 410 at Sumner, thence southerly to Orting, thence northeasterly to a junction with state route number 165 in the vicinity south of Buckley. [1975 c 63 § 5; 1971 ex.s. c 73 § 7; 1970 ex.s. c 51 § 64.]

**47.17.317 State route No. 163.** A state highway to be known as state route number 163 is established as follows:

Beginning at a junction with state route number 16 in Tacoma, thence northerly to the Point Defiance ferry terminal; also

From the state ferry terminal at Point Defiance via the state ferry system northerly to the state ferry terminal at Tahlquah. [1994 c 209 § 5; 1991 c 342 § 16.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.320 State route No. 164.** A state highway to be known as state route number 164 is established as follows:

Beginning at a junction with state route number 18 in the vicinity of Auburn, thence southeasterly to a junction with state route number 410 at Enumclaw. [1987 c 199 § 14; 1970 ex.s. c 51 § 65.]

**47.17.325 State route No. 165.** A state highway to be known as state route number 165 is established as follows:

Beginning at the northwest entrance to Mt. Rainier National Park, thence northerly to a junction with state route number 410 at Buckley. [1970 ex.s. c 51 § 66.]

**47.17.328 State route No. 166.** A state highway to be known as state route number 166 is established as follows:

Beginning at a junction with state route number 16 in the vicinity west of Port Orchard, thence northeasterly to the eastern Port Orchard city limits as they exist on June 10, 2010. [2010 c 77 § 2; 1993 c 430 § 3.]

**Intent—2010 c 77:** "It is the intent of the legislature that the state route number 166 description be updated to reflect the current city limits of Port Orchard." [2010 c 77 § 1.]

**47.17.330 State route No. 167.** A state highway to be known as state route number 167 is established as follows:

Beginning at a junction with state route number 5 in the vicinity of Tacoma, thence easterly by way of the vicinity of Puyallup and Sumner, thence northerly by way of the vicinity of Auburn and Kent to a junction with state route number 900 in the vicinity of Renton. [1991 c 342 § 17; 1979 ex.s. c 33 § 8; 1970 ex.s. c 51 § 67.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.335 State route No. 168.** A state highway to be known as state route number 168 is established as follows:

Beginning at a junction with state route number 410 in the vicinity of the junction of the Greenwater and White riv-

ers, thence easterly to a junction with state route number 410 in the vicinity north of Cliffdell. [1970 ex.s. c 51 § 68.]

**47.17.340 State route No. 169.** A state highway to be known as state route number 169 is established as follows:

Beginning at a junction with state route number 164 at Enumclaw, thence northwesterly by way of Summit to a junction with state route number 900 in the vicinity of Renton. [1971 ex.s. c 73 § 8; 1970 ex.s. c 51 § 69.]

**47.17.345 State route No. 170.** A state highway to be known as state route number 170 is established as follows:

Beginning at a junction with state route number 17 west of Warden, thence easterly to Warden. [1970 ex.s. c 51 § 70.]

**47.17.350 State route No. 171.** A state highway to be known as state route number 171 is established as follows:

Beginning at a junction with state route number 90 west of Moses Lake, thence northeasterly by way of Moses Lake to a junction with state route number 28 in the vicinity west of Odessa. Until such time as state route number 171 is actually constructed on the location adopted by the department, no existing county roads may be maintained or improved by the department as a temporary route of state route number 171. [1984 c 7 § 132; 1970 ex.s. c 51 § 71.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.355 State route No. 172.** A state highway to be known as state route number 172 is established as follows:

Beginning at a junction with state route number 2 in the vicinity of Waterville, thence northerly and easterly by the most feasible route by way of Mansfield to a junction with state route number 17 in the vicinity of Leahy. [1970 ex.s. c 51 § 72.]

**47.17.360 State route No. 173.** A state highway to be known as state route number 173 is established as follows:

Beginning at a junction with state route number 17 at Bridgeport thence northwesterly on the south side of the Columbia river to a junction with state route number 97 in the vicinity of Brewster. [1970 ex.s. c 51 § 73.]

**47.17.365 State route No. 174.** A state highway to be known as state route number 174 is established as follows:

Beginning at a junction with state route number 17 east of Bridgeport, thence easterly to the boundary of the federal reservation at Grand Coulee dam; also

Beginning at a junction with state route number 155 at Grand Coulee, thence southeasterly to a junction with state route number 21 in the vicinity north of Wilbur; also

A spur beginning at a junction with state route number 174 in the vicinity of the boundary of the federal reservation at the Grand Coulee dam and extending to Crown Point. [1987 c 199 § 15; 1970 ex.s. c 51 § 74.]

**47.17.370 State route No. 181.** A state highway to be known as state route number 181 is established as follows:

Beginning at a junction with state route number 516 in the vicinity of Kent, thence northerly to a junction with state route number 405 in the vicinity of Tukwila. [1991 c 342 §

18; 1979 ex.s. c 192 § 4; 1971 ex.s. c 73 § 9; 1970 ex.s. c 51 § 75.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.372 State route No. 182.** A state highway to be known as state route number 182 is established as follows:

Beginning at a junction with state route number 82 in the vicinity of Goose Gap, thence easterly via Richland to a junction with state route number 395 in the vicinity of Pasco. [1979 ex.s. c 33 § 9; 1971 ex.s. c 73 § 10.]

**47.17.375 State route No. 193.** A state highway to be known as state route number 193 is established as follows:

Beginning at a junction with state route number 128 in the vicinity of the Red Wolf crossing, thence westerly to the port of Wilma. [1991 c 342 § 19; 1990 c 108 § 2; 1984 c 7 § 133; 1970 ex.s. c 51 § 76.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.377 State route No. 194.** A state highway to be known as state route number 194 is established as follows:

Beginning at the port of Almot, thence northerly and easterly to a junction with state route number 195 in the vicinity of Pullman. [1991 c 342 § 20.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.380 State route No. 195.** A state highway to be known as state route number 195 is established as follows:

Beginning at the Washington-Idaho boundary line south-east of Uniontown, thence northwesterly and northerly by way of the vicinity of Pullman, Colfax, and Rosalia to a junction with state route number 90 at Spokane. [1979 ex.s. c 33 § 10; 1970 ex.s. c 51 § 77.]

**47.17.382 State route No. 197.** A state highway to be known as state route number 197 is established as follows:

Beginning at the Washington-Oregon boundary on the interstate bridge across the Columbia river in the vicinity of The Dalles, thence northerly to a junction with state route number 14. [1979 ex.s. c 33 § 11; 1973 1st ex.s. c 151 § 6.]

**47.17.385 State route No. 202.** A state highway to be known as state route number 202 is established as follows:

Beginning at a junction with state route number 522 near Bothell, thence southeasterly to a junction with state route number 90 in the vicinity of North Bend. [1987 c 199 § 16; 1970 ex.s. c 51 § 78.]

**47.17.390 State route No. 203.** A state highway to be known as state route number 203 is established as follows:

Beginning at a junction with state route number 202 at Fall City, thence northerly by the most feasible route by way of Duvall to a junction with state route number 2 at Monroe. [1970 ex.s. c 51 § 79.]

**47.17.395 State route No. 204.** A state highway to be known as state route number 204 is established as follows:

Beginning at a junction with state route number 2 in the vicinity east of Everett, thence northeasterly to a junction

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with state route number 9. [1987 c 199 § 17; 1970 ex.s. c 51 § 80.]

**47.17.400 State route No. 205.** A state highway to be known as state route number 205 is established as follows:

Beginning at the Washington-Oregon boundary line in the vicinity east of Vancouver, thence northwesterly to a junction with state route number 5 in the vicinity of Salmon Creek, north of Vancouver. [1970 ex.s. c 51 § 81.]

**47.17.405 State route No. 206.** A state highway to be known as state route number 206 is established as follows:

Beginning at a junction with state route number 2 in the vicinity north of Mead, thence northeasterly to the entrance to Mt. Spokane State Park. [1987 c 199 § 18; 1970 ex.s. c 51 § 82.]

**47.17.410 State route No. 207.** A state highway to be known as state route number 207 is established as follows:

Beginning at a junction with state route number 2 in the vicinity north of Winton, thence northerly to Lake Wenatchee state park. [1991 c 342 § 21; 1970 ex.s. c 51 § 83.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.416 State route No. 211.** A state highway to be known as state route number 211 is established as follows:

Beginning at a junction with state route number 2 southwest of Newport, thence northerly by the most feasible route by way of Sacheen Lake to a junction with state route number 20 at Usk. [1975 c 63 § 10.]

**47.17.417 State route No. 213.** A state highway to be known as state route number 213 is established as follows:

Beginning at a junction with state route number 97 in the vicinity of Malott, thence northeasterly to a junction with state route number 20 southwest of Okanogan. Until such time as this route is actually constructed on the location adopted by the department, no county roads may be maintained or improved by the department as a temporary route. [1984 c 7 § 134; 1973 1st ex.s. c 151 § 18.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.419 State route No. 215.** A state highway to be known as state route number 215 is established as follows:

Beginning at a junction with state route number 20 in the vicinity of Okanogan, thence northeasterly on the west side of the Okanogan river to a junction with state route number 97 north of Omak. [1973 1st ex.s. c 151 § 19.]

**47.17.425 State route No. 221.** A state highway to be known as state route number 221 is established as follows:

Beginning at a junction with state route number 14 in the vicinity of Patterson, thence northerly to a junction with state route number 22 in the vicinity of Prosser. [1970 ex.s. c 51 § 86.]

**47.17.430 State route No. 223.** A state highway to be known as state route number 223 is established as follows:

Beginning at a junction with state route number 22 in the vicinity southeast of Toppenish, thence easterly to a junction

with state route number 12 in the vicinity of Granger. The establishment of state route number 223 as defined in this section shall be effective July 1, 1965. [1970 ex.s. c 51 § 87.]

**47.17.435 State route No. 224.** A state highway to be known as state route number 224 is established as follows:

Beginning at a junction with state route number 82 at Kiona, thence northeasterly to a junction with state route number 240 at Richland. [1987 c 199 § 19; 1970 ex.s. c 51 § 88.]

**47.17.436 State route No. 225.** A state highway to be known as state route number 225 is established as follows:

Beginning at a junction with state route number 224 in Kiona, thence northeasterly by way of Benton City to a junction with state route number 240 near Horn Rapids dam. [1991 c 342 § 22.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.440 State route No. 230.** A state highway to be known as state route number 230 is established as follows:

Beginning at a junction with state route number 90 in the vicinity of Ritzville, thence easterly by the most feasible route to a junction with state route number 23 in the vicinity of Ewan. [1970 ex.s. c 51 § 89.]

**47.17.445 State route No. 231.** A state highway to be known as state route number 231 is established as follows:

Beginning at a junction with state route number 23 in the vicinity northwest of Sprague, thence northerly by way of Edwall to a junction with state route number 2 in the vicinity west of Reardan; also

Beginning at a junction with state route number 2 in the vicinity of Reardan, thence northerly by way of Long Lake across the Spokane river, thence northeasterly by way of Springdale to a junction with state route number 395 in the vicinity of Chewelah. [1970 ex.s. c 51 § 90.]

**47.17.455 State route No. 240.** A state highway to be known as state route number 240 is established as follows:

Beginning at a junction with state route number 24 in the vicinity east of Cold Creek, thence southeasterly by the most feasible route across the Atomic Energy Commission Reservation to a junction with state route number 224 at Richland; also

From that junction with state route number 224 at Richland, thence southerly to a junction with state route number 182 at Richland; also

From a junction with state route number 182 at Richland southeasterly to a junction with state route number 395 at Kennewick. The secretary may enter into negotiations with appropriate federal agencies to secure right-of-way for the highway over and across the Atomic Energy Commission Reservation. [1985 c 177 § 3; 1984 c 7 § 135; 1970 ex.s. c 51 § 92.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.460 State route No. 241.** A state highway to be known as state route number 241 is established as follows:

Beginning at a junction with state route number 22 in Mabton, thence northerly and northeasterly by way of Sunny-side to a junction with state route number 24. [1991 c 342 § 23; 1987 c 199 § 20; 1970 ex.s. c 51 § 93.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.465 State route No. 243.** A state highway to be known as state route number 243 is established as follows:

Beginning at a junction with state route number 24 north of its crossing of the Columbia river, thence westerly and northerly by way of Arrowsmith and Beverly to a junction with state route number 26 south of the Columbia river bridge at Vantage. [1970 ex.s. c 51 § 94.]

**47.17.475 State route No. 260.** A state highway to be known as state route number 260 is established as follows:

Beginning at a junction with state route number 17 west of Connell, thence easterly to a junction with state route number 395 in the vicinity of Connell, thence northeasterly by way of Kahlotus to a junction with state route number 26 at Washtucna. [1970 ex.s. c 51 § 96.]

**47.17.480 State route No. 261.** A state highway to be known as state route number 261 is established as follows:

Beginning at a junction with state route number 12 at Delaney, thence northwesterly to a junction with state route number 260 in the vicinity of McAdam; also

Beginning at a junction with state route number 26 at Washtucna, thence northerly to a junction with state route number 90 at Ritzville. [1987 c 199 § 21; 1971 ex.s. c 73 § 12; 1970 ex.s. c 51 § 97.]

**47.17.481 State route No. 262.** A state highway to be known as state route number 262 is established as follows:

Beginning at a junction with state route number 26 east of Royal City, thence northerly and easterly to a junction with state route number 17 west of Warden. [1991 c 342 § 24.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.482 State route No. 263.** A state highway to be known as state route number 263 is established as follows:

Beginning at the port of Windust, thence easterly and northerly to a junction with state route number 260 in Kahlotus. [1991 c 342 § 25.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.485 State route No. 270.** A state highway to be known as state route number 270 is established as follows:

Beginning at a junction with state route number 195 at Pullman, thence easterly by the most feasible route to a point on the Washington-Idaho boundary line. [1970 ex.s. c 51 § 98.]

**47.17.490 State route No. 271.** A state highway to be known as state route number 271 is established as follows:

Beginning at a junction with state route number 27 in the vicinity of Oakesdale, thence northwesterly to a junction with state route number 195 in the vicinity south of Rosalia. [1970 ex.s. c 51 § 99.]

**47.17.495 State route No. 272.** A state highway to be known as state route number 272 is established as follows:

Beginning at a junction with state route number 195 at Colfax, thence easterly to a junction with state route number 27 at Palouse; also

Beginning at a junction with state route number 27 at Palouse, thence northeasterly by the most feasible route to a point on the Washington-Idaho boundary line. [1970 ex.s. c 51 § 100.]

**47.17.500 State route No. 274.** A state highway to be known as state route number 274 is established as follows:

Beginning at a junction with state route number 27 at Tekoa, thence easterly to the Washington-Idaho boundary line. [1970 ex.s. c 51 § 101.]

**47.17.502 State route No. 276.** A state highway to be known as state route number 276 is established as follows:

Beginning at a junction with state route number 195 west of Pullman, thence easterly and southeasterly to a junction with state route number 270 east of Pullman. [1973 1st ex.s. c 151 § 7.]

**47.17.503 State route No. 278.** A state highway to be known as state route number 278 is established as follows:

Beginning at a junction with state route number 27 in Rockford, thence easterly and southerly to the Washington-Idaho boundary. [1991 c 342 § 26.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.505 State route No. 281.** A state highway to be known as state route number 281 is established as follows:

Beginning at a junction with state route number 90 in the vicinity of George, thence northerly to a junction with state route number 28 at Quincy; also

Beginning at a junction with state route number 281 at a point north of the above described junction on state route number 90, thence in a southeasterly direction to a junction with state route number 90 in the vicinity east of George, some 1.6 miles more or less, resulting in a wye connection between state route number 281 and state route number 90. [1971 ex.s. c 73 § 13; 1970 ex.s. c 51 § 102.]

**47.17.510 State route No. 282.** A state highway to be known as state route number 282 is established as follows:

Beginning at a junction with state route number 28 in the vicinity of Ephrata, thence southeasterly to a junction with state route number 17 in the vicinity of Rocky Ford creek. [1970 ex.s. c 51 § 103.]

**47.17.515 State route No. 283.** A state highway to be known as state route number 283 is established as follows:

Beginning at a junction with state route number 281 in the vicinity of Burke Junction, thence northeasterly by the most feasible route to a junction with state route number 28 in the vicinity west of Ephrata. [1970 ex.s. c 51 § 104.]

**47.17.517 State route No. 285.** A state highway to be known as state route number 285 is established as follows:

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Beginning at a junction with state route number 28 in East Wenatchee, thence westerly across the Columbia river and northwesterly to a junction with state route number 2 in Wenatchee. [1991 c 342 § 27; 1977 ex.s. c 224 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.520 State route No. 290.** A state highway to be known as state route number 290 is established as follows:

Beginning at a junction with state route number 90 in Spokane, thence northeasterly by way of Millwood, Trentwood, and Newman Lake to the termination of Idaho state highway number 53 at the Washington-Idaho boundary line. [2005 c 14 § 1; 1977 ex.s. c 6 § 1; 1970 ex.s. c 51 § 105.]

**47.17.525 State route No. 291.** A state highway to be known as state route number 291 is established as follows:

Beginning at a junction with state route number 2 in Spokane, thence northwesterly along the north bank of the Spokane river to the vicinity of Tumtum; and thence southwestwardly along the north shore of Long Lake to a junction with state route number 231 in the vicinity of the Little Falls Dam. [1983 c 180 § 4; 1970 ex.s. c 51 § 106.]

**47.17.530 State route No. 292.** A state highway to be known as state route number 292 is established as follows:

Beginning at a junction with state route number 231 at Springdale, thence easterly to a junction with state route number 395 in the vicinity of Loon Lake. [1970 ex.s. c 51 § 107.]

**47.17.540 State route No. 300.** A state highway to be known as state route number 300 is established as follows:

Beginning at the western boundary of the Belfair State Park, thence generally easterly to a junction with state route number 3 at Belfair. [1970 ex.s. c 51 § 109.]

**47.17.545 State route No. 302.** A state highway to be known as state route number 302 is established as follows:

Beginning at a junction with state route number 3 in the vicinity of Allyn, thence easterly to a junction with state route number 16 in the vicinity of Purdy. [1987 c 199 § 22; 1970 ex.s. c 51 § 110.]

**47.17.550 State route No. 303.** A state highway to be known as state route number 303 is established as follows:

Beginning at a junction with state route number 304 at Bremerton, thence by way of the Warren Avenue bridge across the Port Washington Narrows northerly to a junction with state route number 3 in the vicinity north of Silverdale. [1991 c 342 § 28; 1971 ex.s. c 73 § 14; 1970 ex.s. c 51 § 111.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.556 State route No. 304.** A state highway to be known as state route number 304 is established as follows:

Beginning at a junction with state route number 3 in Bremerton, thence easterly to the ferry terminal in Bremerton; also

From the state ferry terminal at Bremerton via the state ferry system easterly to the junction with state route number

519 at the state ferry terminal in Seattle. [1994 c 209 § 6; 1993 c 430 § 4.]

**47.17.560 State route No. 305.** A state highway to be known as state route number 305 is established as follows:

Beginning at the junction with state route number 519 at the state ferry terminal in Seattle, thence via the state ferry system northwesterly to the state ferry terminal at Bainbridge Island; also

From the state ferry terminal at Bainbridge Island, thence northerly by the most feasible route to the north end of Bainbridge Island, across Agate Pass, thence northwesterly by the most feasible route to a junction with state route number 3 in the vicinity north of Poulsbo. [1994 c 209 § 7; 1970 ex.s. c 51 § 113.]

**47.17.566 State route No. 307.** A state highway to be known as state route number 307 is established as follows:

Beginning at a junction with state route number 305 at Poulsbo, thence northeasterly to a junction with state route number 104 near Miller Lake. [1991 c 342 § 29.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.567 State route No. 308.** A state highway to be known as state route number 308 is established as follows:

Beginning at a junction with state route number 3, thence easterly to Keyport. [1987 c 199 § 23; 1971 ex.s. c 73 § 15.]

**47.17.569 State route No. 310.** A state highway to be known as state route number 310 is established as follows:

Beginning at a junction with state route number 3 near Oyster Bay, thence easterly to a junction with state route number 304 in Bremerton. [1991 c 342 § 30.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.571 State route No. 339.** A state highway to be known as state route number 339 is established as follows:

Beginning at the junction of state route number 160 at the state ferry terminal at Vashon Heights, thence via the state ferry system northeasterly to the junction with state route number 519 at the state ferry terminal in Seattle. [1994 c 209 § 9.]

**47.17.575 State route No. 395.** A state highway to be known as state route number 395 is established as follows:

Beginning at a junction with state route number 82 at Kennewick, northerly to a junction with state route number 182 at Pasco; also

From a junction with state route number 182 at Pasco, thence northeasterly by way of the vicinity of Mesa and Connell to a junction with state route number 90 at Ritzville; also

From a junction with state route number 2 in the vicinity north of Spokane, thence northerly by way of the vicinity of Colville and Kettle Falls to the international boundary line in the vicinity of Laurier. [1985 c 177 § 4; 1979 ex.s. c 33 § 13; 1970 ex.s. c 51 § 116.]

**47.17.577 State route No. 397.** A state highway to be known as state route number 397 is established as follows:

Beginning at state route number 82 at exit 114, thence easterly, northwesterly, and northerly across the Columbia River, thence easterly and northerly to a junction with state route number 395 in Pasco. [2009 c 184 § 1; 1993 c 430 § 5; 1991 c 342 § 31.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.580 State route No. 401.** A state highway to be known as state route number 401 is established as follows:

Beginning at Point Ellice on state route number 101, thence easterly and northerly to a junction with state route number 4 in the vicinity north of Naselle. [1970 ex.s. c 51 § 117.]

**47.17.595 State route No. 405.** A state highway to be known as state route number 405 is established as follows:

Beginning at a junction with state route number 5 in the vicinity south of Seattle, thence northeasterly to Renton, thence northerly east of Lake Washington to a junction with state route number 5 north of Seattle. [1970 ex.s. c 51 § 120.]

**47.17.605 State route No. 409.** A state highway to be known as state route number 409 is established as follows:

Beginning at the South Ferry landing, as now located, or as it may be relocated, on the south side of Puget Island, thence generally northerly by the most feasible route to the Puget Island bridge, thence crossing said bridge to a junction with state route number 4 at the north approach of said bridge at the town of Cathlamet: PROVIDED, That the state of Washington shall not assume or pay any bond or bonds outstanding against said bridge, or interest on said bonds, but said bond or bonds, and interest thereon, shall remain the sole obligation of the obligors named on said bonds. [1970 ex.s. c 51 § 122.]

**47.17.610 State route No. 410.** A state highway to be known as state route number 410 is established as follows:

Beginning at a junction with state route number 167 at Sumner, thence easterly by way of Buckley, Enumclaw, and Chinook Pass, to a junction with state route number 12 northwest of Yakima: PROVIDED, That until such time as state route number 167 is constructed and opened to traffic on an anticipated ultimate alignment from a junction with state route number 5 near Tacoma easterly to Sumner on the north side of the Puyallup river, the public highway between state route number 5 in Tacoma and state route number 161 in Sumner, on the south side of the Puyallup river, shall remain on the state highway system. [1987 c 199 § 24; 1973 1st ex.s. c 151 § 8; 1970 ex.s. c 51 § 123.]

**47.17.615 State route No. 411.** A state highway to be known as state route number 411 is established as follows:

Beginning at a junction with state route number 432 in Longview, thence northerly to a junction with state route number 5 at Castle Rock. [1991 c 342 § 32; 1970 ex.s. c 51 § 124.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.625 State route No. 432.** A state highway to be known as state route number 432 is established as follows:

Beginning at a junction with state route number 4 in the vicinity west of Longview, thence southeasterly to a junction with state route number 5 south of Kelso. [1991 c 342 § 33; 1970 ex.s. c 51 § 126.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.630 State route No. 433.** A state highway to be known as state route number 433 is established as follows:

Beginning at the Washington-Oregon boundary on the interstate bridge at Longview, thence northerly to a junction with state route number 432 in Longview. [1991 c 342 § 34; 1987 c 199 § 25; 1970 ex.s. c 51 § 127.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.635 State route No. 500.** A state highway to be known as state route number 500 is established as follows:

Beginning at a junction with state route number 5 at Vancouver, thence northeasterly to Orchards, thence south-easterly to a junction with state route number 14 at Camas. [1970 ex.s. c 51 § 128.]

**47.17.640 State route No. 501—Erwin O. Rieger Memorial Highway.** A state highway to be known as state route number 501 is established as follows:

Beginning at a junction with state route number 5 at Vancouver, thence northerly by way of Lower River Road and an extension thereof to Ridgefield, thence easterly to a junction with state route number 5 in the vicinity south of La Center. That portion of state route number 501 from the northerly junction of N.W. Lower River Road to the Ridgefield city limits is designated "the Erwin O. Rieger Memorial Highway." The department may enter into an agreement with the Port of Vancouver, Clark county, or the United States Army Engineers, or any combination thereof, to obtain material dredged from the Columbia river and have it stockpiled at no expense to the state. [1991 c 78 § 1; 1984 c 7 § 136; 1970 ex.s. c 51 § 129.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.645 State route No. 502.** A state highway to be known as state route number 502 is established as follows:

Beginning at a junction with state route number 5 in the vicinity north of Vancouver, thence easterly to a junction with state route number 503 at Battle Ground. [1970 ex.s. c 51 § 130.]

**47.17.650 State route No. 503.** A state highway to be known as state route number 503 is established as follows:

Beginning at a junction with state route number 500 at Orchards, thence northerly to a junction with state route number 502 at Battle Ground, thence northerly to Amboy, thence northeasterly by way of Cougar to the Cowlitz-Skamania county line; also

Beginning at a junction with state route number 503 in the vicinity of Yale, thence westerly to a junction with state route number 5 in the vicinity of Woodland. [1991 c 342 § 35; 1975 c 63 § 6; 1970 ex.s. c 51 § 131.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

(2010 Ed.)

**47.17.655 State route No. 504—Spirit Lake Memorial Highway.** A state highway to be known as state route number 504, hereby designated the Spirit Lake Memorial Highway, dedicated to the memory of those who lost their lives in the 1980 eruption of Mt. St. Helens, is established as follows:

Beginning at a junction with state route number 5 in the vicinity north of Castle Rock, thence easterly along the north shore of Silver Lake by way of Silverlake and Toutle, past a junction with state route number 505, thence by way of Kid Valley and St. Helens to the former Spirit Lake. [1982 c 82 § 1; 1970 ex.s. c 51 § 132.]

**47.17.660 State route No. 505.** A state highway to be known as state route number 505 is established as follows:

Beginning in Winlock, thence via Toledo, easterly and southerly to a junction with state route number 504 in the vicinity north of Toutle. [1991 c 342 § 36; 1970 ex.s. c 51 § 133.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.665 State route No. 506.** A state highway to be known as state route number 506 is established as follows:

Beginning at Ryderwood, thence by way of Vader north-easterly to a junction with state route number 5 west of Toledo. [1970 ex.s. c 51 § 134.]

**47.17.670 State route No. 507.** A state highway to be known as state route number 507 is established as follows:

Beginning at a junction with state route number 5 in Centralia, thence northerly by the most feasible route by way of Bucoda to Tenino, thence northeasterly by way of Rainier, Yelm and McKenna to a junction with state route number 7 in the vicinity south of Tacoma. [1970 ex.s. c 51 § 135.]

**47.17.675 State route No. 508.** A state highway to be known as state route number 508 is established as follows:

Beginning at a junction with state route number 5 south of Chehalis, thence easterly by way of Onalaska to a junction with state route number 7 at Morton. [1970 ex.s. c 51 § 136.]

**47.17.680 State route No. 509.** A state highway to be known as state route number 509 is established as follows:

Beginning at a junction with state route number 705 at Tacoma, thence northeasterly to a junction with state route number 99 in the vicinity of Redondo; also

From a junction with state route number 516 at Des Moines, thence northerly to a junction with state route number 99 in Seattle. [1991 c 342 § 37; 1979 ex.s. c 33 § 14; 1970 ex.s. c 51 § 137.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.685 State route No. 510.** A state highway to be known as state route number 510 is established as follows:

Beginning at a junction with state route number 5, thence southeasterly via St. Clair to a junction with state route number 507 at Yelm. [1970 ex.s. c 51 § 138.]

**47.17.690 State route No. 512.** A state highway to be known as state route number 512 is established as follows:

Beginning at a junction with state route number 5 south of Tacoma, thence easterly to a junction with state route number 7 south of Tacoma, thence easterly to a junction with state route number 167 in the vicinity of Puyallup. [1970 ex.s. c 51 § 139.]

**47.17.695 State route No. 513.** A state highway to be known as state route number 513 is established as follows:

Beginning at a junction with state route number 520 in Seattle, thence northerly and easterly to the vicinity of Sand Point. [1991 c 342 § 38; 1971 ex.s. c 73 § 16; 1970 ex.s. c 51 § 140.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.705 State route No. 515.** A state highway to be known as state route number 515 is established as follows:

Beginning at a junction with state route number 516 in the vicinity east of Kent, thence northerly to a junction with state route number 900 in Renton. [1970 ex.s. c 51 § 142.]

**47.17.710 State route No. 516.** A state highway to be known as state route number 516 is established as follows:

Beginning at a junction with state route number 509 in the vicinity south of Des Moines, thence southeasterly to a junction with state route number 5; also

From that junction with state route number 5, thence easterly to a junction with state route number 167 in Kent, thence easterly to a junction with state route number 169 south of Maple Valley. [1970 ex.s. c 51 § 143.]

**47.17.715 State route No. 518.** A state highway to be known as state route number 518 is established as follows:

Beginning at a junction with state route number 509 near Sunnydale, thence easterly to a junction with state route number 5 in the vicinity of Seattle. [1970 ex.s. c 51 § 144.]

**47.17.717 State route No. 519.** A state highway to be known as state route number 519 is established as follows:

Beginning at a junction with state route number 90 in Seattle, thence westerly, and northerly to the Washington state ferry terminal. [1991 c 342 § 39.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.720 State route No. 520.** A state highway to be known as state route number 520 is established as follows:

Beginning at a junction with state route number 5 in Seattle, thence easterly via the Evergreen Point bridge to a junction with state route number 202 in the vicinity of Redmond. [1970 ex.s. c 51 § 145.]

**47.17.725 State route No. 522.** A state highway to be known as state route number 522 is established as follows:

Beginning at Seattle in King county, thence easterly by the most feasible route to the north of Lake Washington by way of Bothell to a junction with state route number 202 near Bothell; also

From that junction with state route number 202 near Bothell, thence northeasterly by the most feasible route to a junction with state route number 2 in the vicinity of Monroe. [1970 ex.s. c 51 § 146.]

**47.17.727 State route No. 523.** A state highway to be known as state route number 523 is established as follows:

Beginning at a junction with state route number 99 and Northeast 145th Street in Seattle, thence easterly to a junction with state route number 522. [1991 c 342 § 40.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.730 State route No. 524.** A state highway to be known as state route number 524 is established as follows:

Beginning at a junction with state route number 104 at Edmonds, thence northeasterly to a junction with state route number 5 in the vicinity of Lynnwood, thence easterly to a junction with state route number 522 near Maltby. [1991 c 342 § 41; 1984 c 7 § 137; 1970 ex.s. c 51 § 147.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.735 State route No. 525.** A state highway to be known as state route number 525 is established as follows:

Beginning at a junction with state route number 5 in the vicinity south of Everett, thence northwesterly to the state ferry terminal at Mukilteo; also

From the junction with state route number 526 at Mukilteo, thence southerly to a junction with state route number 525; also

From the state ferry terminal at Mukilteo via the state ferry system northerly to the state ferry terminal at Clinton; also

From the state ferry terminal at Clinton, thence northwesterly to a junction with state route number 20 in the vicinity east of Keystone. [2001 c 130 § 1; 1994 c 209 § 8; 1973 1st ex.s. c 151 § 15; 1970 ex.s. c 51 § 148.]

**47.17.740 State route No. 526.** A state highway to be known as state route number 526 is established as follows:

Beginning at a junction with state route number 525 at Mukilteo, thence easterly to a junction with state route number 5 in the vicinity of its junction with state route number 527. [1970 ex.s. c 51 § 149.]

**47.17.745 State route No. 527.** A state highway to be known as state route number 527 is established as follows:

Beginning at a junction with state route number 522 in the vicinity of Bothell, thence northerly to a junction with state route number 5 in the vicinity south of Everett. [1970 ex.s. c 51 § 150.]

**47.17.750 State route No. 528.** A state highway to be known as state route number 528 is established as follows:

Beginning at a junction with state route number 5 near Marysville, thence easterly to a junction with state route number 9. Until such time as state route number 528 from Marysville to a junction with state route number 9 is actually constructed on the location adopted by the department, no existing city streets or county roads may be maintained or improved by the department as a temporary route of state route number 528. [1984 c 7 § 138; 1971 ex.s. c 73 § 18; 1970 ex.s. c 51 § 151.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.752 State route No. 529.** A state highway to be known as state route number 529 is established as follows:

Beginning at a junction with state route number 5 in Everett, thence westerly and northerly through Everett to a junction with state route number 528 in Marysville. [1991 c 342 § 42; 1971 ex.s. c 73 § 19.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.755 State route No. 530.** A state highway to be known as state route number 530 is established as follows:

Beginning at a junction with state route number 5 in the vicinity west of Arlington, thence easterly and northerly by way of Darrington to a junction with state route number 20 in the vicinity of Rockport. [1991 c 342 § 43; 1983 c 131 § 1; 1971 ex.s. c 73 § 20; 1970 ex.s. c 51 § 152.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.757 State route No. 531.** A state highway to be known as state route number 531 is established as follows:

Beginning at Wenberg state park, thence northerly and easterly to a junction with state route number 9 in the vicinity north of Marysville. [1991 c 342 § 44.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.760 State route No. 532.** A state highway to be known as state route number 532 is established as follows:

Beginning at a point on Camano Island known as McEacherns Corner, thence easterly over a bridge and by way of Stanwood to a junction with state route number 530 in the vicinity of Stanwood, thence easterly to a junction with state route number 5 in the vicinity east of Stanwood. [1970 ex.s. c 51 § 153.]

**47.17.765 State route No. 534.** A state highway to be known as state route number 534 is established as follows:

Beginning at a junction with state route number 5 at Conway, thence southeasterly to a junction with state route number 9 at McMurray. [1970 ex.s. c 51 § 154.]

**47.17.770 State route No. 536.** A state highway to be known as state route number 536 is established as follows:

Beginning at a junction with state route number 20 at Fredonia, thence easterly to a junction with state route number 5 at Mt. Vernon. [1973 1st ex.s. c 151 § 16; 1970 ex.s. c 51 § 155.]

**47.17.780 State route No. 538.** A state highway to be known as state route number 538 is established as follows:

Beginning at a junction with state route number 5 at Mt. Vernon, thence easterly to a junction with state route number 9. [1970 ex.s. c 51 § 157.]

**47.17.785 State route No. 539.** A state highway to be known as state route number 539 is established as follows:

Beginning at a junction with state route number 5 at Bellingham, thence northerly to the international boundary in the vicinity east of Delta. [1970 ex.s. c 51 § 158.]

**47.17.795 State route No. 542.** A state highway to be known as state route number 542 is established as follows:

Beginning at a junction with state route number 5 at Bellingham, thence easterly to a point in the vicinity of Austin Pass in Whatcom county. [1970 ex.s. c 51 § 160.]

**47.17.797 State route No. 543.** A state highway to be known as state route number 543 is established as follows:

Beginning at a junction with state route number 5 in the vicinity of Blaine, thence northerly to the international boundary. [1971 ex.s. c 73 § 22.]

**47.17.800 State route No. 544.** A state highway to be known as state route number 544 is established as follows:

Beginning at a junction with state route number 539 in the vicinity of Wiser lake, thence northeasterly by way of Everson to a junction with state route number 9 in the vicinity of Nooksack. [1970 ex.s. c 51 § 161.]

**47.17.805 State route No. 546.** A state highway to be known as state route number 546 is established as follows:

Beginning at a junction with state route number 539 approximately 2.7 miles south of the international boundary, thence easterly by way of Van Buren to a junction with state route number 9. [1970 ex.s. c 51 § 162.]

**47.17.806 State route No. 547.** A state highway to be known as state route number 547 is established as follows:

Beginning at the junction of state route number 539 approximately 2.7 miles south of the international boundary, thence easterly by way of Van Buren to a junction with state route number 9 at Sumas. [1984 c 197 § 2.]

**47.17.807 State route No. 548.** A state highway to be known as state route number 548 is established as follows:

Beginning at a junction with state route number 5 in the vicinity north of Ferndale, thence westerly and northerly to a junction with state route number 5 in Blaine. [1991 c 342 § 45.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.808 State route No. 599.** A state highway to be known as state route number 599 is established as follows:

Beginning in the vicinity south of Seattle at a junction with state route number 5, thence in a northwesterly direction west of the Duwamish river to a junction with state route number 99 in the vicinity of South 118 street south of Seattle. [1971 ex.s. c 73 § 23.]

**47.17.815 State route No. 702.** A state highway to be known as state route number 702 is established as follows:

Beginning at a junction with state route number 507 at McKenna, thence easterly to a junction with state route number 7. [1970 ex.s. c 51 § 164.]

**47.17.818 State route No. 704.** A state highway to be known as state route number 704 is established as follows:

Beginning at a junction with state route number 5 in south Pierce county, thence easterly across Fort Lewis to a junction with state route number 7. [2002 c 56 § 304.]

**Captions and subheadings not law—Severability—2002 c 56:** See RCW 36.120.900 and 36.120.901.

**47.17.819 State route No. 705.** A state highway to be known as state route number 705 is established as follows:

Beginning at a junction with state route number 5 in Tacoma, thence northerly to a junction with Schuster Parkway in the Tacoma central business district. [1979 ex.s. c 33 § 15.]

**47.17.820 State route No. 706—Road to Paradise.** A state highway to be known as state route number 706, designated the Road to Paradise, is established as follows:

Beginning at a junction with state route number 7 at Elbe, thence easterly to a southwest entrance to Mt. Rainier National Park. [1990 c 97 § 1; 1970 ex.s. c 51 § 165.]

**47.17.821 State route No. 730.** A state highway to be known as state route number 730 is established as follows:

Beginning at the Washington-Oregon boundary line, thence northeasterly to a junction with state route number 12 south of Wallula. [1985 c 177 § 5.]

**47.17.823 State route No. 821.** A state highway to be known as state route number 821 is established as follows:

Beginning at a junction with state route number 82 in the vicinity north of Yakima, thence northerly to a junction with state route number 82 south of Ellensburg. [1973 1st ex.s. c 151 § 9.]

**47.17.824 State route No. 823.** A state highway to be known as state route number 823 is established as follows:

Beginning at the junction of state route number 82 in the vicinity of Selah northerly by way of Selah and easterly to a junction with state route number 821 in the vicinity of the firing center interchange.

Before award of any construction contract for improvements to state route number 823 under either program A or program C, the department of transportation shall secure a portion of the construction cost from the city of Selah or Yakima county, or both. [1991 c 342 § 46; 1984 c 197 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.825 State route No. 900.** A state highway to be known as state route number 900 is established as follows:

Beginning at a junction with state route number 5 in Seattle near the Duwamish River, thence southerly by way of Renton to a junction with state route number 90 in the vicinity of Issaquah. [1991 c 342 § 47; 1979 ex.s. c 33 § 16; 1970 ex.s. c 51 § 166.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.835 State route No. 902.** A state highway to be known as state route number 902 is established as follows:

Beginning at a junction with state route number 90, thence northwesterly, northerly, northeasterly, and easterly, via the town of Medical Lake, to a junction with state route number 90 at a point approximately three miles northeast of Four Lakes. [1991 c 342 § 49; 1970 ex.s. c 51 § 168.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.840 State route No. 903.** A state highway to be known as state route number 903 is established as follows:

Beginning at a junction with state route number 970 in the vicinity of Cle Elum, thence northwesterly by way of Cle Elum and Roslyn to the National Forest boundary in the vicinity of Lake Cle Elum. [1975 c 63 § 7; 1970 ex.s. c 51 § 169.]

**47.17.845 State route No. 904.** A state highway to be known as state route number 904 is established as follows:

Beginning at a junction with state route number 90 in the vicinity of Tyler, thence northeasterly via Cheney to a junction with state route number 90 in the vicinity of Four Lakes. [1971 ex.s. c 73 § 25; 1970 ex.s. c 51 § 170.]

**47.17.850 State route No. 906.** A state highway to be known as state route number 906 is established as follows:

Beginning at a junction with state route number 90 at the West Summit interchange of Snoqualmie Pass, thence along the alignment of the state route number 90 as it existed on May 11, 1967, in a southeasterly direction to a junction with state route number 90 at the Hyak interchange. [2005 c 319 § 129; 1984 c 7 § 139; 1977 ex.s. c 235 § 16; 1971 ex.s. c 73 § 26; 1970 ex.s. c 51 § 171.]

**Findings—Intent—Part headings—Effective dates—2005 c 319:** See notes following RCW 43.17.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.917 State route No. 970.** A state highway to be known as state route number 970 is established as follows:

Beginning at a junction with state route number 90 in the vicinity of Cle Elum, thence northeasterly by way of Teanaway to a junction with state route number 97 in the vicinity of Virden. [1975 c 63 § 12.]

**47.17.919 State route No. 971.** A state highway to be known as state route number 971 is established as follows:

Beginning at a junction with state route number 97-alternate in the vicinity of Winesap, thence northerly to Lake Chelan state park, thence southeasterly to a junction with state route number 97-alternate west of Chelan. [1991 c 342 § 51.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.960 Local bridges—Department responsibility.** Although not part of the state highway system, the bridges designated in this section shall remain the continuing responsibility of the Washington state department of transportation. Continuing responsibility includes all structural maintenance, repair, and replacement of the substructure, superstructure, and roadway deck. Local agencies are responsible for snow and ice control, sweeping, striping, lane marking, and channelization.

State of Washington Inventory of  
Bridges and Structures  
(SWIBS) Number

Facility	(SWIBS) Number
S. Fork Skykomish River Bridge	WN-002000487032
Manette Bridge	WN-303250032700
Grays River Bridge (Rosburg)	WN-403000064300
Elochoman Bridge	WN-407000023300

[1991 c 342 § 55.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.17.990 Construction—Refunds to counties composed of islands.** Nothing in this chapter precludes the refund of all vehicle license fees and motor vehicle fuel tax directly or indirectly paid by the residents of those counties composed entirely of islands and that have neither a fixed physical connection with the mainland nor any state highways on any of the islands of which they are composed, as authorized under RCW 46.68.080. [1994 c 209 § 10.]

## Chapter 47.20 RCW

### MISCELLANEOUS PROJECTS

#### Sections

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47.20.635	University of Washington approach—Ordinance requisite—Construction and maintenance.
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47.20.645	Interstate 90 corridor—Legislative finding.
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47.20.653	Interstate 90 corridor—Court proceedings, priority.
47.20.700	State route No. 504 (Spirit Lake Memorial Highway)—Extension and parking facilities.
47.20.710	Quinalt Tribal Highway—Agreement authorized—Route.
47.20.715	Quinalt Tribal Highway—Maintenance, operation, improvements—Intersections, access.
47.20.720	Quinalt Tribal Highway—Certain portion as limited access.
47.20.725	Quinalt Tribal Highway—Acquisition of remaining right-of-way.
47.20.730	Quinalt Tribal Highway—Department as agent.
47.20.735	Quinalt Tribal Highway—Authority to seek federal funding.
47.20.780	Design-build—Competitive bidding.
47.20.785	Design-build—Qualified projects.
47.20.900	Severability—1975 1st ex.s. c 272.

**47.20.570 Manette bridge authorized.** The department is authorized and directed to construct a bridge across Port Washington Narrows connecting state route number 304 at or near Bremerton with state route number 303 on the Manette Peninsula; to make surveys and plans; and to condemn or otherwise acquire such lands as are necessary or proper for approaches to the bridge or for the relocation of any portion of the highway to locate the bridge at the most feasible place. The bridge shall become and be maintained as a part of the state highway system. [1984 c 7 § 140; 1970 ex.s. c 51 § 173; 1961 c 13 § 47.20.570. Prior: 1947 c 4 p 6 § 2; Rem. Supp. 1947 § 6584a-1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.20.580 Washington State University highway authorized.** The department is hereby authorized and directed to locate, construct, pave, and maintain a suitable

highway on the most feasible route beginning in the vicinity of the stadium of the Washington State University and extending in a northwesterly direction to a connection with state route number 27, near the north boundary of the city of Pullman. [1984 c 7 § 141; 1970 ex.s. c 51 § 174; 1961 c 13 § 47.20.580. Prior: 1945 c 27 § 1; Rem. Supp. 1945 § 6402-40.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.20.590 University of Washington approach authorized.** The department is hereby authorized and directed to select and locate a suitable and fitting street and highway approach to the University of Washington campus in the city of Seattle, from Roosevelt Way to Fifteenth Avenue northeast, including an underpass beneath the surface of Roosevelt Way, and necessary approaches to the underpass. [1984 c 7 § 142; 1961 c 13 § 47.20.590. Prior: 1945 c 27 § 2; Rem. Supp. 1945 § 6402-41.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.20.600 Washington State University highway, University of Washington approach—Acquisition of property.** The department is hereby authorized and directed in the name of the state of Washington to acquire by purchase, gift, or condemnation, any and all private real estate, rights, and interests necessary to locate, construct, and maintain the Washington State University highway and the University of Washington approach provided for herein. [1984 c 7 § 143; 1961 c 13 § 47.20.600. Prior: 1945 c 27 § 3; Rem. Supp. 1945 § 6402-42.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.20.605 Washington State University highway, University of Washington approach—Public use.** The use of the private real estate, rights, and interests, selected by the department as necessary for the approach, underpass, and highway is declared to be a public use. [1984 c 7 § 144; 1961 c 13 § 47.20.605. Prior: 1945 c 27 § 4; Rem. Supp. 1945 § 6402-43. Formerly RCW 47.20.600, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.20.610 Washington State University highway, University of Washington approach—Condemnation.** In case of condemnation to secure any real estate, rights, or interests authorized under this chapter, the court actions shall be brought in the name of the state of Washington in the respective counties in which the real estate is located and in the manner provided by law for acquiring property for public uses for the state. In such actions the selection of the real estate, rights, and interests by the department is, in the absence of bad faith, arbitrary, capricious, or fraudulent action, conclusive upon the court and judge before which the action is brought that the real estate, rights, and interests are necessary for public use for the purposes sought. [1984 c 7 § 145; 1961 c 13 § 47.20.610. Prior: 1945 c 27 § 5; Rem. Supp. 1945 § 6402-44.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.20.620 Washington State University highway, University of Washington approach—Measure of dam-**

**age to buildings.** If, in any condemnation proceeding authorized herein, it appears that there is any building wholly or partially upon any of the real estate to be taken, the jury, or the court, if the jury be waived, shall add to the value of the land taken the amount of damages to the building. If the entire building is taken, or if the building is damaged so that it cannot be readjusted to the real estate not taken, then the measure of damages shall be the fair cash value of the building. If part of a building is taken or damaged and the building can be readjusted or replaced on the real estate remaining, then the measure of damages shall be the cost of readjusting or moving the building, or part thereof left, together with the depreciation in the market value of said building by reason of said readjustment or moving. [1961 c 13 § 47.20.620. Prior: 1945 c 27 § 6; Rem. Supp. 1945 § 6402-45.]

**47.20.630 Washington State University highway, University of Washington approach—Sale of buildings, personalty, acquired in acquisition of land.** The department shall have power to sell at public or private sale any building, equipment, or fixtures acquired in the acquisition of the real estate for such price as it shall fix and to execute to the purchaser upon payment of the purchase price a bill of sale in the name of the state. Proceeds of the sale shall be placed in the motor vehicle fund of the state treasury. The department shall have power to permit occupation of buildings on real estate so acquired for such specified limited time as it deems will lapse before construction of the approach, underpass, and highway can be undertaken; and in behalf of the state it may be shown in any condemnation proceeding the period during which such occupancy will be permitted for the purpose of mitigating damages. [1984 c 7 § 146; 1961 c 13 § 47.20.630. Prior: 1945 c 27 § 7; Rem. Supp. 1945 § 6402-46.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.20.635 University of Washington approach—Ordinance requisite—Construction and maintenance.** No action may be taken by the department for the acquisition of real estate, rights, and interests for the approach and underpass to the University of Washington unless and until the city of Seattle, through its legislative authority, enacts an ordinance providing that the city of Seattle will, within three months after the necessary real estate, rights, and interests have been secured by the state as provided in this chapter, begin the work of grading, paving, and such other work as is necessary to complete and render available for use of the public, the approach and underpass and approaches to the underpass; and further providing that the city of Seattle shall thereafter keep and maintain the approach and underpass and approach to the underpass in a good state of repair and suitable for public travel and use, which construction and maintenance work the city of Seattle is hereby authorized and empowered to do and perform. [1984 c 7 § 147; 1961 c 13 § 47.20.635. Prior: 1945 c 27 § 8; Rem. Supp. 1945 § 6402-47.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.20.640 Reestablishment and redesignation of intersections when highway relocated.** In any case where a

state highway is relocated in such manner that it ceases to intersect another state highway, the department is authorized to extend and designate either of the state highways to reestablish an appropriate intersection. [1984 c 7 § 148; 1967 ex.s. c 145 § 44; 1961 c 13 § 47.20.640. Prior: 1953 c 82 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.20.645 Interstate 90 corridor—Legislative finding.** The legislature finds that the department initiated route studies for the location of that segment of the national system of interstate and defense highways (interstate system) between south Bellevue and state route No. 5 in Seattle in 1957 culminating in a corridor public hearing and adoption of a corridor in 1963; that thereafter the department, utilizing a multidisciplinary design team and soliciting the broadest public participation, developed a series of designs culminating in a public design hearing in 1970, a public limited access hearing in 1971, and adoption of a design and limited access plan for the facility in 1971; that commencing in 1970 the proposed facility has been the subject of numerous lawsuits and administrative proceedings that have prevented advancement of the project to construction; that since further development of the project was enjoined by federal courts in 1971 the cost of constructing the project has increased by more than one hundred million dollars; that the traffic congestion and traffic hazards existing in the existing highway corridor between south Bellevue, Mercer Island, and the city of Seattle are no longer tolerable; that after more than seventeen years of studies the public interest now requires that final decisions regarding the appropriate system for meeting the transportation requirements between south Bellevue and the city of Seattle be made promptly and in accordance with a prescribed schedule.

It is therefore the sense of the legislature that further protracted delay in establishing the transportation system to be constructed between south Bellevue and state route No. 5 in the city of Seattle is contrary to the interest of the people of this state and can no longer be tolerated as acceptable public administration. Accordingly the schedule for finally determining the character of transportation modes between south Bellevue and state route No. 5 in the city of Seattle as set forth in RCW 47.20.645 through 47.20.653 and 47.20.900 is adopted as the public policy of this state. [1984 c 7 § 149; 1975 1st ex.s. c 272 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.20.647 Interstate 90 corridor—Withdrawal of local governments from project—Effect on use of state funds.** (1) The Puget Sound council of governments (until July 1, 1975, known as the Puget Sound governmental conference) now engaged in a study of the withdrawal from the interstate system of that segment of state route No. 90 between the south Bellevue interchange and the Connecticut street interchange on state route No. 5 and the substitution of public mass transit projects in lieu thereof as authorized by section 103(e)(4) of Title 23, United States Code, is directed to complete all phases of the study by November 1, 1975.

(2) No later than January 15, 1976, the city councils of Seattle, Mercer Island and Bellevue and the county council of King County shall each by resolution either approve or disap-

prove a request to withdraw from the interstate system the segment of state route No. 90 between south Bellevue interchange and the Connecticut street interchange on state route No. 5. Nothing in this subsection shall be construed as requiring the city or county councils to adopt by January 15, 1976 any proposal for substitute mass transit projects.

(3) If at least three of the four city and county councils request withdrawal from the interstate system of the designated segment of state route No. 90 by January 15, 1976, and such request is thereafter concurred in by the governor and the Puget Sound council of governments, such determination shall be final as it relates to the state of Washington and except as may be required to terminate the project in an orderly manner, no moneys shall thereafter be expended from the motor vehicle fund for further development of the designated section of highway as an interstate highway without further express authorization of the legislature.

(4) If fewer than three of the four city and county councils request withdrawal from the interstate system of the designated segment of state route No. 90 by January 15, 1976, or if the governor does not concur in the withdrawal request, then no tax revenues collected by the state of Washington shall thereafter be expended for the construction of substitute public mass transit projects in the Seattle metropolitan area pursuant to section 103(e)(4) of Title 23, United States Code, without further express authorization of the legislature. [1975 1st ex.s. c 272 § 2.]

**47.20.653 Interstate 90 corridor—Court proceedings, priority.** State court proceedings instituted to challenge the validity of any steps taken in pursuance of the construction of the segment of the interstate system between south Bellevue and state route No. 5 in Seattle, or the construction of substitute public mass transit projects in lieu thereof, shall take precedence over all other causes not involving the public interest in all courts of this state to the end construction of such facilities may be expedited to the fullest. The legislature of the state of Washington respectfully requests of the federal judiciary that challenges instituted in the federal courts relating to the validity of steps leading to the construction of the designated interstate highway or substitute public mass transit projects in lieu thereof be expedited to the fullest. [1975 1st ex.s. c 272 § 5.]

**47.20.700 State route No. 504 (Spirit Lake Memorial Highway)—Extension and parking facilities.** The department of transportation may provide for the construction of an extension of state route number 504 from the vicinity of Maple Flats to the vicinity of the United States Corps of Engineers debris dam on the north fork of the Toutle river on an alignment to be approved by the department of transportation. The department may enter into an agreement with the principal owner of the necessary right-of-way providing as follows:

(1) The owner of the right-of-way shall construct the highway extension and public parking facilities as specified by the department of transportation.

(2) The owner of the right-of-way shall convey to the state, right-of-way for the highway extension a minimum of one hundred fifty feet in width (except right-of-way presently

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under the control of the department of natural resources), together with areas for public parking facilities as designated by the department of transportation.

(3) The department of transportation shall reimburse the present owner of the right-of-way for the actual cost of construction of the highway extension and the public parking facilities.

(4) The construction of the highway extension and public parking facilities shall be completed within one year after March 27, 1982.

The department of transportation may acquire that part of the right-of-way necessary for the highway extension that is now under the control of the department of natural resources in the manner provided in RCW 47.12.023 through 47.12.029.

All expenditures by the department of transportation pursuant to this section shall be from appropriations for the construction of category A projects. [1982 c 82 § 2.]

**47.20.710 Quinault Tribal Highway—Agreement authorized—Route.** The department of transportation is authorized to enter into a cooperative agreement with the governing authority for the Indian peoples of the Quinault Indian Reservation and appropriate agencies of the United States for the location, design, right-of-way acquisition, construction, and maintenance of a highway beginning at the south boundary of the Quinault Indian reservation on state route number 109, thence northerly along the present right-of-way of state route number 109 to the township line, thence inland and northerly across the Raft river to an intersection with state route number 101 south of Queets. The highway shall be known as the "Tribal Highway" and may also be designated by the department as state route number 109. It is anticipated that this highway construction will be funded from federal sources other than normal federal aid highway allocations. [1985 c 228 § 1.]

*State route number 109: RCW 47.17.200.*

**47.20.715 Quinault Tribal Highway—Maintenance, operation, improvements—Intersections, access.** As a part of the agreement, the department may assume responsibility for the operation and maintenance and future improvement of the highway. The agreement may also reserve to the governing authority for the Indian peoples of the Quinault Indian Reservation authority to construct public road intersections or grade separation crossings of the highway. Existing rights of access from adjoining property to existing state route number 109 from the south reservation boundary to the township line shall not be affected by RCW 47.20.710 through 47.20.735 or the agreement authorized by RCW 47.20.710. [1985 c 228 § 2.]

**47.20.720 Quinault Tribal Highway—Certain portion as limited access.** The department is authorized to determine the location of the highway from the township line to a junction with state route number 101 after consultations with the governing authority for the Indian peoples of the Quinault Indian Reservation and the bureau of Indian affairs. The department may then proceed with the establishment of this section of the highway as a limited access facility in the

manner prescribed in RCW 47.52.131 through 47.52.137 and 47.52.195 (and the administrative rules adopted by the department to implement those sections), subject, however, to the following conditions: (1) The access report required by RCW 47.52.131 shall be approved by the governing authority for the Indian peoples of the Quinault Indian Reservation before public hearings; and (2) the final limited access plan adopted pursuant to RCW 47.52.137 at the conclusion of the public hearing, or after any appeal from it has been decided, shall be approved by the governing authority for the Indian peoples of the Quinault Indian Reservation and the bureau of Indian affairs before right-of-way is acquired for this section of highway. [1985 c 228 § 3.]

**47.20.725 Quinault Tribal Highway—Acquisition of remaining right-of-way.** The department is authorized to acquire the remaining right-of-way for the Tribal Highway by purchase or by condemnation under state or federal eminent domain statutes. The secretary of transportation pursuant to the agreement is authorized to convey by deed to the governing authority for the Indian peoples of the Quinault Indian Reservation the right-of-way to the entire highway when fully acquired in return for a conveyance by the governing authority for the Indian peoples of the Quinault Indian Reservation to the state of Washington of a perpetual easement for public travel on the through lanes and shoulders of the highway when constructed. The agreement may also authorize the governing authority for the Indian peoples of the Quinault Indian Reservation to convey to the United States an easement to construct, maintain, and repair the highway improvements if such an easement is required by regulations of the bureau of Indian affairs. [1985 c 228 § 4.]

**47.20.730 Quinault Tribal Highway—Department as agent.** Except as otherwise provided by RCW 47.20.710 through 47.20.735 or by the agreement authorized by RCW 47.20.710, the department may proceed with the location, design, acquisition of right-of-way, construction, and maintenance of the highway as an agent of the governing authority for the Indian peoples of the Quinault Indian Reservation in accordance with applicable state or federal law. [1985 c 228 § 5.]

**47.20.735 Quinault Tribal Highway—Authority to seek federal funding.** The department is authorized to join with the governing authority for the Indian peoples of the Quinault Indian Reservation to seek federal funding for the construction of the Tribal Highway. [1985 c 228 § 6.]

**47.20.780 Design-build—Competitive bidding.** The department of transportation shall develop a process for awarding competitively bid highway construction contracts for projects over ten million dollars that may be constructed using a design-build procedure. As used in this section and RCW 47.20.785, "design-build procedure" means a method of contracting under which the department of transportation contracts with another party for the party to both design and build the structures, facilities, and other items specified in the contract.

The process developed by the department must, at a minimum, include the scope of services required under the design-build procedure, contractor prequalification requirements, criteria for evaluating technical information and project costs, contractor selection criteria, and issue resolution procedures. [2007 c 152 § 1; 2001 c 226 § 2.]

**Findings—Purpose—2001 c 226:** "The legislature finds and declares that a contracting procedure that facilitates construction of transportation facilities in a more timely manner may occasionally be necessary to ensure that construction can proceed simultaneously with the design of the facility. The legislature further finds that the design-build process and other alternative project delivery concepts achieve the goals of time savings and avoidance of costly change orders.

The legislature finds and declares that a 2001 audit, conducted by Talbot, Korvola & Warwick, examining the Washington state ferries' capital program resulted in a recommendation for improvements and changes in auto ferry procurement processes. The auditors recommended that auto ferries be procured through use of a modified request for proposals process whereby the prevailing shipbuilder and Washington state ferries engage in a design and build partnership. This process promotes ownership of the design by the shipbuilder while using the department of transportation's expertise in ferry design and operations. Alternative processes like design-build partnerships can promote innovation and create competitive incentives that increase the likelihood of finishing projects on time and within the budget.

The purpose of this act is to authorize the department's use of a modified request for proposals process for procurement of auto ferries, and to prescribe appropriate requirements and criteria to ensure that contracting procedures for this procurement process serve the public interest." [2001 c 226 § 1.]

**47.20.785 Design-build—Qualified projects.** (1) The department of transportation may use the design-build procedure for public works projects over ten million dollars where:

(a) The construction activities are highly specialized and a design-build approach is critical in developing the construction methodology; or

(b) The projects selected provide opportunity for greater innovation and efficiencies between the designer and the builder; or

(c) Significant savings in project delivery time would be realized.

(2) To test the applicability of the design-build procedure on smaller projects and specialty projects, the department may conduct up to five pilot projects on projects that cost between two and ten million dollars. The department shall evaluate these pilot projects with respect to cost, time to complete, efficiencies gained, if any, and other pertinent information to facilitate analysis regarding the further use of the design-build process on projects of this size. [2006 c 37 § 1; 2001 c 226 § 3.]

**Findings—Purpose—2001 c 226:** See note following RCW 47.20.780.

**47.20.900 Severability—1975 1st ex.s. c 272.** If any provision of this act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected. [1975 1st ex.s. c 272 § 6.]

## Chapter 47.22 RCW

### COMBINATION HIGHWAY ROUTES

#### Sections

47.22.010 East Pacific highway.  
47.22.020 Lewis and Clark Highway.

**47.22.010 East Pacific highway.** There is hereby established the east Pacific highway which shall be composed of the following existing highway routes: Beginning on state route number 5 at or near Centralia; thence by way of state route number 5 to its junction with state route number 12 or by way of state route number 507 between Centralia and Tenino; thence on state route number 507 to Roy junction with state route number 7; thence on state route number 7 to a junction with state route number 512; thence on state route number 512 to Puyallup; thence on state route numbers 410 and 167 to Sumner, Auburn, Kent and Renton; thence on state route number 405 to Kirkland; thence on state route number 405 north to a junction with state route number 522; thence on state route number 522 to a junction with state route number 9 northeast of Woodinville; and thence on state route number 9 to Snohomish, Arlington, Sedro Woolley, and to a junction with state route number 542 at Deming; thence westerly on state route 542 to a junction with state route number 9 at Lawrence; thence on state route number 9 via Sumas, to the Canadian international boundary. [1970 ex.s. c 51 § 175; 1961 c 13 § 47.22.010. Prior: 1951 c 273 § 1.]

**47.22.020 Lewis and Clark Highway.** There is established the Lewis and Clark Highway, which shall be composed of the following existing routes: State route 193 from the junction of state route 12 at Clarkston to Wawawai River Road; state route 12 from Clarkston to Waitsburg; state route 124 from Waitsburg to Pasco (west); state route 12 from Pasco to Waitsburg via Wallula and Walla Walla (east); state routes 395 and 82 from state route 12, through the Tri-Cities region, to the junction at state route 14; state route 14 from the junction of state routes 395 and 82 to Maryhill; state routes 14 and 5 from Maryhill to state route 432 through Longview to state route 4; state route 4 from Longview to the junction with state route 101 near the vicinity of Johnson's landing; state route 401 from Naselle junction to Megler; state route 101 from Megler through Ilwaco and Seaview to the junction with state route 4; state route spur/alternate state route 101; state route loop 100; state route spur 100; and state route 103. [1999 c 57 § 1; 1970 ex.s. c 51 § 176; 1967 ex.s. c 145 § 13; 1961 c 13 § 47.22.020. Prior: 1955 c 178 § 1.]

## Chapter 47.24 RCW

### CITY STREETS AS PART OF STATE HIGHWAYS

#### Sections

47.24.010	Designation—Construction, maintenance—Return to city or town.
47.24.020	Jurisdiction, control.
47.24.030	Acquisition of rights-of-way—Condemnation proceedings.
47.24.040	Street fund—Expenditures on streets forming part of state highway.
47.24.050	Aid on streets by state or county—Payment.

#### City streets

*parkways, boulevards, generally:* Title 35 RCW.  
*sidewalks, etc.:* Chapters 35.68 through 35.79 RCW.

*Design standards committee for city streets:* Chapter 35.78 RCW.

#### Off-street parking

*cities:* Chapter 35.86 RCW.  
*towns:* RCW 35.27.550 through 35.27.590.

*Platted streets as public highways:* RCW 58.08.035, 58.08.050.

*Speed limits in cities:* RCW 46.61.415, 46.61.430, 46.61.440.

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*Viaducts, bridges, elevated roadways, tunnels, etc., in cities:* Chapter 35.85 RCW.

**47.24.010 Designation—Construction, maintenance—Return to city or town.** The department of transportation shall determine what streets, together with bridges thereon and wharves necessary for use for ferriage of motor vehicle traffic in connection with such streets, if any, in any incorporated cities and towns shall form a part of the route of state highways and between the first and fifteenth days of July of any year the department shall identify by brief description, the streets, together with the bridges thereon and wharves, if any, in such city or town which are designated as forming a part of the route of any state highway; and all such streets, including curbs and gutters and street intersections and such bridges and wharves, shall thereafter be a part of the state highway system and as such shall be constructed and maintained by the department from any state funds available therefor: PROVIDED, That the responsibility for the construction and maintenance of any such street together with its appurtenances may be returned to a city or a town upon certification by the department to the clerk of any city or town that such street, or portion thereof, is no longer required as a part of the state highway system: PROVIDED FURTHER, That any such certification that a street, or portion thereof, is no longer required as a part of the state highway system shall be made between the first and fifteenth of July following the determination by the department that such street or portion thereof is no longer required as a part of the state highway system, but this shall not prevent the department and any city or town from entering into an agreement that a city or town will accept responsibility for such a street or portion thereof at some time other than between the first and fifteenth of July of any year. [2006 c 334 § 42; 1998 c 245 § 97; 1979 ex.s. c 86 § 2; 1977 ex.s. c 151 § 57; 1973 c 95 § 3; 1961 c 13 § 47.24.010. Prior: 1959 c 160 § 1; 1957 c 83 § 2; 1955 c 179 § 2; 1949 c 220 § 5, part; 1945 c 250 § 1, part; 1943 c 82 § 10, part; 1937 c 187 § 61, part; Rem. Supp. 1949 § 6450-61, part.]

**Effective date—2006 c 334:** See note following RCW 47.01.051.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.24.020 Jurisdiction, control.** The jurisdiction, control, and duty of the state and city or town with respect to such streets is as follows:

(1) The department has no authority to change or establish any grade of any such street without approval of the governing body of such city or town, except with respect to limited access facilities established by the commission;

(2) The city or town shall exercise full responsibility for and control over any such street beyond the curbs and if no curb is installed, beyond that portion of the highway used for highway purposes. However, within incorporated cities and towns the title to a state limited access highway vests in the state, and, notwithstanding any other provision of this section, the department shall exercise full jurisdiction, responsibility, and control to and over such facility as provided in chapter 47.52 RCW;

(3) The department has authority to prohibit the suspension of signs, banners, or decorations above the portion of such street between the curbs or portion used for highway

purposes up to a vertical height of twenty feet above the surface of the roadway;

(4) The city or town shall at its own expense maintain all underground facilities in such streets, and has the right to construct such additional underground facilities as may be necessary in such streets. However, pavement trenching and restoration performed as part of installation of such facilities must meet or exceed requirements established by the department;

(5) The city or town has the right to grant the privilege to open the surface of any such street, but all damage occasioned thereby shall promptly be repaired either by the city or town itself or at its direction. Pavement trenching and restoration performed under a privilege granted by the city under this subsection must meet or exceed requirements established by the department;

(6) The city or town at its own expense shall provide street illumination and shall clean all such streets, including storm sewer inlets and catch basins, and remove all snow, except that the state shall when necessary plow the snow on the roadway. In cities and towns having a population of twenty-five thousand or less according to the latest determination of population by the office of financial management, the state, when necessary for public safety, shall assume, at its expense, responsibility for the stability of the slopes of cuts and fills and the embankments within the right-of-way to protect the roadway itself. When the population of a city or town first exceeds twenty-five thousand according to the determination of population by the office of financial management, the city or town shall have three years from the date of the determination to plan for additional staffing, budgetary, and equipment requirements before being required to assume the responsibilities under this subsection. The state shall install, maintain, and operate all illuminating facilities on any limited access facility, together with its interchanges, located within the corporate limits of any city or town, and shall assume and pay the costs of all such installation, maintenance, and operation incurred after November 1, 1954;

(7) The department has the right to use all storm sewers on such highways without cost; and if new storm sewer facilities are necessary in construction of new streets by the department, the cost of the facilities shall be borne by the state and/or city as may be mutually agreed upon between the department and the governing body of the city or town;

(8) Cities and towns have exclusive right to grant franchises not in conflict with state laws and rules, over, beneath, and upon such streets, but the department is authorized to enforce in an action brought in the name of the state any condition of any franchise which a city or town has granted on such street. No franchise for transportation of passengers in motor vehicles may be granted on such streets without the approval of the department, but the department shall not refuse to approve such franchise unless another street conveniently located and of strength of construction to sustain travel of such vehicles is accessible;

(9) Every franchise or permit granted any person by a city or town for use of any portion of such street by a public utility must require the grantee or permittee to restore, repair, and replace any portion of the street damaged or injured by it to conditions that meet or exceed requirements established by the department;

(10) The city or town has the right to issue overload or overwidth permits for vehicles to operate on such streets or roads subject to regulations printed and distributed to the cities and towns by the department;

(11) Cities and towns shall regulate and enforce all traffic and parking restrictions on such streets, but all regulations adopted by a city or town relating to speed, parking, and traffic control devices on such streets not identical to state law relating thereto are subject to the approval of the department before becoming effective. All regulations pertaining to speed, parking, and traffic control devices relating to such streets heretofore adopted by a city or town not identical with state laws shall become null and void unless approved by the department heretofore or within one year after March 21, 1963;

(12) The department shall erect, control, and maintain at state expense all route markers and directional signs, except street signs, on such streets;

(13) The department shall install, operate, maintain, and control at state expense all traffic control signals, signs, and traffic control devices for the purpose of regulating both pedestrian and motor vehicular traffic on, entering upon, or leaving state highways in cities and towns having a population of twenty-five thousand or less according to the latest determination of population by the office of financial management. Such cities and towns may submit to the department a plan for traffic control signals, signs, and traffic control devices desired by them, indicating the location, nature of installation, or type thereof, or a proposed amendment to such an existing plan or installation, and the department shall consult with the cities or towns concerning the plan before installing such signals, signs, or devices. Cities and towns having a population in excess of twenty-five thousand according to the latest determination of population by the office of financial management shall install, maintain, operate, and control such signals, signs, and devices at their own expense, subject to approval of the department for the installation and type only. When the population of a city or town first exceeds twenty-five thousand according to the determination of population by the office of financial management, the city or town shall have three years from the date of the determination to plan for additional staffing, budgetary, and equipment requirements before being required to assume the responsibilities under this subsection. For the purpose of this subsection, striping, lane marking, and channelization are considered traffic control devices;

(14) All revenue from parking meters placed on such streets belongs to the city or town;

(15) Rights-of-way for such streets shall be acquired by either the city or town or by the state as shall be mutually agreed upon. Costs of acquiring rights-of-way may be at the sole expense of the state or at the expense of the city or town or at the expense of the state and the city or town as may be mutually agreed upon. Title to all such rights-of-way so acquired shall vest in the city or town: PROVIDED, That no vacation, sale, rental, or any other nontransportation use of any unused portion of any such street may be made by the city or town without the prior written approval of the department; and all revenue derived from sale, vacation, rental, or any nontransportation use of such rights-of-way shall be

shared by the city or town and the state in the same proportion as the purchase costs were shared;

(16) If any city or town fails to perform any of its obligations as set forth in this section or in any cooperative agreement entered into with the department for the maintenance of a city or town street forming part of the route of a state highway, the department may notify the mayor of the city or town to perform the necessary maintenance within thirty days. If the city or town within the thirty days fails to perform the maintenance or fails to authorize the department to perform the maintenance as provided by RCW 47.24.050, the department may perform the maintenance, the cost of which is to be deducted from any sums in the motor vehicle fund credited or to be credited to the city or town. [2007 c 84 § 1; 2001 c 201 § 8; 1993 c 126 § 1; 1991 c 342 § 52; 1987 c 68 § 1; 1984 c 7 § 150; 1977 ex.s. c 78 § 7; 1967 c 115 § 1; 1963 c 150 § 1; 1961 c 13 § 47.24.020. Prior: 1957 c 83 § 3; 1955 c 179 § 3; 1953 c 193 § 1; 1949 c 220 § 5, part; 1945 c 250 § 1, part; 1943 c 82 § 10, part; 1937 c 187 § 61, part; Rem. Supp. 1949 § 6450-61, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.24.030 Acquisition of rights-of-way—Condemnation proceedings.** The department is authorized to acquire rights-of-way, by purchase, gift, or condemnation for any such streets, highways, bridges, and wharves. Any such condemnation proceedings shall be exercised in the manner provided by law for condemnation proceedings to acquire lands required for state highways. [1984 c 7 § 151; 1961 c 13 § 47.24.030. Prior: 1949 c 220 § 5, part; 1945 c 250 § 1, part; 1943 c 82 § 10, part; 1937 c 187 § 61, part; Rem. Supp. 1949 § 6450-61, part.]

*Right-of-way donations: Chapter 47.14 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.24.040 Street fund—Expenditures on streets forming part of state highway.** All funds accruing to the credit of incorporated cities and towns in the motor vehicle fund shall be paid monthly to such incorporated cities and towns and shall, by the respective cities and towns, be placed in a fund to be designated as "city street fund" and disbursed as authorized and directed by the legislative authority of the city or town, as agents of the state, for salaries and wages, material, supplies, equipment, purchase or condemnation of right-of-way, engineering or any other proper highway or street purpose in connection with the construction, alteration, repair, improvement or maintenance of any city street or bridge, or viaduct or underpassage along, upon or across such streets. Such expenditure may be made either independently or in conjunction with any federal, state or any county funds. [1961 c 13 § 47.24.040. Prior: 1949 c 220 § 4; 1947 c 96 § 1; 1943 c 82 § 9; 1939 c 181 § 8; 1937 c 187 § 60; Rem. Supp. 1949 § 6450-60.]

**47.24.050 Aid on streets by state or county—Payment.** If a city or town, whether or not any of its streets are designated as forming a part of a state highway, is unable to construct, repair, or maintain its streets for good cause, or if it is in need of engineering assistance to construct, repair, or maintain any of its streets, it may authorize the department to

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perform such construction, repair, or maintenance, or it may secure necessary engineering assistance from the department, to the extent of the funds credited or to be credited in the motor vehicle fund for payment to the city or town. Any sums due from a city or town for such purposes shall be paid on vouchers approved and submitted by the department from moneys credited to the city or town in the motor vehicle fund, and the amount of the payments shall be deducted from funds which would otherwise be paid to the city or town from the motor vehicle fund. The department may in certain special cases, in its discretion, enter into an agreement with the governing officials of the city or town for the performance of such work or services, the terms of which shall provide for reimbursement of the motor vehicle fund for the benefit of the state's share of the fund by the city or town of the cost thereof from any funds of the city or town on hand and legally available for the work or services. The city or town may, by resolution, authorize the legislative authority of the county in which it is located, to perform any such construction, repair, or maintenance, and the work shall be paid for by the city or town at the actual cost thereof as provided for payment for work performed on city streets, and any payment received therefor by a county shall be deposited in the county road fund to be expended under the same provisions as are imposed upon the funds used to perform the construction, repair, or maintenance. [1984 c 7 § 152; 1961 c 13 § 47.24.050. Prior: 1951 c 54 § 1; 1949 c 220 § 6; 1943 c 82 § 11; 1937 c 187 § 63; Rem. Supp. 1949 § 6450-63.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

## Chapter 47.26 RCW

### DEVELOPMENT IN URBAN AREAS— URBAN ARTERIALS

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*Bicycle transportation management program: RCW 47.04.190.*

*Public-private transportation initiatives—1994 act: RCW 47.10.834 through 47.10.839.*

**47.26.010 Declaration of intent.** Due to unprecedented industrial development and population increases, the state of Washington is confronted with emergency needs for improvement of state highways, county roads, and city streets in urban areas. It is the intent of the legislature to provide sufficient new highway revenues to alleviate and prevent intolerable traffic congestion in urban areas without the disruption

of the long range statewide highway program essential to the economic well-being of the people of this state. [1967 ex.s. c 83 § 1.]

**Reviser's note:** Throughout chapter 47.26 RCW the term "this 1967 amendatory act" has been translated to "this chapter." For codification of "this 1967 amendatory act" [1967 ex.s. c 83], see Codification Tables, Volume 0.

**47.26.020 Motor vehicle fuel tax—Tax imposed—Rate—Distribution of proceeds.** See RCW 82.36.020.

**47.26.022 Motor vehicle fuel tax—Tax required of nondistributors—Duties—Procedure—Distribution of proceeds—Penalties.** See RCW 82.36.100.

**47.26.028 Special fuel tax—Tax imposed—Rate.** See RCW 82.38.030.

**47.26.030 Special fuel tax—Disposition of funds.** See RCW 82.38.290.

**47.26.040 "Urban area" defined.** The term "urban area" as used in this chapter means every area of this state designated as an urban area by the department in cooperation with the board and regional transportation planning organizations. [1994 c 179 § 7; 1984 c 7 § 153; 1977 ex.s. c 317 § 12; 1975 1st ex.s. c 253 § 1; 1967 ex.s. c 83 § 10.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.26.044 "Board" defined.** The term "board" as used in this chapter means the transportation improvement board. [1994 c 179 § 6.]

**47.26.050 Regional grouping for purpose of apportioning urban state highway funds.** For the purpose of apportioning urban state highway funds, the urban areas of the state are grouped within five regions of the state as follows:

(1) Puget Sound region shall include those urban areas within the counties of King, Pierce and Snohomish.

(2) Northwest region shall include those urban areas within the counties of Clallam, Jefferson, Island, Kitsap, San Juan, Skagit and Whatcom.

(3) Northeast region shall include those urban areas within the counties of Adams, Chelan, Douglas, Ferry, Grant, Lincoln, Okanogan, Pend Oreille, Spokane, Stevens and Whitman.

(4) Southeast region shall include those urban areas within the counties of Asotin, Benton, Columbia, Franklin, Garfield, Kittitas, Klickitat, Walla Walla and Yakima.

(5) Southwest region shall include those urban areas within the counties of Clark, Cowlitz, Grays Harbor, Lewis, Mason, Pacific, Skamania, Thurston and Wahkiakum. [1967 ex.s. c 83 § 11.]

**47.26.080 Urban arterial trust account—Withholding of funds for noncompliance.** There is hereby created in the motor vehicle fund the urban arterial trust account. The intent of the urban arterial trust account program is to improve the arterial street system of the state by improving

mobility and safety while supporting an environment essential to the quality of life of the citizens of the state of Washington. The small city program, as provided for in RCW 47.26.115, is implemented within the urban arterial trust account.

The board shall not allocate funds, nor make payments of the funds under RCW 47.26.260, to any county, city, or town identified by the governor under RCW 36.70A.340. [2007 c 148 § 2; 1999 c 94 § 16; 1994 c 179 § 8; 1991 sp.s. c 32 § 32; 1988 c 167 § 13; 1981 c 315 § 2; 1979 c 5 § 1; 1977 ex.s. c 317 § 22; 1967 ex.s. c 83 § 14.]

**Legislative finding—Effective dates—1999 c 94:** See notes following RCW 43.84.092.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.26.084 Transportation improvement account—Certification of funding.** The transportation improvement account is hereby created in the motor vehicle fund. The intent of the program is to improve mobility of people and goods in Washington state by supporting economic development and environmentally responsive solutions to our statewide transportation system needs.

Within one year after board approval of an application for funding, a county, city, or transportation benefit district shall provide written certification to the board of the pledged local and/or private funding. Funds allocated to an applicant that does not certify its funding within one year after approval may be reallocated by the board. [1999 c 94 § 17; 1994 c 179 § 10; 1988 c 167 § 2.]

**Legislative finding—Effective dates—1999 c 94:** See notes following RCW 43.84.092.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.26.086 Transportation improvement account projects—Intent—Limitations.** Transportation improvement account projects selected for funding programs after fiscal year 1995 are governed by the requirements of this section.

The board shall allocate funds from the account by June 30th of each year for the ensuing fiscal year to urban counties, cities with a population of five thousand and over, and to transportation benefit districts. Projects may include, but are not limited to, multi-agency projects and arterial improvement projects in fast-growing areas. The board shall endeavor to provide geographical diversity in selecting improvement projects to be funded from the account.

The intent of the program is to improve mobility of people and goods in Washington state by supporting economic development and environmentally responsive solutions to our statewide transportation system needs.

To be eligible to receive these funds, a project must be consistent with the Growth Management Act, the Clean Air Act including conformity, and the Commute Trip Reduction Law and consideration must have been given to the project's relationship, both actual and potential, with the statewide rail passenger program and rapid mass transit. Projects must be consistent with any adopted high capacity transportation plan, must consider existing or reasonably foreseeable congestion levels attributable to economic development or growth and all modes of transportation and safety, and must be partially funded by local government or private contribu-

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tions, or a combination of such contributions. Priority consideration shall be given to those projects with the greatest percentage of local or private contribution, or both.

Within one year after board approval of an application for funding, the lead agency shall provide written certification to the board of the pledged local and private funding for the phase of the project approved. Funds allocated to an applicant that does not certify its funding within one year after approval may be reallocated by the board. [1994 c 179 § 11.]

**47.26.090 "Arterial" defined.** The term "arterial" as used in this chapter means any state highway, county road, or city street, in an urban area, that is functionally classified as a principal arterial, minor arterial, or collector street by the department in cooperation with the board, regional transportation planning organizations, cities, and counties. The board shall develop criteria and procedures for designating arterials in the incorporated cities and towns lying outside urban areas. [1994 c 179 § 12; 1988 c 167 § 14. Prior: 1967 ex.s. c 83 § 15.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.26.100 "City" defined.** The term "city" as used in \*this chapter shall include incorporated towns. [1967 ex.s. c 83 § 16.]

**\*Reviser's note:** The term "this chapter" has been substituted for "this 1967 amendatory act." See note following RCW 47.26.010 for codification of "this 1967 amendatory act" [1967 ex.s. c 83].

**47.26.110 "Urban arterial" defined.** The term "urban arterial" as used in \*this chapter means an arterial within an urban area. [1967 ex.s. c 83 § 17.]

**\*Reviser's note:** The term "this chapter" has been substituted for "this 1967 amendatory act." See note following RCW 47.26.010 for codification of "this 1967 amendatory act." [1967 ex.s. c 83.]

**47.26.115 Small city program.** The intent of the small city program is to preserve and improve the roadway system consistent with local needs of incorporated cities and towns with a population of less than five thousand. The board shall adopt rules and procedures to govern the allocation of funds distributed to the small city program. [1999 c 94 § 18; 1994 c 179 § 9.]

**Legislative finding—Effective dates—1999 c 94:** See notes following RCW 43.84.092.

**47.26.121 Transportation improvement board—Membership—Chair—Expenses.** (1) There is hereby created a transportation improvement board of twenty-one members, six of whom shall be county members and six of whom shall be city members. The remaining members shall be: (a) One representative appointed by the governor who shall be a state employee with responsibility for transportation policy, planning, or funding; (b) two representatives from the department of transportation; (c) two representatives of public transit systems; (d) a private sector representative; (e) a member representing the ports; (f) a member representing nonmotorized transportation; and (g) a member representing special needs transportation.

(2) Of the county members of the board, one shall be a county engineer or public works director; one shall be the executive director of the county road administration board; one shall be a county planning director or planning manager; one shall be a county executive, councilmember, or commissioner from a county with a population of one hundred twenty-five thousand or more; one shall be a county executive, councilmember, or commissioner of a county who serves on the board of a public transit system; and one shall be a county executive, councilmember, or commissioner from a county with a population of less than one hundred twenty-five thousand. All county members of the board, except the executive director of the county road administration board, shall be appointed. Not more than one county member of the board shall be from any one county. No more than two of the three county-elected officials may represent counties located in either the eastern or western part of the state as divided north and south by the summit of the Cascade mountains.

(3) Of the city members of the board one shall be a chief city engineer, public works director, or other city employee with responsibility for public works activities, of a city with a population of twenty thousand or more; one shall be a chief city engineer, public works director, or other city employee with responsibility for public works activities, of a city of less than twenty thousand population; one shall be a city planning director or planning manager; one shall be a mayor, commissioner, or city councilmember of a city with a population of twenty thousand or more; one shall be a mayor, commissioner, or city councilmember of a city who serves on the board of a public transit system; and one shall be a mayor, commissioner, or councilmember of a city of less than twenty thousand population. All of the city members shall be appointed. Not more than one city member of the board shall be from any one city. No more than two of the three city-elected officials may represent cities located in either the eastern or western part of the state as divided north and south by the summit of the Cascade mountains.

(4) Of the transit members, at least one shall be a general manager, executive director, or transit director of a public transit system in an urban area with a population over two hundred thousand and at least one representative from a rural or small urban transit system in an area with a population less than two hundred thousand.

(5) The private sector member shall be a citizen with business, management, and transportation related experience and shall be active in a business community-based transportation organization.

(6) The port member shall be a commissioner or senior staff person of a public port.

(7) The nonmotorized transportation member shall be a citizen with a demonstrated interest and involvement with a nonmotorized transportation group.

(8) The specialized transportation member shall be a citizen with a demonstrated interest and involvement with a statewide specialized needs transportation group.

(9) Appointments of county, city, Washington department of transportation, transit, port, nonmotorized transportation, special needs transportation, and private sector representatives shall be made by the secretary of the department of transportation. Appointees shall be chosen from a list of two

persons for each position nominated by the Washington state association of counties for county members, the association of Washington cities for city members, the Washington state transit association for the transit members, and the Washington public ports association for the port member. The private sector, nonmotorized transportation, and special needs members shall be sought through classified advertisements in selected newspapers collectively serving all urban areas of the state, and other appropriate means. Persons applying for the private sector, nonmotorized transportation, or special needs transportation member position must provide a letter of interest and a resume to the secretary of the department of transportation. In the case of a vacancy, the appointment shall be only for the remainder of the unexpired term in which the vacancy has occurred. A vacancy shall be deemed to have occurred on the board when any member elected to public office completes that term of office or is removed therefrom for any reason or when any member employed by a political subdivision terminates such employment for whatsoever reason or when a private sector, nonmotorized transportation, or special needs transportation member resigns or is unable or unwilling to serve.

(10) Appointments shall be for terms of four years. Terms of all appointed members shall expire on June 30th of even-numbered years. The initial term of appointed members may be for less than four years. No appointed member may serve more than two consecutive four-year terms.

(11) The board shall elect a chair from among its members for a two-year term.

(12) Expenses of the board shall be paid in accordance with RCW 47.26.140.

(13) For purposes of this section, "public transit system" means a city-owned transit system, county transportation authority, metropolitan municipal corporation, public transportation benefit area, or regional transit authority. [1996 c 49 § 1; 1995 c 269 § 2603; 1994 c 179 § 13; 1993 c 172 § 1. Prior: 1991 c 363 § 124; 1991 c 308 § 1; 1990 c 266 § 4; 1988 c 167 § 1.]

**Purpose—Captions not law—1991 c 363:** See notes following RCW 2.32.180.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.26.130 Transportation improvement board—Travel expenses.** Members of the transportation improvement board shall receive no compensation for their services on the board, but shall be reimbursed for travel expenses incurred while attending meetings of the board or while engaged on other business of the board when authorized by the board in accordance with RCW 43.03.050 and 43.03.060 as now existing or hereafter amended. [1988 c 167 § 15; 1975-'76 2nd ex.s. c 34 § 139; 1975 1st ex.s. c 1 § 2; 1969 ex.s. c 171 § 2; 1967 ex.s. c 83 § 19.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.26.140 Transportation improvement board—Executive director, staff—Finances.** The transportation improvement board shall appoint an executive director, who shall serve at its pleasure and whose salary shall be set by the board, and may employ additional staff as it deems appropriate. All costs associated with staff, together with travel

expenses in accordance with RCW 43.03.050 and 43.03.060, shall be paid from the urban arterial trust account, public transportation systems account, and the transportation improvement account in the motor vehicle fund as determined by the biennial appropriation. [1999 c 94 § 19; 1996 c 49 § 2; 1995 c 269 § 2605; 1994 c 179 § 14; 1988 c 167 § 16; 1977 ex.s. c 151 § 58; 1975-'76 2nd ex.s. c 34 § 140; 1969 ex.s. c 171 § 3; 1967 ex.s. c 83 § 20.]

**Legislative finding—Effective dates—1999 c 94:** See notes following RCW 43.84.092.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.26.150 Transportation improvement board—Meetings.** The transportation improvement board shall meet at least once quarterly and upon the call of its chair and shall from time to time adopt rules and regulations for its own government and as may be necessary for it to discharge its duties and exercise its powers under this chapter. [2010 c 8 § 10007; 1988 c 167 § 17. Prior: 1967 ex.s. c 83 § 21.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.26.160 Transportation improvement board—Powers and duties.** The transportation improvement board shall:

(1) Adopt rules necessary to implement the provisions of chapter 47.66 RCW and this chapter relating to the allocation of funds;

(2) Adopt reasonably uniform design standards for city and county arterials. [1995 c 269 § 2607; 1994 c 179 § 15; 1988 c 167 § 18; 1987 c 505 § 51; 1984 c 7 § 155; 1977 ex.s. c 235 § 17; 1971 ex.s. c 291 § 1; 1967 ex.s. c 83 § 22.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.26.164 City hardship assistance program—Implementation.** The board shall adopt reasonable rules necessary to implement the city hardship assistance program as recommended by the road jurisdiction study.

The following criteria shall be used to implement the program:

(1) Cities with a population of twenty thousand or less and a net gain in cost responsibility due to jurisdictional transfers in chapter 342, Laws of 1991, and thereafter under \*RCW 47.26.167, are eligible to receive money from the small city pavement and sidewalk account created in RCW 47.26.340;

(2) The board shall develop criteria and procedures under which eligible cities may receive funding for rehabilitation projects on transferred city streets; and

(3) The amount spent for the city hardship assistance program shall not exceed the amount deposited under RCW 46.68.110(3). [2007 c 148 § 3; 1999 c 94 § 20; 1991 c 342 § 60.]

**\*Reviser's note:** RCW 47.26.167 was recodified as RCW 47.01.425 pursuant to 2009 c 260 § 2.

**Legislative finding—Effective dates—1999 c 94:** See notes following RCW 43.84.092.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.26.165 Coordination of long-range needs studies.** See RCW 47.01.240.

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**47.26.170 Long-range arterial construction planning—Arterial inventory data.** Each county having within its boundaries an urban area and cities and towns shall prepare and submit to the transportation improvement board arterial inventory data required to determine the long-range arterial construction needs. The counties, cities, and towns shall revise the arterial inventory data every four years to show the current arterial construction needs through the advanced planning period, and as revised shall submit them to the transportation improvement board during the first week of January every four years beginning in 1996. The inventory data shall be prepared pursuant to guidelines established by the transportation improvement board. As information is updated, it shall be made available to the commission. [2005 c 319 § 131; 1994 c 179 § 16; 1988 c 167 § 19; 1984 c 7 § 156; 1971 ex.s. c 291 § 2; 1967 ex.s. c 83 § 23.]

**Findings—Intent—Part headings—Effective dates—2005 c 319:** See notes following RCW 43.17.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.26.185 Qualifications for administering and supervising projects—Rules.** The transportation improvement board may adopt rules establishing qualifications for cities and counties administering and supervising the design and construction of projects financed in part from funds administered by the board. The rules establishing qualification shall take into account the resources and population of the city or county, its permanent engineering staff, its design and construction supervision experience, and other factors the board deems appropriate. Any city or county failing to meet the qualifications established by the board for administering and supervising a project shall contract with a qualified city or county or the department for the administration and supervision of the design and construction of any approved project as a condition for receiving funds for the project. [1994 c 179 § 17; 1988 c 167 § 21; 1984 c 7 § 157; 1975 1st ex.s. c 253 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.26.190 Geographical diversity—Rules.** The board shall adopt rules that provide geographical diversity in selecting improvement projects to be funded from the urban arterial trust account and \*small city account funds. [1994 c 179 § 18; 1988 c 167 § 22; 1987 c 360 § 1; 1981 c 315 § 4; 1979 c 151 § 162; 1977 ex.s. c 317 § 14; 1973 1st ex.s. c 126 § 2; 1971 ex.s. c 291 § 3; 1969 ex.s. c 171 § 4; 1967 ex.s. c 83 § 25.]

**\*Reviser's note:** The "small city account" was renamed the "small city program" pursuant to 1999 c 94 § 18.

*Population determinations, office of financial management: Chapter 43.62 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.26.200 Counties—Perpetual advanced six-year plans for coordinated transportation program, expenditures—Nonmotorized transportation—Railroad right-of-way.** See RCW 36.81.121.

**47.26.210 Cities—Perpetual advanced six-year plans for coordinated transportation program, expenditures—**

**Nonmotorized transportation—Railroad right-of-way.**  
See RCW 35.77.010.

**47.26.260 Payment of funds—Rules—Limitations.**

The transportation improvement board shall adopt rules providing for the approval of payments of funds in the accounts to a county, city, town, or transportation benefit district for costs of predesign, design, engineering, and costs of construction of an approved project from time to time as work progresses. These payments shall at no time exceed the account share of the costs incurred to the date of the voucher covering such payment. [1994 c 179 § 19; 1988 c 167 § 26; 1973 1st ex.s. c 126 § 1; 1967 ex.s. c 83 § 32.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.26.270 Matching funds requirements.** Counties, cities, towns, and transportation benefit districts receiving funds from the board shall provide such matching funds as established by rules adopted by the transportation improvement board. When determining matching requirements, the board shall consider (1) financial resources available to counties and cities to meet arterial needs, (2) the amounts and percentages of funds available for road or street construction traditionally expended by counties and cities on arterials, (3) in the case of counties, the relative needs of arterials lying outside urban areas, and (4) the requirements necessary to avoid diversion of funds traditionally expended for arterial construction to other street or road purposes or to nonhighway purposes. [1994 c 179 § 20; 1988 c 167 § 27; 1983 1st ex.s. c 49 § 22; 1977 ex.s. c 317 § 16; 1967 ex.s. c 83 § 33.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.26.282 Land use implications.** In any project funded by the transportation improvement board, except for projects in cities having a population of less than five thousand persons, and in addition to any other items required to be considered by statute, the board also shall consider the land use implications of the project, such as whether the programs and projects:

- (1) Support development in and revitalization of existing downtowns;
- (2) Implement local comprehensive plans for rural and urban residential and nonresidential densities;
- (3) Have land use planning and regulations encouraging compact development for rural and urban residential and nonresidential densities; and
- (4) Promote the use of multimodal transportation. [2002 c 189 § 5.]

**47.26.300 Bicycle routes—Legislative declaration.**

The state of Washington is confronted with emergency shortages of energy sources utilized for the transportation of its citizens and must seek alternative methods of providing public mobility.

Bicycles are suitable for many transportation purposes, and are pollution-free in addition to using a minimal amount of resources and energy. However, the increased use of bicycles for both transportation and recreation has led to an increase in both fatal and nonfatal injuries to bicyclists.

The legislature therefore finds that the establishment, improvement, and upgrading of bicycle routes is necessary to promote public mobility, conserve energy, and provide for the safety of the bicycling and motoring public. [1974 ex.s. c 141 § 1.]

**47.26.305 Bicycle routes—Use of board funds.** Bicycle routes shall, when established in accordance with RCW 47.06.100 be eligible for establishment, improvement, and upgrading with board funds. The board shall adopt rules and procedures that will encourage the development of a system of bicycle routes within counties, cities, and towns. [1994 c 179 § 21; 1988 c 167 § 28; 1974 ex.s. c 141 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.26.320 Advance right-of-way acquisition—Definition.** The term "advance right-of-way acquisition" as used in this chapter means the acquisition of property and property rights, together with the engineering costs necessary for the advance right-of-way acquisition. Property or property rights purchased must be for projects approved by the transportation improvement board or the county road administration board as part of a city or county six-year plan or program. [2001 c 201 § 1.]

**47.26.340 Small city pavement and sidewalk account.** The small city pavement and sidewalk account is created in the state treasury. All state money allocated to the small city pavement and sidewalk account for the ongoing support of cities and towns must be deposited into the account. Money in the account may be spent only after appropriation. Expenditures from the account must be used for small city pavement and sidewalk projects or improvements selected by the board in accordance with RCW 47.26.164 or 47.26.345, to pay principal and interest on bonds authorized for these projects or improvements, to make grants or loans in accordance with this chapter, or to pay for engineering feasibility studies selected by the board. [2007 c 148 § 4; 2005 c 83 § 2.]

**Findings—2005 c 83:** "The state legislature finds that it is in the state's interest to support the economic vitality of all cities and towns and recognizes that those cities and towns with a population of less than five thousand are unable to fully maintain and preserve their street system. Therefore, the legislature finds it is necessary to create a small city pavement and sidewalk account." [2005 c 83 § 1.]

**Effective dates—2005 c 83:** "Except for section 5 of this act which takes effect July 1, 2006, this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2005." [2005 c 83 § 6.]

**47.26.345 Small city pavement and sidewalk funding.** All cities and towns with a population of less than five thousand are eligible to receive money from the small city pavement and sidewalk account created under RCW 47.26.340 for maintenance, repair, and resurfacing of city and town streets. The board shall determine the allocation of money based on:

- (1) The amount of available funds within the small city pavement and sidewalk account;
- (2) Whether the city or town meets one or more of the following criteria:
  - (a) The city or town has identified a street in a six-year transportation improvement plan, as defined by RCW

35.77.010, or a project identified through the use of a pavement management system;

(b) The city or town has provided pavement rating information on the proposed street improvement or street network improvement;

(c) The city or town has provided sidewalk information on the proposed sidewalk system improvement;

(d) The city or town has provided information, where available, on traffic conditions for truck routes, bus routes, and traffic volumes;

(e) The city or town has the ability to provide a local match as demonstrated by one or more of the following:

(i) A funding match based upon a city's assessed valuation;

(ii) Community involvement and support, including volunteer participation, such as landscaping and maintaining landscaping along the street or sidewalk system; or

(iii) Partnership efforts with federal or other state programs, including the \*department of community, trade, and economic development mainstreet program. [2005 c 83 § 3.]

\*Reviser's note: The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

**Findings—Effective dates—2005 c 83:** See notes following RCW 47.26.340.

#### BOND ISSUE—STATE HIGHWAYS IN URBAN AREAS

**47.26.400 Issuance and sale of general obligation bonds—Authorized—Amount—Declaration of purpose.** In order to provide funds necessary to meet the urgent needs for highway construction on state highways within urban areas, there shall be issued and sold general obligation bonds of the state of Washington in the sum of two hundred million dollars or such amount thereof and at such times as determined to be necessary by the commission. The amount of the bonds issued and sold under the provisions of RCW 47.26.400 through 47.26.407 in any biennium shall not exceed the amount of a specific appropriation therefor from the proceeds of such bonds, for the construction of state highways in urban areas. The issuance, sale, and retirement of the bonds shall be under the supervision and control of the state finance committee which, upon request being made by the commission, shall provide for the issuance, sale, and retirement of coupon or registered bonds to be dated, issued, and sold from time to time in such amounts as shall be requested by the commission. [1984 c 7 § 161; 1973 1st ex.s. c 169 § 1; 1967 ex.s. c 83 § 36.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.26.401 Bonds—Term—Terms and conditions—Signatures—Registration—Where payable—Negotiable instruments.** Each of such bonds shall be made payable at any time not exceeding thirty years from the date of its issuance, with such reserved rights of prior redemption, bearing such interest, and such terms and conditions, as the state finance committee may prescribe to be specified therein. The bonds shall be signed by the governor and the state treasurer under the seal of the state, one of which signatures shall be made manually and the other signature may be in printed facsimile, and any coupons attached to such bonds shall be signed by the same officers whose signatures thereon may be

in printed facsimile. Any bonds may be registered in the name of the holder on presentation to the state treasurer or at the fiscal agency of the state of Washington in New York City, as to principal alone, or as to both principal and interest under such regulations as the state treasurer may prescribe. Such bonds shall be payable at such places as the state finance committee may provide. All bonds issued hereunder shall be fully negotiable instruments. [1973 1st ex.s. c 169 § 2; 1967 ex.s. c 83 § 37.]

**47.26.402 Bonds—Denominations—Manner and terms of sale—Legal investment for state funds.** The bonds issued hereunder shall be in denominations to be prescribed by the state finance committee and may be sold in such manner and in such amounts and at such times and on such terms and conditions as the committee may prescribe. If the bonds are sold to any purchaser other than the state of Washington, they shall be sold at public sale, and it shall be the duty of the state finance committee to cause such sale to be advertised in such manner as it shall deem sufficient. Bonds issued under the provisions of RCW 47.26.400 through 47.26.407 shall be legal investment for any of the funds of the state, except the permanent school fund. [1967 ex.s. c 83 § 38.]

**47.26.403 Bonds—Bond proceeds—Deposit and use.** The money arising from the sale of said bonds shall be deposited in the state treasury to the credit of the motor vehicle fund and such money shall be available only for the construction of state highways within the urban areas of the state, and for payment of the expenses incurred in the printing, issuance, and sale of any such bonds. [1967 ex.s. c 83 § 39.]

**47.26.404 Bonds—Statement describing nature of obligation—Pledge of excise taxes.** Bonds issued under the provisions of RCW 47.26.400 through 47.26.407 shall distinctly state that they are a general obligation of the state of Washington, shall pledge the full faith and credit of the state to the payment of the principal thereof and the interest thereon and shall contain an unconditional promise to pay such principal and interest as the same shall become due. The principal of and interest on such bonds shall be first payable in the manner provided in RCW 47.26.400 through 47.26.407 from the proceeds of state excise taxes on motor vehicle fuels imposed by chapter 82.36 RCW and \*chapter 82.40 RCW. The proceeds of such excise taxes are hereby pledged to the payment of any bonds and the interest thereon issued under the provisions of RCW 47.26.400 through 47.26.407, and the legislature hereby agrees to continue to impose the same excise taxes on motor vehicle fuels in amounts sufficient to pay, when due, the principal and interest on all bonds issued under the provisions of RCW 47.26.400 through 47.26.407. [1973 1st ex.s. c 169 § 3; 1967 ex.s. c 83 § 40.]

\*Reviser's note: Chapter 82.40 RCW was repealed by 1971 ex.s. c 175 § 33; for later enactment, see chapter 82.38 RCW.

**47.26.405 Bonds—Designation of funds to repay bonds and interest.** Any funds required to repay such bonds, or the interest thereon when due shall be taken from that portion of the motor vehicle fund which results from the

imposition of excise taxes on motor vehicle and special fuels and which is distributed to the state under the provisions of \*RCW 46.68.090(1)(c) for construction of state highways in urban areas, and shall never constitute a charge against any allocations of any other such funds to the state, counties, cities, and towns unless and until the amount of the motor vehicle fund arising from the excise taxes on motor vehicle and special fuels and available to the state for construction of state highways in urban areas proves insufficient to meet the requirements for bond retirement or interest on any such bonds. [1999 c 269 § 5; 1977 ex.s. c 317 § 17; 1967 ex.s. c 83 § 41.]

\*Reviser's note: RCW 46.68.090 was amended by 2003 c 361 § 403, changing subsection (1)(c) to subsection (2)(a).

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.26.406 Bonds—Repayment procedure—Bond retirement fund.** At least one year prior to the date any interest is due and payable on such bonds or before the maturity date of any such bonds, the state finance committee shall estimate, subject to the provisions of RCW 47.26.405, the percentage of the receipts in money of the motor vehicle fund, resulting from collection of excise taxes on motor vehicle fuels, for each month of the year which shall be required to meet interest or bond payments hereunder when due, and shall notify the state treasurer of such estimated requirement. The state treasurer shall thereafter from time to time each month as such funds are paid into the motor vehicle fund, transfer such percentage of the monthly receipts from excise taxes on motor vehicle fuels of the motor vehicle fund to the bond retirement fund, hereby created, which fund shall be available solely for payment of interest or bonds when due. If in any month it shall appear that the estimated percentage of money so made is insufficient to meet the requirements for interest or bond retirement, the treasurer shall notify the state finance committee forthwith and such committee shall adjust its estimates so that all requirements for interest and principal of all bonds issued shall be fully met at all times. [1967 ex.s. c 83 § 42.]

**47.26.407 Bonds—Sums in excess of retirement requirements—Use.** Whenever the percentage of the motor vehicle fund arising from excise taxes on motor vehicle fuels payable into the bond retirement fund, shall prove more than is required for the payment of interest on bonds when due, or current retirement of bonds, any excess may, in the discretion of the state finance committee, be available for the prior redemption of any bonds or remain available in the fund to reduce the requirements upon the fuel excise tax portion of the motor vehicle fund at the next interest or bond payment period. [1967 ex.s. c 83 § 43.]

#### BOND ISSUE—COUNTY AND CITY ARTERIALS IN URBAN AREAS

**47.26.420 Issuance and sale of general obligation bonds—Authorized—Amount—Declaration of purpose.** In order to provide funds necessary to meet the urgent construction needs on county and city arterials within urban areas, there are hereby authorized for issuance general obligation bonds of the state of Washington, the first authoriza-

tion of which shall be in the sum of two hundred fifty million dollars, and the second authorization of which, to be known as series II bonds, shall be in the sum of sixty million dollars, and the third authorization of which, to be known as series III bonds, shall be in the sum of one hundred million dollars, which shall be issued and sold in such amounts and at such times as determined to be necessary by the transportation improvement board. The amount of such bonds issued and sold under the provisions of RCW 47.26.420 through 47.26.427 in any biennium shall not exceed the amount of a specific appropriation therefor, from the proceeds of such bonds, for the construction of county and city arterials in urban areas. The issuance, sale, and retirement of said bonds shall be under the supervision and control of the state finance committee which, upon request being made by the transportation improvement board, shall provide for the issuance, sale, and retirement of coupon or registered bonds to be dated, issued, and sold from time to time in such amounts as shall be requested by the transportation improvement board. [2007 c 519 § 6; 1981 c 315 § 5; 1979 c 5 § 3. Prior: 1977 ex.s. c 317 § 18; 1973 1st ex.s. c 169 § 4; 1967 ex.s. c 83 § 45.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.26.421 Bonds—Term—Terms and conditions—Signatures—Registration—Where payable—Negotiable instruments.** Each of such first authorization bonds, series II bonds, and series III bonds shall be made payable at any time not exceeding thirty years from the date of its issuance, with such reserved rights of prior redemption, bearing such interest, and such terms and conditions, as the state finance committee may prescribe to be specified therein. The bonds shall be signed by the governor and the state treasurer under the seal of the state, either or both of which signatures may be in printed facsimile, and any coupons attached to such bonds shall be signed by the same officers whose signatures thereon may be in printed facsimile. Any bonds may be registered in the name of the holder on presentation to the state treasurer or at the fiscal agency of the state of Washington in Seattle or New York City, as to principal alone, or as to both principal and interest under such regulations as the state treasurer may prescribe. Such bonds shall be payable at such places as the state finance committee may provide. All bonds issued hereunder shall be fully negotiable instruments. [1986 c 290 § 3; 1981 c 315 § 6; 1979 c 5 § 4; 1973 1st ex.s. c 169 § 5; 1967 ex.s. c 83 § 46.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.26.422 Bonds—Denominations—Manner and terms of sale—Legal investment for state funds.** The first authorization bonds, series II bonds, and series III bonds issued hereunder shall be in denominations to be prescribed by the state finance committee and may be sold in such manner and in such amounts and at such times and on such terms and conditions as the committee may prescribe. The state finance committee may obtain insurance, letters of credit, or other credit facility devices with respect to the bonds and may authorize the execution and delivery of agreements, promissory notes, and other obligations for the purpose of insuring the payment or enhancing the marketability of the bonds.

Promissory notes or other obligations issued pursuant to this section shall not constitute a debt or the contracting of indebtedness under any constitutional or statutory indebtedness limitation if their payment is conditioned upon the failure of the state to pay the principal of or interest on the bonds with respect to which the promissory notes or other obligations relate. The state finance committee may authorize the issuance of short-term obligations in lieu of long-term obligations for the purposes of more favorable interest rates, lower total interest costs, and increased marketability and for the purpose of retiring the bonds during the life of the project for which they were issued. Bonds issued under the provisions of RCW 47.26.420 through 47.26.427 and 47.26.425 shall be legal investment for any of the funds of the state, except the permanent school fund. [1986 c 290 § 4; 1981 c 315 § 7; 1979 c 5 § 5; 1967 ex.s. c 83 § 47.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **47.26.423 Bonds—Bond proceeds—Deposit and use.**

The money arising from the sale of the first authorization bonds, series II bonds, and series III bonds shall be deposited in the state treasury to the credit of the urban arterial trust account in the motor vehicle fund, and such money shall be available only for the construction and improvement of county and city urban arterials, and for payment of the expense incurred in the printing, issuance, and sale of any such bonds. The costs of obtaining insurance, letters of credit, or other credit enhancement devices with respect to the bonds shall be considered to be expenses incurred in the issuance and sale of the bonds. [1986 c 290 § 5; 1981 c 315 § 8; 1979 c 5 § 6; 1967 ex.s. c 83 § 48.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.26.424 Bonds—Statement describing nature of obligation—Pledge of excise taxes.** The first authorization bonds, series II bonds, and series III bonds shall distinctly state that they are a general obligation of the state of Washington, shall pledge the full faith and credit of the state to the payment of the principal thereof and the interest thereon, and shall contain an unconditional promise to pay such principal and interest as the same shall become due. The principal and interest on such bonds shall be first payable in the manner provided in RCW 47.26.420 through 47.26.427, 47.26.425, and 47.26.4254 from the proceeds of state excise taxes on motor vehicle and special fuels imposed by chapters 82.36 and 82.38 RCW. The proceeds of such excise taxes are hereby pledged to the payment of any such bonds and the interest thereon, and the legislature hereby agrees to continue to impose the same excise taxes on motor vehicle and special fuels in amounts sufficient to pay, when due, the principal and interest on all such bonds. [1995 c 274 § 11; 1981 c 315 § 9; 1979 c 5 § 7; 1977 ex.s. c 317 § 19; 1973 1st ex.s. c 169 § 6; 1967 ex.s. c 83 § 49.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.26.425 Bonds—Designation of funds to repay bonds and interest.** Any funds required to repay the first authorization of two hundred fifty million dollars of bonds authorized by RCW 47.26.420, as amended by section 18, chapter 317, Laws of 1977 ex. sess. or the interest thereon

(2010 Ed.)

when due, shall be taken from that portion of the motor vehicle fund which results from the imposition of excise taxes on motor vehicle and special fuels and which is distributed to the urban arterial trust account in the motor vehicle fund pursuant to RCW 46.68.090(2)(e), and shall never constitute a charge against any allocations of any other such funds in the motor vehicle fund to the state, counties, cities, and towns unless and until the amount of the motor vehicle fund arising from the excise tax on motor vehicle and special fuels and distributed to the urban arterial trust account proves insufficient to meet the requirements for bond retirement or interest on any such bonds. [2007 c 519 § 7; 1999 sp.s. c 1 § 609. Prior: 1999 c 269 § 6; 1999 c 94 § 21; 1994 c 179 § 22; 1977 ex.s. c 317 § 20; 1967 ex.s. c 83 § 50.]

**Legislative finding—Effective dates—1999 c 94:** See notes following RCW 43.84.092.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **47.26.4252 Bonds—Series II bonds, 1979 reenactment—Designation of funds to repay bonds and interest.**

Any funds required to repay the authorization of series II bonds authorized by RCW 47.26.420, as reenacted by section 3, chapter 5, Laws of 1979, or the interest thereon when due, shall first be taken from that portion of the motor vehicle fund which results from the imposition of excise taxes on motor vehicle and special fuels imposed by chapters 82.36 and 82.38 RCW and which is distributed to the urban arterial trust account in the motor vehicle fund pursuant to \*RCW 46.68.090(1)(g), subject, however, to the prior lien of the first authorization of bonds authorized by RCW 47.26.420, as reenacted by section 3, chapter 5, Laws of 1979. If the moneys distributed to the urban arterial trust account shall ever be insufficient to repay the first authorization bonds together with interest thereon, and the series II bonds or the interest thereon when due, the amount required to make such payments on such bonds or interest thereon shall next be taken from that portion of the motor vehicle fund which results from the imposition of excise taxes on motor vehicle and special fuels and which is distributed to the state, counties, cities, and towns pursuant to RCW 46.68.090. Any payments on such bonds or interest thereon taken from motor vehicle or special fuel tax revenues which are distributable to the state, counties, cities, and towns, shall be repaid from the first moneys distributed to the urban arterial trust account not required for redemption of the first authorization bonds or series II and series III bonds or interest on those bond issues. [1999 sp.s. c 1 § 610. Prior: 1999 c 269 § 7; 1999 c 94 § 22; 1995 c 274 § 12; 1994 c 179 § 23; 1983 1st ex.s. c 49 § 23; 1979 c 5 § 8.]

\*Reviser's note: RCW 46.68.090 was amended by 2003 c 361 § 403, changing subsection (1)(g) to subsection (2)(e).

**Legislative finding—Effective dates—1999 c 94:** See notes following RCW 43.84.092.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **47.26.4254 Bonds—Series III bonds—Designation of funds to repay bonds and interest.**

(1) Any funds required to repay series III bonds authorized by RCW 47.26.420, or the interest thereon, when due shall first be taken from that portion of the motor vehicle fund that results from the imposition of excise taxes on motor vehicle and special fuels imposed by chapters 82.36 and 82.38 RCW and that is dis-

tributed to the urban arterial trust account in the motor vehicle fund pursuant to RCW 46.68.090(2)(e), subject, however, to the prior lien of the first authorization of bonds authorized by RCW 47.26.420. If the moneys so distributed to the urban arterial trust account, after first being applied to administrative expenses of the transportation improvement board and to the requirements of bond retirement and payment of interest on first authorization bonds and series II bonds as provided in RCW 47.26.425 and 47.26.4252, are insufficient to meet the requirements for bond retirement or interest on any series III bonds, the amount required to make such payments on series III bonds or interest thereon shall next be taken from that portion of the motor vehicle fund that results from the imposition of excise taxes on motor vehicle and special fuels and that is distributed to the state, counties, cities, and towns pursuant to RCW 46.68.090, subject, however, to subsection (2) of this section.

(2) To the extent that moneys so distributed to the urban arterial trust account are insufficient to meet the requirements for bond retirement or interest on any series III bonds, sixty percent of the amount required to make such payments when due shall first be taken from that portion of the motor vehicle fund that results from the imposition of excise taxes on motor vehicle and special fuels and that is distributed to the state. The remaining forty percent shall first be taken from that portion of the motor vehicle fund that results from the imposition of excise taxes on motor vehicle and special fuels and that is distributed to the cities and towns pursuant to RCW 46.68.090(2)(g) and to the counties pursuant to RCW 46.68.090(2)(h). Of the counties', cities', and towns' share of any additional amounts required in each fiscal year, the percentage thereof to be taken from the counties' distributive share and from the cities' and towns' distributive share shall correspond to the percentage of funds authorized for specific county projects and for specific city and town projects, respectively, from the proceeds of series III bonds, for the period through the first eleven months of the prior fiscal year as determined by the chair of the transportation improvement board and reported to the state finance committee and the state treasurer not later than the first working day of June.

(3) Any payments on such bonds or interest thereon taken from motor vehicle or special fuel tax revenues that are distributable to the state, counties, cities, and towns shall be repaid from the first moneys distributed to the urban arterial trust account not required for redemption of the first authorization bonds, series II bonds, or series III bonds or interest on these bonds. [2010 c 8 § 10008; 1999 sp.s. c 1 § 611. Prior: 1999 c 269 § 8; 1999 c 94 § 23; 1995 c 274 § 13; 1994 c 179 § 24; 1988 c 167 § 30; 1983 1st ex.s. c 49 § 24; 1981 c 315 § 10.]

**Legislative finding—Effective dates—1999 c 94:** See notes following RCW 43.84.092.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.26.4255 Bonds—Series II bonds, 1979 reenactment—Charge against fuel tax revenues.** Except as otherwise provided by statute, the series II bonds issued under authority of RCW 47.26.420, as reenacted by section 3, chapter 5, Laws of 1979, the bonds authorized by RCW 47.60.560 through 47.60.640, and any general obligation bonds of the state of Washington which may be authorized by the forty-

sixth legislature or thereafter and which pledge motor vehicle and special fuel excise taxes for the payment of principal and interest thereon shall be an equal charge against the revenues from such motor vehicle and special fuel excise taxes. [1979 c 5 § 9.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.26.426 Bonds—Repayment procedure—Bond retirement account.** At least one year prior to the date any interest is due and payable on such first authorization bonds, series II bonds, and series III bonds or before the maturity date of any such bonds, the state finance committee shall estimate, subject to the provisions of RCW 47.26.425, 47.26.4252, and 47.26.4254 the percentage of the receipts in money of the motor vehicle fund, resulting from collection of excise taxes on motor vehicle and special fuels, for each month of the year which shall be required to meet interest or bond payments hereunder when due, and shall notify the state treasurer of such estimated requirement. The state treasurer, subject to RCW 47.26.425, 47.26.4252, and 47.26.4254, shall thereafter from time to time each month as such funds are paid into the motor vehicle fund, transfer such percentage of the monthly receipts from excise taxes on motor vehicle and special fuels of the motor vehicle fund to the transportation improvement board bond retirement account, maintained in the office of the state treasurer, which fund shall be available for payment of interest or bonds when due. If in any month it shall appear that the estimated percentage of money so made is insufficient to meet the requirements for interest or bond retirement, the treasurer shall notify the state finance committee forthwith and such committee shall adjust its estimates so that all requirements for interest and principal of all bonds issued shall be fully met at all times. [1999 c 268 § 1; 1981 c 315 § 11; 1979 c 5 § 10; 1967 ex.s. c 83 § 51.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.26.427 Bonds—Sums in excess of retirement requirements—Use.** Whenever the percentage of the motor vehicle fund arising from excise taxes on motor vehicle and special fuels payable into the transportation improvement board bond retirement account, shall prove more than is required for the payment of interest on bonds when due, or current retirement of bonds, any excess may, in the discretion of the state finance committee, be available for the prior redemption of any bonds or remain available in the fund [account] to reduce the requirements upon the fuel excise tax portion of the motor vehicle fund at the next interest or bond payment period. [1999 c 268 § 2; 1979 c 5 § 11; 1967 ex.s. c 83 § 52.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.26.440 Budget for expenditures from funds administered by board—Estimate of revenues.** Not later than November 1st of each even-numbered year the transportation improvement board shall prepare and present to the commission for comment and recommendation an adopted budget for expenditures from funds administered by the board during the ensuing biennium. The budget shall contain an estimate of the revenues to be credited to the several accounts and the amount, if any, of bond proceeds which the

board determines should be made available through the sale of bonds in the ensuing biennium. [1994 c 179 § 25; 1988 c 167 § 32; 1984 c 7 § 163; 1967 ex.s. c 83 § 54.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.26.450 Allocation of funds—Value engineering studies—Rules.** The board shall adopt rules and procedures to govern the allocation of funds subject to the appropriations actually approved by the legislature.

The board shall develop rules and procedures to require value engineering studies performed by an interagency team for certain board funded projects. When determining the process, the board shall consider the project cost, length, and complexity. [1994 c 179 § 26; 1988 c 167 § 33; 1987 c 360 § 2; 1973 1st ex.s. c 126 § 3; 1969 ex.s. c 171 § 6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.26.460 Increase in funds allocated to a project—Rules—Factors.** The board shall adopt reasonable rules pursuant to which funds allocated to a project may be increased upon a subsequent application of the county, city, town, or transportation benefit district constructing the project. The rules adopted by the board shall consider the following factors: (1) The financial effect of increasing the original allocation for the project upon other urban arterial projects either approved or requested; (2) whether the project for which an additional authorization is requested can be reduced in scope while retaining a usable segment; (3) whether the cost of the project shown in the original application was based upon reasonable engineering estimates; and (4) whether the requested additional authorization is to pay for an expansion in the scope of work originally approved. [1994 c 179 § 27; 1969 ex.s. c 171 § 7.]

#### BOND ISSUE—TRANSPORTATION PROJECTS IN URBAN AREAS

**47.26.500 Issuance authorized.** In order to provide funds necessary to meet the urgent construction needs on state, county, and city transportation projects, there are hereby authorized for issuance general obligation bonds of the state of Washington in the sum of one hundred million dollars, which shall be issued and sold in such amounts and at such times as determined to be necessary by the state transportation improvement board. The amount of such bonds issued and sold under the provisions of RCW 47.26.500 through 47.26.507 in any biennium shall not exceed the amount of a specific appropriation therefor, from the proceeds of such bonds, for the construction of state, county, and city transportation projects. The issuance, sale, and retirement of the bonds shall be under the supervision and control of the state finance committee which, upon request being made by the board, shall provide for the issuance, sale, and retirement of coupon or registered bonds to be dated, issued, and sold from time to time in such amounts as shall be requested by the board. [2000 2nd sp.s. c 6 § 1; 1994 c 179 § 28; 1993 c 440 § 1.]

**47.26.501 Term—Signatures—Registration—Negotiable instruments.** Each of such bonds shall be made pay-

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able at any time not exceeding thirty years from the date of its issuance, with such reserved rights of prior redemption, bearing such interest, and such terms and conditions, as the state finance committee may prescribe to be specified therein. The bonds shall be signed by the governor and the state treasurer under the seal of the state, either or both of which signatures may be in printed facsimile, and any coupons attached to such bonds shall be signed by the same officers whose signatures thereon may be in printed facsimile. Any bonds may be registered in the name of the holder on presentation to the state treasurer or at the fiscal agency of the state of Washington in Seattle or New York City, as to principal alone, or as to both principal and interest under such rules as the state treasurer may adopt. Such bonds shall be payable at such places as the state finance committee may provide. All bonds issued hereunder shall be fully negotiable instruments. [1993 c 440 § 2.]

**47.26.502 Denominations—Manner and terms of sale—State investment.** The bonds issued under RCW 47.26.500 through 47.26.507 shall be in denominations to be prescribed by the state finance committee and may be sold in such manner and in such amounts and at such times and on such terms and conditions as the committee may prescribe. The state finance committee may obtain insurance, letters of credit, or other credit facility devices with respect to the bonds and may authorize the execution and delivery of agreements, promissory notes, and other obligations for the purpose of insuring the payment or enhancing the marketability of the bonds. Promissory notes or other obligations issued pursuant to this section shall not constitute a debt or the contracting of indebtedness under any constitutional or statutory indebtedness limitation if their payment is conditioned upon the failure of the state to pay the principal of or interest on the bonds with respect to which the promissory notes or other obligations relate. The state finance committee may authorize the issuance of short-term obligations in lieu of long-term obligations for the purposes of more favorable interest rates, lower total interest costs, and increased marketability and for the purpose of retiring the bonds during the life of the project for which they were issued. Bonds issued under the provisions of RCW 47.26.500 through 47.26.507 shall be legal investment for any of the funds of the state, except the permanent school fund. [1993 c 440 § 3.]

**47.26.503 Use of proceeds.** The money arising from the sale of the bonds shall be deposited in the state treasury to the credit of the transportation improvement account in the motor vehicle fund, and such money shall be available only for the construction and improvement of state, county, and city transportation projects, and for payment of the expense incurred in the printing, issuance, and sale of any such bonds. The costs of obtaining insurance, letters of credit, or other credit enhancement devices with respect to the bonds shall be considered to be expenses incurred in the issuance and sale of the bonds. [1993 c 440 § 4.]

**47.26.504 Statement of obligation—Pledge of excise taxes.** Bonds issued under the provisions of RCW 47.26.500 through 47.26.507 shall distinctly state that they are a general

obligation of the state of Washington, shall pledge the full faith and credit of the state to the payment of the principal thereof and the interest thereon, and shall contain an unconditional promise to pay such principal and interest as the same shall become due. The principal and interest on such bonds shall be first payable in the manner provided in RCW 47.26.500 through 47.26.507 from the proceeds of state excise taxes on motor vehicle and special fuels imposed by chapters 82.36 and 82.38 RCW. The proceeds of such excise taxes are hereby pledged to the payment of any such bonds and the interest thereon, and the legislature hereby agrees to continue to impose the same excise taxes on motor vehicle and special fuels in amounts sufficient to pay, when due, the principal and interest on all such bonds. [1995 c 274 § 14; 1993 c 440 § 5.]

**47.26.505 Funds for repayment.** Any funds required to repay such bonds, or the interest thereon when due, shall be taken from that portion of the motor vehicle fund which results from the imposition of excise taxes on motor vehicle and special fuels and which is distributed to the transportation improvement account in the motor vehicle fund under \*RCW 46.68.090(1)(h), and shall never constitute a charge against any allocations of any other such funds in the motor vehicle fund to the state, counties, cities, and towns unless and until the amount of the motor vehicle fund arising from the excise tax on motor vehicle and special fuels and distributed to the transportation improvement account proves insufficient to meet the requirements for bond retirement or interest on any such bonds. [1999 sp.s. c 1 § 612. Prior: 1999 c 269 § 9; 1999 c 94 § 24; 1994 c 179 § 29; 1993 c 440 § 6.]

\*Reviser's note: RCW 46.68.090 was amended by 2003 c 361 § 403, changing subsection (1)(h) to subsection (2)(f).

**Legislative finding—Effective dates—1999 c 94:** See notes following RCW 43.84.092.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.26.506 Repayment procedure—Bond retirement account.** At least one year prior to the date any interest is due and payable on such bonds or before the maturity date of any such bonds, the state finance committee shall estimate, subject to the provisions of RCW 47.26.505 the percentage of the receipts in money of the motor vehicle fund, resulting from collection of excise taxes on motor vehicle and special fuels, for each month of the year which shall be required to meet interest or bond payments under RCW 47.26.500 through 47.26.507 when due, and shall notify the state treasurer of such estimated requirement. The state treasurer, subject to RCW 47.26.505, shall thereafter from time to time each month as such funds are paid into the motor vehicle fund, transfer such percentage of the monthly receipts from excise taxes on motor vehicle and special fuels of the motor vehicle fund to the transportation improvement board bond retirement account, maintained in the office of the state treasurer, which account shall be available for payment of principal and interest or bonds when due. If in any month it shall appear that the estimated percentage of money so made is insufficient to meet the requirements for interest or bond retirement, the treasurer shall notify the state finance committee forthwith and such committee shall adjust its estimates so that all requirements for interest and principal of all bonds issued

shall be fully met at all times. [1997 c 456 § 24; 1993 c 440 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.26.507 Sums in excess of retirement requirements—Use.** Whenever the percentage of the motor vehicle fund arising from excise taxes on motor vehicle and special fuels payable into the transportation improvement board bond retirement account, shall prove more than is required for the payment of interest on bonds when due, or current retirement of bonds, any excess may, in the discretion of the state finance committee, be available for the prior redemption of any bonds or remain available in the fund [account] to reduce the requirements upon the fuel excise tax portion of the motor vehicle fund at the next interest or bond payment period. [1999 c 268 § 3; 1993 c 440 § 8.]

**47.26.900 Severability—1967 ex.s. c 83.** If any provision of this 1967 amendatory act or the application thereof to any person, firm, or corporation or circumstance is held invalid, in whole or in part, such invalidity shall not affect other provisions of the act which can be given effect without the invalid provisions or application and to this end the provisions of this 1967 amendatory act are declared to be severable. [1967 ex.s. c 83 § 55.]

**47.26.910 Effective dates—1967 ex.s. c 83.** This 1967 amendatory act is necessary for the immediate preservation of the public peace, health and safety, the support of the state government and its existing public institutions and sections 1 through 55 and section 56, renumbered "Sec. 62", shall take effect on the first day of the month following the approval of this act by the governor; sections 56 through 61 shall take effect on July 1, 1967 with respect to fees paid on or after July 1, 1967. Fees paid pursuant to RCW \*46.16.070, 46.16.072, 46.16.075 or 46.16.120 prior to July 1, 1967 shall not be affected by this act. [1967 ex.s. c 83 § 62.]

\*Reviser's note: RCW 46.16.070 was recodified as RCW 46.16A.455 pursuant to 2010 c 161 § 1217, effective July 1, 2011.

**47.26.930 Construction—1969 ex.s. c 171.** The rule of strict construction shall have no application to this 1969 act or to the provisions of chapter 47.26 RCW, and they shall be liberally construed in order to carry out an effective, efficient and equitable program of financial assistance to urban area cities and counties for arterial roads and streets. [1969 ex.s. c 171 § 8.]

## Chapter 47.28 RCW

### CONSTRUCTION AND MAINTENANCE OF HIGHWAYS

#### Sections

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*County road improvement districts:* Chapter 36.88 RCW.

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*Liens for labor, materials on public works:* Chapter 60.28 RCW.

*Size, weight, load of vehicles:* Chapter 46.44 RCW.

*Viaducts, bridges, elevated roadways, etc., authority of cities to construct:* Chapter 35.85 RCW.

**47.28.010 Latitude in selecting route.** Whenever the general route of any state highway shall be designated and laid out as running to or by way of certain designated points, without specifying the particular route to be followed to or by way of such points, the department shall determine the particular route to be followed by said state highway to or by way of said designated points, and shall be at liberty to select and adopt as a part of such state highway, the whole or any part of any existing public highway previously designated as a county road, primary road, or secondary road or now or hereafter classified as a county road. The department need not select and adopt the entire routes for such state highways at one time, but may select and adopt parts of such routes from time to time as it deems advisable. Where a state highway is designated as passing by way of a certain point, this shall not require the department to cause such state highway to pass through or touch such point but such designation is directional only and may be complied with by location in the general vicinity. The department is empowered to construct as a part of any state highway as designated and in addition to any portion meeting the limits of any incorporated city or town a bypass section either through or around any such incorporated city or town. [2006 c 334 § 22; 1977 ex.s. c 151 § 59; 1961 c 13 § 47.28.010. Prior: 1937 c 53 § 31; RRS § 6400-31.]

**Effective date—2006 c 334:** See note following RCW 47.01.051.

**47.28.020 Width of right-of-way.** From and after April 1, 1937, the width of one hundred feet is the necessary and proper right-of-way width for state highways unless the department, for good cause, adopts and designates a different width. This section shall not be construed to require the department to acquire increased right-of-way for any state highway in existence on such date. [1984 c 7 § 164; 1961 c 13 § 47.28.020. Prior: 1937 c 53 § 30; RRS § 6400-30; 1913 c 65 § 8; RRS § 6831.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

(2010 Ed.)

**47.28.025 Description and plan of new or limited access highway—Recording.** Whenever the department establishes the location, width, and lines of any new highway, or declares any such new highway as a limited access facility and schedules the acquisition of the right-of-way for the highway or facility within the ensuing two years, it may cause the description and plan of any such highway to be made, showing the center line of the highway and the established width thereof, and attach thereto a certified copy of the resolution. Such description, plan, and resolution shall then be recorded in the office of the county auditor of the proper county. [1999 c 233 § 5; 1984 c 7 § 165; 1977 ex.s. c 225 § 1; 1961 c 13 § 47.28.025. Prior: 1955 c 161 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.28.026 Description and plan of new or limited access highway—Buildings and improvements prohibited, when.** (1) No owner or occupier of lands, buildings, or improvements may erect any buildings or make any improvements within the limits of any such highway, the location, width, and lines of which have been established and recorded as provided in RCW 47.28.025. If any such erection and improvements are made, no allowances may be had therefor by the assessment of damages. No permits for improvements within the limits may be issued by any authority. The establishment of any highway location as set forth in RCW 47.28.025 is ineffective after one year from the filing thereof if no action to condemn or acquire the property within the limits has been commenced within that time.

(2) Unless and until the department causes a plan of a proposed new highway or limited access facility to be recorded in the office of the county auditor as authorized in RCW 47.28.025, nothing contained in RCW 47.28.025 or 47.28.026 may be deemed to restrict or restrain in any manner the improvement, development, or other use by owners or occupiers of lands, buildings, or improvements within the limits of any proposed new or limited access highway or any proposed relocated or widened highway. Because of the uncertainties of federal aid and the state level of funding of proposed construction or improvement of state highways, plans for such improvements approved by the department shall be deemed tentative until filed with the county auditor as authorized in RCW 47.28.025 or until the department commences action to condemn or otherwise acquire the right-of-way for the highway improvements. [1984 c 7 § 166; 1977 ex.s. c 225 § 2; 1961 c 13 § 47.28.026. Prior: 1955 c 161 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.28.030 Contracts—State forces—Monetary limits—Small businesses, veteran, minority, and women contractors—Rules—Work on ferry vessels and terminals, ferry vessel program.** (1)(a) A state highway shall be constructed, altered, repaired, or improved, and improvements located on property acquired for right-of-way purposes may be repaired or renovated pending the use of such right-of-way for highway purposes, by contract or state forces. The work or portions thereof may be done by state forces when the estimated costs thereof are less than fifty thousand dollars and effective July 1, 2005, sixty thousand dollars.

(b) When delay of performance of such work would jeopardize a state highway or constitute a danger to the traveling public, the work may be done by state forces when the estimated cost thereof is less than eighty thousand dollars and effective July 1, 2005, one hundred thousand dollars.

(c) When the department of transportation determines to do the work by state forces, it shall enter a statement upon its records to that effect, stating the reasons therefor.

(d) To enable a larger number of small businesses and veteran, minority, and women contractors to effectively compete for department of transportation contracts, the department may adopt rules providing for bids and award of contracts for the performance of work, or furnishing equipment, materials, supplies, or operating services whenever any work is to be performed and the engineer's estimate indicates the cost of the work would not exceed eighty thousand dollars and effective July 1, 2005, one hundred thousand dollars.

(2) The rules adopted under this section:

(a) Shall provide for competitive bids to the extent that competitive sources are available except when delay of performance would jeopardize life or property or inconvenience the traveling public; and

(b) Need not require the furnishing of a bid deposit nor a performance bond, but if a performance bond is not required then progress payments to the contractor may be required to be made based on submittal of paid invoices to substantiate proof that disbursements have been made to laborers, material suppliers, mechanics, and subcontractors from the previous partial payment; and

(c) May establish prequalification standards and procedures as an alternative to those set forth in RCW 47.28.070, but the prequalification standards and procedures under RCW 47.28.070 shall always be sufficient.

(3) The department of transportation shall comply with such goals and rules as may be adopted by the office of minority and women's business enterprises to implement chapter 39.19 RCW with respect to contracts entered into under this chapter. The department may adopt such rules as may be necessary to comply with the rules adopted by the office of minority and women's business enterprises under chapter 39.19 RCW.

(4)(a) For the period of March 15, 2010, through June 30, 2011, work for less than one hundred twenty thousand dollars may be performed on ferry vessels and terminals by state forces.

(b) The department shall hire a disinterested, third party to conduct an independent analysis to identify methods of reducing out-of-service times for vessel maintenance, preservation, and improvement projects. The analysis must include options that consider consolidating work while vessels are at shipyards by having state forces perform services traditionally performed at Eagle Harbor at the shipyard and decreasing the allowable time at shipyards. The analysis must also compare the out-of-service vessel times of performing services by state forces versus contracting out those services which in turn must be used to form a recommendation as to what the threshold of work performed on ferry vessels and terminals by state forces should be. This analysis must be presented to the transportation committees of the senate and house of representatives by December 1, 2010.

(c) The department shall develop a proposed ferry vessel maintenance, preservation, and improvement program and present it to the transportation committees of the senate and house of representatives by December 1, 2010. The proposed program must:

(i) Improve the basis for budgeting vessel maintenance, preservation, and improvement costs and for projecting those costs into a sixteen-year financial plan;

(ii) Limit the amount of planned out-of-service time to the greatest extent possible, including options associated with department staff as well as commercial shipyards; and

(iii) Be based on the service plan in the capital plan, recognizing that vessel preservation and improvement needs may vary by route.

(d) In developing the proposed ferry vessel maintenance, preservation, and improvement program, the department shall consider the following, related to reducing vessel out-of-service time:

(i) The costs compared to benefits of Eagle Harbor repair and maintenance facility operations options to include staffing costs and benefits in terms of reduced out-of-service time;

(ii) The maintenance requirements for on-vessel staff, including the benefits of a systemwide standard;

(iii) The costs compared to benefits of staff performing preservation or maintenance work, or both, while the vessel is underway, tied up between sailings, or not deployed;

(iv) A review of the department's vessel maintenance, preservation, and improvement program contracting process and contractual requirements;

(v) The costs compared to benefits of allowing for increased costs associated with expedited delivery;

(vi) A method for comparing the anticipated out-of-service time of proposed projects and other projects planned during the same construction period;

(vii) Coordination with required United States coast guard dry dockings;

(viii) A method for comparing how proposed projects relate to the service requirements of the route on which the vessel normally operates; and

(ix) A method for evaluating the ongoing maintenance and preservation costs associated with proposed improvement projects. [2010 c 283 § 9; 2010 c 5 § 11; 2007 c 218 § 90; 1999 c 15 § 1; 1984 c 194 § 1; 1983 c 120 § 15; 1977 ex.s. c 225 § 3; 1973 c 116 § 1; 1971 ex.s. c 78 § 1; 1969 ex.s. c 180 § 2; 1967 ex.s. c 145 § 40; 1961 c 233 § 1; 1961 c 13 § 47.28.030. Prior: 1953 c 29 § 1; 1949 c 70 § 1, part; 1943 c 132 § 1, part; 1937 c 53 § 41, part; Rem. Supp. 1949 § 6400-41, part.]

**Reviser's note:** This section was amended by 2010 c 5 § 11 and by 2010 c 283 § 9, each without reference to the other. Both amendments are incorporated in the publication of this section under RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

**Findings—Intent—Effective date—Management review of ferries division—Assaults on Washington state ferries employees—2010 c 283:** See notes following RCW 47.60.355.

**Purpose—Construction—2010 c 5:** See notes following RCW 43.60A.010.

**Intent—Finding—2007 c 218:** See note following RCW 1.08.130.

*Office of minority and women's business enterprises: Chapter 39.19 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.28.035 Cost of project, defined.** The cost of any project for the purposes of RCW 47.28.030 shall be the aggregate of all amounts to be paid for labor, material, and equipment on one continuous or interrelated project where work is to be performed simultaneously. The department shall not permit the construction of any project by state forces by dividing a project into units of work or classes of work to give the appearance of compliance with RCW 47.28.030. [1984 c 194 § 2.]

**47.28.040 Precontract preparation of maps, plans, and specifications—Filing.** Before entering into any contract for the construction, alteration, repair, or improvement of any state highway the department shall cause the highway to be surveyed throughout the entire length of the proposed construction, alteration, repair, or improvement and cause to be prepared maps, plans, and specifications, together with an estimate of the cost of the proposed work, and such information and directions as will enable a contractor to carry them out. The maps, plans, specifications, and directions shall be approved by the department and a copy thereof filed permanently in the department's office. [1984 c 7 § 167; 1961 c 13 § 47.28.040. Prior: 1937 c 53 § 32, part; RRS § 6400-32, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.28.050 Call for bids.** Except as may be provided by rules and regulations adopted under RCW 47.28.030 as now or hereafter amended the department of transportation shall publish a call for bids for the construction of the highway according to the maps, plans, and specifications, once a week for at least two consecutive weeks, next preceding the day set for receiving and opening the bids, in not less than one trade paper of general circulation in the state. The call shall state the time, place, and date for receiving and opening the bids, give a brief description of the location and extent of the work, and contain such special provisions or specifications as the department deems necessary. When necessary to implement chapter 39.19 RCW and the rules adopted to implement that chapter, the department shall include in its call for bids provisions or specifications requiring bidders to comply with chapter 39.19 RCW and the rules adopted to implement it: PROVIDED, That when the estimated cost of any contract to be awarded is less than fifty thousand dollars, the call for bids need only be published in at least one paper of general circulation in the county where the major part of the work is to be performed: PROVIDED FURTHER, That when the estimated cost of a contract to be awarded is seven thousand five hundred dollars or less, including the cost of materials, supplies, engineering, and equipment, the department of transportation need not publish a call for bids: PROVIDED FURTHER, That after a bid call has been advertised for two consecutive weeks it may be postponed and the bids opened one week later. [1983 c 120 § 16; 1979 ex.s. c 69 § 1; 1977 c 65 § 1; 1973 c 116 § 2; 1969 ex.s. c 180 § 1; 1961 c 13 § 47.28.050. Prior: 1959 c 319 § 33; 1955 c 147 § 1; 1937 c 53 § 33; RRS § 6400-33.]

*Office of minority and women's business enterprises: Chapter 39.19 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

(2010 Ed.)

**47.28.060 Copy of map, plans, etc.—Charge.** Any person, firm, or corporation is entitled to receive copies of the maps, plans, specifications, and directions for any work upon which call for bids has been published, upon request therefor and subsequent payment to the department of a reasonable sum as required by the department in the call for bids for each copy of such maps, plans, and specifications. Any money so received shall be certified by the department to the state treasurer and deposited to the credit of the motor vehicle fund. The department may deliver with or without charge informational copies of maps, plans, specifications, and directions at such places as it may designate. [1985 c 242 § 1; 1984 c 7 § 168; 1971 c 36 § 1; 1965 ex.s. c 64 § 1; 1961 c 13 § 47.28.060. Prior: 1937 c 53 § 34; RRS § 6400-34.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.28.070 Form of bid—Data required—Requirements—Refusal to furnish form—Appeal.** Bid proposals upon any construction or improvement of any state highway shall be made upon contract proposal form supplied by the department and in no other manner. The department shall, before furnishing any person, firm, or corporation desiring to bid upon any work for which a call for bid proposals has been published with a contract proposal form, require from the person, firm, or corporation, answers to questions contained in a standard form of questionnaire and financial statement, including a complete statement of the financial ability and experience of the person, firm, or corporation in performing state highway, road, or other public work. The questionnaire and financial statement shall be sworn to before a notary public or other person authorized to take acknowledgment of deeds, and shall be submitted once a year and at such other times as the department may require. Whenever the department is not satisfied with the sufficiency of the answers contained in the questionnaire and financial statement or whenever the department determines that the person, firm, or corporation does not meet all of the requirements set forth in this section it may refuse to furnish the person, firm, or corporation with a contract proposal form, and any bid proposal of the person, firm, or corporation must be disregarded. In order to obtain a contract proposal form, a person, firm, or corporation shall have all of the following requirements:

- (1) Adequate financial resources or the ability to secure such resources;
- (2) The necessary experience, organization, and technical qualifications to perform the proposed contract;
- (3) The ability to comply with the required performance schedule taking into consideration all of its existing business commitments;
- (4) A satisfactory record of performance, integrity, judgment, and skills; and
- (5) Be otherwise qualified and eligible to receive an award under applicable laws and regulations.

The refusal is conclusive unless appeal therefrom to the superior court of Thurston county is taken within five days, which appeal shall be heard summarily within ten days after it is taken and on five days' notice thereof to the department. [1984 c 7 § 169; 1967 ex.s. c 145 § 39; 1961 c 13 § 47.28.070. Prior: 1937 c 53 § 35; RRS § 6400-35.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.28.075 Financial information not open to public inspection.** The department of transportation shall not be required to make available for public inspection and copying financial information supplied by any person, firm, or corporation for the purpose of qualifying to submit a bid or proposal for highway construction or improvement as required by RCW 47.28.070. [1981 c 215 § 1.]

**47.28.080 Withdrawal of bids—New bids—Time fixed in call controls.** Any person, firm, or corporation proposing a bid for the construction or improvement of any state highway in response to a call for bids published therefor may withdraw the bid proposal without forfeiture and without prejudice to the right of the bidder to file a new bid proposal before the time fixed for the opening of the bid proposals. The request for the withdrawal shall be made in writing, signed by the person proposing the bid or his or her duly authorized agent, and filed at the place and before the time fixed in the call for bids for receipt of the bid proposals. No bid proposal may be considered that has not been filed with the department before the time fixed for the receipt of bid proposals. In any provisions regarding the filing or withdrawing of bid proposals the time fixed for the receipt of bid proposals in the call for bid proposals as published shall control without regard for the time when the bid proposals are actually opened. [2010 c 8 § 10009; 1985 c 242 § 2; 1984 c 7 § 170; 1961 c 13 § 47.28.080. Prior: 1937 c 53 § 36; RRS § 6400-36.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.28.090 Opening of bids and award of contract—Deposit.** At the time and place named in the call for bids the department of transportation shall publicly open and read the final figure in each of the bid proposals that have been properly filed and read only the unit prices of the three lowest bids, and shall award the contract to the lowest responsible bidder unless the department has, for good cause, continued the date of opening bids to a day certain, or rejected that bid. Any bid may be rejected if the bidder has previously defaulted in the performance of and failed to complete a written public contract, or has been convicted of a crime arising from a previous public contract. If the lowest responsible bidder fails to meet the provisions or specifications requiring compliance with chapter 39.19 RCW and the rules adopted to implement that chapter, the department may award the contract to the next lowest responsible bidder which does meet the provisions or specifications or may reject all bids and readvertise. All bids shall be under sealed cover and accompanied by deposit in cash, certified check, cashier's check, or surety bond in an amount equal to five percent of the amount of the bid, and a bid shall not be considered unless the deposit is enclosed with it. [1985 c 242 § 3; 1983 c 120 § 17; 1971 ex.s. c 21 § 2; 1961 c 13 § 47.28.090. Prior: 1955 c 83 § 1; 1949 c 64 § 1; 1937 c 53 § 37; Rem. Supp. 1949 § 6400-37.]

*Office of minority and women's business enterprises: Chapter 39.19 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.28.100 Failure or rejection of bidder.** If the successful bidder fails to enter into the contract and furnish satisfactory bond as provided by law within twenty days from

the award, exclusive of the day of the award, his or her deposit shall be forfeited to the state and deposited by the state treasurer to the credit of the motor vehicle fund, and the department may award the contract to the second lowest responsible bidder. If the second lowest responsible bidder fails to enter into the contract and furnish bond within twenty days after award to him or her, forfeiture of his or her deposit shall also be made, and the contract may be awarded to the third lowest responsible bidder, and in like manner until the contract and bond are executed by a responsible bidder to whom award is made, or further bid proposals are rejected, or the number of bid proposals are exhausted. If the contract is not executed or no contractor's bond provided within the time required, and there appear circumstances that are deemed to warrant an extension of time, the department may extend the time for execution of the contract or furnishing bond for not to exceed twenty additional days. After awarding the contract the deposits of unsuccessful bidders shall be returned, but the department may retain the deposit of the next lowest responsible bidder or bidders as it desires until such time as the contract is entered into and satisfactory bond is provided by the bidder to whom the award is ultimately made. A low bidder who claims error and fails to enter into a contract is prohibited from bidding on the same project if a second or subsequent call for bids is made for the project.

If in the opinion of the department the acceptance of the bid of the lowest responsible bidder or bidders, or on prior failure of the lowest responsible bidder or bidders the acceptance of the bid of the remaining lowest responsible bidder or bidders, will not be for the best interest of the state, it may reject all bids or all remaining bids and republish a call for bids in the same manner as for an original publication thereof. [1996 c 18 § 8; 1984 c 7 § 171; 1961 c 13 § 47.28.100. Prior: 1953 c 53 § 1; 1937 c 53 § 38; RRS § 6400-38.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.28.110 Sureties—Qualifications—Additional sureties.** At any time and as often as it may be deemed necessary, the department may require any or all sureties or any surety company to appear and qualify themselves upon any contractor's bond. Whenever the surety or sureties upon any contractor's bond become insufficient or are deemed by the department to have become insufficient, the department may demand in writing that the contracting person, firm, or corporation furnish such further contractor's bond or bonds or additional surety in an amount not exceeding that originally required as may be deemed necessary considering the extent of the work remaining to be done upon the contract. No further payments may be made on the contract until such additional surety as is required is furnished. [1984 c 7 § 172; 1961 c 13 § 47.28.110. Prior: 1937 c 53 § 39; RRS § 6400-39.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.28.120 Actions for labor and materials—Limitation of action.** Any contracting person, firm, or corporation performing any labor or furnishing any materials upon their contract or otherwise for public work or improvement under the direction of the department or any person claiming any

right of action upon any such contract with the state of Washington or who claims a cause of action against the state of Washington arising out of any such contract must bring such suit in the proper court in Thurston county before the expiration of one hundred and eighty days from and after the final acceptance and the approval of the final estimate of such work by the department; otherwise the action is forever barred. [1984 c 7 § 173; 1961 c 13 § 47.28.120. Prior: 1937 c 53 § 40; RRS § 6400-40.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.28.140 Highway, public transportation improvements, flood damage prevention—Cooperative agreements.** When in the opinion of the governing authorities representing the department and any agency, instrumentality, municipal corporation, or political subdivision of the state of Washington, any highway, road, or street will be benefited or improved by constructing, reconstructing, locating, relocating, laying out, repairing, surveying, altering, improving, or maintaining, or by the establishment adjacent to, under, upon, within, or above any portion of any such highway, road, or street of an urban public transportation system, by either the department or any agency, instrumentality, municipal corporation, or political subdivision of the state, and it is in the public interest to do so, the authorities may enter into cooperative agreements wherein either agrees to perform the work and furnish the materials necessary and pay the cost thereof, including necessary engineering assistance, which costs and expenses shall be reimbursed by the party whose responsibility it was to do or perform the work or improvement in the first instance. The work may be done by either day labor or contract, and the cooperative agreement between the parties shall provide for the method of reimbursement. In the case of some special benefit or improvement to a state highway derived from any project that assists in preventing or minimizing flood damages as defined in RCW 86.16.120 or from the construction of any public works project, including any urban public transportation system, the department may contribute to the cost thereof by making direct payment to the particular state department, agency, instrumentality, municipal corporation, or political subdivision on the basis of benefits received, but such payment shall be made only after a cooperative agreement has been entered into for a specified amount or on an actual cost basis prior to the commencement of the particular public works project. [1991 c 322 § 29; 1984 c 7 § 174; 1967 c 108 § 6; 1961 c 13 § 47.28.140. Prior: 1955 c 384 § 8.]

**Findings—Intent—1991 c 322:** See note following RCW 86.12.200.

*Urban public transportation system defined:* RCW 47.04.082.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.28.150 Underpasses, overpasses constructed with federal funds—Maintenance cost apportionment.** Notwithstanding any of the provisions of RCW 81.53.090, where the cost of constructing an overpass or underpass which is part of the state highway system has been paid for in whole or in part by the use of federal funds, the state shall at its expense maintain the entire overpass structure and the approaches thereto, and the railroad company shall at its expense maintain the entire underpass structure, including

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the approaches thereto. The state shall at its expense maintain the roadway, and the railroad company shall at its expense maintain its roadbed and tracks on or under all such structures. [1961 c 13 § 47.28.150. Prior: 1959 c 319 § 34.]

**47.28.170 Emergency protection and restoration of highways.** (1) Whenever the department finds that as a consequence of accident, natural disaster, or other emergency, an existing state highway is in jeopardy or is rendered impassible in one or both directions and the department further finds that prompt reconstruction, repair, or other work is needed to preserve or restore the highway for public travel, the department may obtain at least three written bids for the work without publishing a call for bids, and the secretary of transportation may award a contract forthwith to the lowest responsible bidder.

The department shall notify any association or organization of contractors filing a request to regularly receive notification. Notification to an association or organization of contractors shall include: (a) The location of the work to be done; (b) the general anticipated nature of the work to be done; and (c) the date determined by the department as reasonable in view of the nature of the work and emergent nature of the problem after which the department will not receive bids.

(2) Whenever the department finds it necessary to protect a highway facility from imminent damage or to perform emergency work to reopen a highway facility, the department may contract for such work on a negotiated basis not to exceed force account rates for a period not to exceed thirty working days.

(3) The secretary shall review any contract exceeding seven hundred thousand dollars awarded under subsection (1) or (2) of this section with the office of financial management within thirty days of the contract award.

(4) Any person, firm, or corporation awarded a contract for work must be prequalified pursuant to RCW 47.28.070 and may be required to furnish a bid deposit or performance bond. [2006 c 334 § 23; 1990 c 265 § 1; 1984 c 7 § 175; 1971 ex.s. c 89 § 1.]

**Effective date—2006 c 334:** See note following RCW 47.01.051.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.28.220 Compost products.** (1) A contract awarded in whole or in part for the purchase of compost products as a soil cover or soil amendment to state highway rights-of-way shall specify that compost products be purchased in accordance with the following schedule:

(a) For the period July 1, 1996, through June 30, 1997, twenty-five percent of the total dollar amount purchased;

(b) For the period July 1, 1998, through June 30, 1999, fifty percent of the total dollar amount purchased. The percentages in this subsection apply to the materials' value and include services or other materials.

(2) In order to carry out the provisions of this section, the department of transportation shall develop and adopt bid specifications for compost products used in state highway construction projects.

(3)(a) For purposes of this section, "compost products" means mulch, soil amendments, ground cover, or other land-

scaping material derived from the biological or mechanical conversion of biosolids or cellulose-containing waste materials.

(b) For purposes of this section, "biosolids" means municipal sewage sludge or septic tank septage sludge that meets the requirements of chapter 70.95J RCW. [1996 c 198 § 4; 1992 c 174 § 14; 1991 c 297 § 14.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.28.241 Alternative delivery of construction services—Definitions.** The definitions in this section apply throughout RCW 47.28.251 and \*41.06.380 unless the context clearly requires otherwise.

(1) "Construction services" means those services that aid in the delivery of the highway construction program and include, but are not limited to, real estate services and construction engineering services.

(2) "Construction engineering services" include, but are not limited to, construction management, construction administration, materials testing, materials documentation, contractor payments and general administration, construction oversight, and inspection and surveying. [2003 c 363 § 102.]

\*Reviser's note: RCW 41.06.380 was repealed by 2002 c 354 § 403, effective July 1, 2005.

**Part headings not law—2003 c 363:** "Part headings used in this act are not part of the law." [2003 c 363 § 308.]

**Severability—2003 c 363:** "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [2003 c 363 § 309.]

**47.28.251 Alternative delivery of construction services—Financial incentives—Private contracting—Reports.** (1) The department of transportation shall work with representatives of transportation labor groups to develop a financial incentive program to aid in retention and recruitment of employee classifications where problems exist and program delivery is negatively affected. The department's financial incentive program must be reviewed and approved by the legislature before it can be implemented. This program must support the goal of enhancing project delivery timelines as outlined in section 101, chapter 363, Laws of 2003. Upon receiving approval from the legislature, the department of personnel shall implement, as required, specific aspects of the financial incentive package, as developed by the department of transportation.

(2) Notwithstanding chapter 41.06 RCW, the department of transportation may acquire services from qualified private firms in order to deliver the transportation construction program to the public. Services may be acquired solely for augmenting the department's workforce capacity and only when the department's transportation construction program cannot be delivered through its existing or readily available workforce. The department of transportation shall work with representatives of transportation labor groups to develop and implement a program identifying those projects requiring contracted services while establishing a program as defined in subsection (1) of this section to provide the classified personnel necessary to deliver future construction programs. The procedures for acquiring construction engineering services from private firms may not be used to displace existing

state employees nor diminish the number of existing classified positions in the present construction program. The acquisition procedures must be in accordance with chapter 39.80 RCW.

(3) Starting in December 2004, and biennially thereafter, the secretary shall report to the transportation committees of the legislature on the use of construction engineering services from private firms authorized under this section. The information provided to the committees must include an assessment of the benefits and costs associated with using construction engineering services, or other services, from private firms, and a comparison of public versus private sector costs. The secretary may act on these findings to ensure the most cost-effective means of service delivery. [2003 c 363 § 103.]

**Finding—Intent—2003 c 363 §§ 103 and 104:** "The legislature finds that there is a pressing need for additional transportation projects to meet the mobility needs of Washington's citizens. With major new investments approved to meet these pressing needs, additional workforce assistance is necessary to ensure and enhance project delivery timelines. Recruiting and retaining a high quality workforce, and implementing new and innovative procedures for delivering these transportation projects, is required to accomplish them on a timely basis that best serves the public. It is the intent of sections 103 and 104 of this act that no state employees will lose their employment as a result of implementing new and innovative project delivery procedures." [2003 c 363 § 101.]

**Part headings not law—Severability—2003 c 363:** See notes following RCW 47.28.241.

## Chapter 47.29 RCW

### TRANSPORTATION INNOVATIVE PARTNERSHIPS

#### Sections

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**47.29.010 Finding—Intent.** (1) The legislature finds that the public-private transportation initiatives act created under chapter 47.46 RCW has not met the needs and expectations of the public or private sectors for the development of transportation projects. The legislature intends to phase out chapter 47.46 RCW coincident with the completion of the

Tacoma Narrows Bridge - SR 16 public-private partnership. From July 24, 2005, this chapter will provide a more desirable and effective approach to developing transportation projects in partnership with the private sector by applying lessons learned from other states and from this state's ten-year experience with chapter 47.46 RCW.

(2) It is the legislature's intent to achieve the following goals through the creation of this new approach to public-private partnerships:

(a) To provide a well-defined mechanism to facilitate the collaboration between public and private entities in transportation;

(b) To bring innovative thinking from the private sector and other states to bear on public projects within the state;

(c) To provide greater flexibility in achieving the transportation projects; and

(d) To allow for creative cost and risk sharing between the public and private partners.

(3) The legislature intends that the powers granted in this chapter to the commission or department are in addition to any powers granted under chapter 47.56 RCW.

(4) It is further the intent of the legislature that an expert review panel be established for each project developed under chapter 334, Laws of 2006. Expert review panels shall be responsible for reviewing selected proposals, analyzing and reviewing tentative agreements, and making recommendations to the governor and the transportation commission on the advisability of executing agreements under chapter 334, Laws of 2006. [2006 c 334 § 48; 2005 c 317 § 1.]

**Effective date—2006 c 334:** See note following RCW 47.01.051.

**47.29.020 Definitions.** The definitions in this section apply throughout this chapter.

(1) "Authority" means the transportation commission.

(2) "Commission" means the transportation commission.

(3) "Department" means the department of transportation.

(4) "Eligible project" means any project eligible for development under RCW 47.29.050.

(5) "Eligible public works project" means only a project that meets the criteria of either RCW 47.29.060 (3) or (4).

(6) "Private sector partner" and "private partner" means a person, entity, or organization that is not the federal government, a state, or a political subdivision of a state.

(7) "Public funds" means all moneys derived from taxes, fees, charges, tolls, etc.

(8) "Public sector partner" and "public partner" means any federal or state unit of government, bistate transportation organization, or any other political subdivision of any state.

(9) "Transportation innovative partnership program" or "program" means the program as outlined in RCW 47.29.040.

(10) "Transportation project" means a project, whether capital or operating, where the state's primary purpose for the project is to preserve or facilitate the safe transport of people or goods via any mode of travel. However, this does not include projects that are primarily for recreational purposes, such as parks, hiking trails, off-road vehicle trails, etc.

(11) "Unit of government" means any department or agency of the federal government, any state or agency, office,

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or department of a state, any city, county, district, commission, authority, entity, port, or other public corporation organized and existing under statutory law or under a voter-approved charter or initiative, and any intergovernmental entity created under chapter 39.34 RCW or this chapter. [2005 c 317 § 2.]

**47.29.030 Transportation commission powers and duties.** In addition to the powers it now possesses, the commission shall:

(1) Approve or review contracts or agreements authorized in this chapter;

(2) Adopt rules to carry out this chapter and govern the program, which at a minimum must address the following issues:

(a) The types of projects allowed; however, all allowed projects must be included in the Washington transportation plan or identified by the authority as being a priority need for the state;

(b) The types of contracts allowed, with consideration given to the best practices available;

(c) The composition of the team responsible for the evaluation of proposals to include:

(i) Washington state department of transportation staff;

(ii) An independent representative of a consulting or contracting field with no interests in the project that is prohibited from becoming a project manager for the project and bidding on any part of the project;

(iii) An observer from the state auditor's office or the joint legislative audit and review committee;

(iv) A person appointed by the commission, if the secretary of transportation is a cabinet member, or appointed by the governor if the secretary of transportation is not a cabinet member; and

(v) A financial expert;

(d) Minimum standards and criteria required of all proposals;

(e) Procedures for the proper solicitation, acceptance, review, and evaluation of projects;

(f) Criteria to be considered in the evaluation and selection of proposals that includes:

(i) Comparison with the department's internal ability to complete the project that documents the advantages of completing the project as a partnership versus solely as a public venture; and

(ii) Factors such as, but not limited to: Priority, cost, risk sharing, scheduling, and management conditions;

(g) The protection of confidential proprietary information while still meeting the need for public disclosure that is consistent with RCW 47.29.190;

(h) Protection for local contractors to participate in subcontracting opportunities;

(i) Specifying that maintenance issues must be resolved in a manner consistent with the personnel system reform act, chapter 41.80 RCW;

(j) Specifying that provisions regarding patrolling and law enforcement on a public facility are subject to approval by the Washington state patrol;

(3) Adopt guidelines to address security and performance issues.

Preliminary rules and guidelines developed under this section must be submitted to the chairs and ranking members of both transportation committees by November 30, 2005, for review and comment. All final rules and guidelines must be submitted to the full legislature during the 2006 session for review. [2005 c 317 § 3.]

**47.29.040 Purpose.** The Transportation Innovative Partnerships Act is created for the planning, acquisition, design, financing, management, development, construction, reconstruction, replacement, improvement, maintenance, preservation, repair, and operation of transportation projects. The goals of this chapter are to:

- (1) Reduce the cost of transportation project delivery;
- (2) Recover transportation investment costs;
- (3) Develop an expedited project delivery process;
- (4) Encourage business investment in public infrastructure;
- (5) Use any fund source outside the state treasury, where financially advantageous and in the public interest;
- (6) Maximize innovation;
- (7) Develop partnerships between and among private entities and the public sector for the advancement of public purposes on mutually beneficial terms;
- (8) Create synergies between and among public sector entities to develop projects that serve both transportation and other important public purposes; and
- (9) Access specialized construction management and project management services and techniques available in the private sector. [2005 c 317 § 4.]

**47.29.050 Eligible projects.** Projects eligible for development under this chapter include:

- (1) Transportation projects, whether capital or operating, where the state's primary purpose for the project is to facilitate the safe transport of people or goods via any mode of travel. However, this does not include projects that are primarily for recreational purposes, such as parks, hiking trails, off-road vehicle trails, etc.; and
- (2) Facilities, structures, operations, properties, vehicles, vessels, or the like that are developed concurrently with an eligible transportation project and that are capable of (a) providing revenues to support financing of an eligible transportation project, or (b) that are public projects that advance public purposes unrelated to transportation. [2005 c 317 § 5.]

**47.29.060 Eligible financing.** (1) Subject to the limitations in this section, the department may, in connection with the evaluation of eligible projects, consider any financing mechanisms identified under subsections (3) through (5) of this section or any other lawful source, either integrated as part of a project proposal or as a separate, stand-alone proposal to finance a project. Financing may be considered for all or part of a proposed project. A project may be financed in whole or in part with:

- (a) The proceeds of grant anticipation revenue bonds authorized by 23 U.S.C. Sec. 122 and applicable state law. Legislative authorization and appropriation is required in order to use this source of financing;

- (b) Grants, loans, loan guarantees, lines of credit, revolving lines of credit, or other financing arrangements available under the Transportation Infrastructure Finance and Innovation Act under 23 U.S.C. Sec. 181 et seq., or any other applicable federal law;

- (c) Infrastructure loans or assistance from the state infrastructure bank established by RCW 82.44.195;

- (d) Federal, state, or local revenues, subject to appropriation by the applicable legislative authority;

- (e) User fees, tolls, fares, lease proceeds, rents, gross or net receipts from sales, proceeds from the sale of development rights, franchise fees, or any other lawful form of consideration. However, projects financed by tolls or equivalent funding sources must first be authorized by the legislature under RCW 47.56.820.

- (2) As security for the payment of financing described in this section, the revenues from the project may be pledged, but no such pledge of revenues constitutes in any manner or to any extent a general obligation of the state. Any financing described in this section may be structured on a senior, parity, or subordinate basis to any other financing.

- (3) For any transportation project developed under this chapter that is owned, leased, used, or operated by the state, as a public facility, if indebtedness is issued, it must be issued by the state treasurer for the transportation project.

- (4) For other public projects defined in RCW 47.29.050(2) that are developed in conjunction with a transportation project, financing necessary to develop, construct, or operate the public project must be approved by the state finance committee or by the governing board of a public benefit corporation as provided in the federal Internal Revenue Code section 63-20;

- (5) For projects that are developed in conjunction with a transportation project but are not themselves a public facility or public project, any lawful means of financing may be used. [2008 c 122 § 18; 2005 c 317 § 6.]

**47.29.070 Use of federal funds and similar revenues.**

The department may accept from the United States or any of its agencies such funds as are available to this state or to any other unit of government for carrying out the purposes of this chapter, whether the funds are made available by grant, loan, or other financing arrangement. The department may enter into such agreements and other arrangements with the United States or any of its agencies as may be necessary, proper, and convenient for carrying out the purposes of this chapter, subject to RCW 47.29.080. [2005 c 317 § 7.]

**47.29.080 Other sources of funds or property.** The department may accept from any source any grant, donation, gift, or other form of conveyance of land, money, other real or personal property, or other valuable thing made to the state of Washington, the department, or a local government for carrying out the purposes of this chapter.

Any eligible project may be financed in whole or in part by contribution of any funds or property made by any private entity or public sector partner that is a party to any agreement entered into under this chapter. [2005 c 317 § 8.]

**47.29.090 Project review, evaluation, and selection.**

(1) Subject to subsection (2) of this section, the commission may:

(a) Solicit concepts or proposals for eligible projects from private entities and units of government;

(b) On or after January 1, 2007, accept unsolicited concepts or proposals for eligible projects from private entities and units of government, subject to RCW 47.29.170;

(c) Direct the department to evaluate projects for inclusion in the transportation innovative partnerships program that are already programmed or identified for traditional development by the state;

(d) Direct the department to evaluate the concepts or proposals received under this section; and

(e) Select potential projects based on the concepts or proposals. The evaluation under this subsection must include consultation with any appropriate unit of government.

(2) Before undertaking any of the activities contained in subsection (1) of this section, the commission must have:

(a) Completed the tolling feasibility study; and

(b) Adopted rules specifying procedures for the proper solicitation, acceptance, review, and evaluation of projects, which procedures must include:

(i) A comparison with the department's internal ability to complete the project that documents the advantages of completing the project as a partnership versus solely as a public venture; and

(ii) Factors such as priority, cost, risk sharing, scheduling, and management conditions. [2005 c 317 § 9.]

**47.29.100 Administrative fee.** The department may charge a reasonable administrative fee for the evaluation of an unsolicited project proposal. The amount of the fee will be established in rules of the commission. [2005 c 317 § 10.]

**47.29.110 Funds for proposal evaluation and negotiation.** The department may spend, out of any funds identified for the purpose, such moneys as may be necessary for the evaluation of concepts or proposals for eligible projects and for negotiating agreements for eligible projects authorized by this chapter. The department may employ engineers, consultants, or other experts the department determines are needed for the purposes of doing the evaluation and negotiation. Expenses incurred by the department under this section before the issuance of transportation project bonds or other financing must be paid by the department and charged to the appropriate project. The department shall keep records and accounts showing each amount so charged.

Unless otherwise provided in the omnibus transportation budget the funds spent by the department under this section in connection with the project must be repaid from the proceeds of the bonds or other financing upon the sale of transportation project bonds or upon obtaining other financing for an eligible project, as allowed by law or contract. [2005 c 317 § 11.]

**47.29.120 Expert consultation.** The commission and department may consult with legal, financial, and other experts inside and outside the public sector in the evaluation, negotiation, and development of projects under this chapter, consistent with RCW 43.10.040 where applicable. [2005 c 317 § 12.]

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**47.29.130 Contracted studies.** Notwithstanding any other provision of law, and in the absence of any direct federal funding or direction, the department may contract with a private developer of a selected project proposal to conduct environmental impact studies and engineering and technical studies. [2005 c 317 § 13.]

**47.29.140 Partnership agreements.** (1) The following provisions must be included in any agreement to which the state is a party:

(a) For any project that proposes terms for stand-alone maintenance or asset management services for a public facility, those services must be provided in a manner consistent with any collective bargaining agreements, the personnel system reform act (chapter 41.80 RCW), and civil service laws that are in effect for the public facility;

(b) Transportation projects that are selected for development under this chapter must be identified in the Washington transportation plan or be identified by the authority as being a priority need for the state;

(c) If there is a tolling component to the project, then it must be specified that tolling technology used in the project must be consistent with tolling technology standards adopted by the department for transportation-related projects;

(d) Provisions for bonding, financial guarantees, deposits, or the posting of other security to secure the payment of laborers, subcontractors, and suppliers who perform work or provide materials as part of the project;

(e) All projects must be financed in a manner consistent with RCW 47.29.060. This chapter is null and void if this subsection or RCW 47.29.060 fails to become law or is held invalid by a court of final jurisdiction.

(2) Agreements between the state and private sector partners entered into under this section must specifically include the following contractual elements:

(a) The point in the project at which public and private sector partners will enter the project and which partners will assume responsibility for specific project elements;

(b) How the partners will share management of the risks of the project;

(c) How the partners will share the costs of development of the project;

(d) How the partners will allocate financial responsibility for cost overruns;

(e) The penalties for nonperformance;

(f) The incentives for performance;

(g) The accounting and auditing standards to be used to evaluate work on the project;

(h) For any project that reverts to public ownership, the responsibility for reconstruction or renovations that are required in order for a facility to meet all applicable government standards upon reversion of the facility to the state; and

(i) Provisions for patrolling and law enforcement on transportation projects that are public facilities. [2005 c 317 § 14.]

**47.29.150 Public involvement and participation.** (1) Before final approval, agreements entered into under this chapter must include a process that provides for public involvement and participation with respect to the development of the projects. This plan must be submitted along with

the proposed agreement, and both must be approved under RCW 47.29.160 before the state may enter a binding agreement.

(2) All workshops, forums, open houses, meetings, public hearings, or similar public gatherings must be administered and attended by representatives of the state and any other public entities that are party to an agreement authorized by this chapter. [2005 c 317 § 15.]

**47.29.160 Approval and execution.** (1) Before approving an agreement under subsection (2) of this section, the commission, with the technical assistance of the department, must:

(a) Prepare a financial analysis that fully discloses all project costs, direct and indirect, including costs of any financing;

(b) Publish notice and make available the contents of the agreement, with the exception of patent information, at least twenty days before the public hearing required in (c) of this subsection; and

(c) Hold a public hearing on the proposed agreement, with proper notice provided at least twenty days before the hearing. The public hearing must be held within the boundaries of the county seat of the county containing the project.

(2) The commission must allow at least twenty days from the public hearing on the proposed agreement required under subsection (1)(c) of this section before approving and executing any agreements authorized under this chapter. [2005 c 317 § 16.]

**47.29.170 Unsolicited proposals.** Before accepting any unsolicited project proposals, the commission must adopt rules to facilitate the acceptance, review, evaluation, and selection of unsolicited project proposals. These rules must include the following:

(1) Provisions that specify unsolicited proposals must meet predetermined criteria;

(2) Provisions governing procedures for the cessation of negotiations and consideration;

(3) Provisions outlining that unsolicited proposals are subject to a two-step process that begins with concept proposals and would only advance to the second step, which are fully detailed proposals, if the commission so directed;

(4) Provisions that require concept proposals to include at least the following information: Proposers' qualifications and experience; description of the proposed project and impact; proposed project financing; and known public benefits and opposition; and

(5) Provisions that specify the process to be followed if the commission is interested in the concept proposal, which must include provisions:

(a) Requiring that information regarding the potential project would be published for a period of not less than thirty days, during which time entities could express interest in submitting a proposal;

(b) Specifying that if letters of interest were received during the thirty days, then an additional sixty days for submission of the fully detailed proposal would be allowed; and

(c) Procedures for what will happen if there are insufficient proposals submitted or if there are no letters of interest submitted in the appropriate time frame.

The commission may adopt other rules as necessary to avoid conflicts with existing laws, statutes, or contractual obligations of the state.

The commission may not accept or consider any unsolicited proposals before July 1, 2011. [2009 c 470 § 702; 2007 c 518 § 702; 2006 c 370 § 604; 2005 c 317 § 17.]

**Effective date—2009 c 470:** See note following RCW 46.68.170.

**Severability—Effective date—2007 c 518:** See notes following RCW 46.68.170.

**Severability—2006 c 370:** "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [2006 c 370 § 701.]

**Effective date—2006 c 370:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [March 31, 2006]." [2006 c 370 § 702.]

**47.29.180 Advisory committees.** For projects with costs, including financing costs, of three hundred million dollars or greater, advisory committees are required.

(1) The commission must establish an advisory committee to advise with respect to eligible projects. An advisory committee must consist of not fewer than five and not more than nine members, as determined by the public partners. Members must be appointed by the commission, or for projects with joint public sector participation, in a manner agreed to by the commission and any participating unit of government. In making appointments to the committee, the commission shall consider persons or organizations offering a diversity of viewpoints on the project.

(2) An advisory committee shall review concepts or proposals for eligible projects and submit comments to the public sector partners.

(3) An advisory committee shall meet as necessary at times and places fixed by the department, but not less than twice per year. The state shall provide personnel services to assist the advisory committee within the limits of available funds. An advisory committee may adopt rules to govern its proceedings and may select officers.

(4) An advisory committee must be dissolved once the project has been fully constructed and debt issued to pay for the project has been fully retired. [2005 c 317 § 18.]

**47.29.190 Confidentiality.** A proposer shall identify those portions of a proposal that the proposer considers to be confidential, proprietary information, or trade secrets and provide any justification as to why these materials, upon request, should not be disclosed by the authority. Patent information will be covered until the patent expires. Other information such as originality of design or records of negotiation may only be protected under this section until an agreement is reached. Disclosure must occur before final agreement and execution of the contract. Projects under federal jurisdiction or using federal funds must conform to federal regulations under the Freedom of Information Act. [2005 c 317 § 19.]

**47.29.200 Prevailing wages.** If public funds are used to pay any costs of construction of a public facility that is part of an eligible project, chapter 39.12 RCW applies to the entire eligible public works project. [2005 c 317 § 20.]

**47.29.210 Government agreements.** The state may, either separately or in combination with any other public sector partner, enter into working agreements, coordination agreements, or similar implementation agreements, including the formation of bistate transportation organizations, to carry out the joint implementation of a transportation project selected under this chapter. The state may enter into agreements with other units of government or Canadian provinces for transborder transportation projects. [2005 c 317 § 21.]

**47.29.220 Eminent domain.** The state may exercise the power of eminent domain to acquire property, rights-of-way, or other rights in property for projects that are necessary to implement an eligible project developed under this chapter, regardless of whether the property will be owned in fee simple by the state. [2005 c 317 § 22.]

**47.29.230 Transportation innovative partnership account.** (1) The transportation innovative partnership account is established in the custody of the state treasurer separate and distinct from the state general fund. Interest earned by the transportation innovative partnership account must be credited to the account. The account is subject to allotment procedures under chapter 43.88 RCW.

(2) The following moneys must be deposited into the transportation innovative partnership account:

(a) Proceeds from bonds or other financing instruments issued under RCW 47.29.250;

(b) Revenues received from any transportation project developed under this chapter or developed under the general powers granted to the department; and

(c) Any other moneys that are by donation, grant, contract, law, or other means transferred, allocated, or appropriated to the account.

(3) Moneys in the transportation innovative partnership account may only be expended upon evidence of approval by the Washington state legislature, either upon appropriation of supporting state funds or by other statutory direction.

(4) The state treasurer shall serve as a fiduciary for the purpose of carrying out this chapter and implementing all or portions of any transportation project financed under this chapter.

(5) Moneys in the transportation innovative partnership account that were derived from revenue subject to Article II, section 40 (Amendment 18) of the Washington state Constitution, may be used only for purposes authorized by that provision of the state Constitution.

(6) The state treasurer shall establish separate subaccounts within the transportation innovative partnership account for each transportation project that is initiated under this chapter or under the general powers granted to the department. Except as provided in subsection (5) of this section, the state may pledge moneys in the transportation innovative partnership account to secure revenue bonds or any other debt obligations relating to the project for which the account is established. [2005 c 317 § 23.]

**47.29.240 Use of account.** (1) The state may use moneys in the transportation innovative partnership subaccount to ensure the repayment of loan guarantees or extensions of credit made to or on behalf of private entities engaged in the planning, acquisition, financing, development, design, construction, reconstruction, replacement, improvement, maintenance, preservation, management, repair, or operation of any eligible project that is related to a subaccount established under this chapter.

(2) The lien of a pledge made under this section is subordinate to the lien of a pledge securing bonds payable from moneys in the motor vehicle fund established in RCW 46.68.070, or the transportation innovative partnership account established in RCW 47.29.230. [2005 c 317 § 24.]

**47.29.250 Issuing bonds and other obligations.** (1) In addition to any authority the commission or department has to issue and sell bonds and other similar obligations, this section establishes continuing authority for the issuance and sale of bonds and other similar obligations in a manner consistent with this section. To finance a project in whole or in part, the commission may request that the state treasurer issue revenue bonds on behalf of the public sector partner. The bonds must be secured by a pledge of, and a lien on, and be payable only from moneys in the transportation innovative partnership account established in RCW 47.29.230, and any other revenues specifically pledged to repayment of the bonds. Such a pledge by the public partner creates a lien that is valid and binding from the time the pledge is made. Revenue bonds issued under this section are not general obligations of the state or local government and are not secured by or payable from any funds or assets of the state other than the moneys and revenues specifically pledged to the repayment of such revenue bonds.

(2) Moneys received from the issuance of revenue bonds or other debt obligations, including any investment earnings thereon, may be spent:

(a) For the purpose of financing the costs of the project for which the bonds are issued;

(b) To pay the costs and other administrative expenses of the bonds;

(c) To pay the costs of credit enhancement or to fund any reserves determined to be necessary or advantageous in connection with the revenue bonds; and

(d) To reimburse the public sector partners for any costs related to carrying out the projects authorized under this chapter. [2005 c 317 § 25.]

**47.29.260 Study and report.** The department shall conduct a study of:

(1) The contracting powers and project management authorities it currently possesses; those same powers and authorities authorized under this chapter; and those powers and authorities employed by other states or the private sector;

(2) Methods of encouraging competition for the development of transportation projects; and

(3) Any additional procedures that may be necessary or desirable for negotiating contracts in situations of a single qualified bidder, in either solicited or unsolicited proposals.

The department must submit its report, along with any recommended legislative changes, to the commission by

November 1, 2005, and to the governor and the legislature for consideration in the 2006 legislative session. [2005 c 317 § 26.]

**47.29.270 Federal laws.** Notwithstanding any provision of this chapter, applicable federal laws, rules, and regulations govern in any situation that involves federal funds if the federal laws, rules, or regulations:

- (1) Conflict with any provision of this chapter;
- (2) Require procedures that are additional to or different from those provided in this chapter; or
- (3) Require contract provisions not authorized in this chapter. If no federal funds are provided, state laws, rates, and rules will govern. [2005 c 317 § 27.]

**47.29.280 Expert review panel on proposed project agreements—Creation—Authority.** (1) The department shall establish an expert review panel to review, analyze, and make recommendations to the governor and the transportation commission on whether to approve, reject, or continue negotiations on a proposed project agreement under this chapter. The department shall provide staff to support the expert review panel, if requested by the panel. The expert review panel may utilize any of the consultants under contract for the department, and the expert review panel may contract for consulting expertise in specific areas as it deems necessary to ensure a thorough and critical review of any proposed project agreement.

(2) The governor shall appoint members of an expert review panel that have experience in large capital project delivery, public-private partnerships, public financing of infrastructure improvements, or other areas of expertise that will benefit the panel. The panel shall consist of no less than three, but no more than five members, as determined by the governor. [2006 c 334 § 49.]

**Effective date—2006 c 334:** See note following RCW 47.01.051.

**47.29.290 Expert review panel on proposed project agreements—Execution of agreements.** Upon receiving the recommendations of the expert review panel as provided in RCW 47.29.280, and upon consultation with the governor, the transportation commission shall either execute the proposed project agreement, reject the proposed project agreement, or continue further negotiations between the state and a private partner. The execution of any agreement or the rejection of any agreement shall constitute a final action for legal or administrative purposes. [2006 c 334 § 50.]

**Effective date—2006 c 334:** See note following RCW 47.01.051.

**47.29.900 Captions not law.** Captions used in this chapter are not part of the law. [2005 c 317 § 28.]

## Chapter 47.30 RCW TRAILS AND PATHS

### Sections

47.30.005	Definitions.
47.30.010	Recreational trail interference.
47.30.020	Facilities for nonmotorized traffic—Joint usage of rights-of-way.

47.30.030	Facilities for nonmotorized traffic—Expenditure of available funds.
47.30.040	Establishing paths and trails—Factors to be considered.
47.30.050	Expenditures for paths and trails—Minimum amount.
47.30.060	Expenditures deemed to be for highway purposes—Powers and duties of department—Restrictions on use of paths and trails.
47.30.070	Bicycle, equestrian, pedestrian paths as public highways.

*Recreation trails system: Chapter 79A.35 RCW.*

**47.30.005 Definitions.** For the purposes of this chapter, "trail" or "path" means a public way constructed primarily for and open to pedestrians, equestrians, or bicyclists, or any combination thereof, other than a sidewalk constructed as a part of a city street or county road for the exclusive use of pedestrians. The term "trail" or "path" also includes a widened shoulder of a highway, street, or road when the extra shoulder width is constructed to accommodate bicyclists consistent with a comprehensive plan or master plan for bicycle trails or paths adopted by a state or local governmental authority either prior to such construction or prior to January 1, 1980. [1979 ex.s. c 121 § 4.]

**47.30.010 Recreational trail interference.** (1) No limited access highway shall be constructed that will result in the severance or destruction of an existing recreational trail of substantial usage for pedestrians, equestrians or bicyclists unless an alternative recreational trail, satisfactory to the authority having jurisdiction over the trail being severed or destroyed, either exists or is reestablished at the time the limited access highway is constructed. If a proposed limited access highway will sever a planned recreational trail which is part of a comprehensive plan for trails adopted by a state or local governmental authority, and no alternative route for the planned trail exists which is satisfactory to the authority which adopted the comprehensive plan for trails, the state or local agency proposing to construct the limited access highway shall design the facility and acquire sufficient right-of-way to accommodate future construction of the portion of the trail which will properly lie within the highway right-of-way. Thereafter when such trail is developed and constructed by the authority having jurisdiction over the trail, the state or local agency which constructed the limited access highway shall develop and construct the portion of such trail lying within the right-of-way of the limited access highway.

(2) Where a highway other than a limited access highway crosses a recreational trail of substantial usage for pedestrians, equestrians, or bicyclists, signing sufficient to insure safety shall be provided.

(3) Where the construction or reconstruction of a highway other than a limited access highway would destroy the usefulness of an existing recreational trail of substantial usage for pedestrians, equestrians, or bicyclists or of a planned recreational trail for pedestrians, equestrians, or bicyclists incorporated into the comprehensive plans for trails of the state or any of its political subdivisions, replacement land, space, or facilities shall be provided and where such recreational trails exist at the time of taking, reconstruction of said recreational trails shall be undertaken. [1971 ex.s. c 130 § 1.]

**47.30.020 Facilities for nonmotorized traffic—Joint use of rights-of-way.** Facilities for pedestrians, equestri-

ans, or bicyclists shall be incorporated into the design of highways and freeways along corridors where such facilities do not exist upon a finding that such facilities would be of joint use and conform to the comprehensive plans of public agencies for the development of such facilities, will not duplicate existing or proposed routes, and that safety to both motorists and to pedestrians, equestrians, and bicyclists would be enhanced by the segregation of traffic.

In planning and design of all highways, every effort shall be made consistent with safety to promote joint usage of rights-of-way for trails and paths in accordance with the comprehensive plans of public agencies. [1971 ex.s. c 130 § 2.]

**47.30.030 Facilities for nonmotorized traffic—Expenditure of available funds.** Where an existing highway severs, or where the right-of-way of an existing highway accommodates a trail for pedestrians, equestrians, or bicyclists or where the separation of motor vehicle traffic from pedestrians, equestrians, or bicyclists will materially increase the motor vehicle safety, the provision of facilities for pedestrians, equestrians, or bicyclists which are a part of a comprehensive trail plan adopted by federal, state, or local governmental authority having jurisdiction over the trail is hereby authorized. The department of transportation, or the county or city having jurisdiction over the highway, road, or street, or facility is further authorized to expend reasonable amounts out of the funds made available to them, according to the provisions of RCW 46.68.090, as necessary for the planning, accommodation, establishment, and maintenance of such facilities. [1999 c 269 § 10; 1979 ex.s. c 121 § 1; 1974 ex.s. c 141 § 12; 1972 ex.s. c 103 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.30.040 Establishing paths and trails—Factors to be considered.** Before establishing paths and trails, the following factors shall be considered:

- (1) Public safety;
- (2) The cost of such paths and trails as compared to the need or probable use;
- (3) Inclusion of the trail in a plan for a comprehensive trail system adopted by a city or county in a state or federal trail plan. [1972 ex.s. c 103 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.30.050 Expenditures for paths and trails—Minimum amount.** (1) The amount expended by a city, town, or county as authorized by RCW 47.30.030 shall never in any one fiscal year be less than 0.42 percent of the total amount of funds received from the motor vehicle fund according to RCW 46.68.090. However, this section does not apply to a city or town in any year in which the 0.42 percent equals five hundred dollars or less, or to a county in any year in which the 0.42 percent equals three thousand dollars or less. Also, a city, town, or county in lieu of expending the funds each year may credit the funds to a financial reserve or special fund, to be held for not more than ten years, and to be expended for the purposes required or permitted by RCW 47.30.030.

(2) In each fiscal year the department of transportation shall expend, as a minimum, for the purposes mentioned in RCW 47.30.030 a sum equal to three-tenths of one percent of

all funds, both state and federal, expended for the construction of state highways in such year, or in order to more efficiently program trail improvements the department may defer any part of such minimum trail or path expenditures for a fiscal year for a period not to exceed four years after the end of such fiscal year. Any fiscal year in which the department expends for trail or path purposes more than the minimum sum required by this subsection, the amount of such excess expenditure shall constitute a credit which may be carried forward and applied to the minimum trail and path expenditure requirements for any of the ensuing four fiscal years.

(3) The department of transportation, a city, or a county in computing the amount expended for trails or paths under their respective jurisdictions may include the cost of improvements consistent with a comprehensive plan or master plan for bicycle trails or paths adopted by a state or local governmental authority either prior to such construction or prior to January 1, 1980. [1999 c 269 § 11; 1979 ex.s. c 121 § 2; 1972 ex.s. c 103 § 4.]

*Perpetual advanced six-year plans for coordinated transportation program, expenditures—Nonmotorized transportation—Railroad right-of-way: RCW 36.81.121.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.30.060 Expenditures deemed to be for highway purposes—Powers and duties of department—Restrictions on use of paths and trails.** For the purposes of this chapter, the establishment of paths and trails and the expenditure of funds as authorized by RCW 47.30.030, as now or hereafter amended, shall be deemed to be for highway, road, and street purposes. The department of transportation shall, when requested, and subject to reimbursement of costs, provide technical assistance and advice to cities, towns, and counties in carrying out the purposes of RCW 47.30.030, as now or hereafter amended. The department shall recommend construction standards for paths and trails. The department shall provide a uniform system of signing paths and trails which shall apply to paths and trails under the jurisdiction of the department and of cities, towns, and counties. The department and cities, towns, and counties may restrict the use of paths and trails under their respective jurisdictions to pedestrians, equestrians, and nonmotorized vehicles. [1979 ex.s. c 121 § 3; 1972 ex.s. c 103 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.30.070 Bicycle, equestrian, pedestrian paths as public highways.** For purposes of 43 U.S.C. 912 and related provisions of federal law involving federally granted railroad rights-of-way, a bicycle, equestrian or pedestrian path shall be deemed to be a public highway under the laws of the state of Washington. [1993 c 224 § 14.]

## Chapter 47.32 RCW

### OBSTRUCTIONS ON RIGHT-OF-WAY

#### Sections

47.32.010	Order to remove obstructions—Removal by state.
47.32.020	Notice of order, contents, posting—Return.
47.32.030	Proceedings in rem authorized—Records certified.
47.32.040	Complaint, contents.
47.32.050	Notice, action, service, contents—Proceedings void when.
47.32.060	Hearing—Findings—Order—Appellate review.

- 47.32.070 Writ, execution of—Return—Disposition of unsold property.
- 47.32.080 Property reclaimed—Bond.
- 47.32.090 Sureties on bond—Hearing on claim.
- 47.32.100 Procedure when claimant wins or loses.
- 47.32.110 Merchandising structures—Permit—Removal.
- 47.32.120 Business places along highway.
- 47.32.130 Dangerous objects and structures as nuisances—Logs—Abatement—Removal.
- 47.32.140 Railroad crossings, obstructions—Hearing.
- 47.32.150 Approach roads, other appurtenances—Permit.
- 47.32.160 Approach roads, other appurtenances—Rules—Construction, maintenance of approach roads.
- 47.32.170 Approach roads, other appurtenances—Removal of installations from right-of-way for default.

*Fences: Chapter 16.60 RCW.*

*Mobile home or park model trailer movement permits and decals: RCW 46.44.170 through 46.44.175.*

*Removal of disabled vehicle: RCW 46.55.113.*

**47.32.010 Order to remove obstructions—Removal by state.** Whenever the department determines and orders that it is necessary for the convenience and safety of public travel and the use of (or construction, alteration, repair, improvement, or maintenance of) any state highway to have the full width of right-of-way of any such state highway or of any portion of the right-of-way of any such state highway free from any and all obstructions, encroachments, and occupancy, other than pole lines, pipe lines, or other structures maintained thereon for public or quasi-public utilities by virtue of a valid franchise, and causes due notice of the order to be given as provided by law, the obstructions, encroachments, and means of occupancy, and any structure, building, improvement, or other means of occupancy of any of the right-of-way of the state highway not removed within the time allowed by law shall become an unlawful property and may be confiscated, removed, and sold or destroyed by the state of Washington according to procedure as provided in this chapter, without any right in anyone to make any claim therefor, either by reason of the removal thereof or otherwise. It is unlawful for any person to keep, maintain, or occupy any such unlawful structure. [1984 c 7 § 176; 1961 c 13 § 47.32.010. Prior: 1937 c 53 § 68; RRS § 6400-68.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.32.020 Notice of order, contents, posting—Return.** Whenever the department determines that the right-of-way of any state highway or any portion of the right-of-way of any state highway shall be made free from any and all obstructions, encroachments, and occupancy it shall forthwith cause to be posted, by a competent person eighteen years of age or over upon any and all structures, buildings, improvements, and other means of occupancy of the state highway or portion thereof, other than property of public or quasi-public utilities, by virtue of a valid franchise, a notice bearing a copy of the order and dated as of the date of posting, to all whom it may concern to vacate the right-of-way and to remove all property from the right-of-way within ten days after the posting of the notice, exclusive of the date of posting. The department shall also require the filing of duplicate affidavits in proof of the postings, showing upon what structures, buildings, improvements, or other means of occupancy of the state highway or portions thereof, respectively, copies of the notice were posted and the date of each such posting, sworn to by the person making the posting. [1984 c 7 § 177;

1971 ex.s. c 292 § 46; 1961 c 13 § 47.32.020. Prior: 1937 c 53 § 69; RRS § 6400-69.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.32.030 Proceedings in rem authorized—Records certified.** In case the property or any portion thereof described in the notice is not removed from the right-of-way within ten days after the date of the posting, exclusive of the date of posting, all such property upon the right-of-way of the state highway or portion thereof becomes unlawful, and the department shall commence proceedings in the name of the state of Washington for the removal thereof by court action. The department shall thereupon prepare two original copies of the order together with two copies each of the notice posted and of the affidavits in proof of posting thereof and duplicate copies of a certificate by the department describing with reasonable certainty and with due reference to the center line stationing of the state highway and to proper legal subdivisional points, each structure, building, improvement, encroachment, or other means of occupancy, other than pole lines, pipe lines, or other structures maintained for public and quasi-public utilities, on the state highway or portion thereof specified in the order that remain upon the right-of-way as aforesaid. Thereupon action shall be commenced in rem for the purpose of removal of all such unlawful property, in the superior court of the county in which the state highway or portion thereof containing the structures is situated, entitled and in the name of the state of Washington as plaintiff and describing each unlawful structure, building, improvement, encroachment, or other means of occupancy, which structures, buildings, improvements, encroachments, or other means of occupancy shall be briefly named as defendants. [1984 c 7 § 178; 1961 c 13 § 47.32.030. Prior: 1937 c 53 § 70; RRS § 6400-70; prior: 1925 ex.s. c 131 § 3; RRS § 6837-3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.32.040 Complaint, contents.** The complaint shall, in such action, describe the property unlawfully remaining upon the right-of-way of the state highway or portion thereof with reasonable certainty by reference to the certificate of the department, which shall be attached to and filed with the complaint, and pray that an order be entered for the removal from the right-of-way of the state highway or portion thereof of all the described property unlawfully thereon and the disposal thereof. [1984 c 7 § 179; 1961 c 13 § 47.32.040. Prior: 1937 c 53 § 71; RRS § 6400-71; prior: 1925 ex.s. c 131 § 4; RRS § 6837-4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.32.050 Notice, action, service, contents—Proceedings void when.** Service of such complaint shall be given by publication of notice thereof once a week for two successive weeks in a newspaper of general circulation in the county in which such action is commenced, which notice shall briefly state the objects of the action and contain a brief description of each structure, building, improvement, encroachment or other means of occupancy sought to be removed from the right-of-way of the state highway, describe such state highway or portion thereof by number and location and state the

time and place when and where the action will come before the court or judge thereof; and a copy of such notice shall also be posted at least ten days before the date of hearing of such action upon each such structure, building, improvement, encroachment or other means of occupancy described therein. Posting may be made by any person qualified to serve legal process. Want of posting upon, or failure to describe any such structure, building, improvement, encroachment or other means of occupancy shall render subsequent proceedings void as to those not posted upon or described but all others described and posted upon shall be bound by the subsequent proceedings. [1961 c 13 § 47.32.050. Prior: 1937 c 53 § 72; RRS 6400-72; prior: 1925 ex.s. c 131 § 5; RRS § 6837-5.]

**47.32.060 Hearing—Findings—Order—Appellate review.** At the time and place appointed for hearing upon the complaint, which hearing shall be by summary proceedings, if the court or judge thereof finds that due notice has been given by posting and publication and that the order of the department was duly made, and is further satisfied and finds that the state highway or portion thereof described is legally a state highway having the width of right-of-way specified in the order and that the structure, buildings, improvements, or other means of occupancy of the state highway or portion thereof as stated in the certificate of the department do in fact encroach, or that any portion thereof encroach, upon the state highway right-of-way, the court or judge thereof shall thereupon make and enter an order establishing that each of the structures, buildings, improvements, and other means of occupancy specified in the order is unlawfully maintained within the right-of-way and is subject to confiscation and sale and that they be forthwith confiscated, removed from the right-of-way, and sold, and providing that six days after the entry of the order, a writ shall issue from the court directed to the sheriff of the county, commanding the sheriff to seize and remove from the right-of-way of the state highway each such structure, building, improvement, or other means of occupancy specified in the order forthwith on receipt of a writ based on the order and to take and hold the property in his or her custody for a period of ten days, unless redelivered earlier as provided for by law, and if not then so redelivered to sell the property at public or private sale and to pay the proceeds thereof into the registry of the court within sixty days after the issuance of the writ, and further in such action, including costs of posting original notices of the department, the costs of posting and publishing notices of hearing as part thereof and any cost of removal, be paid by the clerk to the state treasurer and credited to the motor vehicle fund. The order shall be filed with the clerk of the court and recorded in the minutes of the court, and is final unless appellate review thereof is sought within five days after filing of the order. [2010 c 8 § 10010; 1988 c 202 § 45; 1984 c 7 § 180; 1961 c 13 § 47.32.060. Prior: 1937 c 53 § 73; RRS § 6400-73; prior: 1925 ex.s. c 131 § 7; RRS § 6837-7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.32.070 Writ, execution of—Return—Disposition of unsold property.** Six days after filing of the order above provided for, if no review thereof be taken to the supreme

court or the court of appeals of the state, the clerk of the court shall issue under seal of such court a writ directed to the sheriff of the county in which such court is held commanding him or her to remove, take into custody and dispose of the property described in such order and make returns thereof as provided for such writ by said order. On receipt of such writ it shall be the duty of such sheriff to obey the command thereof, proceed as therein directed and make return within the time fixed by such writ; and said sheriff shall be liable upon his or her official bond for the faithful discharge of such duties. Upon filing of such return the clerk of court shall make payments as provided for in the order of court. If by the sheriff's return any of the property seized and removed pursuant to such writ is returned as unsold and as of no sale value, and if the court or judge thereof be satisfied that such is the fact, the court or judge thereof may make further order directing the destruction of such property, otherwise directing the sheriff to give new notice and again offer the same for sale, when, if not sold, the same may on order of court be destroyed. [2010 c 8 § 10011; 1971 c 81 § 115; 1961 c 13 § 47.32.070. Prior: 1937 c 53 § 74; RRS § 6400-74; prior: 1925 ex.s. c 131 § 8; RRS § 6837-8.]

**47.32.080 Property reclaimed—Bond.** At any time within ten days after the removal by virtue of such writ of any such property from the right-of-way of such state highway any person, firm, association or corporation claiming ownership or right of possession of any such property may have the right to demand and to receive the same from the sheriff upon making an affidavit that such claimant owns such property or is entitled to possession thereof, stating on oath the value thereof satisfactory to said sheriff, or which value shall be raised to a value satisfactory to said sheriff, which value shall be indorsed on said affidavit and signed both by said claimant and said sheriff before such sheriff shall be required to accept the bond hereinafter provided for, and deliver to the sheriff a bond with sureties in double the value of such property, conditioned that such claimant will appear in the superior court of such county within ten days after the bond is accepted by the sheriff and make good such claim of title thereto and pay all accrued costs of service of notice to remove, all costs and disbursements to be assessed to such property and the costs of removal and custody thereof and will hold said sheriff and the state of Washington free from any and all claims on account of such property or will return such property or pay its value to said sheriff, and that such claimant will at all times thereafter keep such property off the right-of-way of the state highway in question. [1961 c 13 § 47.32.080. Prior: 1937 c 53 § 75; RRS § 6400-75; prior: 1925 ex.s. c 131 § 9; RRS § 6837-9.]

**47.32.090 Sureties on bond—Hearing on claim.** The sureties on such bond shall justify as in other cases if the sheriff requires it and in case they do not so justify when required, the sheriff shall retain and sell or dispose of the property; and if the sheriff does not require the sureties to justify, he or she shall stand good for their sufficiency. He or she shall date and indorse his or her acceptance upon the bond, and shall return the affidavit, bond and justification, if any, to the office of the clerk of such superior court, whereupon such

clerk shall set the hearing thereof as a separate case for trial, in which such claimant shall be the plaintiff and the sheriff and the state of Washington defendants: PROVIDED, That no costs shall, in such case, be assessed against the sheriff or the state of Washington in the event the plaintiff should prevail. [2010 c 8 § 10012; 1961 c 13 § 47.32.090. Prior: 1937 c 53 § 76; RRS § 6400-76; prior: 1925 ex.s. c 131 § 10; RRS § 6837-10.]

**47.32.100 Procedure when claimant wins or loses.** If the claimant makes good the claimant's title to or right to possession of the property, upon payment into the registry of the court of the costs of service or posting of original notice issued by the department with respect to the property, the cost of posting notice of hearing in the court and such proportion of the cost of publication of the notice as the court may fix and direct to be entered and the clerk's fees of filing the affidavit and bond as a separate action and of entry of judgment therein at the amounts provided for in civil actions, judgment shall be entered restoring the property to the claimant without any confirmation of title as to any other claimant thereto, relieving the sheriff from necessity of selling the property and making return thereon, and continuing the effect of the bond for a period of six years thereafter for the benefit of such adverse claimants to the property, if any, as may thereafter make claim to the property. If the claimant does not make good such claim of title to or right to possession of the property, judgment shall be rendered against the claimant and the sureties of the claimant for the value of the property as finally shown by the affidavit as above provided for, together with such fees for filing the affidavit and bond as a separate action and for entry of judgment therein and other costs and disbursements as taxed in any civil action including the statutory attorney fee as part thereof, for all of which execution may accordingly issue, and relieving the sheriff from the necessity of selling the property or making return thereon. [1984 c 7 § 181; 1961 c 13 § 47.32.100. Prior: 1937 c 53 § 77; RRS § 6400-77; prior: 1925 ex.s. c 131 § 11; RRS § 6837-11.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.32.110 Merchandising structures—Permit—Removal.** It is unlawful for any person to build, erect, establish, operate, maintain, or conduct along and upon the right-of-way of any state highway any platform, box, stand, or any other temporary or permanent device or structure used or to be used for the purpose of receiving, vending, or delivering any milk, milk cans, vegetables, fruits, merchandise, produce, or any other thing or commodity of any nature unless a permit therefor has first been obtained from the department. The department shall in each instance determine where any platform, box, stand, or any other temporary or permanent device or structure shall be permitted. Upon the existence of any such device or structure without a permit having been first obtained, it shall be considered an obstruction unlawfully upon the right-of-way of the state highway, and the department may proceed to effect its removal. [1984 c 7 § 182; 1961 c 13 § 47.32.110. Prior: 1937 c 53 § 78; RRS § 6400-78; 1927 c 309 § 48; RRS § 6362-48; 1923 c 181 § 10; RRS § 6358-1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.32.120 Business places along highway.** Except as provided in RCW 47.04.270, it is unlawful for any person to erect a structure or establishment or maintain a business, the nature of which requires the use by patrons or customers of property adjoining the structure or establishment unless the structure or establishment is located at a distance from the right-of-way of any state highway so that none of the right-of-way thereof is required for the use of the patrons or customers of the establishment. Any such structure erected or business maintained that makes use of or tends to invite patrons to use the right-of-way or any portion thereof of any state highway by occupying it while a patron is a public nuisance, and the department may fence the right-of-way of the state highway to prevent such unauthorized use thereof. [2006 c 324 § 2; 1984 c 7 § 183; 1961 c 13 § 47.32.120. Prior: 1937 c 53 § 79; RRS § 6400-79.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.32.130 Dangerous objects and structures as nuisances—Logs—Abatement—Removal.** (1) Whenever there exists upon the right-of-way of any state highway or off the right-of-way thereof in sufficiently close proximity thereto, any structure, device, or natural or artificial thing that threatens or endangers the state highway or portion thereof, or that tends to endanger persons traveling thereon, or obstructs or tends to obstruct or constitutes a hazard to vehicles or persons traveling thereon, the structure, device, or natural or artificial thing is declared to be a public nuisance, and the department is empowered to take such action as may be necessary to effect its abatement. Any such structure, device, or natural or artificial thing considered by the department to be immediately or eminently dangerous to travel upon a state highway may be forthwith removed, and the removal in no event constitutes a breach of the peace or trespass.

(2) Logs dumped on any state highway roadway or in any state highway drainage ditch due to equipment failure or for any other reason shall be removed immediately. Logs remaining within the state highway right-of-way for a period of thirty days shall be confiscated and removed or disposed of as directed by the department. [1984 c 7 § 184; 1961 c 13 § 47.32.130. Prior: 1947 c 206 § 3; 1937 c 53 § 80; Rem. Supp. 1947 § 6400-80.]

*Obstructing highway, public nuisance: RCW 9.66.010.*

*Placing dangerous substances or devices on highway: RCW 9.66.050, 46.61.645, 70.93.060.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.32.140 Railroad crossings, obstructions—Hearing.** Each railroad company shall keep its right-of-way clear of all brush and timber in the vicinity of a railroad grade crossing with a state highway for a distance of one hundred feet from the crossing in such manner as to permit a person upon the highway to obtain an unobstructed view in both directions of an approaching train. The department shall cause brush and timber to be cleared from the right-of-way of a state highway in the proximity of a railroad grade crossing for a distance of one hundred feet from the crossing in such manner as to permit a person upon the highway to obtain an unobstructed view in both directions of an approaching train. It is unlawful to erect or maintain a sign, signboard, or billboard, except official highway signs and traffic devices and

railroad warning or operating signs, outside the corporate limits of any city or town within a distance of one hundred feet from the point of intersection of the highway and railroad grade crossing unless, after thirty days notice to the Washington utilities and transportation commission and the railroad operating the crossing, the department determines that it does not obscure the sight distance of a person operating a vehicle or train approaching the grade crossing.

When a person who has erected or who maintains such a sign, signboard, or billboard or when a railroad company permits such brush or timber in the vicinity of a railroad grade crossing with a state highway or permits the surface of a grade crossing to become inconvenient or dangerous for passage and who has the duty to maintain it, fails, neglects, or refuses to remove or cause to be removed such brush, timber, sign, signboard, or billboard, or maintain the surface of the crossing, the utilities and transportation commission upon complaint of the department or upon complaint of any party interested, or upon its own motion, shall enter upon a hearing in the manner now provided for hearings with respect to railroad-highway grade crossings, and make and enforce proper orders for the removal of the brush, timber, sign, signboard or billboard, or maintenance of the crossing. However, nothing in this section prevents the posting or maintaining of any legal notice or sign, signal, or traffic device required or permitted to be posted or maintained, or the placing and maintaining thereon of highway or road signs or traffic devices giving directions or distances for the information of the public when the signs are approved by the department. The department shall inspect highway grade crossings and make complaint of the violation of any provisions of this section. [1983 c 19 § 2; 1961 c 13 § 47.32.140. Prior: 1955 c 310 § 7; 1937 c 53 § 81; RRS § 6400-81; prior: 1923 c 129 §§ 1-6; RRS §§ 10510-1—10510-6.]

*Railroad grade crossings, obstructions: RCW 36.86.100.*

**47.32.150 Approach roads, other appurtenances—Permit.** No person, firm, or corporation may be permitted to build or construct on state highway rights-of-way any approach road or any other facility, thing, or appurtenance not heretofore permitted by law, without first obtaining written permission from the department. [1984 c 7 § 185; 1961 c 13 § 47.32.150. Prior: 1947 c 201 § 1; Rem. Supp. 1947 § 6402-50.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.32.160 Approach roads, other appurtenances—Rules—Construction, maintenance of approach roads.** The department is hereby authorized and empowered at its discretion to adopt reasonable rules governing the issuance of permits under RCW 47.32.150 for the construction of any approach road, facility, thing, or appurtenance, upon state highway rights-of-way. The rules shall be designed to achieve and preserve reasonable standards of highway safety and the operational integrity of the state highway facility. Any permit issued may contain such terms and conditions as may be prescribed. All such construction shall be under the supervision of the department and at the expense of the applicant. After completion of the construction of the particular approach road, facility, thing, or appurtenance, it shall be

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maintained at the expense of the applicant and in accordance with the directions of the department. [1987 c 227 § 1; 1984 c 7 § 186; 1961 c 13 § 47.32.160. Prior: 1947 c 201 § 2; Rem. Supp. 1947 § 6402-51.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.32.170 Approach roads, other appurtenances—Removal of installations from right-of-way for default.** Upon failure of the applicant to construct or maintain the particular approach road, facility, thing, or appurtenance in accordance with the conditions of the permit and in accordance with the rules of the department, the department may, after the expiration of thirty days following transmittal of a written notice to the applicant, remove all installations upon the right-of-way at the expense of the applicant, which expense may be recovered from the applicant by the department for the state in any court of competent jurisdiction. [1984 c 7 § 187; 1961 c 13 § 47.32.170. Prior: 1947 c 201 § 3; Rem. Supp. 1947 § 6402-52.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

## Chapter 47.36 RCW

### TRAFFIC CONTROL DEVICES

#### Sections

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*County roads, signs, signals, guideposts—Standards: RCW 36.86.040.*

*Range areas, signs: RCW 16.24.060.*

*Rules of the road: Chapter 46.61 RCW.*

**47.36.005 Definitions.** The definitions set forth in this section apply throughout this chapter.

(1) "Erect" means to construct, build, raise, assemble, place, affix, attach, create, paint, draw, or in any other way bring into being or establish.

(2) "Interstate system" means a state highway that is or becomes part of the national system of interstate and defense highways as described in section 103(d) of Title 23, United States Code.

(3) "Maintain" means to allow to exist.

(4) "Primary system" means a state highway that is or becomes part of the federal-aid primary system as described in section 103(b) of Title 23, United States Code.

(5) "Scenic system" means (a) a state highway within a public park, federal forest area, public beach, public recreation area, or national monument, (b) a state highway or portion of a highway outside the boundaries of an incorporated city or town designated by the legislature as a part of the scenic system, or (c) a state highway or portion of a highway outside the boundaries of an incorporated city or town designated by the legislature as a part of the scenic and recreational highway system except for the sections of highways specifically excluded in RCW 47.42.025.

(6) "Motorist information sign panel" means a panel, rectangular in shape, located in the same manner as other official traffic signs readable from the main traveled ways, and consisting of:

(a) The words "GAS," "FOOD," "LODGING," "CAMPING," "RECREATION," or "TOURIST ACTIVITIES" and directional information; and

(b) One or more individual business signs mounted on the panel.

(7) "Business sign" means a separately attached sign mounted on the motorist information sign panel or roadside area information panel to show the brand or trademark and name, or both, of the motorist service available on the crossroad at or near the interchange. Nationally, regionally, or locally known commercial symbols or trademarks for service stations, restaurants, and motels shall be used when applicable. The brand or trademark identification symbol used on the business sign shall be reproduced with the colors and general shape consistent with customary use. Messages, trademarks, or brand symbols that interfere with, imitate, or resemble an official warning or regulatory traffic sign, signal, or device are prohibited.

(8) "Roadside area information panel or display" means a panel or display located so as not to be readable from the main traveled way, erected in a safety rest area, scenic overlook, or similar roadside area, for providing motorists with information in the specific interest of the traveling public.

(9) "Tourist-oriented directional sign" means a sign on a motorist information sign panel on the state highway system to provide directional information to a qualified tourist-oriented business, service, or activity.

(10) "Qualified tourist-oriented business" means a lawful cultural, historical, recreational, educational, or entertaining activity or a unique or unusual commercial or nonprofit activity, the major portion of whose income or visitors are derived during its normal business season from motorists not residing in the immediate area of the activity.

(11) "Adopt-a-highway sign" means a sign on a state highway right-of-way referring to the departments' adopt-a-highway litter control program. [1999 c 201 § 1; 1991 c 94 § 3.]

**47.36.010 Restoration of United States survey markers.** The department shall fix permanent monuments at the original positions of all United States government monuments at township corners, section corners, quarter section corners, meander corners, and witness markers, as originally established by the United States government survey whenever any such original monuments or markers fall within the right-of-way of any state highway, and aid in the reestablishment of any such corners, monuments, or markers destroyed or obliterated by the construction of any state highway by permitting inspection of the records in the department's office. [1984 c 7 § 188; 1961 c 13 § 47.36.010. Prior: 1937 c 53 § 42; RRS § 6400-42; 1931 c 117 § 1; RRS § 6830-1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.36.020 Traffic control signals.** The secretary of transportation shall adopt specifications for a uniform system of traffic control signals consistent with the provisions of this title for use upon public highways within this state. Such uniform system shall correlate with and so far as possible conform to the system current as approved by the American Association of State Highway Officials and as set out in the manual of uniform traffic control devices for streets and highways. [1977 ex.s. c 151 § 60; 1961 c 13 § 47.36.020. Prior: 1937 c 53 § 50; RRS § 6400-50; prior: 1927 c 309 § 6; RRS § 6362-6.]

**47.36.025 Vehicle-activated traffic control signals—Detection of motorcycles and bicycles.** (1) For the purposes of this section:

(a) "Arterial" means a public road or highway that is designated or qualifies as a principal or minor arterial under a state or local law, ordinance, regulation, or plan.

(b) "Bicycle" means a human-powered vehicle with metallic wheels at least sixteen inches in diameter or with metallic braking strips and metallic components, not necessarily including the frame or fork, which may be lawfully ridden on a public road or highway.

(c) "Bicycle route" means a route (i) that is designated as a route for bicycle use in a state or local law, ordinance, rule, or plan, or (ii) that provides bicycle access to urban areas that are not reasonably and conveniently accessible through other bicycle routes. The level of existing or projected use by bicyclists is a factor to consider in determining whether a bicycle route provides access that is not reasonably and conveniently available from other bicycle routes. An intersection that provides necessary linkages in a bicycle route or between routes is considered a part of the bicycle route or routes.

(d) "Design complete" means that all major design work for a new vehicle-activated traffic control signal has been completed and that the funding necessary for complete construction of the vehicle-activated traffic control signal has been firmly secured.

(e) "Existing vehicle-activated traffic control signal" means a vehicle-activated traffic control signal that is in use or design complete on or before July 26, 2009.

(f)(i) "Motorcycle" means a motor vehicle designed to travel on not more than three wheels in contact with the ground, on which the driver:

(A) Rides on a seat or saddle and the motor vehicle is designed to be steered with a handle bar; or

(B) Rides on a seat in a partially or completely enclosed seating area that is equipped with safety belts and the motor vehicle is designed to be steered with a steering wheel.

(ii) "Motorcycle" excludes a farm tractor, a power wheelchair, an electric personal assistive mobility device, a motorized foot scooter, an electric-assisted bicycle, and a moped.

(g) "Restricted right turn lane" means a right turn only lane where a right turn is not allowed after stopping but only upon a green signal.

(h) "Routinely and reliably detect motorcycles and bicycles" means that the detection equipment at a vehicle-activated traffic control signal is capable of detecting and will reliably detect a motorcycle or bicycle (i) when the motorcycle or bicycle is present immediately before a stop line or crosswalk in the center of a lane at an intersection or road entrance to such an intersection, or (ii) when the motorcycle or bicycle is present at marked detection areas.

(i) "Vehicle-activated traffic control signal" means a traffic control signal on a public road or highway that detects the presence of a vehicle as a means to change a signal phase.

(2) During routine maintenance or monitoring activities, but subject to the availability of funds:

(a) All existing vehicle-activated traffic control signals that do not currently routinely and reliably detect motorcycles and bicycles must be adjusted to do so to the extent that the existing equipment is capable consistent with safe traffic control. Priority must be given to existing vehicle-activated traffic control signals for which complaints relating to motorcycle or bicycle detection have been received and existing vehicle-activated traffic control signals that are otherwise identified as a detection problem for motorcyclists or bicyclists, or both. Jurisdictions operating existing vehicle-activated traffic control signals shall establish and publicize a procedure for filing these complaints in writing or by e-mail, and maintain a record of these complaints and responses; and

(b) Where motorcycle and bicycle detection is limited to certain areas other than immediately before the stop line or crosswalk in the center of a lane at an existing vehicle-activated traffic control signal, those detection areas must be clearly marked on the pavement at left turn lanes, through lanes, and limited right turn lanes. These detection areas must also be marked to allow a bicyclist to leave a bicycle lane to enter a detection area, if necessary, to cross an intersection. Pavement markings must be consistent with the standards described in the state of Washington's "Manual on Uniform Traffic Control Devices for Streets and Highways" obtainable from the department of transportation.

(3)(a) If at least a substantial portion of detection equipment at an existing vehicle-activated traffic control signal on an arterial or bicycle route is scheduled to be replaced or upgraded, the replaced or upgraded detection equipment must routinely and reliably detect motorcycles and bicycles.

For purposes of this subsection (3)(a), "substantial portion" means that the proposed replacement or upgrade will cost more than twenty percent of the cost of full replacement or upgraded detection equipment that would routinely and reliably detect motorcycles and bicycles.

(b) If at least a substantial portion of detection equipment at an existing vehicle-activated traffic control signal on a public road or highway that is not an arterial or bicycle route is scheduled to be replaced or upgraded, the replaced or upgraded detection equipment must routinely and reliably detect motorcycles and bicycles. For purposes of this subsection (3)(b), "substantial portion" means that the proposed replacement or upgrade will cost more than fifty percent of the cost of full replacement or upgraded detection equipment that would routinely and reliably detect motorcycles and bicycles.

(4) All vehicle-activated traffic control signals that are design complete and put in operation after July 26, 2009, must be designed and operated, when in use, to routinely and reliably detect motorcycles and bicycles, including the detection of bicycles in bicycle lanes that cross an intersection. [2009 c 275 § 10.]

**47.36.030 Traffic control devices—Specifications to counties and cities—Signs, banners over highways.** (1)

The secretary of transportation shall have the power and it shall be its duty to adopt and designate a uniform state standard for the manufacture, display, erection, and location of all signs, signals, signboards, guideposts, and other traffic devices erected or to be erected upon the state highways of the state of Washington for the purpose of furnishing information to persons traveling upon such state highways regarding traffic regulations, directions, distances, points of danger, and conditions requiring caution, and for the purpose of imposing restrictions upon persons operating vehicles thereon. Such signs shall conform as nearly as practicable to the manual of specifications for the manufacture, display, and erection of uniform traffic control devices for streets and highways and all amendments, corrections, and additions thereto.

(2) The department of transportation shall prepare plans and specifications of the uniform state standard of traffic devices so adopted and designated, showing the materials, colors, and designs thereof, and shall upon the issuance of any such plans and specifications or revisions thereof and upon request, furnish to the boards of county commissioners and the governing body of any incorporated city or town, a copy thereof. Signs, signals, signboards, guideposts, and other traffic devices erected on county roads shall conform in all respects to the specifications of color, design, and location approved by the secretary. Traffic devices hereafter erected within incorporated cities and towns shall conform to such uniform state standard of traffic devices so far as is practicable. The uniform system must allow local transit authority bus shelters located within the right-of-way of the state highway system to display and maintain commercial advertisements subject to applicable federal regulations, if any.

(3) The uniform system adopted by the secretary under this section may allow signs, banners, or decorations over a highway that:

(a) Are in unincorporated areas;

(b) Are at least twenty vertical feet above a highway; and

(c) Do not interfere with or obstruct the view of any traffic control device.

The department shall adopt rules regulating signs, banners, or decorations installed under this subsection (3). [2005 c 398 § 1; 2003 c 198 § 3; 1977 ex.s. c 151 § 61; 1961 c 13 § 47.36.030. Prior: 1945 c 178 § 1, part; 1937 c 53 § 48, part; Rem. Supp. 1945 § 6400-48, part; prior: 1931 c 118 § 1, part; RRS § 6308-1, part; 1923 c 102 § 1, part; 1917 c 78 § 1, part; RRS § 6303, part.]

**47.36.040 Furnished by department, paid for by counties and cities.** The department, upon written request, shall cause to be manufactured, painted, and printed, and shall furnish to any county legislative authority or the governing body of any incorporated city or town, directional signboards, guide boards, and posts of the uniform state standard of color, shape, and design for the erection and maintenance thereof by the county legislative authority or the governing body of any incorporated city or town upon the roads and streets within their respective jurisdictions. The directional signboards, guide boards, and posts shall be manufactured and furnished, as aforesaid, pursuant to written request showing the number of signs desired and the directional or guide information to be printed thereon. The department shall fix a charge for each signboard, guide board, and post manufactured and furnished as aforesaid, based upon the ultimate cost of the operations to the department, and the county legislative authority, from the county road fund, and the governing body of any incorporated city or town, from the street fund, shall pay the charges so fixed for all signboards, guide boards, and posts so received from the department. [1984 c 7 § 189; 1961 c 13 § 47.36.040. Prior: 1945 c 178 § 1, part; 1937 c 53 § 48, part; Rem. Supp. 1945 § 6400-48, part; prior: 1931 c 118 § 1, part; RRS § 6308-1, part; 1923 c 102 § 1, part; 1917 c 78 § 1, part; RRS § 6303, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.36.050 Duty to erect traffic devices on state highways and railroad crossings.** The department shall erect and maintain upon every state highway in the state of Washington suitable and proper signs, signals, signboards, guideposts, and other traffic devices according to the adopted and designated state standard of design, erection, and location, and in the manner required by law. The department shall erect and maintain upon all state highways appropriate stop signs, warning signs, and school signs. Any person, firm, corporation, or municipal corporation, building, owning, controlling, or operating a railroad that crosses any state highway at grade shall construct, erect, and maintain at or near each point of crossing, or at such point or points as will meet the approval of the department, a sign of the type known as the saw buck crossing sign with the lettering "railroad crossing" inscribed thereon and also a suitable inscription indicating the number of tracks. The sign must be of standard design that will comply with the plans and specifications furnished by the department. Additional safety devices and signs may be installed at any time when required by the utilities and transportation commission as provided by laws regulating railroad-highway grade crossings. [1984 c 7 § 190; 1961 c 13

§ 47.36.050. Prior: 1937 c 53 § 49; RRS § 6400-49; prior: 1931 c 118 § 1, part; RRS § 6308-1, part; 1923 c 102 § 1, part; RRS § 6303, part; 1919 c 146 § 1; 1917 c 78 § 2; RRS § 6304. FORMER PART OF SECTION: 1937 c 53 § 51 now in RCW 47.36.053.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.36.053 General duty to place and maintain traffic devices on state highways and railroad crossings.** The department shall place and maintain such traffic devices conforming to the manual and specifications adopted upon all state highways as it deems necessary to carry out the provisions of this title or to regulate, warn, or guide traffic. [1984 c 7 § 191; 1961 c 13 § 47.36.053. Prior: 1937 c 53 § 51; RRS § 6400-51. Formerly RCW 47.36.050, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.36.060 Traffic devices on county roads and city streets.** Local authorities in their respective jurisdictions shall place and maintain such traffic devices upon public highways under their jurisdiction as are necessary to carry out the provisions of the law or local traffic ordinances or to regulate, warn, or guide traffic. Cities and towns, which as used in this section mean cities and towns having a population of over fifteen thousand according to the latest federal census, shall adequately equip with traffic devices, streets that are designated as forming a part of the route of a primary or secondary state highway and streets which constitute connecting roads and secondary state highways to such cities and towns. The traffic devices, signs, signals, and markers shall comply with the uniform state standard for the manufacture, display, direction, and location thereof as designated by the department. The design, location, erection, and operation of traffic devices and traffic control signals upon such city or town streets constituting either the route of a primary or secondary state highway to the city or town or connecting streets to the primary or secondary state highways through the city or town shall be under the direction of the department, and if the city or town fails to comply with any such directions, the department shall provide for the design, location, erection, or operation thereof, and any cost incurred therefor shall be charged to and paid from any funds in the motor vehicle fund of the state that have accrued or may accrue to the credit of the city or town, and the state treasurer shall issue warrants therefor upon vouchers submitted and approved by the department. [1984 c 7 § 192; 1961 c 13 § 47.36.060. Prior: 1955 c 179 § 4; 1939 c 81 § 1; 1937 c 53 § 52; RRS § 6400-52.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.36.070 Failure to erect signs, procedure.** Whenever any person, firm, corporation, municipal corporation, or local authorities responsible for the erection and maintenance, or either, of signs at any railroad crossing or point of danger upon any state highway fails, neglects, or refuses to erect and maintain, or either, the sign or signs as required by law at highway-railroad grade crossings, the utilities and transportation commission shall upon complaint of the department or upon complaint of any party interested, or upon its own motion, enter upon a hearing in the manner pro-

vided by law for hearings with respect to railroad-highway grade crossings and make and enforce proper orders for the erection or maintenance of the signs, or both. [1984 c 7 § 193; 1961 c 13 § 47.36.070. Prior: 1937 c 53 § 54; RRS § 6400-54.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.36.080 Signs at railroad crossings.** Wherever it is considered necessary or convenient the department may erect approach and warning signs upon the approach of any state highway to a highway-railroad grade crossing situated at a sufficient distance therefrom to make the warning effective. The department may further provide such additional or other highway-railroad grade crossing markings as may be considered to serve the interests of highway safety. [1984 c 7 § 194; 1961 c 13 § 47.36.080. Prior: 1937 c 53 § 57; RRS § 6400-57.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.36.090 Cooperation with United States on road markers.** Standard federal road markers shall be placed on state highways in the manner requested by the department of transportation of the United States. The department of transportation of the state of Washington is authorized and empowered to cooperate with the several states and with the federal government in promoting, formulating, and adopting a standard and uniform system of numbering or designating state highways of an interstate character and in promoting, formulating, and adopting uniform and standard specifications for the manufacture, display, erection, and location of road markers and signs, for the information, direction, and control of persons traveling upon public highways. [1984 c 7 § 195; 1961 c 13 § 47.36.090. Prior: 1937 c 53 § 55; RRS § 6400-55; prior: 1925 c 24 § 1; RRS § 6303-1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.36.095 Highway designation system—Signs.** The department is hereby authorized to establish a continuing system for the designating of state highways and branches or portions thereof, heretofore established by the legislature of the state of Washington, to give designations to such state highways and branches, or portions thereof, in accord with that system, and to install signs in accord therewith on such state highways and branches, or portions thereof. The system may be changed from time to time and shall be extended to new state highways and branches, or portions thereof, as they are hereafter established by the legislature. [1984 c 7 § 196; 1967 ex.s. c 145 § 43; 1963 c 24 § 1.]

*Classification of highways: RCW 47.04.020.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.36.097 Highway designation system—Filing.** Designations or redesignations assigned under the system by the department pursuant to RCW 47.36.095 as each is made, shall be filed with the secretary of state and with the auditor of each county. Thereafter such highways shall be so designated for all purposes. [1984 c 7 § 197; 1967 ex.s. c 145 § 46.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

(2010 Ed.)

**47.36.100 Directional, caution, and stop signs.** Directional signs showing distance and direction to points of importance may be placed at all crossings and intersections of primary and secondary state highways. The department may place such directional signs as it deems necessary upon any city streets designated by it as forming a part of the route of any primary or secondary state highway through any incorporated city or town. Caution and warning signs or signals shall be placed wherever practicable on all primary and secondary state highways in a manner provided by law. Stop signs shall be placed, erected, and maintained by the department as follows: Upon all county roads at the point of intersection with any arterial primary or secondary state highway; upon all primary and secondary state highways at the point of intersection with any county road that has been designated by the department as an arterial having preference over the traffic on the state highway; and upon at least one state highway at the intersection of two state highways. [1984 c 7 § 198; 1967 ex.s. c 145 § 38; 1961 c 13 § 47.36.100. Prior: 1947 c 206 § 1; 1937 c 53 § 56; Rem. Supp. 1947 § 6400-56.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.36.110 Stop signs, "Yield" signs—Duties of persons using highway.** In order to provide safety at intersections on the state highway system, the department may require persons traveling upon any portion of such highway to stop before entering the intersection. For this purpose there may be erected a standard stop sign as prescribed in the state department of transportation's "Manual on Uniform Traffic Control Devices for Streets and Highways." All persons traveling upon the highway shall come to a complete stop at such a sign, and the appearance of any sign so located is sufficient warning to a person that he or she is required to stop. A person stopping at such a sign shall proceed through that portion of the highway in a careful manner and at a reasonable rate of speed not to exceed twenty miles per hour. It is unlawful to fail to comply with the directions of any such stop sign. When the findings of a traffic engineering study show that the condition of an intersection is such that vehicles may safely enter the major artery without stopping, the department or local authorities in their respective jurisdictions shall install and maintain a "Yield" sign. [2010 c 8 § 10013; 1984 c 7 § 199; 1963 ex.s. c 3 § 49; 1961 c 13 § 47.36.110. Prior: 1955 c 146 § 6; 1937 c 53 § 59; RRS § 6400-59.]

*Arterial highways designated—Stopping on entering: RCW 46.61.195.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.36.120 City limit signs.** The department shall erect wherever it deems necessary upon state highways at or near their point of entrance into cities and towns, signs of the standard design designating the city or town limits of the cities or towns. [1984 c 7 § 200; 1961 c 13 § 47.36.120. Prior: 1937 c 53 § 58; RRS § 6400-58.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.36.130 Meddling with signs prohibited.** No person shall without lawful authority attempt to or in fact alter, deface, injure, knock down, or remove any official traffic control signal, traffic device or railroad sign or signal, or any

inscription, shield, or insignia thereon, or any other part thereof. [1961 c 13 § 47.36.130. Prior: 1937 c 53 § 53; RRS § 6400-53.]

*Defacing, injuring, or destroying signs:* RCW 46.61.080.

*Imitation of signs:* RCW 46.61.075.

*Structures concealing signs prohibited:* RCW 46.61.075.

*Unlawful erection of traffic devices:* RCW 46.61.075.

**47.36.141 Bus shelters—Advertising.** (1) Local transit authority bus shelters within the right-of-way of the state highway system may display and maintain commercial advertisements subject to applicable federal regulations, if any. Pursuant to RCW 47.12.120, the department may lease state right-of-way air space to local transit authorities for this purpose, unless there are significant safety concerns regarding the placement of certain advertisements.

(2) Advertisements posted on a local transit authority's bus shelter may not exceed twenty-four square feet on each side of the panel. Panels may not be placed on the roof of the shelter or on the forward side of the shelter facing oncoming traffic. [2003 c 198 § 1.]

**47.36.180 Forbidden devices—Penalty.** (1) It is unlawful to erect or maintain at or near a city street, county road, or state highway any structure, sign, or device:

(a) Visible from a city street, county road, or state highway and simulating any directional, warning, or danger sign or light likely to be mistaken for such a sign or bearing any such words as "danger," "stop," "slow," "turn," or similar words, figures, or directions likely to be construed as giving warning to traffic;

(b) Visible from a city street, county road, or state highway and displaying any red, green, blue, or yellow light or intermittent or blinking light or rotating light identical or similar in size, shape, and color to that used on any emergency vehicle or road equipment or any light otherwise likely to be mistaken for a warning, danger, directional, or traffic control signal or sign;

(c) Visible from a city street, county road, or state highway and displaying any lights tending to blind persons operating vehicles upon the highway, city street, or county road, or any glaring light, or any light likely to be mistaken for a vehicle upon the highway or otherwise to be so mistaken as to constitute a danger; or

(d) Visible from a city street, county road, or state highway and flooding or intending to flood or directed across the roadway of the highway with a directed beam or diffused light, whether or not the flood light is shielded against directing its flood beam toward approaching traffic on the highway, city street, or county road.

(2) Any structure or device erected or maintained contrary to the provisions of this section is a public nuisance, and the department, the chief of the Washington state patrol, the county sheriff, or the chief of police of any city or town shall notify the owner thereof that it constitutes a public nuisance and must be removed, and if the owner fails to do so, the department, the chief of the Washington state patrol, the county sheriff, or the chief of police of any city or town may abate the nuisance.

(3) If the owner fails to remove any structure or device within fifteen days after being notified to remove the structure or device as provided in this section, he or she is guilty of a misdemeanor. [2003 c 53 § 257; 1984 c 7 § 201; 1961 c 13 § 47.36.180. Prior: 1957 c 204 § 1; 1937 c 53 § 62; RRS § 6400-62.]

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.36.200 Signs or flaggers at thoroughfare work sites—Penalty.** (1) When construction, repair, or maintenance work is conducted on or adjacent to a public highway, county road, street, bridge, or other thoroughfare commonly traveled and when the work interferes with the normal and established mode of travel on the highway, county road, street, bridge, or thoroughfare, the location shall be properly posted by prominently displayed signs or flaggers or both. Signs used for posting in such an area shall be consistent with the provisions found in the state of Washington "Manual on Uniform Traffic Control Devices for Streets and Highways" obtainable from the department of transportation.

(2) If the construction, repair, or maintenance work includes or uses grooved pavement, abrupt lane edges, steel plates, or gravel or earth surfaces, the construction, repair, or maintenance zone must be posted with signs stating the condition, as required by current law, and in addition, must warn motorcyclists of the potential hazard only if the hazard or condition exists on a paved public highway, county road, street, bridge, or other thoroughfare commonly traveled. For the purposes of this subsection, the department shall adopt by rule a uniform sign or signs for this purpose, including at least the following language, "MOTORCYCLES USE EXTREME CAUTION."

(3) Any contractor, firm, corporation, political subdivision, or other agency performing such work shall comply with this section.

(4) Each driver of a motor vehicle used in connection with such construction, repair, or maintenance work shall obey traffic signs posted for, and flaggers stationed at such location in the same manner and under the same restrictions as is required for the driver of any other vehicle.

(5) A violation of or a failure to comply with this section is a misdemeanor. Each day upon which there is a violation, or there is a failure to comply, constitutes a separate violation. [2010 c 8 § 10014; 2006 c 331 § 1. Prior: 2003 c 355 § 1; 2003 c 53 § 258; 1984 c 7 § 202; 1961 c 13 § 47.36.200; prior: 1957 c 95 § 1.]

**Effective date—2003 c 355:** "This act takes effect January 1, 2004." [2003 c 355 § 3.]

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.36.250 Dangerous road conditions requiring special tires, chains, or traction equipment—Signs or devices—Penalty.** (1) If the department or its delegate determines at any time for any part of the public highway system that the unsafe conditions of the roadway require particular tires, tire chains, or traction equipment in addition to or beyond the ordinary pneumatic rubber tires, the department

may establish the following recommendations or requirements with respect to the use of such equipment for all persons using such public highway:

(a) Traction advisory - oversize vehicles prohibited.

(b) Traction advisory - oversize vehicles prohibited. Vehicles over 10,000 GVW - chains required.

(c) Traction advisory - oversize vehicles prohibited. All vehicles - chains required, except all wheel drive.

(2) Any equipment that may be required by this section shall be approved by the state patrol as authorized under RCW 46.37.420.

(3) The department shall place and maintain signs and other traffic control devices on the public highways that indicate the tire, tire chain, or traction equipment recommendation or requirement determined under this section. Such signs or traffic control devices shall in no event prohibit the use of studded tires from November 1st to April 1st, but when the department determines that chains are required and that no other traction equipment will suffice, the requirement is applicable to all types of tires including studded tires. The Washington state patrol or the department may specify different recommendations or requirements for four wheel drive vehicles in gear.

(4) Failure to obey a requirement indicated under this section is a traffic infraction under chapter 46.63 RCW subject to a penalty of five hundred dollars including all statutory assessments. [2003 c 356 § 1; 2003 c 53 § 259; 1987 c 330 § 747; 1984 c 7 § 203; 1975 1st ex.s. c 255 § 1; 1969 ex.s. c 7 § 2.]

**Reviser's note:** This section was amended by 2003 c 53 § 259 and by 2003 c 356 § 1, each without reference to the other. Both amendments are incorporated in the publication of this section under RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

*Restrictions as to tire equipment, metal studs:* RCW 46.37.420.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.36.260 Signs indicating proper lane usage.** The department shall erect signs on multilane highways indicating proper lane usage. [1986 c 93 § 6.]

*Keep right except when passing, etc:* RCW 46.61.100.

**47.36.270 Regional shopping center directional signs.** Regional shopping center directional signs shall be erected and maintained on state highway right-of-way if they meet each of the following criteria:

(1) There shall be at least five hundred thousand square feet of retail floor space available for lease at the regional shopping center;

(2) The regional shopping center shall contain at least three major department stores that are owned by a national or regional retail chain organization;

(3) The shopping center shall be located within one mile of the roadway;

(4) The center shall generate at least nine thousand daily one-way vehicle trips to the center;

(5) There is sufficient space available for installation of the directional sign as specified in the Manual On Uniform Traffic Control Devices;

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(6) Supplemental follow-through directional signing is required at key decision points to direct motorists to the shopping center if it is not clearly visible from the point of exit from the main traveled way.

The department shall collect from the regional shopping center a reasonable fee based upon the cost of erection and maintenance of the directional sign. [1987 c 469 § 1.]

**47.36.280 Pavement marking standards.** The department of transportation shall, by January 1, 1992, adopt minimum pavement marking standards for the area designating the limits of the vehicle driving lane along the right edge for arterials that do not have curbs or sidewalks and are inside urbanized areas. In preparing the standards, the department of transportation shall take into consideration all types of pavement markings, including flat, raised, and recessed markings, and their effect on pedestrians, bicycle, and motor vehicle safety.

The standards shall provide that a jurisdiction shall conform to these requirements, at such time thereafter that it undertakes to (1) renew or install permanent markings on the existing or new roadway, and (2) remove existing nonconforming raised pavement markers at the time the jurisdiction prepares to resurface the roadway, or earlier, at its option. These standards shall be in effect, as provided in this section, unless the legislative authority of the local governmental body finds that special circumstances exist affecting vehicle and pedestrian safety that warrant a variance to the standard.

For the purposes of this section, "urbanized area" means an area designated as such by the United States bureau of census and having a population of more than fifty thousand. Other jurisdictions that install pavement marking material on the right edge of the roadway shall do so in a manner not in conflict with the minimum state standard. [1991 c 214 § 4.]

**47.36.290 State park directional signs.** Directional signs for state parks within fifteen miles of an interstate highway shall be erected and maintained on the interstate highway by the department despite the existence of additional directional signs on primary or scenic system highways in closer proximity to such state parks. [1985 c 376 § 7. Formerly RCW 47.42.160.]

**Legislative intent—1985 c 376:** See note following RCW 47.42.020.

**47.36.300 Supplemental directional signs—Erection by local governments.** (1) The legislative authority of any county, city, or town may erect, or permit the erection of, supplemental directional signs directing motorists to motorist service businesses qualified for motorist information sign panels pursuant to RCW 47.36.310 or 47.36.320 in any location on, or adjacent to, the right-of-way of any roads or streets within their jurisdiction.

(2) Appropriate fees may be charged to cover the cost of issuing permits, installation, or maintenance of such signs.

(3) Supplemental signs and their locations shall comply with all applicable provisions of this chapter, the Manual on Uniform Traffic Control Devices, and such rules as may be adopted by the department. [1999 c 201 § 2; 1986 c 114 § 3. Formerly RCW 47.42.052.]

**47.36.310 Motorist information signs—Interstate highways—Contents, placement, fees.** The department is authorized to erect and maintain motorist information sign panels within the right-of-way of the interstate highway system to give the traveling public specific information as to gas, food, lodging, camping, or tourist-oriented business available on a crossroad at or near an interchange. Motorist information sign panels shall include the words "GAS," "FOOD," "LODGING," "CAMPING," or "TOURIST ACTIVITIES" and the letters "RV" next to a gas, food, lodging, camping, or tourist activity sign if the business or destination accommodates recreational vehicles, and directional information. Directional information may contain one or more individual business signs maintained on the panel. The "RV" logo for businesses or destinations that accommodate recreational vehicles shall be placed in the lower right corner of the gas, food, lodging, camping, or tourist activity sign and shall be in the form of a small yellow circle with the letters "RV" in black. In managing the number of individual business signs to be displayed, the department must ensure the use of available space on a panel is maximized. Motorist information sign panels are authorized within the corporate limits of cities and towns and areas zoned for commercial or industrial uses at locations where there is adequate distance between interchanges to ensure compliance with the Manual on Uniform Traffic Control Devices. The erection and maintenance of motorist information sign panels shall also conform to the Manual on Uniform Traffic Control Devices and rules adopted by the state department of transportation. A motorist service or tourist-oriented business located within one mile of an interstate highway shall not be permitted to display its name, brand, or trademark on a motorist information sign panel unless its owner has first entered into an agreement with the department limiting the height of its on-premise signs at the site of its service installation to not more than fifteen feet higher than the roof of its main building measured to the bottom of the on-premise sign. The restriction for on-premise signs does not apply if the sign is not visible from the highway. The department may, on a case-by-case basis, waive the height restriction when an on-premise sign is visible from the rural interstate system. The department shall charge sufficient fees for the display of individual business signs to recover the costs of their installation and maintenance, and shall charge sufficient fees to recover costs for the erection and maintenance of the motorist information sign panels. [2005 c 407 § 1; 1999 c 201 § 3; 1987 c 469 § 3; 1986 c 114 § 1; 1985 c 142 § 1; 1984 c 7 § 223; 1974 ex.s. c 80 § 2. Formerly RCW 47.42.046.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.36.320 Motorist information signs, tourist-oriented directional signs—Primary and scenic roads—Contents, placement, fees.** The department is authorized to erect and maintain motorist information sign panels within the right-of-way of noninterstate highways to give the traveling public specific information as to gas, food, lodging, recreation, or tourist-oriented businesses accessible by way of highways intersecting the noninterstate highway. The motorist information sign panels are permitted only at locations within the corporate limits of cities and towns and areas zoned for commercial or industrial uses where there is ade-

quate distance between interchanges to ensure compliance with the Manual on Uniform Traffic Control Devices. Motorist information sign panels shall include the words "GAS," "FOOD," "LODGING," "RECREATION," or "TOURIST ACTIVITIES" and the letters "RV" next to a gas, food, lodging, camping, or tourist activity sign if the business or destination accommodates recreational vehicles, and directional information. Directional information may contain one or more individual business signs maintained on the panel. The "RV" logo for businesses or destinations that accommodate recreational vehicles shall be placed in the lower right corner of the gas, food, lodging, camping, or tourist activity sign and shall be in the form of a small yellow circle with the letters "RV" in black. In managing the number of individual business signs to be displayed, the department must ensure the use of available space on a panel is maximized. The erection and maintenance of motorist information sign panels along noninterstate highways shall also conform to the Manual on Uniform Traffic Control Devices and rules adopted by the state department of transportation. A motorist service or tourist-oriented business located within one mile of a noninterstate highway shall not be permitted to display its name, brand, or trademark on a motorist information sign panel unless its owner has first entered into an agreement with the department limiting the height of its on-premise signs at the site of its service installation to not more than fifteen feet higher than the roof of its main building measured to the bottom of the on-premise sign.

The department shall adopt rules for the erection and maintenance of tourist-oriented directional signs with the following restrictions:

- (1) Where installed, they shall be placed in advance of the "GAS," "FOOD," "LODGING," "RECREATION," or "RV" motorist information sign panels previously described in this section;
- (2) Signs shall not be placed to direct a motorist to an activity visible from the main traveled roadway;
- (3) Premises on which the qualified tourist-oriented business is located must be within fifteen miles of the state highway except as provided in RCW 47.36.330(3) (b) and (c), and necessary supplemental signing on local roads must be provided before the installation of the signs on the state highway.

The department shall charge sufficient fees for the display of individual business signs to recover the costs of their installation and maintenance, and shall charge sufficient fees to recover the costs for the erection and maintenance of the motorist information sign panels. [2005 c 407 § 2. Prior: 1999 c 213 § 1; 1999 c 201 § 4; 1986 c 114 § 2; 1985 c 376 § 4; 1985 c 142 § 2; 1984 c 7 § 224; 1974 ex.s. c 80 § 4. Formerly RCW 47.42.047.]

**Legislative intent—1985 c 376:** See note following RCW 47.42.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.36.330 Motorist information signs—Maximum number and distance.** (1) Not more than six business signs may be permitted on motorist information sign panels authorized by RCW 47.36.310 and 47.36.320.

(2) The maximum distance that eligible service facilities may be located on either side of an interchange or intersection to qualify for a business sign are as follows:

(a) On interstate highways, gas, food, or lodging activities shall be located within three miles. Camping or tourist-oriented activities shall be within five miles.

(b) On noninterstate highways, gas, food, lodging, recreation, or tourist-oriented activities shall be located within five miles.

(3)(a) If no eligible services are located within the distance limits prescribed in subsection (2) of this section, the distance limits shall be increased until an eligible service of a type being considered is reached, up to a maximum of fifteen miles.

(b) The department may erect and maintain signs on an alternate route that is longer than fifteen miles if it is safer and still provides reasonable and convenient travel to an eligible service.

(c) The department may erect and maintain signs on a route up to a maximum of twenty miles if it qualifies as an eligible service and is within a distressed area as defined in RCW 43.168.020. [2005 c 136 § 16; 1999 c 213 § 2; 1999 c 201 § 5; 1985 c 142 § 3. Formerly RCW 47.42.0475.]

**Reviser's note:** This section was amended by 1999 c 201 § 5 and by 1999 c 213 § 2, each without reference to the other. Both amendments are incorporated in the publication of this section under RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

**Savings—Effective date—2005 c 136:** See notes following RCW 43.168.020.

**47.36.340 Motorist information signs—Lodging.** To be eligible for placement of a business sign on a motorist information sign panel a lodging activity shall:

(1) Be licensed or approved by the department of social and health services or county health authority;

(2) Provide adequate sleeping and bathroom accommodations available for rental on a daily basis; and

(3) Provide public telephone facilities. [1999 c 201 § 6; 1985 c 376 § 8. Formerly RCW 47.42.170.]

**Legislative intent—1985 c 376:** See note following RCW 47.42.020.

**47.36.350 Motorist information signs—Installation time.** The department shall ensure that motorist information sign panels are installed within nine months of receiving the request for installation. [1999 c 201 § 7; 1991 c 94 § 5.]

**47.36.360 Motorist information signs—"RV" logo.**

(1) The department of transportation shall not include the logo "RV" under RCW 47.36.310 and 47.36.320 unless a business or destination requests an "RV" logo and the department determines that the gas, food, or lodging business or the camping or tourist activity destination provides parking spaces, overhang clearances, and entrances and exits designed to accommodate recreational or other large vehicles.

(2) The department may charge a reasonable fee in accordance with RCW 47.36.310 or 47.36.320 to defray the costs associated with the installation and maintenance of signs with "RV" logos.

(3) The department may adopt rules necessary to administer this section. [2005 c 407 § 3.]

(2010 Ed.)

**47.36.400 Adopt-a-highway signs.** The department may install adopt-a-highway signs, with the following restrictions:

(1) Signs shall be designed by the department and may only include the words "adopt-a-highway litter control facility" or "adopt-a-highway litter control next XX miles" and the name of the litter control area sponsor. The sponsor's name shall not be displayed more predominantly than the remainder of the sign message. Trademarks or business logos may be displayed;

(2) Signs may be placed along interstate, primary, and scenic system highways;

(3) Signs may be erected at other state-owned transportation facilities in accordance with RCW 47.40.100(1);

(4) For each litter control area designated by the department, one sign may be placed visible to traffic approaching from each direction;

(5) Signs shall be located so as not to detract from official traffic control signs installed pursuant to the manual on uniform traffic control devices adopted by the department;

(6) Signs shall be located so as not to restrict sight distance on approaches to intersections or interchanges;

(7) The department may charge reasonable fees to defray the cost of manufacture, installation, and maintenance of adopt-a-highway signs. [1998 c 180 § 1; 1991 c 94 § 4.]

## Chapter 47.38 RCW

### ROADSIDE AREAS—SAFETY REST AREAS

#### Sections

47.38.010	Rules governing use and control of rest areas, historic sites, viewpoints, etc.—Penalties.
47.38.020	Limitations on use of rest areas.
47.38.040	Information centers.
47.38.050	Recreational vehicle sanitary disposal systems.
47.38.060	Dedication of memorial signs at rest areas.
47.38.070	Electric vehicle infrastructure.
47.38.075	Electrical outlets for electric vehicles at rest areas—Battery exchange and charging station installation and operation.
47.38.080	Human trafficking informational posters at rest areas.

*Acquisition of property for safety rest areas, buffers, viewpoints, historic sites: RCW 47.12.250.*

**47.38.010 Rules governing use and control of rest areas, historic sites, viewpoints, etc.—Penalties.** (1) Pursuant to chapter 34.05 RCW, the department and the Washington state patrol shall jointly adopt rules governing the conduct and the safety of the traveling public relating to the use and control of rest areas and other areas as designated in RCW 47.12.250. Nothing herein may be construed as limiting the powers of the department as provided by law.

(2) Except as otherwise provided in this section, any person violating this section or any rule or regulation adopted pursuant to this section is guilty of a misdemeanor.

(3)(a) Except as provided in (b) of this subsection, violation of such a rule or regulation relating to traffic including parking, standing, stopping, and pedestrian offenses is a traffic infraction.

(b) Violation of such a rule or regulation equivalent to those provisions of Title 46 RCW set forth in RCW 46.63.020 remains a misdemeanor. [2003 c 53 § 260; 1993 c 116 § 1; 1984 c 7 § 204; 1967 ex.s. c 145 § 29.]

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

*Roadside areas—Safety rest areas, provisions of scenic and recreational highway act concerning: Chapter 47.39 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.38.020 Limitations on use of rest areas.** Except where specifically authorized by the department, it is unlawful for any person or persons to stop, stand, or park any vehicle, including but not limited to trailers, campers, and motorcycles, for more than eight hours, or for any person or persons to camp or to maintain a camp, tent, or other sleeping accommodation or facility, in any rest area or safety rest area within the limits of the right-of-way of interstate highways or other state highways or in other areas of state or interstate highways as designated in RCW 47.12.250. This section does not apply to disabled vehicles. [1984 c 7 § 205; 1967 ex.s. c 145 § 30.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.38.040 Information centers.** In order to provide information in the specific interest of the traveling public, the department may establish information centers at safety rest areas and permit maps, informational directories, and advertising pamphlets to be made available there for the purpose of informing the public of places of interest within the state and providing such other information as the department deems desirable. [1984 c 7 § 206; 1967 ex.s. c 145 § 32.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.38.050 Recreational vehicle sanitary disposal systems.** The department of transportation shall construct and maintain recreational vehicle sanitary disposal systems in the following safety rest areas lying along highways which are a part of the interstate highway system:

- (1) Gee Creek safety rest area, northbound and southbound on Interstate 5 in Clark county;
- (2) SeaTac safety rest area, northbound on Interstate 5 in King county;
- (3) Silver Lake safety rest area, southbound on Interstate 5 in Snohomish county;
- (4) Winchester Wasteway safety rest area, eastbound and westbound on Interstate 90 in Grant county;
- (5) Sprague safety rest area, eastbound on Interstate 90 in Lincoln county;
- (6) Selah Creek safety rest area, northbound and southbound on Interstate 82 in Yakima county;
- (7) Indian John Hill safety rest area, eastbound and westbound on Interstate 90 in Kittitas county;
- (8) Smokey Point safety rest area, northbound and southbound on Interstate 5 in Snohomish county;
- (9) Schrag safety rest area, westbound on Interstate 90 in Adams county. [1996 c 237 § 3; 1980 c 60 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.38.060 Dedication of memorial signs at rest areas.** The department may designate interstate safety rest areas, as appropriate, as locations for memorial signs to prisoners of war and those missing in action. The department shall adopt policies for the placement of memorial signs on interstate safety rest areas and may disapprove any memorial sign that

it determines to be inappropriate or inconsistent with the policies. The policies shall include, but are not limited to, guidelines for the size and location of and inscriptions on memorial signs. The secretary shall adopt rules for administering this program. Nonprofit associations may have their name identified on a memorial sign if the association bears the cost of supplying and maintaining the memorial sign. [2006 c 334 § 24; 1996 c 172 § 1.]

**Effective date—2006 c 334:** See note following RCW 47.01.051.

**47.38.070 Electric vehicle infrastructure.** (1) As a necessary and desirable step to spur public and private investment in electric vehicle infrastructure in accordance with section 1, chapter 459, Laws of 2009, and to begin implementing the provisions of RCW 43.19.648, the legislature authorizes an alternative fuels corridor pilot project capable of supporting electric vehicle charging and battery exchange technologies.

(2) To the extent permitted under federal programs, rules, or law, the department may enter into partnership agreements with other public and private entities for the use of land and facilities along state routes and within interstate highway rights-of-way for an alternative fuels corridor pilot project. At a minimum, the pilot project must:

(a) Limit renewable fuel and vehicle technology offerings to those with a forecasted demand over the next fifteen years and approved by the department;

(b) Ensure that a pilot project site does not compete with existing retail businesses in the same geographic area for the provision of the same refueling services, recharging technologies, or other retail commercial activities;

(c) Provide existing truck stop operators and retail truck refueling businesses with an absolute right of first refusal over the offering of refueling services to class six trucks with a maximum gross vehicle weight of twenty-six thousand pounds within the same geographic area identified for a possible pilot project site;

(d) Reach agreement with the department of services for the blind ensuring that any activities at host sites do not materially affect the revenues forecasted from their vending operations at each site;

(e) Regulate the internal rate of return from the partnership, including provisions to reduce or eliminate the level of state support once the partnership attains economic self-sufficiency;

(f) Be limited to not more than five locations on state-owned land within federal interstate rights-of-way or state highway rights-of-way in Washington; and

(g) Be limited in duration to a term of years reasonably necessary for the partnership to recover the cost of capital investments, plus the regulated internal rate of return.

(3) The department is not responsible for providing capital equipment nor operating refueling or recharging services. The department must provide periodic status reports on the pilot project to the office of financial management and the relevant standing committees of the legislature not less than every biennium.

(4) The provisions of this section are subject to the availability of existing funds. However, capital improvements

under this section must be funded with federal or private funds. [2009 c 459 § 14.]

**Finding—Purpose—2009 c 459:** See note following RCW 47.80.090.

*Regional transportation planning organizations—Electric vehicle infrastructure: RCW 47.80.090.*

**47.38.075 Electrical outlets for electric vehicles at rest areas—Battery exchange and charging station installation and operation.** (1) By December 31, 2015, the state must, to the extent practicable, install electrical outlets capable of charging electric vehicles in each state-operated highway rest stop.

(2) By December 31, 2015, the state must provide the opportunity to lease space for the limited purpose of installing and operating a battery exchange station or a battery charging station in appropriate state-owned highway rest stops.

(3) The department of transportation's obligations under this section are subject to the availability of amounts appropriated for the specific purpose identified in this section, unless the department receives federal or private funds for the specific purpose identified in this section.

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

(a) "Battery charging station" means an electrical component assembly or cluster of component assemblies designed specifically to charge batteries within electric vehicles, which meet or exceed any standards, codes, and regulations set forth by chapter 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

(b) "Battery exchange station" means a fully automated facility that will enable an electric vehicle with a swappable battery to enter a drive lane and exchange the depleted battery with a fully charged battery through a fully automated process, which meets or exceeds any standards, codes, and regulations set forth by chapter 19.28 RCW and consistent with rules adopted under RCW 19.27.540. [2009 c 459 § 15.]

**Finding—Purpose—2009 c 459:** See note following RCW 47.80.090.

*Regional transportation planning organizations—Electric vehicle infrastructure: RCW 47.80.090.*

**47.38.080 Human trafficking informational posters at rest areas.** The department may work with human trafficking victim advocates in developing informational posters for placement in rest areas. The department may adopt policies for the placement of these posters in rest areas and these policies must address, at a minimum, placement of the posters in bathroom stalls. The posters may be in a variety of languages and include toll-free telephone numbers a person may call for assistance, including the number for the national human trafficking resource center at (888)373-7888 and the number for the Washington state office of crime victims advocacy at (800)822-1067. [2010 c 48 § 1.]

**Chapter 47.39 RCW**

**SCENIC AND RECREATIONAL HIGHWAY ACT OF 1967**

Sections

47.39.010 System created—Standards.

(2010 Ed.)

- 47.39.020 Designation of portions of existing highways and ferry routes as part of system.
- 47.39.030 Development and maintenance of system by department of transportation and parks and recreation commission—Allocation of costs.
- 47.39.040 Planning and design standards established by department of community, trade, and economic development.
- 47.39.050 Planning and design standards—Facilities and factors considered.
- 47.39.060 Designation of system on maps or other descriptive material.
- 47.39.069 Designation and removal criteria.
- 47.39.075 Corridor management plan.
- 47.39.080 Funding priorities—Signage.
- 47.39.090 Consultation with other agencies and parties—Identification of tourist routes.
- 47.39.100 Removal of designation.
- 47.39.900 Short title.
- 47.39.910 Severability—1967 ex.s. c 85.

**47.39.010 System created—Standards.** There is hereby created a scenic and recreational highway system. Highways in this system shall be developed and maintained in accordance with general standards for state highways of comparable classification and usage.

Recognizing that the Transportation Equity Act for the 21st Century establishes a national "scenic byway" program that could benefit state and local roadways, the Washington state scenic byway designation program is revised to address state and local transportation routes. Byways in this program must be designated and maintained in accordance with the criteria developed by the department under this chapter. However, a highway so designated under RCW 47.39.069 does not become part of the scenic and recreational highway system unless approved by the legislature. Corridors within the scenic and recreational highway system that showcase the state's historic agricultural areas and promote the maintenance and enhancement of agricultural areas may be designated as agricultural scenic corridors. [2010 c 14 § 1; 1999 c 218 § 1; 1967 ex.s. c 85 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.39.020 Designation of portions of existing highways and ferry routes as part of system.** The following portions of highways are designated as part of the scenic and recreational highway system:

(1) State route number 2, beginning at the crossing of Woods creek at the east city limits of Monroe, thence in an easterly direction by way of Stevens pass to a junction with state route number 97 in the vicinity of Peshastin; also

Beginning at the junction with state route number 17, in the vicinity of Coulee City, thence easterly to the junction with state route number 155;

(2) State route number 3, beginning at a junction with state route number 101 in the vicinity of Shelton, thence northeasterly and northerly to a junction with state route number 104 in the vicinity of Port Gamble;

(3) State route number 4, beginning at the junction with state route number 101, thence easterly through Cathlamet to Coal Creek road, approximately .5 miles west of the Longview city limits;

(4) State route number 5, beginning at the junction with Starbird Road in Snohomish county, thence northerly to the junction with Bow Hill Road in Skagit county, to be designated as an agricultural scenic corridor with appropriate signage;

(5) State route number 6, beginning at the junction with state route number 101 in Raymond, thence easterly to the junction with state route number 5, in the vicinity of Chehalis;

(6) State route number 7, beginning at the junction with state route number 12 in Morton, thence northerly to the junction with state route number 507;

(7) State route number 8, beginning at a junction with state route number 12 in the vicinity of Elma, thence easterly to a junction with state route number 101 near Tumwater;

(8) State route number 9, beginning at the junction with state route number 530 in Arlington, thence northerly to the end of the route at the Canadian border;

(9) State route number 10, beginning at Teanaway junction, thence easterly to a junction with state route number 97 west of Ellensburg;

(10) State route number 11, beginning at the junction with state route number 5 in the vicinity of Burlington, thence in a northerly direction to the junction with state route number 5;

(11) State route number 12, beginning at a junction with a county road approximately 2.8 miles west of the crossing of the Wynoochee river which is approximately 1.2 miles west of Montesano, thence in an easterly direction to a junction with state route number 8 in the vicinity of Elma; also

Beginning at a junction with state route number 5, thence easterly by way of Morton, Randle, and Packwood to the junction with state route number 410, approximately 3.5 miles west of Naches; also

Beginning at the junction with state route number 124 in the vicinity of the Tri-Cities, thence easterly through Wallula and Touchet to a junction with a county road approximately 2.4 miles west of a junction with state route number 129 at Clarkston;

(12) State route number 14, beginning at the crossing of Gibbons creek approximately 0.9 miles east of Washougal, thence easterly along the north bank of the Columbia river to a point in the vicinity of Plymouth;

(13) State route number 17, beginning at a junction with state route number 395 in the vicinity of Mesa, thence northerly to the junction with state route number 97 in the vicinity of Brewster;

(14) State route number 19, the Chimaquam-Beaver Valley road, beginning at the junction with state route number 104, thence northerly to the junction with state route number 20;

(15) State route number 20, beginning at the junction with state route number 101 to the ferry zone in Port Townsend; also

Beginning at the Keystone ferry slip on Whidbey Island, thence northerly and easterly to a junction with state route number 153 southeast of Twisp; also

Beginning at the junction of state route number 97 in the vicinity of Okanogan, thence westerly across the Okanogan river to the junction with state route number 215; also

Beginning at a junction with state route number 97 near Tonasket, thence easterly and southerly to a junction with state route number 2 at Newport;

(16) State route number 25, beginning at the Spokane river bridge, thence northerly through Cedonia, Gifford, Kettle Falls, and Northport, to the Canadian border;

(17) State route number 26, beginning at the Whitman county boundary line, thence easterly by way of the vicinities of La Crosse and Dusty to a junction with state route number 195 in the vicinity of Colfax;

(18) State route number 27, beginning at a junction with state route number 195 in the vicinity of Pullman, thence northerly by way of the vicinities of Palouse and Garfield to a junction with state route number 271 in the vicinity of Oakesdale; also

From a junction with state route number 271 at Oakesdale, thence northerly to the vicinity of Tekoa;

(19) State route number 31, beginning at the junction with state route number 20 in Tiger, thence northerly to the Canadian border;

(20) State route number 82, beginning at the junction with state route number 395 south of the Tri-Cities area, thence southerly to the end of the route at the Oregon border;

(21) State route number 90, beginning at the junction with East Sunset Way in the vicinity east of Issaquah, thence easterly to Thorp road 9.0 miles west of Ellensburg;

(22) State route number 97, beginning at the Oregon border, in a northerly direction through Toppenish and Wapato to the junction with state route number 82 at Union Gap; also

Beginning at the junction with state route number 10, 2.5 miles north of Ellensburg, in a northerly direction to the junction with state route number 2, 4.0 miles east of Leavenworth; also

Beginning at the junction of state route number 153 in the vicinity south of Pateros, thence northerly by way of the vicinities of Brewster, Okanogan, Omak, Riverside, Tonasket, and Oroville to the international boundary line;

(23) State route number 97 alternate, beginning at the junction with state route number 2 in the vicinity of Monitor, thence northerly to the junction with state route number 97, approximately 5.0 miles north of Chelan;

(24) State route number 101, beginning at the Astoria-Megler bridge, thence north to Fowler street in Raymond; also

Beginning at a junction with state route number 109 in the vicinity of Queets, thence in a northerly, northeasterly, and easterly direction by way of Forks to the junction with state route number 5 in the vicinity of Olympia;

(25) State route number 104, beginning at a junction with state route number 101 in the vicinity south of Discovery bay, thence in a southeasterly direction to the Kingston ferry crossing;

(26) State route number 105, beginning at a junction with state route number 101 at Raymond, thence westerly and northerly by way of Tokeland and North Cove to the shore of Grays Harbor north of Westport; also

Beginning at a junction with state route number 105 in the vicinity south of Westport, thence northeasterly to a junction with state route number 101 at Aberdeen;

(27) State route number 109, beginning at a junction with state route number 101 in Hoquiam to a junction with state route number 101 in the vicinity of Queets;

(28) State route number 112, beginning at the easterly boundary of the Makah Indian reservation, thence in an easterly direction to the vicinity of Laird's corner on state route number 101;

(29) State route number 116, beginning at the junction with the Chimacum-Beaver Valley road, thence in an easterly direction to Fort Flagler State Park;

(30) State route number 119, beginning at the junction with state route number 101 at Hoodspout, thence northwesterly to the Mount Rose development intersection;

(31) State route number 122, Harmony road, between the junction with state route number 12 near Mayfield dam and the junction with state route number 12 in Mossyrock;

(32) State route number 123, beginning at the junction with state route number 12 in the vicinity of Morton, thence northerly to the junction with state route number 410;

(33) State route number 129, beginning at the Oregon border, thence northerly to the junction with state route number 12 in Clarkston;

(34) State route number 141, beginning at the junction with state route number 14 in Bingen, thence northerly to the end of the route at the Skamania county line;

(35) State route number 142, beginning at the junction with state route number 14 in Lyle, thence northeasterly to the junction with state route number 97, .5 miles from Goldendale;

(36) State route number 153, beginning at a junction with state route number 97 in the vicinity of Pateros, thence in a northerly direction to a junction with state route number 20 in the vicinity south of Twisp;

(37) State route number 155, beginning at a junction with state route number 2 in the vicinity north of Coulee City, thence northerly and westerly to the junction with state route number 215;

(38) State route number 194, beginning at the Port of Alмота to the junction with state route number 195 in the vicinity of Pullman;

(39) State route number 195, beginning at the Washington-Idaho boundary line southeast of Uniontown, thence northwesterly and northerly by way of the vicinity of Colton, Pullman, Colfax, Steptoe, and Rosalia to the Whitman county boundary line;

(40) State route number 202, beginning at the junction with state route number 522, thence in an easterly direction to the junction with state route number 90 in the vicinity of North Bend;

(41) State route number 211, beginning at the junction with state route number 2, thence northerly to the junction with state route number 20 in the vicinity of Usk;

(42) State route number 215, beginning at the junction of state route number 20 in the vicinity of Okanogan, thence northeasterly on the west side of the Okanogan river to a junction with state route number 97 north of Omak;

(43) State route number 231, beginning at the junction with state route number 23, in the vicinity of Sprague, thence in a northerly direction to the junction with state route number 2, approximately 2.5 miles west of Reardan;

(44) State route number 261, beginning at the junction with state route number 12 in the vicinity of Delaney, thence northwesterly to the junction with state route number 260;

(45) State route number 262, beginning at the junction with state route number 26, thence northeasterly to the junction with state route number 17 between Moses Lake and Othello;

(46) State route number 271, beginning at a junction with state route number 27 in the vicinity of Oakesdale, thence northwesterly to a junction with state route number 195 in the vicinity south of Rosalia;

(47) State route number 272, beginning at the junction with state route number 195 in Colfax, thence easterly to the Idaho state line, approximately 1.5 miles east of Palouse;

(48) State route number 305, beginning at the Winslow ferry dock to the junction with state route number 3 approximately 1.0 mile north of Poulsbo;

(49) State route number 395, beginning at the north end of the crossing of Mill creek in the vicinity of Colville, thence in a northwesterly direction to a junction with state route number 20 at the west end of the crossing over the Columbia river at Kettle Falls;

(50) State route number 401, beginning at a junction with state route number 101 at Point Ellice, thence easterly and northerly to a junction with state route number 4 in the vicinity north of Naselle;

(51) State route number 410, beginning 4.0 miles east of Enumclaw, thence in an easterly direction to the junction with state route number 12, approximately 3.5 miles west of Naches;

(52) State route number 501, beginning at the junction with state route number 5 in the vicinity of Vancouver, thence northwesterly on the New Lower River road around Vancouver Lake;

(53) State route number 503, beginning at the junction with state route number 500, thence northerly by way of Battle Ground and Yale to the junction with state route number 5 in the vicinity of Woodland;

(54) State route number 504, beginning at a junction with state route number 5 at Castle Rock, to the end of the route on Johnston Ridge, approximately milepost 52;

(55) State route number 505, beginning at the junction with state route number 504, thence northwesterly by way of Toledo to the junction with state route number 5;

(56) State route number 508, beginning at the junction with state route number 5, thence in an easterly direction to the junction with state route number 7 in Morton;

(57) State route number 525, beginning at the ferry toll booth on Whidbey Island to a junction with state route number 20 east of the Keystone ferry slip;

(58) State route number 542, beginning at the junction with state route number 5, thence easterly to the vicinity of Austin pass in Whatcom county;

(59) State route number 547, beginning at the junction with state route number 542 in Kendall, thence northwesterly to the junction with state route number 9 in the vicinity of the Canadian border;

(60) State route number 706, beginning at the junction with state route number 7 in Elbe, in an easterly direction to the end of the route at Mt. Rainier National Park;

(61) State route number 821, beginning at a junction with state route number 82 at the Yakima firing center interchange, thence in a northerly direction to a junction with state route number 82 at the Thrall road interchange;

(62) State route number 971, Navarre Coulee road, between the junction with state route number 97 and the junction with South Lakeshore road;

(63) Beginning at the Anacortes ferry landing, the Washington state ferries Anacortes/San Juan Islands route, which includes stops at Lopez, Shaw, Orcas, and San Juan Islands; and the roads on San Juan and Orcas Islands as described in San Juan Island county council resolution number 7, adopted February 5, 2008;

(64) All Washington state ferry routes. [2010 c 14 § 2; 2009 c 277 § 1; 2003 c 55 § 1; 1993 c 430 § 7; 1992 c 26 § 2; 1991 c 342 § 54; 1990 c 240 § 3; 1975 c 63 § 8; 1973 1st ex.s. c 151 § 10; 1971 ex.s. c 73 § 29; 1970 ex.s. c 51 § 177; 1969 ex.s. c 281 § 6; 1967 ex.s. c 85 § 2.]

**Legislative finding—1990 c 240:** "The legislature finds that scenic and recreational highways are designated because of a need to develop management plans that will protect and preserve the scenic and recreational resources from loss through inappropriate development. Protection of scenic and recreational resources includes managing land use outside normal highway rights-of-way. The legislature recognizes that scenic and recreational highways are typically located in areas that are natural in character, along watercourses or through mountainous areas, or in areas with a view of such scenery." [1990 c 240 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.39.030 Development and maintenance of system by department of transportation and parks and recreation commission—Allocation of costs.** (1) The department shall pay from motor vehicle funds appropriated for construction of state highways, the following costs of developing and constructing scenic and recreational highways: (a) Acquisition of the right-of-way necessary for state highway purposes; (b) construction of the portion of the highway designed primarily for motor vehicle travel; (c) exit and entrance roadways providing access to scenic observation points; (d) safety rest areas; (e) roadside landscaping within the portion of the highway right-of-way acquired by the department for state highway purposes; (f) the uniform signs and markers designating the various features and facilities of the scenic and recreational highways; and (g) any additional costs of constructing and developing the scenic and recreational highways, including property acquisition adjacent to highways as authorized by RCW 47.12.250, for which the department shall receive reimbursement from the federal government or any other source.

(2) The parks and recreation commission shall pay the costs of developing and constructing the scenic and recreational highways not provided for in subsection (1) of this section from any funds appropriated for such purposes.

(3) The costs of maintaining the scenic and recreational highway system shall be allocated between the department and the parks and recreation commission in the same manner that costs of developing and constructing such highways are allocated in subsections (1) and (2) of this section.

(4) The city, town, county, regional transportation planning organization, federal agency, federally recognized tribe, or any other such party that nominates a roadway not located on a state-owned right-of-way for designation as a scenic byway shall bear all costs relating to the nomination and designation of the byway, such as costs for developing, maintaining, planning, designing, and constructing the scenic byway. [1999 c 218 § 2; 1984 c 7 § 207; 1967 ex.s. c 85 § 3.]

*Safety rest areas: Chapter 47.38 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.39.040 Planning and design standards established by department of community, trade, and economic development.** The establishment of planning and design standards for items provided for in RCW 47.39.050 shall be coordinated by the \*department of community, trade, and economic development. The department of transportation, parks and recreation commission, and any other departments or commissions whose interests are affected shall prepare, submit, and file with the \*department of community, trade, and economic development standards relating to the scenic and recreational highway system. If varying planning and design standards are filed, the \*department of community, trade, and economic development shall consult with the submitting agencies on the merits of the several proposals and, based upon such consultation, establish a set of standards. Pursuant to the planning and design standards so established, the department of transportation and the parks and recreation commission shall develop the highways and areas adjacent thereto to accomplish the purposes of this chapter, but the department shall retain exclusive authority over the highway right-of-way.

Responsibility for construction and maintenance is hereby established between the department and the parks and recreation commission with the department responsible for activities financed with funds provided for under RCW 47.39.030(1) and the parks and recreation commission responsible for activities financed from other sources of funds. By mutual consent, responsibility for development and/or maintenance may be transferred between the two agencies. [1995 c 399 § 122; 1985 c 6 § 16; 1984 c 7 § 208; 1967 ex.s. c 85 § 4.]

**\*Reviser's note:** The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

*Department of commerce: Chapter 43.330 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.39.050 Planning and design standards—Facilities and factors considered.** Planning and design standards established for highways falling within the scenic and recreational highways system may include, but shall not be limited to, provision for the following:

- (1) Hiking, bicycle, and bridle trails, including regulations for their use;
- (2) Campsites and shelters;
- (3) Boat launching sites;
- (4) Access trails to lakes, rivers and streams, and easements along their shores;
- (5) Safety rest areas;
- (6) Historic and geologic interpretative facilities;
- (7) Scenic observation facilities;
- (8) Roadside landscaping, restoration and aesthetic enhancement;
- (9) Specifically delineated highway corridors and means for the preservation of natural beauty, historic sites, or viewpoints;
- (10) A uniform system of signs and markers designating the various features and facilities of the scenic and recreational highway systems. [1967 ex.s. c 85 § 5.]

**47.39.060 Designation of system on maps or other descriptive material.** The department and the parks and rec-

recreation commission may include, where appropriate, on any maps, or in any relevant descriptive material they may prepare at state expense, references to those portions of highways designated in RCW 47.39.020, and may include those designated byways by appropriate color or code designation. [1999 c 218 § 3; 1984 c 7 § 209; 1967 ex.s. c 85 § 6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.39.069 Designation and removal criteria.** (1) The department, in consultation with the \*department of community, trade, and economic development, the department of natural resources, the parks and recreation commission, affected cities, towns, and counties, federally recognized tribes, regional transportation planning organizations, Washington-based automobile clubs, statewide bicycling organizations, and other interested parties, shall develop by December 31, 1999, criteria for assessing scenic byways and heritage tour routes and an appropriate method of nomination and application for the designation and removal of the designation of the byways. Factors the department may take into consideration, but is not limited by, are: (a) Scenic quality of the byway; (b) natural aspects, such as geological formations, water bodies, vegetation, and wildlife; (c) historic elements; (d) cultural features such as the arts, crafts, music, customs, or traditions of a distinct group of people; (e) archaeological features; (f) recreational activities; (g) roadway safety including accommodations for bicycle and pedestrian travel, tour buses, and automobiles; (h) scenic byway and local and regional byway management plans; and (i) local public involvement and support for the byway.

(2) The criteria developed in subsection (1) of this section must not impose nor require regulation of privately owned lands or property rights.

(3) Any person may nominate a roadway, path, or trail for inclusion in the scenic byway program. The department shall assess nominations in accordance with the criteria developed under subsection (1) of this section. The department shall submit its recommendations for scenic byway and heritage tour route designations to the commission for its approval and official designation of the roadway, path, or trail as a scenic byway or a heritage tour route. All decisions made by the commission relating to scenic byway and heritage tour route designations are final.

(4) The department shall apply the criteria in subsection (1) of this section to state highways that are currently not a part of the designated scenic and recreational highway system. The department shall respond to local requests for route evaluation as defined in subsection (3) of this section.

(5) Once the commission has designated a roadway as a scenic byway, the department may submit an individual nomination to the Federal Highway Administration for its consideration of whether the roadway qualifies to be designated as a national scenic byway or an All-American Roadway. [1999 c 218 § 4.]

**\*Reviser's note:** The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.39.075 Corridor management plan.** The department shall participate with local communities to develop a

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corridor management plan for a state highway nominated to be part of the scenic byway program. Local, regional, or other governmental bodies shall develop a corridor management plan for nominated routes that are under their jurisdiction. [1999 c 218 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.39.080 Funding priorities—Signage.** Recognizing that the Transportation Equity Act for the 21st Century establishes a national "Scenic Byways" grant program and a new apportionment program called "Transportation Enhancement Activities," the department of transportation shall place high priority on obtaining funds from those sources for further development of a scenic and recreational highways program, including enhancement projects on the designated scenic and recreational highway system. The department shall consider the use of the designated system by bicyclists and pedestrians in connection with nonmotorized routes in the state trail plan, and the state bicycle plan which are also eligible for TEA-21 funding. Appropriate signage may be used at intersections of nonmotorized and motorized systems to demonstrate the access, location, and the interconnectivity of various modes of travel for transportation and recreation. For the purposes of leveraging national scenic byway planning grant funds, the commission may designate eligible state highways as scenic byways on an interim basis. [1999 c 218 § 6; 1993 c 430 § 8.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.39.090 Consultation with other agencies and parties—Identification of tourist routes.** In developing the scenic and recreational highways program, the department shall consult with the \*department of community, trade, and economic development, the department of natural resources, the parks and recreation commission, affected cities, towns, and counties, regional transportation planning organizations, statewide bicycling organizations, and other interested parties. The scenic and recreational highways program may identify entire highway loops or similar tourist routes that could be developed to promote tourist activity and provide concurrent economic growth while protecting the scenic and recreational quality surrounding state highways. [1995 c 399 § 123; 1993 c 430 § 9.]

**\*Reviser's note:** The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

**47.39.100 Removal of designation.** (1) The commission may remove the designation of a route if it no longer possesses the intrinsic qualities or fails to meet the criteria that supported its designation.

(2) The department shall determine whether a roadway designated as a national scenic byway or an All-American Roadway is being properly maintained in accordance with the roadway's byway management plan, including preserving the intrinsic qualities that originally supported the designation. When the department determines that the intrinsic qualities of a national scenic byway or All-American Roadway have not been maintained sufficiently to retain its designation, the department shall notify the party responsible for maintaining the designation of the finding and allow the party an opportunity, under federal regulations, for corrective

action before formal removal of the designation of the roadway.

(3) Local, regional, or other governmental bodies may notify the commission of the removal of a designated route if they determine it no longer meets the designation criteria, or community support for the designation no longer exists, or it no longer possesses the intrinsic qualities that supported its original designation.

(4) State or local removal of a designated route will result in discontinued state support of the designated route and can include, but is not limited to, state matching assistance for grant applications, the removal of signs directly related to the byway, free promotional information in the state-owned safety rest areas, and inclusion in maps, brochures, and electronic media. [1999 c 218 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.39.900 Short title.** RCW 47.39.010 through 47.39.910 shall constitute a new chapter in Title 47 RCW and shall be known and may be cited as the "Scenic and Recreational Highway Act of 1967." [1967 ex.s. c 85 § 7.]

**47.39.910 Severability—1967 ex.s. c 85.** If any provision of this act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected. [1967 ex.s. c 85 § 8.]

## Chapter 47.40 RCW ROADSIDE IMPROVEMENT AND BEAUTIFICATION

### Sections

47.40.010	Improvement and beautification a highway purpose.
47.40.020	Use of funds authorized.
47.40.030	Permit to private persons.
47.40.040	Application for permit, contents.
47.40.050	Survey—Report—Permit.
47.40.060	Agreement to maintain project.
47.40.070	Damaging project unlawful.
47.40.080	Penalty for destroying native flora on state lands, highways, parks.
47.40.090	Glass bottles along highways—Collection and removal.
47.40.100	State adopt-a-highway program.
47.40.105	Local adopt-a-highway programs.

*City streets, parkways, boulevards, etc.: Title 35 RCW.*

*State parks and recreation commission may plant trees along highway: RCW 79A.05.030.*

*Withdrawal of public lands abutting highway: RCW 79A.05.105.*

**47.40.010 Improvement and beautification a highway purpose.** The planting and cultivating of any shrubs, trees, hedges or other domestic or native ornamental growth, the improvement of roadside facilities and view points, and the correction of unsightly conditions, upon the right-of-way of any state highway is hereby declared to be a proper state highway purpose. [1961 c 13 § 47.40.010. Prior: 1937 c 53 § 88; RRS § 6400-88.]

**47.40.020 Use of funds authorized.** Whenever funds are available for the planting or cultivation of any shrubs, trees, hedges, or other domestic or native ornamental growth, the improvement of roadside facilities and view points, the

correction of unsightly conditions upon the right-of-way of any state highway, and for roadside development and beautification, the department is empowered to expend such funds, either independently or in conjunction with the funds of any county, political subdivision, or any person, firm, corporation, association, or organization. [1984 c 7 § 210; 1961 c 13 § 47.40.020. Prior: 1937 c 53 § 89; RRS § 6400-89.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.40.030 Permit to private persons.** Any person, firm, corporation, association, or organization owning lands abutting upon any state highway and desiring to plant, cultivate, and grow any hedge, shade trees, or ornamental trees or shrubs along the right-of-way thereof, or to clear and cultivate a portion of the state highway right-of-way for the purpose of growing crops and destroying noxious weeds, or any person, firm, corporation, association, or organization interested in public improvement and desiring to improve and beautify any state highway right-of-way or any portion thereof by planting, cultivating, or growing any hedge or shade or ornamental trees or cultivate along or upon the right-of-way thereof, may upon application to the department, be granted a permit therefor as provided by law. [1984 c 7 § 211; 1961 c 13 § 47.40.030. Prior: 1937 c 53 § 90; RRS § 6400-90; prior: 1927 c 242 § 1; RRS § 6437-1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.40.040 Application for permit, contents.** Each application for a permit to plant, cultivate and grow any hedge, shade or ornamental trees or shrubbery along or upon the right-of-way of any state highway or improve such right-of-way shall be in writing, signed by the applicant, and shall describe the state highway or portion thereof along or upon the right-of-way of which permit to plant, cultivate, grow or improve is sought, by name, number, or other reasonable description, and the lands bordering thereon by governmental subdivisions, and shall state the names, places or residence and post office addresses of the applicant or applicants owning the land abutting upon such state highway or the name of the person, firm, corporation, association or organization applying for the permit and the names of its officers and their places of residence and their post office addresses, and shall state definitely the purpose for which the permit is sought, giving a description of the kind of hedge, or variety of shrubbery or trees desired to be planted or the kinds of crops to be grown, or improvement to be made, with a diagram illustrating the location and number of hedges, trees or shrubs or the area of cultivation desired or plans of the improvement proposed to be made. [1961 c 13 § 47.40.040. Prior: 1937 c 53 § 91; RRS § 6400-91; prior: 1927 c 242 § 2; RRS § 6437-2.]

**47.40.050 Survey—Report—Permit.** Upon the filing of such application, the department shall cause a survey of the state highway to be made with reference to the application and a report of the findings and recommendations as to the granting of the permit, and if it appears to the satisfaction of the department that the use of a portion of the state highway for the purpose set out in the application will not interfere with the use of the state highway for public travel and will beautify and improve the state highway, a permit may be

granted and issued to the applicant to plant, cultivate, and grow any hedge, shade or ornamental trees, shrubbery, or crops, or make such improvement along or upon the right-of-way of such portion of the state highway as is definitely described in the permit, and to construct and maintain such temporary and substantial fence on and along the portion of the right-of-way of the state highway described in the permit as is specified in the permit. The permit shall specify the exact location of all hedges, shade or ornamental trees, or shrubbery to be planted and grown, or the area to be cultivated under the permit, or the area to be improved to which specified location the person, firm, corporation, association, or organization receiving the permit shall specifically conform. The department may in its discretion refuse to issue the permit, and any such permit that is granted is revocable at the will of the department and nothing in this title may be construed as in anywise affecting the title of the state to the lands included in the state highway, or the right to use the lands for state highway purposes, or to remove or destroy any of such hedges, trees, shrubbery, or crops for the purpose of construction, alteration, repair, improvement, or maintenance of the state highway, or for any other purpose and at any time. [1984 c 7 § 212; 1961 c 13 § 47.40.050. Prior: 1937 c 53 § 92; RRS § 6400-92; prior: 1927 c 242 § 3, part; RRS § 6437, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.40.060 Agreement to maintain project.** If any such permit is granted, the department shall enter into an agreement with the person, firm, corporation, association, or organization agreeing that such roadside development or beautification shall be maintained and kept up by the state through the department or by the person, firm, corporation, association, or organization. If any such person, firm, corporation, association, or organization so agreeing fails or neglects to maintain the roadside development or beautification, the department is empowered to do so, and the expense thereof shall be a charge against the person, firm, corporation, association, or organization. [1984 c 7 § 213; 1961 c 13 § 47.40.060. Prior: 1937 c 53 § 93; RRS § 6400-93; prior: 1927 c 242 § 3, part; RRS § 6437-3, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.40.070 Damaging project unlawful.** It is unlawful for any person to injure, destroy, or remove any hedge, shade or ornamental trees, shrubbery, or crops, planted, cultivated, and grown or improvement made upon or along any portion of any state highway under permit from the department or otherwise, or to injure, destroy, or remove any fence erected under any such permit or otherwise. However, nothing in this section may be construed to prevent any person with the department to do so or the officers of the state charged with the duty of constructing and maintaining any such state highway, from removing any hedges, trees, shrubbery, or crops planted or improvements or fences built under permit, where in their judgment they interfere with or are detrimental to, the use of the state highway for public travel, or such removal is necessary for the construction, alteration, repair, improvement, or maintenance of the state highway. [1984 c 7 § 214;

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1961 c 13 § 47.40.070. Prior: 1937 c 53 § 94; RRS § 6400-94; prior: 1927 c 242 § 4; RRS § 6437-4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.40.080 Penalty for destroying native flora on state lands, highways, parks.** Any person who shall break or cut from any lands owned by the state of Washington or shall cut down, remove, destroy or uproot any rhododendron, evergreen, huckleberry, native dogwood or any other native tree, shrub, fern, herb, bulb or wild plants, or any part thereof, within three hundred feet of the center line of any state or county road, or who shall cut down, remove or destroy any flowering or ornamental tree or shrub, or any native flowering plant, fern, herb or bulb, either perennial or annual, situate, growing or being on any public street or highway, state or city park, in the state of Washington, unless such person be engaged in the work of constructing or repairing such highway or street under authority and direction of the legally constituted public officials being charged by law with the duty of constructing or repairing such highways or streets, state or city parks, shall be guilty of a misdemeanor. [1961 c 13 § 47.40.080. Prior: 1933 c 133 § 1; 1925 ex.s. c 59 § 1; RRS § 2787-1.]

**47.40.090 Glass bottles along highways—Collection and removal.** The department and any other governmental subdivision shall, with the staff, equipment, and material under their control, or by contract with others, take all necessary actions to collect and remove any or all glass bottles or glass containers along the right-of-way of any public road or public highway. [1984 c 7 § 215; 1969 ex.s. c 281 § 48.]

*Deposit of unwholesome substance:* RCW 9.66.050.

*Removal of glass after accident:* RCW 46.61.645.

*Throwing glass on highway:* RCW 46.61.645, 70.93.060.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.40.100 State adopt-a-highway program.** (1) The department of transportation shall establish a statewide adopt-a-highway program. The purpose of the program is to provide volunteers and businesses an opportunity to contribute to a cleaner environment, enhanced roadsides, and protection of wildlife habitats. Participating volunteers and businesses shall adopt department-designated sections of state highways, rest areas, park and ride lots, intermodal facilities, and any other facilities the department deems appropriate, in accordance with rules adopted by the department. The department may elect to coordinate a consortium of participants for adopt-a-highway projects.

The adopt-a-highway program shall include, at a minimum, litter control for the adopted section, and may include additional responsibilities such as planting and maintaining vegetation, controlling weeds, graffiti removal, and any other roadside improvement or clean-up activities the department deems appropriate. The department shall not accept adopt-a-highway proposals that would have the effect of terminating classified employees or classified employee positions.

(2) A volunteer group or business choosing to participate in the adopt-a-highway program must submit a proposal to the department. The department shall review the proposal for

consistency with departmental policy and rules. The department may accept, reject, or modify an applicant's proposal.

(3) The department shall seek partnerships with volunteer groups and businesses to facilitate the goals of this section. The department may solicit funding for the adopt-a-highway program that allows private entities to undertake all or a portion of financing for the initiatives. The department shall develop guidelines regarding the cash, labor, and in-kind contributions to be performed by the participants.

(4) An organization whose name: (a) Endorses or opposes a particular candidate for public office, (b) advocates a position on a specific political issue, initiative, referendum, or piece of legislation, or (c) includes a reference to a political party shall not be eligible to participate in the adopt-a-highway program.

(5) In administering the adopt-a-highway program, the department shall:

(a) Provide a standardized application form, registration form, and contractual agreement for all participating groups. The forms shall notify the prospective participants of the risks and responsibilities to be assumed by the department and the participants;

(b) Require all participants to be at least fifteen years of age;

(c) Require parental consent for all minors;

(d) Require at least one adult supervisor for every eight minors;

(e) Require one designated leader for each participating organization, unless the department chooses to coordinate a consortium of participants;

(f) Assign each participating organization a section or sections of state highway, or other state-owned transportation facilities, for a specified period of time;

(g) Recognize the efforts of a participating organization by erecting and maintaining signs with the organization's name on both ends of the organization's section of highway;

(h) Provide appropriate safety equipment. Safety equipment issued to participating groups must be returned to the department upon termination of the applicable adopt-a-highway agreement;

(i) Provide safety training for all participants;

(j) Pay any and all premiums or assessments required under RCW 51.12.035 to secure medical aid benefits under chapter 51.36 RCW for all volunteers participating in the program;

(k) Require participating businesses to pay all employer premiums or assessments required to secure medical aid benefits under chapter 51.36 RCW for all employees or agents participating in the program;

(l) Maintain records of all injuries and accidents that occur;

(m) Adopt rules that establish a process to resolve any question of an organization's eligibility to participate in the adopt-a-highway program;

(n) Obtain permission from property owners who lease right-of-way before allowing an organization to adopt a section of highway on such leased property; and

(o) Establish procedures and guidelines for the adopt-a-highway program.

(6) Nothing in this section affects the rights or activities of, or agreements with, adjacent landowners, including the

use of rights-of-way and crossings, nor impairs these rights and uses by the placement of signs. [1995 c 106 § 1; 1990 c 258 § 5.]

**Legislative findings and intent—1990 c 258:** "The legislature finds that despite the efforts of the department of transportation, the department of ecology, and the ecology youth corps to pick up litter along state highways, roadside litter in Washington state has increased by thirty-six percent since 1983. The legislature further finds that in twenty-seven states, volunteer organizations are able to give of their time and energy, demonstrate commitment to a clean environment, and discourage would-be litterers by keeping sections of highway litter free because those states have established programs to encourage and recognize such voluntary efforts. Therefore, it is the legislature's intent to establish an "adopt-a-highway" litter control program as a partnership between citizen volunteers and the state to reduce roadside litter and build civic pride in a litter-free Washington." [1990 c 258 § 4.]

**47.40.105 Local adopt-a-highway programs.** Local government legislative authorities may enact local "adopt-a-highway sign" programs which are not inconsistent with state or federal law. [1990 c 258 § 3.]

**Legislative findings and intent—1990 c 258:** See note following RCW 47.40.100.

## Chapter 47.41 RCW

### JUNKYARDS ADJACENT TO INTERSTATE AND PRIMARY HIGHWAYS

#### Sections

47.41.010	Legislative declaration—Purpose.
47.41.020	Definitions.
47.41.030	Junkyards adjacent to highways prohibited—Exceptions.
47.41.040	Screening or removal of junkyard.
47.41.050	Administrative rules—Review of action.
47.41.060	Other laws not affected.
47.41.070	Violations—Penalty—Abatement as public nuisance.
47.41.080	Agreements with United States secretary of transportation.
47.41.900	Severability—1971 ex.s. c 101.

*Vehicle wreckers: Chapter 46.80 RCW.*

**47.41.010 Legislative declaration—Purpose.** For the purpose of promoting the public safety, health, welfare, convenience, and enjoyment of public travel, to protect the public investment in public highways, and to preserve and enhance the scenic beauty of lands bordering public highways, it is hereby declared to be in the public interest to regulate and restrict the establishment, operation, and maintenance of junkyards in areas adjacent to the interstate and federal-aid primary systems within this state. The legislature hereby finds and declares that junkyards which do not conform to the requirements of this chapter are public nuisances. [1971 ex.s. c 101 § 1.]

**47.41.020 Definitions.** The definitions set forth in this section apply throughout this chapter.

(1) "Junk" means old or scrap copper, brass, rope, rags, batteries, paper, trash, rubber debris, waste, or junked, dismantled, or wrecked automobiles, or parts thereof, iron, steel, and other old or scrap ferrous or nonferrous material.

(2) "Automobile graveyard" means any establishment or place of business that is maintained, used, or operated by storing, keeping, buying, or selling wrecked, scrapped, ruined, or dismantled motor vehicles or motor vehicle parts.

(3) "Junkyard" means an establishment or place of business that is maintained, operated, or used for storing, keeping, buying, or selling junk or for the maintenance or opera-

tion of an automobile graveyard, and the term includes garbage dumps and sanitary fills.

(4) "Interstate system" means that portion of the national system of interstate and defense highways located within this state, as officially designated or as may hereafter be so designated by the department and approved by the United States secretary of transportation under Title 23 United States Code.

(5) "Federal-aid primary system" means that portion of connected main highways as officially designated or as may hereafter be so designated by the department and approved by the United States secretary of transportation as the federal-aid primary system pursuant to the provisions of Title 23 United States Code.

(6) "Department" means the Washington state department of transportation. [1984 c 7 § 216; 1971 ex.s. c 101 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.41.030 Junkyards adjacent to highways prohibited—Exceptions.** No person may establish, operate, or maintain a junkyard any portion of which is within one thousand feet of the nearest edge of the right-of-way of any interstate or federal-aid primary highway, except the following:

(1) Those which are screened by natural objects, plantings, fences, or other appropriate means so as not to be visible from the main-traveled way of the system or otherwise removed from sight;

(2) Those located within areas which are zoned for industrial use under authority of law;

(3) Those located within unzoned industrial areas, which areas shall be determined from actual land uses and defined by rules adopted by the department and approved by the United States secretary of transportation; and

(4) Those which are not visible from the main-traveled way of the system. [1984 c 7 § 217; 1971 ex.s. c 101 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.41.040 Screening or removal of junkyard.** Before July 1, 1971, the department shall determine whether or not the topography of the land adjoining the highway will permit adequate screening of any junkyard lawfully in existence located outside of a zoned industrial area or an unzoned industrial area as defined under RCW 47.41.030 on August 9, 1971, that is within one thousand feet of the nearest edge of the right-of-way and visible from the main traveled way of any highway on the interstate and primary system and whether screening of the junkyard would be economically feasible. Within thirty days thereafter the department shall notify by certified mail the record owner of the land upon which the junkyard is located, or the operator thereof, of its determination.

If it is economically feasible to screen the junkyard, the department shall screen the junkyard so that it will not be visible from the main-traveled way of the highway. The department is authorized to acquire by gift, purchase, exchange, or condemnation such lands or interest in lands as may be required for these purposes.

If it is not economically feasible to screen the junkyard, the department shall acquire by purchase, gift, or condemnation an interest in the real property used for junkyard pur-

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poses that is visible from the main traveled way of the highway, restricting any owner of the remaining interest to use of the real estate for purposes other than a junkyard. In addition to compensation for the real property interest, the operator of a junkyard shall receive the actual reasonable expenses in moving his or her business personal property to a location within the same general area where a junkyard may be lawfully established, operated, and maintained. This section shall be interpreted as being in addition to all other rights and remedies of a junkyard owner or operator and shall not be interpreted as a limitation on or alteration of the law of compensation in eminent domain. [2010 c 8 § 10015; 1984 c 7 § 218; 1971 ex.s. c 101 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.41.050 Administrative rules—Review of action.**

The department shall adopt rules for the administration of this chapter consistent with the policy of this chapter and the national policy set forth in 23 U.S.C. Sec. 136, and the regulations promulgated thereunder by the United States secretary of transportation. Proceedings for review of any action taken by the department pursuant to this chapter shall be instituted by filing a petition only in the superior court of Thurston county. [1984 c 7 § 219; 1971 ex.s. c 101 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.41.060 Other laws not affected.** Nothing in this chapter shall be construed to permit a person to maintain any junkyard that is otherwise prohibited by statute or by the resolution or ordinance of any county, city, or town, nor to abrogate or affect the lawful provisions of any statute, ordinance, regulation, or resolution which are more restrictive than the provisions of this chapter. [1971 ex.s. c 101 § 6.]

**47.41.070 Violations—Penalty—Abatement as public nuisance.** (1) If the owner of the land upon which any such junkyard is located, or the operator thereof, as the case may be, fails to comply with the notice or remove any such junk within the time provided in this chapter after being so notified, he or she is guilty of a misdemeanor. In addition to the penalties imposed by law upon conviction, an order may be entered compelling compliance with this chapter. Each day the junkyard is maintained in a manner so as not to comply with this chapter constitutes a separate offense.

(2) If the operator of the junkyard or the owner of the property upon which it is located, as the case may be, is not found or refuses receipt of the notice, the department, the chief of the Washington state patrol, the county sheriff, or the chief of police of any city or town shall post the property upon which it is located with a notice that the junkyard constitutes a public nuisance and that the junk thereon must be removed as provided in this chapter. If the notice is not complied with, the department, the chief of the Washington state patrol, the county sheriff, or the chief of police of any city or town shall abate the nuisance and remove the junk, and for that purpose may enter upon private property without incurring liability for doing so. [2003 c 53 § 261; 1984 c 7 § 220; 1971 ex.s. c 101 § 7.]

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.41.080 Agreements with United States secretary of transportation.** The department is authorized to enter into agreements with the United States secretary of transportation as provided in Title 23 United States Code, relating to the control of junkyards in areas adjacent to the interstate and primary systems, and to take action in the name of the state to comply with the terms of the agreement. [1984 c 7 § 221; 1971 ex.s. c 101 § 8.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.41.900 Severability—1971 ex.s. c 101.** If any provision of this act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected. [1971 ex.s. c 101 § 9.]

### Chapter 47.42 RCW

## HIGHWAY ADVERTISING CONTROL ACT— SCENIC VISTAS ACT

#### Sections

47.42.010	Declaration of purpose.
47.42.020	Definitions.
47.42.025	Exclusions from scenic system.
47.42.030	Signs visible from interstate, primary, or scenic systems restricted.
47.42.040	Permissible signs classified.
47.42.045	Number of signs—Spacing—Tourist facility, business or agricultural signs.
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47.42.055	Roadside area information panels or displays.
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47.42.063	Signs visible from primary system in commercial and industrial areas—Preexisting signs—Permissible signs—Spacing.
47.42.065	Signs viewable from other highways or streets—Requirements.
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47.42.110	Agreements for federal aid.
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47.42.130	Permit identification number.
47.42.140	Scenic areas designated.
47.42.900	Severability—1961 c 96.
47.42.901	Severability—1963 ex.s. c 3.
47.42.902	Severability—1971 ex.s. c 62.
47.42.910	Short title—1961 c 96.
47.42.911	Short title—1971 ex.s. c 62.
47.42.920	Federal requirements—Conflict and accord.

**47.42.010 Declaration of purpose.** The control of signs in areas adjacent to state highways of this state is hereby declared to be necessary to promote the public health, safety, welfare, convenience and enjoyment of public travel, to protect the public investment in the interstate system and other state highways, and to attract visitors to this state by

conserving the natural beauty of areas adjacent to the interstate system, and of scenic areas adjacent to state highways upon which they travel in great numbers, and to insure that information in the specific interest of the traveling public is presented safely and effectively. [1961 c 96 § 1.]

**47.42.020 Definitions.** The definitions set forth in this section apply throughout this chapter.

(1) "Commercial and industrial areas" means any area zoned commercial or industrial by a county or municipal code, or if unzoned or zoned for general uses by a county or municipal code, that area occupied by three or more separate and distinct commercial or industrial activities, or any combination thereof, within a space of five hundred feet and the area within five hundred feet of such activities on both sides of the highway. The area shall be measured from the outer edges of the regularly used buildings, parking lots, or storage or processing areas of the commercial or industrial activity and not from the property lines of the parcels upon which the activities are located. Measurements shall be along or parallel to the edge of the main traveled way of the highway. The following shall not be considered commercial or industrial activities:

- (a) Agricultural, forestry, grazing, farming, and related activities, including, but not limited to, wayside fresh produce stands;
- (b) Transient or temporary activities;
- (c) Railroad tracks and minor sidings;
- (d) Signs;
- (e) Activities more than six hundred and sixty feet from the nearest edge of the right-of-way;
- (f) Activities conducted in a building principally used as a residence.

If any commercial or industrial activity that has been used in defining or delineating an unzoned area ceases to operate for a period of six continuous months, any signs located within the former unzoned area become nonconforming and shall not be maintained by any person.

(2) "Department" means the Washington state department of transportation.

(3) "Erect" means to construct, build, raise, assemble, place, affix, attach, create, paint, draw, or in any other way bring into being or establish.

(4) "Interstate system" means any state highway which is or does become part of the national system of interstate and defense highways as described in section 103(d) of Title 23, United States Code.

(5) "Maintain" means to allow to exist.

(6) "Person" means this state or any public or private corporation, firm, partnership, association, as well as any individual or individuals.

(7) "Primary system" means any state highway which is or does become part of the federal-aid primary system as described in section 103(b) of Title 23, United States Code.

(8) "Roadside area information panel or display" means a panel or display located so as not to be readable from the main traveled way, erected in a safety rest area, scenic overlook, or similar roadside area, for providing motorists with information in the specific interest of the traveling public.

(9) "Scenic system" means (a) any state highway within any public park, federal forest area, public beach, public rec-

reation area, or national monument, (b) any state highway or portion thereof outside the boundaries of any incorporated city or town designated by the legislature as a part of the scenic system, or (c) any state highway or portion thereof outside the boundaries of any incorporated city or town designated by the legislature as a part of the scenic and recreational highway system except for the sections of highways specifically excluded in RCW 47.42.025 or located within areas zoned by the governing county for predominantly commercial and industrial uses, and having development visible to the highway, as determined by the department.

(10) "Sign" means any outdoor sign, display, device, figure, painting, drawing, message, placard, poster, billboard, or other thing that is designed, intended, or used to advertise or inform, any part of the advertising or informative contents of which is visible from any place on the main-traveled way of the interstate system or other state highway. "Sign" does not include a display authorized under RCW 47.36.030(3) promoting a local agency sponsored event that does not include advertising.

(11) "Temporary agricultural directional sign" means a sign on private property adjacent to a state highway right-of-way, or on a state highway right-of-way, to provide directional information to places of business offering for sale seasonal agricultural products on the property where the sale is taking place. [2010 c 138 § 1; 2005 c 398 § 2; 1993 c 430 § 10; 1991 c 94 § 1; 1990 c 258 § 1; 1987 c 469 § 2; 1985 c 376 § 2; 1984 c 7 § 222; 1977 ex.s. c 258 § 1; 1974 ex.s. c 80 § 1; 1971 ex.s. c 62 § 1; 1961 c 96 § 2.]

**Reviser's note:** The definitions in this section have been alphabetized pursuant to RCW 1.08.015(2)(k).

**Legislative findings and intent—1990 c 258:** See note following RCW 47.40.100.

**Legislative intent—1985 c 376:** "It is the intent of the legislature that state highway information and directional signs provide appropriate guidance to all motorists traveling throughout the state. Such guidance should include the identity, location, and types of recreational, cultural, educational, entertainment, or unique or unusual commercial activities whose principle source of visitation is derived from motorists not residing in the immediate locale of the activity. Such informational and directional signs shall comply with Title 23, United States Code and the rules adopted by the department under RCW 47.42.060." [1985 c 376 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.42.025 Exclusions from scenic system.** The following sections of the scenic and recreational highway system are excluded from the scenic system as defined in subsection (7) of \*RCW 47.42.020:

(1) Beginning on state route number 101 at the junction with Airport Road north of Shelton, thence north to a point two thousand feet north of Airport Road.

(2) Beginning on state route number 101 at the junction with Mill Creek Road south of Forks, thence north two and four-tenths miles to the Calawah River bridge.

(3) Beginning on state route number 105 at a point one-half mile southwest of the boundary of Aberdeen, thence northeast to the boundary of Aberdeen.

(4) Beginning on state route number 17 at a point nine-tenths of a mile west of Grape Drive in the vicinity of Moses Lake, thence easterly to a junction of Grape Drive.

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(5) Beginning on state route number 12 at a point one-half mile south of the south boundary of Dayton, thence northerly to the south boundary of Dayton.

(6) Beginning on state route number 14 one-half mile west of the west boundary of Bingen, thence east to a point one-half mile east of the east boundary of Bingen. [1971 ex.s. c 62 § 2.]

**\*Reviser's note:** RCW 47.42.020 was alphabetized pursuant to RCW 1.08.015(2)(k), changing subsection (7) to subsection (9).

**47.42.030 Signs visible from interstate, primary, or scenic systems restricted.** Except as permitted under this chapter, no person shall erect or maintain a sign which is visible from the main traveled way of the interstate system, the primary system, or the scenic system. In case a highway or a section of highway is both a part of the primary system and the scenic system, only those signs permitted along the scenic system shall be erected or maintained. [1971 ex.s. c 62 § 3; 1961 c 96 § 3.]

**47.42.040 Permissible signs classified.** It is declared to be the policy of the state that no signs which are visible from the main traveled way of the interstate system, primary system, or scenic system shall be erected or maintained except the following types:

(1) Directional or other official signs or notices that are required or authorized by law including signs with the Crime Stoppers name, logo, and telephone number;

(2) Signs advertising the sale or lease of the property upon which they are located;

(3) Signs advertising activities conducted on the property on which they are located;

(4) Signs, not inconsistent with the policy of this chapter and the national policy set forth in section 131 of title 23, United States Code as codified and enacted by Public Law 85-767 and amended only by section 106, Public Law 86-342, and the national standards promulgated thereunder by the secretary of commerce or the secretary of transportation, advertising activities being conducted at a location within twelve miles of the point at which such signs are located: PROVIDED, That no sign lawfully erected pursuant to this subsection adjacent to the interstate system and outside commercial and industrial areas shall be maintained by any person after three years from May 10, 1971;

(5) Signs, not inconsistent with the policy of this chapter and the national policy set forth in section 131 of title 23, United States Code as codified and enacted by Public Law 85-767 and amended only by section 106, Public Law 86-342, and the regulations promulgated thereunder by the secretary of commerce or the secretary of transportation, designed to give information in the specific interest of the traveling public: PROVIDED, That no sign lawfully erected pursuant to this subsection adjacent to the interstate system and outside commercial and industrial areas shall be maintained by any person after three years from May 10, 1971;

(6) Signs lawfully in existence on October 22, 1965, determined by the commission, subject to the approval of the United States secretary of transportation, to be landmark signs, including signs on farm structures or natural surfaces, of historic or artistic significance the preservation of which

would be consistent with the purposes of chapter 47.42 RCW;

(7) Public service signs, located on school bus stop shelters, which:

(a) Identify the donor, sponsor, or contributor of said shelters;

(b) Contain safety slogans or messages which occupy not less than sixty percent of the area of the sign;

(c) Contain no other message;

(d) Are located on school bus shelters which are authorized or approved by city, county, or state law, regulation, or ordinance, and at places approved by the city, county, or state agency controlling the highway involved; and

(e) Do not exceed thirty-two square feet in area. Not more than one sign on each shelter may face in any one direction.

Subsection (7) of this section notwithstanding, the department of transportation shall adopt regulations relating to the appearance of school bus shelters, the placement, size, and public service content of public service signs located thereon, and the prominence of the identification of the donors, sponsors, or contributors of the shelters;

(8) Temporary agricultural directional signs, with the following restrictions:

(a) Signs shall be posted only during the period of time the seasonal agricultural product is being sold;

(b) Signs shall not be placed adjacent to the interstate highway system unless the sign qualifies as an on-premise sign;

(c) Signs shall not be placed within an incorporated city or town;

(d) Premises on which the seasonal agricultural products are sold must be within fifteen miles of the state highway, and necessary supplemental signing on local roads must be provided before the installation of the signs on the state highway;

(e) Signs must be located so as not to restrict sight distances on approaches to intersections;

(f) The department shall establish a permit system and fee schedule and rules for the manufacturing, installation, and maintenance of these signs in accordance with the policy of this chapter;

(g) Signs in violation of these provisions shall be removed in accordance with the procedures in RCW 47.42.080;

Only signs of types 1, 2, 3, 7, and 8 may be erected or maintained within view of the scenic system. Signs of types 7 and 8 may also be erected or maintained within view of the federal aid primary system. [2001 c 107 § 1; 1991 c 94 § 2; 1990 c 258 § 2; 1985 c 376 § 3; 1979 c 69 § 1; 1975 1st ex.s. c 271 § 1; 1971 ex.s. c 62 § 4; 1961 c 96 § 4.]

**Legislative findings and intent—1990 c 258:** See note following RCW 47.40.100.

**Legislative intent—1985 c 376:** See note following RCW 47.42.020.

**47.42.045 Number of signs—Spacing—Tourist facility, business or agricultural signs.** (1) Not more than one type 3 sign visible to traffic proceeding in any one direction on an interstate system, primary system outside an incorporated city or town or commercial or industrial area, or scenic system highway may be permitted more than fifty feet from the advertised activity;

(2) A type 3 sign, other than one along any portion of the primary system within an incorporated city or town or within any commercial or industrial area, permitted more than fifty feet from the advertised activity pursuant to subsection (1) of this section shall not be erected or maintained a greater distance from the advertised activity than one of the following options selected by the owner of the business being advertised:

(a) One hundred fifty feet measured along the edge of the protected highway from the main entrance to the activity advertised (when applicable);

(b) One hundred fifty feet from the main building of the advertised activity; or

(c) Fifty feet from a regularly used parking lot maintained by and contiguous to the advertised activity.

(3) In addition to signs permitted by subsections (1) and (2) of this section, the commission may adopt regulations permitting one type 3 sign visible to traffic proceeding in any one direction on an interstate, primary or scenic system highway on premises which, on June 25, 1976, are used wholly or in part as an operating business, farm, ranch or orchard which sign bears only the name of the business, farm, ranch or orchard and a directional arrow or short directional message. Regulations adopted under this subsection shall prohibit the erection or maintenance of such type 3 signs on narrow strips of land a substantial distance from but connected with a business, farm, ranch or orchard. Signs permitted under this subsection shall not exceed fifty square feet in area.

(4) The commission with advice from the parks and recreation commission shall adopt specifications for a uniform system of official tourist facility directional signs to be used on the scenic system highways. Official directional signs shall be posted by the commission to inform motorists of types of tourist and recreational facilities available off the scenic system which are accessible by way of public or private roads intersecting scenic system highways. [1975-'76 2nd ex.s. c 55 § 2; 1974 ex.s. c 154 § 1; 1974 ex.s. c 138 § 1; 1971 ex.s. c 62 § 5.]

**47.42.048 State and local prohibitions.** Nothing in this chapter shall be construed to permit a person to erect or maintain a sign that is otherwise prohibited by statute or by the resolution or ordinance of any county, city or town of the state of Washington. [1974 ex.s. c 80 § 3.]

**47.42.050 Information signs by governmental units.** Information signs may be erected and maintained by the state, any county, city, or town. [1961 c 96 § 5.]

**47.42.055 Roadside area information panels or displays.** The department is authorized to erect roadside area information panels or displays adjacent to the state highway system within this state. The department may contract with private persons for the erection and operation of the information panels or displays. Compensation to the contractors shall be derived solely from the reasonable fees that the contractors will be permitted to charge participating businesses for making and exhibiting business signs and displays and for rendering services to tourists. [1985 c 376 § 5; 1984 c 7 § 225; 1977 ex.s. c 258 § 2.]

**Legislative intent—1985 c 376:** See note following RCW 47.42.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.42.060 Rules for signs visible from interstate and scenic systems—Judicial review.** The department shall adopt rules for the erection and maintenance of signs that are visible from the main traveled way of the interstate system and the scenic system and that are permitted by this chapter and other rules for the administration of this chapter consistent with the policy of this chapter and the national policy set forth in section 131, title 23, United States Code as codified and enacted by Public Law 85-767 and amended only by section 106, Public Law 86-342 and the regulations promulgated thereunder by the secretary of commerce or the secretary of transportation. Proceedings for review of any action taken by the department pursuant to this chapter shall be instituted by filing a petition only in the superior court of Thurston county. [1984 c 7 § 226; 1971 ex.s. c 62 § 6; 1961 c 96 § 6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.42.062 Signs visible from primary system in commercial and industrial areas—Requirements, restrictions, and prohibitions.** Signs within six hundred and sixty feet of the nearest edge of the right-of-way which are visible from the main traveled way of the primary system within commercial and industrial areas and whose size, lighting, and spacing are consistent with the customary use of property for the effective display of outdoor advertising as set forth in this section may be erected and maintained: PROVIDED, That this section shall not serve to restrict type 3 signs located along any portion of the primary system within an incorporated city or town or within any commercial or industrial area.

(1) General: Signs shall not be erected or maintained which (a) imitate or resemble any official traffic sign, signal, or device; (b) are erected or maintained upon trees or painted or drawn upon rocks or other natural features and which are structurally unsafe or in disrepair; or (c) have any visible moving parts.

(2) Size of signs:

(a) The maximum area for any one sign shall be six hundred seventy-two square feet with a maximum height of twenty-five feet and maximum length of fifty feet inclusive of any border and trim but excluding the base or apron, supports and other structural members: PROVIDED, That cut-outs and extensions may add up to twenty percent of additional sign area.

(b) For the purposes of this subsection, double-faced, back-to-back, or V-type signs shall be considered as two signs.

(c) Signs which exceed three hundred twenty-five square feet in area may not be double-faced (abutting and facing the same direction).

(3) Spacing of signs:

(a) Signs may not be located in such a manner as to obscure, or otherwise physically interfere with the effectiveness of an official traffic sign, signal, or device, obstruct or physically interfere with the driver's view of approaching, merging, or intersecting traffic.

(b) On limited access highways established pursuant to chapter 47.52 RCW no two signs shall be spaced less than

one thousand feet apart, and no sign may be located within three thousand feet of the center of an interchange, a safety rest area, or information center, or within one thousand feet of an intersection at grade. Double-faced signs shall be prohibited. Not more than a total of five sign structures shall be permitted on both sides of the highway per mile.

(c) On noncontrolled access highways inside the boundaries of incorporated cities and towns not more than a total of four sign structures on both sides of the highway within a space of six hundred sixty feet shall be permitted with a minimum of one hundred feet between sign structures. In no event, however, shall more than four sign structures be permitted between platted intersecting streets or highways. On noncontrolled access highways outside the boundaries of incorporated cities and towns minimum spacing between sign structures on each side of the highway shall be five hundred feet.

(d) For the purposes of this subsection, a back-to-back sign and a V-type sign shall be considered one sign structure.

(e) Official signs, and signs advertising activities conducted on the property on which they are located shall not be considered in determining compliance with the above spacing requirements. The minimum space between structures shall be measured along the nearest edge of the pavement between points directly opposite the signs along each side of the highway and shall apply to signs located on the same side of the highway.

(4) Lighting: Signs may be illuminated, subject to the following restrictions:

(a) Signs which contain, include, or are illuminated by any flashing, intermittent, or moving light or lights are prohibited, except those giving public service information such as time, date, temperature, weather, or similar information.

(b) Signs which are not effectively shielded as to prevent beams or rays of light from being directed at any portion of the traveled ways of the highway and which are of such intensity or brilliance as to cause glare or to impair the vision of the driver of any motor vehicle, or which otherwise interfere with any driver's operation of a motor vehicle are prohibited.

(c) No sign shall be so illuminated that it interferes with the effectiveness of, or obscures an official traffic sign, device, or signal.

(d) All such lighting shall be subject to any other provisions relating to lighting of signs presently applicable to all highways under the jurisdiction of the state. [1975 1st ex.s. c 271 § 3; 1974 ex.s. c 154 § 2; 1974 ex.s. c 138 § 2; 1971 ex.s. c 62 § 7.]

**47.42.063 Signs visible from primary system in commercial and industrial areas—Preexisting signs—Permissible signs—Spacing.** (1) Signs within six hundred and sixty feet of the nearest edge of the right-of-way lawfully erected and maintained which are visible from the main traveled way of the primary system within commercial and industrial areas on June 1, 1971 shall be permitted to remain and be maintained.

(2) Signs within six hundred and sixty feet of the nearest edge of the right-of-way which are visible from the main traveled way of the primary system within commercial and industrial areas whose size, lighting, and spacing are consistent with customary use as set forth in RCW 47.42.062 may

be erected and maintained. Signs lawfully erected and maintained on June 1, 1971 shall be included in the determination of spacing requirements for additional signs. [1975 1st ex.s. c 271 § 4; 1971 ex.s. c 62 § 8.]

**47.42.065 Signs viewable from other highways or streets—Requirements.** Notwithstanding any other provision of chapter 47.42 RCW, signs may be erected and maintained more than six hundred and sixty feet from the nearest edge of the right-of-way which are visible from the main traveled way of the interstate system, primary system, or scenic system when designed and oriented to be viewed from highways or streets other than the interstate system, primary system, or the scenic system and the advertising or informative contents of which may not be clearly comprehended by motorists using the main traveled way of the interstate system, primary system or scenic system. [1975 1st ex.s. c 271 § 5; 1971 ex.s. c 62 § 9.]

**47.42.070 State and local prohibitions.** Nothing in this chapter shall be construed to permit a person to erect or maintain any sign that is otherwise prohibited by statute or by the resolution or ordinance of any county, city, or town of the state of Washington. [1961 c 96 § 7.]

**47.42.080 Public nuisance—Abatement—Penalty.** (1) Any sign erected or maintained contrary to the provisions of this chapter or rules adopted hereunder that is designed to be viewed from the interstate system, the primary system, or the scenic system is a public nuisance, and the department, the chief of the Washington state patrol, the county sheriff, or the chief of police of any city or town shall notify the permittee or, if there is no permittee, the owner of the property on which the sign is located, by certified mail at his or her last known address, that it constitutes a public nuisance and must comply with the chapter or be removed.

(2) If the permittee or owner, as the case may be, fails to comply with the chapter or remove any such sign within fifteen days after being notified to remove the sign he or she is guilty of a misdemeanor. In addition to the penalties imposed by law upon conviction, an order may be entered compelling removal of the sign. Each day the sign is maintained constitutes a separate offense.

(3) If the permittee or the owner of the property upon which it is located, as the case may be, is not found or refuses receipt of the notice, the department, the chief of the Washington state patrol, the county sheriff, or the chief of police of any city or town shall post the sign and property upon which it is located with a notice that the sign constitutes a public nuisance and must be removed. If the sign is not removed within fifteen days after such posting, the department, the chief of the Washington state patrol, the county sheriff, or the chief of police of any city or town shall abate the nuisance and destroy the sign, and for that purpose may enter upon private property without incurring liability for doing so.

(4) Nothing in this section may be construed to affect the provisions contained in RCW 47.42.102 requiring the payment of compensation upon the removal of any signs compensable under state law.

(5) Any sign erected or maintained on state highway right-of-way contrary to this chapter or rules adopted under it is a public nuisance, and the department is authorized to remove any such sign without notice. [2010 c 8 § 10016; 1985 c 376 § 6; 1984 c 7 § 227; 1975-'76 2nd ex.s. c 55 § 1; 1971 ex.s. c 62 § 10; 1961 c 96 § 8.]

**Legislative intent—1985 c 376:** See note following RCW 47.42.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.42.090 Revocation of permit.** If any person is convicted of a violation of this chapter, or any rule adopted hereunder, the department may revoke any permit issued to that person under this chapter. [1984 c 7 § 228; 1961 c 96 § 9.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.42.100 Preexisting signs—Moratorium.** (1) No sign lawfully erected in a protected area as defined by section 2, chapter 96, Laws of 1961 (before the amendment thereof), prior to March 11, 1961, within a commercial or industrial zone within the boundaries of any city or town, as such boundaries existed on September 21, 1959, wherein the use of real property adjacent to the interstate system is subject to municipal regulation or control but which does not comply with the provisions of this chapter or any regulations promulgated hereunder, shall be maintained by any person after March 11, 1965.

(2) No sign lawfully erected in a protected area as defined by section 2, chapter 96, Laws of 1961 (before the amendment thereof), prior to March 11, 1961, other than within a commercial or industrial zone within the boundaries of a city or town as such boundaries existed on September 21, 1959, wherein the use of real property adjacent to the interstate system is subject to municipal regulation or control but which does not comply with the provisions of this chapter or any regulations promulgated hereunder, shall be maintained by any person after three years from March 11, 1961.

(3) No sign lawfully erected in a scenic area as defined by section 2, chapter 96, Laws of 1961 (before the amendment thereof), prior to the effective date of the designation of such area as a scenic area shall be maintained by any person after three years from the effective date of the designation of any such area as a scenic area.

(4) No sign visible from the main traveled way of the interstate system, the primary system (other than type 3 signs along any portion of the primary system within an incorporated city or town or within a commercial or industrial area), or the scenic system which was there lawfully maintained immediately prior to May 10, 1971, but which does not comply with the provisions of chapter 47.42 RCW as now or hereafter amended, shall be maintained by any person (a) after three years from May 10, 1971, or (b) with respect to any highway hereafter designated by the legislature as a part of the scenic system, after three years from the effective date of the designation. Signs located in areas zoned by the governing county for predominantly commercial or industrial uses, that do not have development visible to the highway, as determined by the department, and that were lawfully installed after May 10, 1971, visible to any highway now or hereafter designated by the legislature as part of the scenic system, shall be allowed to be maintained. [1993 c 430 § 11;

1974 ex.s. c 154 § 3; 1974 ex.s. c 138 § 3; 1971 ex.s. c 62 § 11; 1963 ex.s. c 3 § 55; 1961 c 96 § 10.]

**47.42.102 Compensation for removal of signs—Authorized—Applicability.** (1) Except as otherwise provided in subsection (3) of this section, just compensation shall be paid upon the removal of any sign (pursuant to the provisions of chapter 47.42 RCW), lawfully erected under state law, which is visible from the main traveled way of the interstate system or the primary system.

(2) Such compensation shall be paid for the following:

(a) The taking from the owner of such sign, display, or device of all right, title, leasehold, and interest in such sign, display, or device; and

(b) The taking from the owner of the real property on which the sign, display, or device is located, of the right to erect and maintain such signs, displays, and devices thereon.

(3) In no event, however, shall compensation be paid for the taking or removal of signs adjacent to the interstate system and the scenic system which became subject to removal pursuant to chapter 96, Laws of 1961 as amended by section 55, chapter 3, Laws of 1963 ex. sess. prior to May 10, 1971. [1975 1st ex.s. c 271 § 2; 1971 ex.s. c 62 § 12.]

**47.42.103 Compensation for removal—Action determining amount—Payment—State’s share.** (1) Compensation as required by RCW 47.42.102 shall be paid to the person or persons entitled thereto for the removal of such signs. If no agreement is reached on the amount of compensation to be paid, the department may institute an action by summons and complaint in the superior court for the county in which the sign is located to obtain a determination of the compensation to be paid. If the owner of the sign is unknown and cannot be ascertained after diligent efforts to do so, the department may remove the sign upon the payment of compensation only to the owner of the real property on which the sign is located. Thereafter the owner of the sign may file an action at any time within one year after the removal of the sign to obtain a determination of the amount of compensation he or she should receive for the loss of the sign. If either the owner of the sign or the owner of the real property on which the sign is located cannot be found within the state, service of the summons and complaint on such person for the purpose of obtaining a determination of the amount of compensation to be paid may be by publication in the manner provided by RCW 4.28.100.

(2) If compensation is determined by judicial proceedings, the sum so determined shall be paid into the registry of the court to be disbursed upon removal of the sign by its owner or by the owner of the real property on which the sign is located. If the amount of compensation is agreed upon, the department may pay the agreed sum into escrow to be released upon the removal of the sign by its owner or the owner of the real property on which the sign is located.

(3) The state’s share of compensation shall be paid from the motor vehicle fund, or if a court having jurisdiction enters a final judgment declaring that motor vehicle funds may not be used, then from the general fund. [2010 c 8 § 10017; 1984 c 7 § 229; 1971 ex.s. c 62 § 13.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

(2010 Ed.)

**47.42.104 Compensation for removal—Federal share—Acceptance.** The department may accept any allotment of funds by the United States, or any agency thereof, appropriated to carry out the purposes of section 131 of title 23, United States Code, as now or hereafter amended. The department shall take such steps as may be necessary from time to time to obtain from the United States, or the appropriate agency thereof, funds allotted and appropriated, pursuant to section 131, for the purpose of paying the federal share of the just compensation to be paid to sign owners and owners of real property under the terms of subsection (g) of section 131 and RCW 47.42.102, 47.42.103, and 47.42.104. [1984 c 7 § 230; 1971 ex.s. c 62 § 14.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.42.105 Unavailability of federal share.** No sign, display, or device shall be required to be removed if the federal share of the just compensation to be paid upon the removal of such sign, display, or device is not available to make such payment. [1971 ex.s. c 62 § 15.]

**47.42.107 Compensation for removal under local authority.** (1) Just compensation shall be paid upon the removal of any existing sign pursuant to the provisions of any resolution or ordinance of any county, city, or town of the state of Washington by such county, city, or town if:

(a) Such sign was lawfully in existence on May 10, 1971 (the effective date of the Scenic Vistas Act of 1971); or

(b) Such sign was erected subsequent to May 10, 1971 (the effective date of the Scenic Vistas Act of 1971), in compliance with existing state and local law.

(2) Such compensation shall be paid in the same manner as specified in RCW 47.42.102(2) for the following:

(a) The taking from the owner of such sign, display, or device of all right, title, leasehold, and interest in such sign, display, or device; and

(b) The taking from the owner of the real property on which the sign, display, or device is located, of the right to erect and maintain such signs, displays, and devices thereon. [1977 ex.s. c 141 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.42.110 Agreements for federal aid.** The department is authorized to enter into agreements (and such supplementary agreements as may be necessary) consistent with this chapter, with the secretary of commerce or the secretary of transportation authorized under section 131(b) of title 23, United States Code, as codified and enacted by Public Law 85-767 and amended only by section 106, Public Law 86-342, in order that the state may become eligible for increased federal aid as provided for in section 131 of title 23, United States Code, as codified and enacted by Public Law 85-767 and amended only by section 106, Public Law 86-342. [1984 c 7 § 231; 1971 ex.s. c 62 § 16; 1961 c 96 § 11.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.42.120 Permits—Application—Fees—Renewal—Permissible acts—Revocation.** Notwithstanding any other provisions of this chapter, no sign except a sign of type 1 or 2 or those type 3 signs that advertise activities conducted upon

the properties where the signs are located, may be erected or maintained without a permit issued by the department. Application for a permit shall be made to the department on forms furnished by it. The forms shall contain a statement that the owner or lessee of the land in question has consented thereto. For type 8 signs (temporary agricultural directional signs), when the land in question is owned by the department, the consent statement must be reviewed and, if the sign does not create a safety concern, be approved within ten days of application by the department. The application shall be accompanied by a fee established by department rule to be deposited with the state treasurer to the credit of the motor vehicle fund. Permits shall be for the remainder of the calendar year in which they are issued, and accompanying fees shall not be prorated for fractions of the year. Permits must be renewed annually through a certification process established by department rule. Advertising copy may be changed at any time without the payment of an additional fee. Assignment of permits in good standing is effective only upon receipt of written notice of assignment by the department. A permit may be revoked after hearing if the department finds that any statement made in the application or annual certification process was false or misleading, or that the sign covered is not in good general condition and in a reasonable state of repair, or is otherwise in violation of this chapter, if the false or misleading information has not been corrected and the sign has not been brought into compliance with this chapter or rules adopted under it within thirty days after written notification. [2010 c 138 § 2; 1999 c 276 § 1; 1984 c 7 § 232; 1971 ex.s. c 62 § 17; 1961 c 96 § 12.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.42.130 Permit identification number.** Every permit issued by the department shall be assigned a separate identification number, and each permittee shall fasten to each sign a weatherproof label, not larger than sixteen square inches, that shall be furnished by the department and on which shall be plainly visible the permit number. The permittee shall also place his or her name in a conspicuous position on the front or back of each sign. The failure of a sign to have such a label affixed to it is prima facie evidence that it is not in compliance with the provisions of this chapter. [1999 c 276 § 2; 1984 c 7 § 233; 1961 c 96 § 13.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.42.140 Scenic areas designated.** The following portions of state highways are designated as a part of the scenic system:

(1) State route number 2 beginning at the crossing of Woods creek at the east city limits of Monroe, thence in an easterly direction by way of Stevens pass to a junction with state route number 97 in the vicinity of Peshastin.

(2) State route number 7 beginning at a junction with state route number 706 at Elbe, thence in a northerly direction to a junction with state route number 507 south of Spanaway.

(3) State route number 11 beginning at the Blanchard overcrossing, thence in a northerly direction to the limits of Larabee state park (north line of section 36, township 37 north, range 2 east).

(4) State route number 12 beginning at Kosmos south-east of Morton, thence in an easterly direction across White pass to the Oak Flat junction with state route number 410 northwest of Yakima.

(5) State route number 90 beginning at the westerly junction with West Lake Sammamish parkway in the vicinity of Issaquah, thence in an easterly direction by way of North Bend and Snoqualmie pass to a junction with state route number 970 at Cle Elum.

(6) State route number 97 beginning at a junction with state route number 970 at Virden, thence via Blewett pass to a junction with state route number 2 in the vicinity of Peshastin.

(7) State route number 106 beginning at the junction with state route number 101 in the vicinity of Union, thence northeasterly to the junction with state route number 3 in the vicinity of Belfair.

(8) State route number 123 beginning at a junction with state route number 12 at Ohanapecosh junction in the vicinity west of White pass, thence in a northerly direction to a junction with state route number 410 at Cayuse junction in the vicinity west of Chinook pass.

(9) State route number 165 beginning at the northwest entrance to Mount Rainier national park, thence in a northerly direction to a junction with state route number 162 east of the town of South Prairie.

(10) State route number 206, Mt. Spokane Park Drive, beginning at the junction with state route number 2 near the north line section 3, township 26 N, range 43 E, thence northeasterly to a point in section 28, township 28 N, range 45 E at the entrance to Mt. Spokane state park.

(11) State route number 305, beginning at the ferry slip at Winslow on Bainbridge Island, thence northwesterly by way of Agate Pass bridge to a junction with state route number 3 approximately four miles northwest of Poulsbo.

(12) State route number 410 beginning at the crossing of Scatter creek approximately six miles east of Enumclaw, thence in an easterly direction by way of Chinook pass to a junction of state route number 12 and state route number 410.

(13) State route number 706 beginning at a junction with state route number 7 at Elbe thence in an easterly direction to the southwest entrance to Mount Rainier national park.

(14) State route number 970 beginning at a junction with state route number 90 in the vicinity of Cle Elum thence via Teanaway to a junction with state route number 97 in the vicinity of Virden. [1993 c 430 § 12; 1992 c 26 § 3; 1975 c 63 § 9; 1974 ex.s. c 138 § 4. Prior: 1971 ex.s. c 73 § 28; 1971 ex.s. c 62 § 18; 1961 c 96 § 14. Cf. 1974 ex.s. c 154 § 4.]

**47.42.900 Severability—1961 c 96.** If any provision of this chapter or its application to any person or circumstance is held invalid, the remainder of the chapter, or the application of the provision to other persons or circumstances is not affected. [1961 c 96 § 16.]

**47.42.901 Severability—1963 ex.s. c 3.** If any provision of \*section 55 of this amendatory act shall be held to be invalid or shall be held to invalidate any provision of chapter 96, Laws of 1961 (chapter 47.42 RCW), then that provision of this amendatory act shall be of no force and effect and the

provisions of chapter 96, Laws of 1961 (chapter 47.42 RCW) shall continue in effect. [1963 ex.s. c 3 § 56.]

**\*Reviser's note:** The reference to "section 55 of this amendatory act" is to the 1963 amendment of RCW 47.42.100.

**47.42.902 Severability—1971 ex.s. c 62.** If any provision of this act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected. [1971 ex.s. c 62 § 20.]

**47.42.910 Short title—1961 c 96.** This chapter shall be known and may be cited as the highway advertising control act of 1961. [1961 c 96 § 17.]

**47.42.911 Short title—1971 ex.s. c 62.** This chapter may be cited as the "Scenic Vistas Act." [1999 c 276 § 3; 1971 ex.s. c 62 § 19.]

**47.42.920 Federal requirements—Conflict and accord.** If the secretary of the United States department of transportation finds any part of this chapter to be in conflict with federal requirements that are a prescribed condition to the allocation of federal funds to the state, the conflicting part of this chapter is hereby declared to be inoperative solely to the extent of the conflict and with respect to the agencies directly affected, and such finding or determination shall not affect the operation of the remainder of this chapter in its application to the agencies concerned. The rules under this chapter shall meet federal requirements that are a necessary condition to the receipt of federal funds by the state. [1985 c 142 § 4.]

## Chapter 47.44 RCW

### FRANCHISES ON STATE HIGHWAYS

#### Sections

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47.44.150	Measure of damages.

#### **47.44.010 Wire and pipe line and tram and railway franchises—Application—Rules on hearing and notice.**

(1) The department of transportation may grant franchises to persons, associations, private or municipal corporations, the United States government, or any agency thereof, to use any state highway for the construction and maintenance of water pipes, flume, gas, oil or coal pipes, telephone, telegraph and electric light and power lines and conduits, trams or railways, and any structures or facilities that are part of an urban public transportation system owned or operated by a municipal corporation, agency, or department of the state of Washington other than the department of transportation, and any other such facilities. In order to minimize the disruption to traffic

and damage to the roadway, the department is encouraged to develop a joint trenching policy with other affected jurisdictions so that all permittees and franchisees requiring access to ground under the roadway may do so at one time.

(2) All applications for the franchise must be made in writing and subscribed by the applicant, and describe the state highway or portion thereof over which franchise is desired and the nature of the franchise. The application must also include the identification of all jurisdictions affected by the franchise and the names of other possible franchisees who should receive notice of the application for a franchise.

(3) The department of transportation shall adopt rules providing for a hearing or an opportunity for a hearing with reasonable public notice thereof with respect to any franchise application involving the construction and maintenance of utilities or other facilities within the highway right-of-way which the department determines may (a) during construction, significantly disrupt the flow of traffic or use of driveways or other facilities within the right-of-way, or (b) during or following construction, cause a significant and adverse effect upon the surrounding environment. [2001 c 201 § 5; 1980 c 28 § 1; 1975 1st ex.s. c 46 § 1; 1967 c 108 § 7; 1963 c 70 § 1; 1961 ex.s. c 21 § 26; 1961 c 13 § 47.44.010. Prior: 1943 c 265 § 2; 1937 c 53 § 83; Rem. Supp. 1943 § 6400-83.]

*Urban public transportation system defined: RCW 47.04.082.*

#### **47.44.020 Grant of franchise—Conditions—Hearing.**

(1) If the department of transportation deems it to be for the public interest, the franchise may be granted in whole or in part, with or without hearing under such regulations and conditions as the department may prescribe, with or without compensation, but not in excess of the reasonable cost for investigating, handling, and granting the franchise. The department may require that the utility and appurtenances be so placed on the highway that they will, in its opinion, least interfere with other uses of the highway.

(2) If a hearing is held, it must be conducted by the department, and may be adjourned from time to time until completed. The applicant may be required to produce all facts pertaining to the franchise, and evidence may be taken for and against granting it.

(3) The facility must be made subject to removal when necessary for the construction, alteration, repair, or improvement of the highway and at the expense of the franchise holder, except that the state shall pay the cost of the removal whenever the state is entitled to receive proportionate reimbursement therefor from the United States in the cases and in the manner set forth in RCW 47.44.030. Renewal upon expiration of a franchise must be by application.

(4) A person constructing or operating such a utility on a state highway is liable to any person injured thereby for any damages incident to the work of installation or the continuation of the occupancy of the highway by the utility, and except as provided above, is liable to the state for all necessary expenses incurred in restoring the highway to a permanent suitable condition for travel. A person constructing or operating such a utility on a state highway is also liable to the state for all necessary expenses incurred in inspecting the construction and restoring the pavement or other related transportation equipment or facilities to a permanent condi-

tion suitable for travel and operation in accordance with requirements set by the department. Permit and franchise holders are also financially responsible to the department for trenching work not completed within the contractual period and for compensating for the loss of useful pavement life caused by trenching. No franchise may be granted for a longer period than fifty years, and no exclusive franchise or privilege may be granted.

(5) The holder of a franchise granted under this section is financially responsible to the department for trenching work not completed within the period of the permit and for compensating for the loss of useful pavement life caused by trenching. In the case of common trenching operations, liability under this subsection will be assessed equally between the franchisees. The assessed parties may thereafter pursue claims of contribution or indemnity in accord with such fault as may be determined by arbitration or other legal action. [2001 c 201 § 6; 1980 c 28 § 2; 1975 1st ex.s. c 46 § 2; 1961 c 13 § 47.44.020. Prior: 1959 c 330 § 1; 1937 c 53 § 84; RRS § 6400-84.]

**47.44.030 Removal of facilities—Notice—Reimbursement, when.** If the department deems it necessary that a facility be removed from the highway for the safety of persons traveling thereon or for construction, alteration, improvement, or maintenance purposes, it shall give notice to the franchise holder to remove the facility at his or her expense and as the department orders. However, notwithstanding any contrary provision of law or of any existing or future franchise held by a public utility, the department shall pay or reimburse the owner for relocation or removal of any publicly, privately, or cooperatively owned public utility facilities when necessitated by the construction, reconstruction, relocation, or improvement of a highway that is part of the national system of interstate and defense highways for each item of cost for which the state is entitled to be reimbursed by the United States in an amount equal to at least ninety percent thereof under the provisions of section 123 of the federal aid highway act of 1958 and any other subsequent act of congress under which the state is entitled to be reimbursed by the United States in an amount equal to at least ninety percent of the cost of relocation of utility facilities on the national system of interstate and defense highways. [1984 c 7 § 234; 1961 c 13 § 47.44.030. Prior: 1959 c 330 § 2; 1937 c 53 § 85; RRS § 6400-85.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.44.031 Removal of facilities—Limitation.** The provisions of RCW 47.44.030 authorizing the department to pay or reimburse the owner of a utility apply only to relocation or removal of utility facilities required by state construction contracts which are advertised for bids by the department after June 30, 1959. [1984 c 7 § 235; 1961 c 13 § 47.44.031. Prior: 1959 c 330 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.44.040 Franchises across joint bridges.** Whenever any bridge exists on the route of any state highway and crosses any stream, body of water, gulch, navigable water, swamp, or other topographical formation constituting the

boundary of this state or the boundary of a county, city, or town of this state and the bridge is owned or operated by this state jointly with any such county, city, or town, or with any municipal corporation of this state, or with such other state or with any county, city, or town of such other state, the department is empowered to join with the proper officials of the county, city, or town, or the municipal corporation of this state or of such other state or of such county, city, or town of such other state in granting franchises to persons or private or municipal corporations for the construction and maintenance on the bridge of water pipes, flumes, gas pipes, telephone, telegraph, and electric light and power lines and conduits, trams and railways, and any structures or facilities that are part of an urban public transportation system owned or operated by a municipal corporation, agency, or department of the state of Washington other than the department, or any other such facilities. All such franchises shall be granted in the same manner as provided for the granting of like franchises on state highways. Any revenue accruing to the state of Washington from the franchises shall be paid to the state treasurer and deposited to the credit of the fund from which this state's share of the cost of joint operation of the bridge is paid. [1984 c 7 § 236; 1967 c 108 § 8; 1961 c 13 § 47.44.040. Prior: 1937 c 53 § 86; RRS § 6400-86.]

*Urban public transportation system defined: RCW 47.04.082.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.44.050 Permit for short distances.** (1) The department may grant a permit to construct or maintain on, over, across, or along any state highway any water, gas, telephone, telegraph, light, power, or other such facilities when they do not extend along the state highway for a distance greater than three hundred feet. The department may require such information as it deems necessary in the application for any such permit, and may grant or withhold the permit within its discretion. Any permit granted may be canceled at any time, and any facilities remaining upon the right-of-way of the state highway after thirty days written notice of the cancellation are an unlawful obstruction and may be removed in the manner provided by law.

(2) The holder of a permit granted under this section is financially responsible to the department for trenching work not completed within the period of the permit and for compensating for the loss of useful pavement life caused by trenching. In the case of common trenching operations, liability under this subsection will be assessed equally between the permit holders. The assessed parties may thereafter pursue claims of contribution or indemnity in accord with such fault as may be determined by arbitration or other legal action. [2001 c 201 § 7; 1984 c 7 § 237; 1961 c 13 § 47.44.050. Prior: 1943 c 265 § 3; 1937 c 53 § 87; Rem. Supp. 1943 § 6400-87.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.44.060 Penalties.** (1) Any person, firm, or corporation who constructs or maintains on, over, across, or along any state highway any water pipe, flume, gas pipe, telegraph, telephone, electric light, or power lines, or tram or railway, or any other such facilities, without having first obtained and having at all times in full force and effect a franchise or permit to do so in the manner provided by law is guilty of a mis-

demeanor. Each day of violation is a separate and distinct offense.

(2) Any person, firm, or corporation who constructs or maintains on, over, across, or along any state highway any water pipe, flume, gas pipe, telegraph, telephone, electric light or power lines, or tram or railway, or any other such facilities, without having first obtained and having at all times in full force and effect a franchise or permit to do so in the manner provided by law is liable for a civil penalty of one hundred dollars per calendar day beginning forty-five days from the date notice is given and until application is made for a franchise or permit or until the facility is removed as required by notice. The state shall give notice by certified mail that a franchise or permit is required or the facility must be removed and shall include in the notice sufficient information to identify the portion of right-of-way in question. Notice is effective upon delivery.

(3) If a person, firm or corporation does not apply for a permit or franchise within forty-five days of notice given in accordance with subsection (2) of this section or the state determines that the facility constructed or maintained without a permit or franchise would not be granted a permit or franchise, the state may order the facility to be removed within such time period as the state may specify. If the facility is not removed, the state, in addition to any other remedy, may remove the facility at the expense of the owner. [1989 c 224 § 1; 1961 c 13 § 47.44.060. Prior: 1943 c 265 § 1; 1937 c 53 § 82; Rem. Supp. 1943 § 6400-82.]

**47.44.070 Franchises to use toll facility property.** See RCW 47.56.256.

**47.44.081 Exception—Leases for deployment of personal wireless service facilities.** This chapter does not apply to leases issued for the deployment of personal wireless service facilities as provided in RCW 47.04.045. [2003 c 244 § 3.]

**47.44.150 Measure of damages.** In any action for damages against the state of Washington, its agents, contractors, or employees by reason of damages to a utility or other facility located on a state highway, the damages are limited to the cost of repair of the utility or facility and are recoverable only in those instances where the utility or facility is authorized to be located on the state highway. However, the state is subject to the penalties provided in RCW 19.122.070 (1) and (2) only if the state has failed to give a notice meeting the requirements of RCW 19.122.030 to utilities or facilities that are authorized to be located on the state highway. [1989 c 196 § 1.]

## Chapter 47.46 RCW PUBLIC-PRIVATE TRANSPORTATION INITIATIVES

### Sections

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(2010 Ed.)

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47.46.900	Effective date—1993 c 370.

### **47.46.010 Finding.** The legislature finds and declares:

It is essential for the economic, social, and environmental well-being of the state and the maintenance of a high quality of life that the people of the state have an efficient transportation system.

The ability of the state to provide an efficient transportation system will be enhanced by a public-private sector program providing for private entities to undertake all or a portion of the study, planning, design, development, financing, acquisition, installation, construction or improvement, operation, and maintenance of transportation systems and facility projects.

A public-private initiatives program will provide benefits to both the public and private sectors. Public-private initiatives provide a sound economic investment opportunity for the private sector. Such initiatives will provide the state with increased access to property development and project opportunities, financial and development expertise, and will supplement state transportation revenues, allowing the state to use its limited resources for other needed projects.

The public-private initiatives program, to the fullest extent possible, should encourage and promote business and employment opportunities for Washington state citizens.

The public-private initiatives program shall be implemented in cooperation, consultation, and with the support of the affected communities and local jurisdictions.

The secretary of transportation should be permitted and encouraged to test the feasibility of building privately funded transportation systems and facilities or segments thereof through the use of innovative agreements with the private sector. The secretary of transportation should be vested with the authority to solicit, evaluate, negotiate, and administer public-private agreements with the private sector relating to the planning, construction, upgrading, or reconstruction of transportation systems and facilities.

Agreements negotiated under a public-private initiatives program will not bestow on private entities an immediate right to construct and operate the proposed transportation facilities. Rather, agreements will grant to private entities the opportunity to design the proposed facilities, demonstrate public support for proposed facilities, and complete the planning processes required in order to obtain a future decision by the department of transportation and other state and local lead agencies on whether the facilities should be permitted and built.

Agreements negotiated under the public-private initiatives program should establish the conditions under which the private developer may secure the approval necessary to develop and operate the proposed transportation facilities; create a framework to attract the private capital necessary to finance their development; ensure that the transportation facilities will be designed, constructed, and operated in accordance with applicable local, regional, state, and federal laws and the applicable standards and policies of the department of transportation; and require a demonstration that the proposed transportation facility has the support of the affected communities and local jurisdictions.

The legislature finds that the Puget Sound congestion pricing project, selected under this chapter, raises major transportation policy, economic, and equity concerns. These relate to the integrity of the state's high occupancy vehicle program; the cost-effective movement of freight and goods; the diversion of traffic to local streets and arterials; and possible financial hardship to commuters. The legislature further finds that these potential economic and social impacts require comprehensive legislative review prior to advancement of the project and directs that the secretary not proceed with the implementation of the project without prior approval of the legislature.

The department of transportation should be encouraged to take advantage of new opportunities provided by federal legislation under section 1012 of the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). That section establishes a new program authorizing federal participation in construction or improvement or improvement of publicly or privately owned toll roads, bridges, and tunnels, and allows states to leverage available federal funds as a means for attracting private sector capital. [1995 2nd sp.s. c 19 § 1; 1993 c 370 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.46.011 Finding—Intent—2002 c 114.** The legislature finds that greater flexibility to provide state financing for projects developed under chapter 47.46 RCW will result in better use of public resources, lower financing costs, and potential savings to taxpayers. The legislature intends to: Clarify the ability of the department of transportation to use public and private financing for projects selected and developed under chapter 47.46 RCW; provide the department with specific means of state financing where that financing is in the public's best interest; provide citizens living in the impacted areas a statutory mechanism to review proposed toll rates and provide input before adoption of toll schedules by the toll authority; and prevent unreasonable delay of critical transportation projects that are essential for public safety and welfare. [2002 c 114 § 1.]

**Captions not law—2002 c 114:** "Captions used in this act do not constitute any part of the law." [2002 c 114 § 26.]

**47.46.020 Definition. (Contingent expiration date.)** As used in this chapter, "transportation systems and facilities" means capital-related improvements and additions to the state's transportation infrastructure, including but not limited to highways, roads, bridges, vehicles, and equipment, marine-related facilities, vehicles, and equipment, park and ride lots, transit stations and equipment, transportation man-

agement systems, and other transportation-related investments. [1993 c 370 § 2.]

**47.46.020 Definitions. (Contingent effective date.)** As used in this chapter:

(1) "Electronic toll collection system" means a system that collects tolls by crediting or debiting funds from a customer's unique prepaid tolling account.

(2) "Photo toll" means a charge associated with a particular vehicle that can only be identified by its license plate. A photo toll may be paid through one of the following methods:

(a) A customer-initiated account that is prepaid or post-paid.

(b) In response to a toll bill that is sent to the registered owner of the vehicle incurring the photo toll charge. The toll bill may designate a toll payment due date for the photo toll assessed.

(3) "Photo toll system" means a camera-based imaging system that uses digital video or still image formats to record license plate images of vehicles using toll lanes for the purpose of collecting a photo toll.

(4) "Toll payment due date" means the date when a toll must be paid to avoid a toll violation civil penalty. The toll payment due date is eighty days from the date the vehicle uses the toll facility and incurs the toll charge.

(5) "Transportation systems and facilities" means capital-related improvements and additions to the state's transportation infrastructure, including but not limited to highways, roads, bridges, vehicles, and equipment, marine-related facilities, vehicles, and equipment, park and ride lots, transit stations and equipment, transportation management systems, and other transportation-related investments. [2010 c 249 § 2; 1993 c 370 § 2.]

**Contingent effective date—2010 c 249:** See note following RCW 47.56.795.

**47.46.030 Demonstration projects—Selection—Public involvement.** (1) The secretary or a designee shall solicit proposals from, and negotiate and enter into agreements with, private entities to undertake as appropriate, together with the department and other public entities, all or a portion of the study, planning, design, construction, operation, and maintenance of transportation systems and facilities, using in whole or in part public or private sources of financing.

The public-private initiatives program may develop up to six demonstration projects. Each proposal shall be weighed on its own merits, and each of the six agreements shall be negotiated individually, and as a stand-alone project.

(2) If project proposals selected prior to September 1, 1994, are terminated by the public or private sectors, the department shall not select any new projects, including project proposals submitted to the department prior to September 1, 1994, and designated by the transportation commission as placeholder projects, after June 16, 1995, until June 30, 1997.

The department, in consultation with the legislative transportation committee, shall conduct a program and fiscal audit of the public-private initiatives program for the biennium ending June 30, 1997. The department shall submit a progress report to the legislative transportation committee on the program and fiscal audit by June 30, 1996, with prelimi-

nary and final audit reports due December 1, 1996, and June 30, 1997, respectively.

The department shall develop and submit a proposed public involvement plan to the 1997 legislature to identify the process for selecting new potential projects and the associated costs of implementing the plan. The legislature must adopt the public involvement plan before the department may proceed with any activity related to project identification and selection. Following legislative adoption of the public involvement plan, the department is authorized to implement the plan and to identify potential new projects.

The public involvement plan for projects selected after June 30, 1997, shall, at a minimum, identify projects that: (a) Have the potential of achieving overall public support among users of the projects, residents of communities in the vicinity of the projects, and residents of communities impacted by the projects; (b) meet a state transportation need; (c) provide a significant state benefit; and (d) provide competition among proposers and maximum cost benefits to users. Prospective projects may include projects identified by the department or submitted by the private sector.

Projects that meet the minimum criteria established under this section and the requirements of the public involvement plan developed by the department and approved by the legislature shall be submitted to the Washington state transportation commission for its review. Forty-five days after the submission to the commission of the list of eligible projects, the secretary is authorized to solicit proposals for the eligible project.

(3) Prior to entering into agreements with private entities under the requirements of RCW 47.46.040 for any project proposal selected before September 1, 1994, or after June 30, 1997, except as provided for in subsections (11) and (12) of this section, the department shall require an advisory vote as provided under subsections (5) through (9) of this section.

(4) The advisory vote shall apply to project proposals selected prior to September 1, 1994, or after June 30, 1997, that receive public opposition as demonstrated by the submission to the department of original petitions bearing at least five thousand signatures of individuals opposing the project collected and submitted in accordance with the dates established in subsections (11) and (12) of this section. The advisory vote shall be on the preferred alternative identified under the requirements of chapter 43.21C RCW and, if applicable, the national environmental policy act, 42 U.S.C. 4321 et seq. The execution by the department of the advisory vote process established in this section is subject to the prior appropriation of funds by the legislature for the purpose of conducting environmental impact studies, a public involvement program, local involvement committee activities, traffic and economic impact analyses, engineering and technical studies, and the advisory vote.

(5) In preparing for the advisory vote, the department shall conduct a comprehensive analysis of traffic patterns and economic impact to define the geographical boundary of the project area that is affected by the imposition of tolls or user fees authorized under this chapter. The area so defined is referred to in this section as the affected project area. In defining the affected project area, the department shall, at a minimum, undertake: (a) A comparison of the estimated percentage of residents of communities in the vicinity of the

project and in other communities impacted by the project who could be subject to tolls or user fees and the estimated percentage of other users and transient traffic that could be subject to tolls or user fees; (b) an analysis of the anticipated traffic diversion patterns; (c) an analysis of the potential economic impact resulting from proposed toll rates or user fee rates imposed on residents, commercial traffic, and commercial entities in communities in the vicinity of and impacted by the project; (d) an analysis of the economic impact of tolls or user fees on the price of goods and services generally; and (e) an analysis of the relationship of the project to state transportation needs and benefits.

(6)(a) After determining the definition of the affected project area, the department shall establish a committee comprised of individuals who represent cities and counties in the affected project area; organizations formed to support or oppose the project; and users of the project. The committee shall be named the public-private local involvement committee, and be known as the local involvement committee.

(b) The members of the local involvement committee shall be: (i) An elected official from each city within the affected project area; (ii) an elected official from each county within the affected project area; (iii) two persons from each county within the affected project area who represent an organization formed in support of the project, if the organization exists; (iv) two persons from each county within the affected project area who represent an organization formed to oppose the project, if the organization exists; and (v) four public members active in a statewide transportation organization. If the committee makeup results in an even number of committee members, there shall be an additional appointment of an elected official from the county in which all, or the greatest portion of the project is located.

(c) City and county elected officials shall be appointed by a majority of the members of the city or county legislative authorities of each city or county within the affected project area, respectively. The county legislative authority of each county within the affected project area shall identify and validate organizations officially formed in support of or in opposition to the project and shall make the appointments required under this section from a list submitted by the chair of the organizations. Public members shall be appointed by the governor. All appointments to the local involvement committee shall be made and submitted to the department of transportation no later than January 1, 1996, for projects selected prior to September 1, 1994, and no later than thirty days after the affected project area is defined for projects selected after June 30, 1997. Vacancies in the membership of the local involvement committee shall be filled by the appointing authority under (b)(i) through (v) of this subsection for each position on the committee.

(d) The local involvement committee shall serve in an advisory capacity to the department on all matters related to the execution of the advisory vote.

(e) Members of the local involvement committee serve without compensation and may not receive subsistence, lodging expenses, or travel expenses.

(7) The department shall conduct a minimum thirty-day public comment period on the definition of the geographical boundary of the project area. The department, in consultation with the local involvement committee, shall make adjust-

ments, if required, to the definition of the geographical boundary of the affected project area, based on comments received from the public. Within fourteen calendar days after the public comment period, the department shall set the boundaries of the affected project area in units no smaller than a precinct as defined in RCW 29A.04.121.

(8) The department, in consultation with the local involvement committee, shall develop a description for selected project proposals. After developing the description of the project proposal, the department shall publish the project proposal description in newspapers of general circulation for seven calendar days in the affected project area. Within fourteen calendar days after the last day of the publication of the project proposal description, the department shall transmit a copy of the map depicting the affected project area and the description of the project proposal to the county auditor of the county in which any portion of the affected project area is located.

(9) Upon receipt of the map and the description of the project proposal, the county auditor shall, within thirty days, verify the precincts that are located within the affected project area. The county auditor shall prepare the text identifying and describing the affected project area and the project proposal using the definition of the geographical boundary of the affected project area and the project description submitted by the department and shall set an election date for the submission of a ballot proposition authorizing the imposition of tolls or user fees to implement the proposed project within the affected project area, which date may be the next succeeding general election to be held in the state, or at a special election, if requested by the department. The text of the project proposal must appear in a voter's pamphlet for the affected project area. The department shall pay the costs of publication and distribution. The special election date must be the next date for a special election provided under RCW 29A.04.330 that is at least sixty days but, if authorized under RCW 29A.04.330, no more than ninety days after the receipt of the final map and project description by the auditor. The department shall pay the cost of an election held under this section.

(10) Notwithstanding any other provision of law, the department may contract with a private developer of a selected project proposal to conduct environmental impact studies, a public involvement program, and engineering and technical studies funded by the legislature. For projects subject to this subsection, the department shall not enter into an agreement under RCW 47.46.040 prior to the advisory vote on the preferred alternative.

(11) Subsections (5) through (9) of this section shall not apply to project proposals selected prior to September 1, 1994, that have no organized public opposition as demonstrated by the submission to the department of original petitions bearing at least five thousand signatures of individuals opposing the project, collected and submitted after September 1, 1994, and by thirty calendar days after June 16, 1995.

(12) Subsections (5) through (9) of this section shall not apply to project proposals selected after June 30, 1997, that have no organized public opposition as demonstrated by the submission to the department of original petitions bearing at least five thousand signatures of individuals opposing the project, collected and submitted by ninety calendar days after

project selection. [2005 c 319 § 132; 2002 c 114 § 3; 1996 c 280 § 1; 1995 2nd sp.s. c 19 § 2; 1993 c 370 § 3.]

**Findings—Intent—Part headings—Effective dates—2005 c 319:** See notes following RCW 43.17.020.

**Finding—Intent—2002 c 114:** See RCW 47.46.011.

**Captions not law—2002 c 114:** See note following RCW 47.46.011.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.46.040 Demonstration projects—Terms of agreements—Public participation.** (1) The secretary or a designee shall consult with legal, financial, and other experts within and outside state government in the negotiation and development of the agreements.

(2) Agreements may provide for private ownership of the projects during the construction period. After completion and final acceptance of each project or discrete segment thereof, the agreement may provide for state ownership of the transportation systems and facilities and lease to the private entity unless the state elects to provide for ownership of the facility by the private entity during the term of the agreement.

The state may lease each of the demonstration projects, or applicable project segments, to the private entities for operating purposes for up to fifty years.

(3) The department may exercise any power possessed by it to facilitate the development, construction, financing operation, and maintenance of transportation projects under this section. Agreements for maintenance services entered into under this section shall provide for full reimbursement for services rendered by the department or other state agencies. Agreements for police services for projects, involving state highway routes, developed under agreements shall be entered into with the Washington state patrol. The agreement for police services shall provide that the state patrol will be reimbursed for costs on a comparable basis with the costs incurred for comparable service on other state highway routes. The department may provide services for which it is reimbursed, including but not limited to preliminary planning, environmental certification, and preliminary design of the demonstration projects.

(4) The plans and specifications for each project constructed under this section shall comply with the department's standards for state projects. A facility constructed by and leased to a private entity is deemed to be a part of the state highway system for purposes of identification, maintenance, and enforcement of traffic laws and for the purposes of applicable sections of this title. Upon reversion of the facility to the state, the project must meet all applicable state standards. Agreements shall address responsibility for reconstruction or renovations that are required in order for a facility to meet all applicable state standards upon reversion of the facility to the state.

(5) For the purpose of facilitating these projects and to assist the private entity in the financing, development, construction, and operation of the transportation systems and facilities, the agreements may include provisions for the department to exercise its authority, including the lease of facilities, rights-of-way, and airspace, exercise of the power of eminent domain, granting of development rights and opportunities, granting of necessary easements and rights of access, issuance of permits and other authorizations, protec-

tion from competition, remedies in the event of default of either of the parties, granting of contractual and real property rights, liability during construction and the term of the lease, authority to negotiate acquisition of rights-of-way in excess of appraised value, and any other provision deemed necessary by the secretary.

(6) The agreements entered into under this section may include provisions authorizing the state to grant necessary easements and lease to a private entity existing rights-of-way or rights-of-way subsequently acquired with public or private financing. The agreements may also include provisions to lease to the entity airspace above or below the right-of-way associated or to be associated with the private entity's transportation facility. In consideration for the reversion rights in these privately constructed facilities, the department may negotiate a charge for the lease of airspace rights during the term of the agreement for a period not to exceed fifty years. If, after the expiration of this period, the department continues to lease these airspace rights to the private entity, it shall do so only at fair market value. The agreement may also provide the private entity the right of first refusal to undertake projects utilizing airspace owned by the state in the vicinity of the public-private project.

(7) Agreements under this section may include any contractual provision that is necessary to protect the project revenues required to repay the costs incurred to study, plan, design, finance, acquire, build, install, operate, enforce laws, and maintain toll highways, bridges, and tunnels and which will not unreasonably inhibit or prohibit the development of additional public transportation systems and facilities. Agreements under this section must secure and maintain liability insurance coverage in amounts appropriate to protect the project's viability and may address state indemnification of the private entity for design and construction liability where the state has approved relevant design and construction plans.

(8) Agreements entered into under this section shall include a process that provides for public involvement in decision making with respect to the development of the projects.

(9)(a) In carrying out the public involvement process required in subsection (8) of this section, the private entity shall proactively seek public participation through a process appropriate to the characteristics of the project that assesses and demonstrates public support among: Users of the project, residents of communities in the vicinity of the project, and residents of communities impacted by the project.

(b) The private entity shall conduct a comprehensive public involvement process that provides, periodically throughout the development and implementation of the project, users and residents of communities in the affected project area an opportunity to comment upon key issues regarding the project including, but not limited to: (i) Alternative sizes and scopes; (ii) design; (iii) environmental assessment; (iv) right-of-way and access plans; (v) traffic impacts; (vi) tolling or user fee strategies and tolling or user fee ranges; (vii) project cost; (viii) construction impacts; (ix) facility operation; and (x) any other salient characteristics.

(c) If the affected project area has not been defined, the private entity shall define the affected project area by con-

ducting, at a minimum: (i) A comparison of the estimated percentage of residents of communities in the vicinity of the project and in other communities impacted by the project who could be subject to tolls or user fees and the estimated percentage of other users and transient traffic that could be subject to tolls or user fees; (ii) an analysis of the anticipated traffic diversion patterns; (iii) an analysis of the potential economic impact resulting from proposed toll rates or user fee rates imposed on residents, commercial traffic, and commercial entities in communities in the vicinity of and impacted by the project; (iv) an analysis of the economic impact of tolls or user fees on the price of goods and services generally; and (v) an analysis of the relationship of the project to state transportation needs and benefits.

The agreement may require an advisory vote by users of and residents in the affected project area.

(d) In seeking public participation, the private entity shall establish a local involvement committee or committees comprised of residents of the affected project area, individuals who represent cities and counties in the affected project area, organizations formed to support or oppose the project, if such organizations exist, and users of the project. The private entity shall, at a minimum, establish a committee as required under the specifications of RCW 47.46.030(6)(b) (ii) and (iii) and appointments to such committee shall be made no later than thirty days after the project area is defined.

(e) Local involvement committees shall act in an advisory capacity to the department and the private entity on all issues related to the development and implementation of the public involvement process established under this section.

(f) The department and the private entity shall provide the local involvement committees with progress reports on the status of the public involvement process including the results of an advisory vote, if any occurs.

(10) Nothing in this chapter limits the right of the secretary and his or her agents to render such advice and to make such recommendations as they deem to be in the best interests of the state and the public. [2005 c 319 § 133; 2002 c 114 § 16; 2001 c 64 § 14; 1995 2nd sp.s. c 19 § 3; 1993 c 370 § 4.]

**Findings—Intent—Part headings—Effective dates—2005 c 319:** See notes following RCW 43.17.020.

**Finding—Intent—2002 c 114:** See RCW 47.46.011.

**Captions not law—2002 c 114:** See note following RCW 47.46.011.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.46.050 Financial arrangements.** (1) The department may enter into agreements using federal, state, and local financing in connection with the projects, including without limitation, grants, loans, and other measures authorized by section 1012 of ISTEA, and to do such things as necessary and desirable to maximize the funding and financing, including the formation of a revolving loan fund to implement this section.

(2) Agreements entered into under this section may authorize the private entity to lease the facilities within a designated area or areas from the state and to impose user fees or tolls within the designated area to allow a reasonable rate of return on investment, as established through a negotiated agreement between the state and the private entity. The negotiated agreement shall determine a maximum development

fee and, where appropriate, a maximum rate of return on investment, based on project and financing characteristics. If the negotiated rate of return on investment or development fee is not affected, the private entity may establish and modify toll rates and user fees.

(3) Agreements that include a maximum rate of return may establish "incentive" rates of return beyond the negotiated maximum rate of return on investment. The incentive rates of return shall be designed to provide financial benefits to the affected public jurisdictions and the private entity, given the attainment of various safety, performance, or transportation demand management goals. The incentive rates of return shall be negotiated in the agreement.

(4) Agreements shall require that over the term of the ownership or lease the user fees or toll revenues be applied only to payment of:

(a) The capital outlay costs for the project, including the costs associated with planning, design, development, financing, construction, improvement, operations, toll collection, maintenance, and administration of the project;

(b) The reimbursement to the state for all costs associated with an election as required under RCW 47.46.030, the costs of project review and oversight, and technical and law enforcement services;

(c) The establishment of a fund to assure the adequacy of maintenance expenditures; and

(d) A reasonable return on investment to the private entity. A negotiated agreement shall not extend the term of the ownership or lease beyond the period of time required for payment of the private entity's capital outlay costs for the project under this subsection. [2002 c 114 § 17; 1995 2nd sp.s. c 19 § 4; 1993 c 370 § 5.]

**Finding—Intent—2002 c 114:** See RCW 47.46.011.

**Captions not law—2002 c 114:** See note following RCW 47.46.011.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.46.060 Deferral of taxes—Application—Repayment.** (1) Any person, including the department of transportation and any private entity or entities, may apply for deferral of taxes on the site preparation for, the construction of, the acquisition of any related machinery and equipment which will become a part of, and the rental of equipment for use in the state route number 16 corridor improvements project under this chapter. Application shall be made to the department of revenue in a form and manner prescribed by the department of revenue. The application shall contain information regarding estimated or actual costs, time schedules for completion and operation, and other information required by the department of revenue. The department of revenue shall approve the application within sixty days if it meets the requirements of this section.

(2) The department of revenue shall issue a sales and use tax deferral certificate for state and local sales and use taxes due under chapters 82.08, 82.12, and 82.14 RCW on the project.

(3) The department of transportation or a private entity granted a tax deferral under this section shall begin paying the deferred taxes in the fifth year after the date certified by the department of revenue as the date on which the project is operationally complete. The first payment is due on Decem-

ber 31st of the fifth calendar year after such certified date, with subsequent annual payments due on December 31st of the following nine years. Each payment shall equal ten percent of the deferred tax. The project is operationally complete under this section when the collection of tolls is commenced for the state route number 16 improvements covered by the deferral.

(4) The department of revenue may authorize an accelerated repayment schedule upon request of the department of transportation or a private entity granted a deferral under this section.

(5) Interest shall not be charged on any taxes deferred under this section for the period of deferral, although all other penalties and interest applicable to delinquent excise taxes may be assessed and imposed for delinquent payments under this section. The debt for deferred taxes is not extinguished by insolvency or other failure of the private entity. Transfer of ownership does not terminate the deferral.

(6) Applications and any other information received by the department of revenue under this section are not confidential and are subject to disclosure. Chapter 82.32 RCW applies to the administration of this section. [2002 c 114 § 18; 1998 c 179 § 4.]

**Finding—Intent—2002 c 114:** See RCW 47.46.011.

**Captions not law—2002 c 114:** See note following RCW 47.46.011.

**Finding—1998 c 179:** See note following RCW 35.21.718.

**47.46.070 Use of state bonds on certain projects.** (1) To the extent that the legislature specifically appropriates funding for a project developed under this chapter using the proceeds of bonds issued by the state, an agreement for the design or construction of the project entered into by the secretary must incorporate provisions that are consistent with the use of the state financing provided by the appropriation.

(2) The secretary shall amend existing agreements or execute new agreements to comply with subsection (1) of this section.

(3) If the secretary is unable to reach agreement with other parties on contractual provisions providing for state financing, the secretary shall not enter into an agreement, or shall take no action with respect to an agreement, or shall exercise termination provisions, whichever option in the secretary's determination will result in the lowest net cost to the state. [2002 c 114 § 4.]

**Finding—Intent—2002 c 114:** See RCW 47.46.011.

**Captions not law—2002 c 114:** See note following RCW 47.46.011.

**47.46.080 State toll facilities authorized for projects.** The department may provide for the establishment and construction of state toll bridge facilities upon any public highways of this state together with approaches to them under agreements entered into under this chapter to develop such facilities. A state toll bridge facility authorized under this section includes, but is not limited to, the construction of an additional toll bridge, including approaches, adjacent to and within two miles of an existing bridge, the imposition of tolls on both bridges, and the operation of both bridges as one toll facility. [2002 c 114 § 5.]

**Finding—Intent—2002 c 114:** See RCW 47.46.011.

**Captions not law—2002 c 114:** See note following RCW 47.46.011.

**47.46.090 Citizen advisory committee—Tolls.** (1) A citizen advisory committee must be created for any project developed under this chapter that imposes toll charges for use of a transportation facility. The governor shall appoint nine members to the committee, all of whom must be permanent residents of the affected project area as defined for each project. Members of the committee shall serve without compensation.

(2) The citizen advisory committee shall serve in an advisory capacity to the commission on all matters related to the imposition of tolls including, but not limited to, (a) the feasibility of providing discounts to frequent users, electronic transponder users, senior citizens, or students; (b) the tradeoff of lower tolls versus the early retirement of debt; and (c) a consideration of variable, or time of day pricing.

(3) No toll charge may be imposed or modified unless the citizen advisory committee has been given at least twenty days to review and comment on any proposed toll charge schedule. In setting toll rates, the commission shall give consideration to any recommendations of the citizen advisory committee. [2005 c 329 § 1; 2002 c 114 § 6.]

**Finding—Intent—2002 c 114:** See RCW 47.46.011.

**Captions not law—2002 c 114:** See note following RCW 47.46.011.

**47.46.091 Tacoma Narrows bridge citizen advisory committee.** The Tacoma Narrows bridge citizen advisory committee is hereby created as directed under RCW 47.46.090. The advisory committee members shall be appointed proportionately, to the extent practicable, from those areas from which the majority of the trips originate on the bridge according to the latest traffic analysis by the department. [2005 c 329 § 2.]

**47.46.100 Tolls—Setting—Lien on.** (1) The commission shall fix the rates of toll and other charges for all toll bridges built under this chapter that are financed primarily by bonds issued by the state. Subject to RCW 47.46.090, the commission may impose and modify toll charges from time to time as conditions warrant.

(2) In establishing toll charges, the commission shall give due consideration to any required costs for operating and maintaining the toll bridge or toll bridges, including the cost of insurance, and to any amount required by law to meet the redemption of bonds and interest payments on them.

(3) The toll charges must be imposed in amounts sufficient to:

(a) Provide annual revenue sufficient to provide for annual operating and maintenance expenses, except as provided in RCW 47.56.245;

(b) Make payments required under RCW 47.56.165 and 47.46.140, including insurance costs and the payment of principal and interest on bonds issued for any particular toll bridge or toll bridges; and

(c) Repay the motor vehicle fund under RCW 47.46.110, 47.56.165, and 47.46.140.

(4) The bond principal and interest payments, including repayment of the motor vehicle fund for amounts transferred from that fund to provide for such principal and interest payments, constitute a first direct and exclusive charge and lien on all tolls and other revenues from the toll bridge concerned,

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subject to operating and maintenance expenses. [2002 c 114 § 7.]

**Finding—Intent—2002 c 114:** See RCW 47.46.011.

**Captions not law—2002 c 114:** See note following RCW 47.46.011.

**47.46.105 Tolls—Collection. (Contingent expiration date.)** (1) Tolls may be collected by any system that identifies the correct toll and collects the payment. Systems may include manual cash collection, electronic toll collection, and photo monitoring systems.

(a) "Electronic toll collection system" means a system of collecting tolls or charges that is capable of charging the account of the toll patron the appropriate toll or charge by electronic transmission from the motor vehicle to the toll collection system, which information is used to charge the appropriate toll or charge to the patron's account. The department shall adopt rules that allow an open standard for automatic vehicle identification transponders used for electronic toll collection to be compatible with other electronic payment devices or transponders from the Washington state ferry system, other public transportation systems, or other toll collection systems to the extent that technology permits. The rules must also allow for multiple vendors providing electronic payment devices or transponders as technology permits.

(b) "Photo monitoring system" means a vehicle sensor installed to work in conjunction with an electronic toll collection system in a toll facility that automatically produces one or more photographs, one or more microphotographs, a videotape, or other recorded images of each vehicle at the time it is used or operated within a toll facility.

(c) No photograph, digital photograph, microphotograph, videotape, or other recorded image may be used for any purpose other than toll enforcement, nor retained longer than necessary to verify that tolls are paid, or to enforce toll evasion violations.

(2) The department shall adopt rules to govern toll collection. [2004 c 230 § 2.]

**47.46.105 Tolls—Electronic toll collection and photo toll systems—Administrative fees—Violation. (Contingent effective date.)** (1) A toll collection system may include, but is not limited to, electronic toll collection and photo tolling.

(2)(a) A photo toll system may take photographs, digital photographs, microphotographs, videotapes, or other recorded images of the vehicle and vehicle license plate only.

(b) Notwithstanding any other provision of law, all photographs, digital photographs, microphotographs, videotape, other recorded images, or other records identifying a specific instance of travel prepared under this chapter are for the exclusive use of the tolling agency for toll collection and enforcement purposes and are not open to the public and may not be used in a court in a pending action or proceeding unless the action or proceeding relates to a civil penalty under RCW 46.63.160. No photograph, digital photograph, microphotograph, videotape, other recorded image, or other record identifying a specific instance of travel may be used for any purpose other than toll collection or enforcement of civil penalties under RCW 46.63.160. Records identifying a specific

instance of travel by a specific person or vehicle must be retained only as required to ensure payment and enforcement of tolls and to comply with state records retention policies.

(3) The department and its agents shall only use electronic toll collection system technology for toll collection purposes.

(4) Tolls may be collected and paid by the following methods:

(a) A customer may pay an electronic toll through an electronic toll collection account;

(b) A customer who does not have an electronic toll collection account may pay a photo toll either through a customer-initiated payment or in response to a toll bill; or

(c) A customer who does not have an electronic toll collection account may pay with cash on toll facilities that have a manual cash collection system.

(5) To the extent practicable, the department shall adopt electronic toll collection options, which allow for anonymous customer accounts and anonymous accounts that are not linked to a specific vehicle.

(6) The transportation commission shall adopt rules, in accordance with chapter 34.05 RCW, to assess administrative fees as appropriate for toll collection processes. Administrative fees must not exceed toll collection costs. All administrative fees collected under this section must be deposited into the toll facility account of the facility on which the toll was assessed.

(7) Failure to pay a photo toll by the toll payment due date is a violation for which a notice of civil penalty may be issued under RCW 46.63.160. [2010 c 249 § 4; 2004 c 230 § 2.]

**Contingent effective date—2010 c 249:** See note following RCW 47.56.795.

**47.46.110 Tolls—Term, use.** (1) The commission shall retain toll charges on any existing and future facilities constructed under this chapter and financed primarily by bonds issued by the state until:

(a) All costs of investigation, financing, acquisition of property, and construction advanced from the motor vehicle fund have been fully repaid, except as provided in subsection (2)(b) of this section;

(b) Obligations incurred in constructing that facility have been fully paid; and

(c) The motor vehicle fund is fully repaid under RCW 47.46.140.

(2) This section does not:

(a) Prohibit the use of toll revenues to fund maintenance, operations, or management of facilities constructed under this chapter except as prohibited by RCW 47.56.245;

(b) Require repayment of funds specifically appropriated as a nonreimbursable state financial contribution to a project.

(3) Notwithstanding the provisions of subsection (2)(a) of this section, upon satisfaction of the conditions enumerated in subsection (1) of this section:

(a) The facility must be operated as a toll-free facility; and

(b) The operation, maintenance, upkeep, and repair of the facility must be paid from funds appropriated for the use of the department for the construction and maintenance of the

primary state highways of the state of Washington. [2002 c 114 § 8.]

**Finding—Intent—2002 c 114:** See RCW 47.46.011.

**Captions not law—2002 c 114:** See note following RCW 47.46.011.

**47.46.120 Toll increases in excess of fiscal growth factor.** Pursuant to RCW 43.135.055, the legislature authorizes the transportation commission to increase bridge tolls in excess of the fiscal growth factor. [2002 c 114 § 9.]

**Finding—Intent—2002 c 114:** See RCW 47.46.011.

**Captions not law—2002 c 114:** See note following RCW 47.46.011.

**47.46.130 Use of state bond proceeds.** Proceeds of the sale of bonds issued by the state for projects constructed under this chapter must be deposited in the state treasury to the credit of a special account designated for those purposes. Those proceeds must be expended only for the purposes enumerated in this chapter, for payment of the expense incurred in the issuance and sale of any such bonds, and to repay the motor vehicle fund for any sums advanced to pay the cost of surveys, location, design, development, right-of-way, and other activities related to the financing and construction of the bridge and its approaches. [2002 c 114 § 10.]

**Finding—Intent—2002 c 114:** See RCW 47.46.011.

**Captions not law—2002 c 114:** See note following RCW 47.46.011.

**47.46.140 Repayment of motor vehicle fund from toll charges.** Toll charges must be used to repay the motor vehicle fund consistent with RCW 47.56.165 for any amounts transferred from the motor vehicle fund to the highway bond retirement fund under RCW 47.10.847 to provide for bond retirement and interest on bonds issued for the Tacoma Narrows public-private initiative project. Toll charges must remain on any facility financed by bonds issued by the state for a length of time necessary to repay the motor vehicle fund for any amounts expended from that fund for the design, development, right-of-way, financing, construction, maintenance, repair, or operation of the toll facility or for amounts transferred from the motor vehicle fund to the highway bond retirement fund under RCW 47.10.847 to provide for bond retirement and interest on bonds issued for the Tacoma Narrows public-private initiative project. Funds specifically appropriated as a nonreimbursable state financial contribution to the project do not require repayment. [2002 c 114 § 12.]

**Finding—Intent—2002 c 114:** See RCW 47.46.011.

**Captions not law—2002 c 114:** See note following RCW 47.46.011.

**47.46.150 Alteration not a new proposal.** If a proposal is or has been selected for the design, development, construction, maintenance, or operation of transportation systems or facilities under this chapter, subsequent agreements may be made to implement portions of the proposal that modify the proposal or that do not incorporate all the features of the proposal. Any such modified agreement does not require the solicitation or consideration of additional proposals for all or any portion of the services rendered under that modified agreement. Modified agreements may provide for the reimbursement of expenses and fees incurred under earlier agreements. [2002 c 114 § 13.]

**Finding—Intent—2002 c 114:** See RCW 47.46.011.

**Captions not law—2002 c 114:** See note following RCW 47.46.011.

**47.46.160 Applicable rules and statutes.** All projects designed, constructed, and operated under this chapter must comply with all applicable rules and statutes in existence at the time the agreement is executed, including but not limited to the following provisions: Chapter 39.12 RCW, this title, \*RCW 41.06.380, chapter 47.64 RCW, RCW 49.60.180, and 49 C.F.R. Part 21. [2002 c 114 § 14.]

\*Reviser's note: RCW 41.06.380 was repealed by 2002 c 354 § 403, effective July 1, 2005.

**Finding—Intent—2002 c 114:** See RCW 47.46.011.

**Captions not law—2002 c 114:** See note following RCW 47.46.011.

**47.46.170 Application of RCW 47.46.040 and 47.46.050.** RCW 47.46.040 and 47.46.050 apply only to those agreements that include private sources of financing in whole or in part. [2002 c 114 § 15.]

**Finding—Intent—2002 c 114:** See RCW 47.46.011.

**Captions not law—2002 c 114:** See note following RCW 47.46.011.

**47.46.180 Legislative oversight committee.** A legislative oversight committee is established to monitor and report on the progress, execution, and efficiency of design-build contracts issued under this chapter. The legislative oversight committee will be comprised of one legislator from each caucus of each chamber of the legislature. The leadership of each caucus shall appoint one member from his or her respective caucus to serve on the legislative oversight committee authorized by this section. [2002 c 114 § 25.]

**Finding—Intent—2002 c 114:** See RCW 47.46.011.

**Captions not law—2002 c 114:** See note following RCW 47.46.011.

**47.46.900 Effective date—1993 c 370.** This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and shall take effect July 1, 1993. [1993 c 370 § 7.]

## Chapter 47.48 RCW CLOSING HIGHWAYS AND RESTRICTING TRAFFIC

### Sections

47.48.010	Closure or restriction authorized—Restriction for urban public transportation system use.
47.48.020	Notice of closure or restriction—Emergency closure.
47.48.031	Emergency closures by state patrol.
47.48.040	Penalty.
47.48.050	Transportation of radioactive or hazardous cargo—Definition—Violation, penalty.
47.48.060	Registry of persons allowed access to property to conduct fire prevention despite closures—Liability.

*Closure of Camas slough:* RCW 88.28.055.

**47.48.010 Closure or restriction authorized—Restriction for urban public transportation system use.** Whenever the condition of any state highway, county road, or city street, either newly or previously constructed, altered, repaired, or improved, or any part thereof is such that for any reason its unrestricted use or continued use by vehicles or by

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any class of vehicles will greatly damage that state highway, county road, or city street, or will be dangerous to traffic, or it is being constructed, altered, repaired, improved, or maintained in such a manner as to require that use of the state highway, county road, or city street, or any portion thereof be closed or restricted as to all vehicles or any class of vehicles for any period of time, the secretary, if it is a state highway, the county legislative authority, if it is a county road, or the governing body of any city or town, if it is a city street, is authorized to close the state highway, county road, or city street, as the case may be, to travel by all vehicles or by any class of vehicles, or may declare a lower maximum speed for any class of vehicles, for such a definite period as it shall determine. Nothing in the law of this state prevents the secretary, county legislative authority, or governing body of any city or town from classifying vehicles according to gross weight, axle weight, height, width, length, braking area, performance, vehicle combinations, or tire equipment for the purposes of this section, or from restricting the use of any portion of any state highway, county road, or city street, as the case may be, to its use by an urban public transportation system. [1984 c 7 § 238; 1977 ex.s. c 216 § 1; 1967 c 108 § 9; 1961 c 13 § 47.48.010. Prior: 1937 c 53 § 65; RRS § 6400-65; prior: 1929 c 214 § 1; 1927 c 232 § 1; 1921 c 21 § 1; RRS § 6839.]

*Restrictions on public highways to prevent damage:* RCW 46.44.080.

*Urban public transportation system defined:* RCW 47.04.082.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.48.020 Notice of closure or restriction—Emergency closure.** Before any state highway, county road, or city street is closed to, or the maximum speed limit thereon reduced for, all vehicles or any class of vehicles, a notice thereof including the effective date shall be published in one issue of a newspaper of general circulation in the county or city or town in which such state highway, county road, or city street or any portion thereof to be closed is located; and a like notice shall be posted on or prior to the date of publication of such notice in a conspicuous place at each end of the state highway, county road, or city street or portion thereof to be closed or restricted: PROVIDED, That no such state highway, county road, or city street or portion thereof may be closed sooner than three days after the publication and the posting of the notice herein provided for: PROVIDED, HOWEVER, That in cases of emergency or conditions in which the maximum time the closure will be in effect is twelve hours or less the proper officers may, without publication or delay, close state highways, county roads, and city streets temporarily by posting notices at each end of the closed portion thereof and at all intersecting state highways if the closing be of a portion of a state highway, at all intersecting state highways and county roads if the closing be a portion of a county road, and at all intersecting city streets if the closing be of a city street. In all emergency cases or conditions in which the maximum time the closure will be in effect is twelve hours or less, as herein provided, the orders of the proper authorities shall be immediately effective. [1982 c 145 § 5; 1977 ex.s. c 216 § 2; 1961 c 13 § 47.48.020. Prior: 1937 c 53 § 66, part; RRS § 6400-66, part; prior: 1921 c 21

§ 2, part; RRS § 6840, part. Formerly RCW 47.48.020 and 47.48.030.]

**47.48.031 Emergency closures by state patrol.** (1) Whenever the chief or another officer of the state patrol determines on the basis of a traffic investigation that an emergency exists or less than safe road conditions exist due to human-caused or natural disasters or extreme weather conditions upon any state highway, or any part thereof, state patrol officers may determine and declare closures and temporarily reroute traffic from any such affected highway.

(2) Any alteration of vehicular traffic on any state highway due to closure in emergency conditions is effective until such alteration has been approved or altered by the secretary of transportation or other department of transportation authorities in their local respective jurisdictions.

(3) All state highway closures by officers of the state patrol shall be immediately reported to the secretary of transportation and to other authorities in their local jurisdictions. [1981 c 197 § 1.]

**47.48.040 Penalty.** Except as provided under RCW 47.48.060, when any state highway, county road, or city street or portion thereof shall have been closed, or when the maximum speed limit thereon shall have been reduced, for all vehicles or any class of vehicles, as by law provided, any person, firm, or corporation disregarding such closing or reduced speed limit shall be guilty of a misdemeanor, and shall in addition to any penalty for violation of the provisions of this section, be liable in any civil action instituted in the name of the state of Washington or the county or city or town having jurisdiction for any damages occasioned to such state highway, county road, or city street, as the case may be, as the result of disregarding such closing or reduced speed limit. [2007 c 252 § 3; 1977 ex.s. c 216 § 3; 1961 c 13 § 47.48.040. Prior: 1937 c 53 § 67; RRS § 6400-67; prior: 1921 c 21 § 3; RRS § 6841.]

**47.48.050 Transportation of radioactive or hazardous cargo—Definition—Violation, penalty.** The chief or other officer of the Washington state patrol may prohibit the transportation of placarded radioactive or hazardous cargo over the highways of the state, or a portion thereof, if weather or other conditions create a substantial risk to public safety. For the purposes of this section hazardous cargo shall mean hazardous materials as defined in RCW 70.136.020(1). Violation of an order issued under this section constitutes a misdemeanor. [1983 c 205 § 1.]

*Regulations on notice of prohibition on radioactive or hazardous cargo: RCW 47.01.270.*

**47.48.060 Registry of persons allowed access to property to conduct fire prevention despite closures—Liability.** (1) Each county sheriff may, until a model policy pursuant to RCW 36.28A.140 is developed and implemented in the sheriff's county, establish and maintain a registry of persons authorized to access their land during a forest [fire] or wild-fire. Upon request, the sheriff must include in the registry persons who demonstrate ownership of agriculture land or forest land within the county and who possess equipment that

may be used for fire prevention or suppression activities. Persons included in the registry must be allowed to access their property to conduct fire prevention or suppression activities despite the closure of any state highway, county road, or city street under this chapter.

(2)(a) Residents, landowners, and others in lawful possession and control of land in the state are not liable for unintentional injuries or loss suffered by persons entering upon, or passing through, their land pursuant to this section.

(b) Federal, state, and local agencies, and their employees, are not liable for any action, or failure to act, when facilitating the access described in this section. [2007 c 252 § 2.]

## Chapter 47.50 RCW

### HIGHWAY ACCESS MANAGEMENT

#### Sections

47.50.010	Findings—Access.
47.50.020	Definitions—Access.
47.50.030	Regulating connections.
47.50.040	Access permits.
47.50.050	Permit fee.
47.50.060	Permit review process.
47.50.070	Permit conditions.
47.50.080	Permit removal.
47.50.090	Access management standards.

**47.50.010 Findings—Access.** (1) The legislature finds that:

(a) Regulation of access to the state highway system is necessary in order to protect the public health, safety, and welfare, to preserve the functional integrity of the state highway system, and to promote the safe and efficient movement of people and goods within the state;

(b) The development of an access management program, in accordance with this chapter, which coordinates land use planning decisions by local governments and investments in the state highway system, will serve to control the proliferation of connections and other access approaches to and from the state highway system. Without such a program, the health, safety, and welfare of the residents of this state are at risk, due to the fact that uncontrolled access to the state highway system is a significant contributing factor to the congestion and functional deterioration of the system; and

(c) The development of an access management program in accordance with this chapter will enhance the development of an effective transportation system and increase the traffic-carrying capacity of the state highway system and thereby reduce the incidences of traffic accidents, personal injury, and property damage or loss; mitigate environmental degradation; promote sound economic growth and the growth management goals of the state; reduce highway maintenance costs and the necessity for costly traffic operations measures; lengthen the effective life of transportation facilities in the state, thus preserving the public investment in such facilities; and shorten response time for emergency vehicles.

(2) In furtherance of these findings, all state highways are hereby declared to be controlled access facilities as defined in RCW 47.50.020, except those highways that are defined as limited access facilities in chapter 47.52 RCW.

(3) It is the policy of the legislature that:

(a) The access rights of an owner of property abutting the state highway system are subordinate to the public's right and interest in a safe and efficient highway system; and

(b) Every owner of property which abuts a state highway has a right to reasonable access to that highway, unless such access has been acquired pursuant to chapter 47.52 RCW, but may not have the right of a particular means of access. The right of access to the state highway may be restricted if, pursuant to local regulation, reasonable access can be provided to another public road which abuts the property.

(4) The legislature declares that it is the purpose of this chapter to provide a coordinated planning process for the permitting of access points on the state highway system to effectuate the findings and policies under this section.

(5) Nothing in this chapter shall affect the right to full compensation under section 16, Article I of the state Constitution. [1991 c 202 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.50.020 Definitions—Access.** Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Controlled access facility" means a transportation facility to which access is regulated by the governmental entity having jurisdiction over the facility. Owners or occupants of abutting lands and other persons have a right of access to or from such facility at such points only and in such manner as may be determined by the governmental entity.

(2) "Connection" means approaches, driveways, turnouts, or other means of providing for the right of access to or from controlled access facilities on the state highway system.

(3) "Permitting authority" means the department for connections in unincorporated areas or a city or town within incorporated areas which are authorized to regulate access to state highways pursuant to chapter 47.24 RCW. [1991 c 202 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.50.030 Regulating connections.** (1) Vehicular access and connections to or from the state highway system shall be regulated by the permitting authority in accordance with the provisions of this chapter in order to protect the public health, safety, and welfare.

(2) The department shall by July 1, 1992, adopt administrative procedures pursuant to chapter 34.05 RCW which establish state highway access standards and rules for its issuance and modification of access permits, closing of unpermitted connections, revocation of permits, and waiver provisions in accordance with this chapter. The department shall consult with the association of Washington cities and obtain concurrence of the city design standards committee as established by RCW 35.78.030 in the development and adoption of rules for access standards for city streets designated as state highways under chapter 47.24 RCW.

(3) Cities and towns shall, no later than July 1, 1993, adopt standards for access permitting on streets designated as state highways which meet or exceed the department's standards, provided that such standards may not be inconsistent with standards adopted by the department. [1991 c 202 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

(2010 Ed.)

**47.50.040 Access permits.** (1) No connection to a state highway shall be constructed or altered without obtaining an access permit in accordance with this chapter in advance of such action. A permitting authority has the authority to deny access to the state highway system at the location specified in the permit until the permittee constructs or alters the connection in accordance with the permit requirements.

(2) The cost of construction or alteration of a connection shall be borne by the permittee, except for alterations which are not required by law or administrative rule, but are made at the request of and for the convenience of the permitting authority. The permittee, however, shall bear the cost of alteration of any connection which is required by the permitting authority due to increased or altered traffic flows generated by changes in the permittee's facilities or nature of business conducted at the location specified in the permit.

(3) Except as otherwise provided in this chapter, an unpermitted connection is subject to closure by the appropriate permitting authority which shall have the right to install barriers across or remove the connection. When the permitting authority determines that a connection is unpermitted and subject to closure, it shall provide reasonable notice of its impending action to the owner of property served by the connection. The permitting authority's procedures for providing notice and preventing the operation of unpermitted connections shall be adopted by rule. [1991 c 202 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.50.050 Permit fee.** The department shall establish by rule a schedule of fees for permit applications made to the department. The fee shall be nonrefundable and shall be used only to offset the costs of administering the access permit review process and the costs associated with administering the provisions of this chapter. [1991 c 202 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.50.060 Permit review process.** The review process for access permit applications made by the department shall be as follows: Any person seeking an access permit shall file an application with the department. The department by rule shall establish application form and content requirements. The fee required by RCW 47.50.050 must accompany the applications. [1991 c 202 § 6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.50.070 Permit conditions.** The permitting authority may issue a permit subject to any conditions necessary to carry out the provisions of this chapter, including, but not limited to, requiring the use of a joint-use connection. The permitting authority may revoke a permit if the applicant fails to comply with the conditions upon which the issuance of the permit was predicated. [1991 c 202 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.50.080 Permit removal.** (1) Unpermitted connections to the state highway system in existence on July 1, 1990, shall not require the issuance of a permit and may continue to provide access to the state highway system, unless the permitting authority determines that such a connection does not meet minimum acceptable standards of highway

safety. However, a permitting authority may require that a permit be obtained for such a connection if a significant change occurs in the use, design, or traffic flow of the connection or of the state highway to which it provides access. If a permit is not obtained, the connection may be closed pursuant to RCW 47.50.040.

(2) Access permits granted prior to adoption of the permitting authorities' standards shall remain valid until modified or revoked. Access connections to state highways identified on plats and subdivisions approved prior to July 1, 1991, shall be deemed to be permitted pursuant to chapter 202, Laws of 1991. The permitting authority may, after written notification, under rules adopted in accordance with RCW 47.50.030, modify or revoke an access permit granted prior to adoption of the standards by requiring relocation, alteration, or closure of the connection if a significant change occurs in the use, design, or traffic flow of the connection.

(3) The permitting authority may issue a nonconforming access permit after finding that to deny an access permit would leave the property without a reasonable means of access to the public roads of this state. Every nonconforming access permit shall specify limits on the maximum vehicular use of the connection and shall be conditioned on the availability of future alternative means of access for which access permits can be obtained. [1991 c 202 § 8.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.50.090 Access management standards.** (1) The department shall develop, adopt, and maintain an access control classification system for all routes on the state highway system, the purpose of which shall be to provide for the implementation and continuing applications of the provision of this chapter.

(2) The principal component of the access control classification system shall be access management standards, the purpose of which shall be to provide specific minimum standards to be adhered to in the planning for and approval of access to state highways.

(3) The control classification system shall be developed consistent with the following:

(a) The department shall, no later than January 1, 1993, adopt rules setting forth procedures governing the implementation of the access control classification system required by this chapter. The rule shall provide for input from the entities described in (b) of this subsection as well as for public meetings to discuss the access control classification system. Nothing in this chapter shall affect the validity of the department's existing or subsequently adopted rules concerning access to the state highway system. Such rules shall remain in effect until repealed or replaced by the rules required by this chapter.

(b) The access control classification system shall be developed in cooperation with counties, cities and towns, the \*department of community, trade, and economic development, regional transportation planning organizations, and other local governmental entities, and for city streets designated as state highways pursuant to chapter 47.24 RCW, adopted with the concurrence of the city design standards committee.

(c) The rule required by this section shall provide that assignment of a road segment to a specific access category be made in consideration of the following criteria:

(i) Local land use plans and zoning, as set forth in comprehensive plans;

(ii) The current functional classification as well as potential future functional classification of each road on the state highway system;

(iii) Existing and projected traffic volumes;

(iv) Existing and projected state, local, and metropolitan planning organization transportation plans and needs;

(v) Drainage requirements;

(vi) The character of lands adjoining the highway;

(vii) The type and volume of traffic requiring access;

(viii) Other operational aspects of access;

(ix) The availability of reasonable access by way of county roads and city streets to a state highway; and

(x) The cumulative effect of existing and projected connections on the state highway system's ability to provide for the safe and efficient movement of people and goods within the state.

(d) Access management standards shall include, but not be limited to, connection location standards, safety factors, design and construction standards, desired levels of service, traffic control devices, and effective maintenance of the roads. The standards shall also contain minimum requirements for the spacing of connections, intersecting streets, roads, and highways.

(e) An access control category shall be assigned to each segment of the state highway system by July 1, 1993. [1995 c 399 § 124; 1991 c 202 § 9.]

\*Reviser's note: The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

## Chapter 47.52 RCW LIMITED ACCESS FACILITIES

### Sections

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*Port districts, toll facilities:* Chapter 53.34 RCW.

*Speed limits on limited access facilities:* RCW 46.61.430.

**47.52.001 Declaration of policy.** (1) Unrestricted access to and from public highways has resulted in congestion and peril for the traveler. It has caused undue slowing of all traffic in many areas. The investment of the public in highway facilities has been impaired and highway facilities costing vast sums of money will have to be relocated and reconstructed.

(2) Personal wireless service is a critical part of the state's infrastructure. The rapid deployment of personal wireless service facilities is critical to ensure public safety, network access, quality of service, and rural economic development.

(3) It is, therefore, the declared policy of this state to limit access to the highway facilities of this state in the interest of highway safety and for the preservation of the investment of the public in such facilities, and to assure that the use of rights-of-way of limited access facilities accommodate the deployment of personal wireless service facilities consistent with these interests. [2004 c 131 § 1; 1961 c 13 § 47.52.001. Prior: 1951 c 167 § 1.]

**47.52.010 "Limited access facility" defined.** For the purposes of this chapter, a "limited access facility" is defined as a highway or street especially designed or designated for through traffic, and over, from, or to which owners or occupants of abutting land, or other persons, have no right or easement, or only a limited right or easement of access, light, air, or view by reason of the fact that their property abuts upon such limited access facility, or for any other reason to accomplish the purpose of a limited access facility. Such highways or streets may be parkways, from which vehicles forming part of an urban public transportation system, trucks, buses, or other commercial vehicles may be excluded; or they may be freeways open to use by all customary forms of street and highway traffic, including vehicles forming a part of an urban public transportation system. [1967 c 108 § 10; 1961 c 13 § 47.52.010. Prior: 1951 c 167 § 2; 1947 c 202 § 1; Rem. Supp. 1947 § 6402-60.]

(2010 Ed.)

*Urban public transportation system defined:* RCW 47.04.082.

**47.52.011 "Existing highway" defined.** For the purposes of this chapter, the term "existing highway" shall include all highways, roads and streets duly established, constructed, and in use. It shall not include new highways, roads or streets, or relocated highways, roads or streets, or portions of existing highways, roads or streets which are relocated. [1961 c 13 § 47.52.011. Prior: 1951 c 167 § 3.]

**47.52.020 Powers of highway authorities—State facility, county road crossings.** The highway authorities of the state, counties, and incorporated cities and towns, acting alone or in cooperation with each other, or with any federal, state, or local agency, or any other state having authority to participate in the construction and maintenance of highways, may plan, designate, establish, regulate, vacate, alter, improve, construct, maintain, and provide limited access facilities for public use wherever the authority or authorities are of the opinion that traffic conditions, present or future, will justify the special facilities. However, upon county roads within counties, the state or county authorities are subject to the consent of the county legislative authority, except that where a state limited access facility crosses a county road the department may, without the consent of the county legislative authority, close off the county road so that it will not intersect such limited access facility.

The department may, in constructing or relocating any state highway, cross any county road at grade without obtaining the consent of the county legislative authority, and in so doing may revise the alignment of the county road to the extent that the department finds necessary for reasons of traffic safety or practical engineering considerations. [1984 c 7 § 239; 1961 c 13 § 47.52.020. Prior: 1957 c 235 § 2; prior: 1953 c 30 § 1; 1951 c 167 § 4; 1947 c 202 § 2, part; Rem. Supp. 1947 § 6402-61, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.52.025 Additional powers—Controlling use of limited access facilities—High occupancy vehicle lanes.** Highway authorities of the state, counties, and incorporated cities and towns, in addition to the specific powers granted in this chapter, shall also have, and may exercise, relative to limited access facilities, any and all additional authority, now or hereafter vested in them relative to highways or streets within their respective jurisdictions, and may regulate, restrict, or prohibit the use of such limited access facilities by various classes of vehicles or traffic. Such highway authorities may reserve any limited access facility or portions thereof, including designated lanes or ramps for the exclusive or preferential use of public transportation vehicles, privately owned buses, or private motor vehicles carrying not less than a specified number of passengers when such limitation will increase the efficient utilization of the highway facility or will aid in the conservation of energy resources. Regulations authorizing such exclusive or preferential use of a highway facility may be declared to be effective at all time or at specified times of day or on specified days. [1974 ex.s. c 133 § 1; 1961 c 13 § 47.52.025. Prior: 1957 c 235 § 3; prior: 1951 c

167 § 5; 1947 c 202 § 2, part; Rem. Supp. 1947 § 6402-61, part.]

*High occupancy vehicle lanes: RCW 46.61.165.*

**47.52.026 Rules—Control of vehicles entering—Ramp closure, metering, or restrictions—Notice.** (1) The department may adopt rules for the control of vehicles entering any state limited access highway as it deems necessary (a) for the efficient or safe flow of traffic traveling upon any part of the highway or connections with it or (b) to avoid exceeding federal, state, or regional air pollution standards either along the highway corridor or within an urban area served by the highway.

(2) Rules adopted by the department pursuant to subsection (1) of this section may provide for the closure of highway ramps or the metering of vehicles entering highway ramps or the restriction of certain classes of vehicles entering highway ramps (including vehicles with less than a specified number of passengers), and any such restrictions may vary at different times as necessary to achieve the purposes mentioned in subsection (1) of this section.

(3) Vehicle restrictions authorized by rules adopted pursuant to this section are effective when proper notice is given by any police officer, or by appropriate signals, signs, or other traffic control devices. [1984 c 7 § 240; 1974 ex.s. c 133 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.52.027 Standards and rules for interstate and defense highways—Construction, maintenance, access.** The secretary of transportation may adopt design standards, rules, and regulations relating to construction, maintenance, and control of access of the national system of interstate and defense highways within this state as it deems advisable to properly control access thereto, to preserve the traffic-carrying capacity of such highways, and to provide the maximum degree of safety to users thereof. In adopting such standards, rules, and regulations the secretary shall take into account the policies, rules, and regulations of the United States secretary of commerce and the federal highway administration relating to the construction, maintenance, and operation of the system of interstate and defense highways. The standards, rules, and regulations so adopted by the secretary shall constitute the public policy of this state and shall have the force and effect of law. [1977 ex.s. c 151 § 62; 1961 c 13 § 47.52.027. Prior: 1959 c 319 § 35. Formerly RCW 47.28.160.]

*Nonmotorized traffic may be prohibited: RCW 46.61.160.*

**47.52.040 Design—Entrance and exit restricted—Closure of intersecting roads.** The highway authorities of the state, counties and incorporated cities and towns may so design any limited access facility and so regulate, restrict, or prohibit access as to best serve the traffic for which such facility is intended; and the determination of design by such authority shall be conclusive and final. In this connection such highway authorities may divide and separate any limited access facility into separate roadways by the construction of raised curbs, central dividing sections, or other physical separations, or by designating such separate roadways by signs, markers, stripes, and the proper lane for such traffic by

appropriate signs, markers, stripes and other devices. No person shall have any right of ingress or egress to, from, or across limited access facilities to or from abutting lands, except at designated points at which access may be permitted by the highway authorities upon such terms and conditions as may be specified from time to time: PROVIDED, That any intersecting streets, roads or highways, not made a part of such facility, shall be deemed closed at the right-of-way line by the designation and construction of said facility and without the consent of any other party or the necessity of any other legal proceeding for such closing, notwithstanding any laws to the contrary. [1961 c 13 § 47.52.040. Prior: 1955 c 75 § 1; 1947 c 202 § 3; Rem. Supp. 1947 § 6402-62.]

**47.52.041 Closure of intersecting roads—Rights of abutters.** No person, firm or corporation, private or municipal, shall have any claim against the state, city or county by reason of the closing of such streets, roads or highways as long as access still exists or is provided to such property abutting upon the closed streets, roads or highways. Circuity of travel shall not be a compensable item of damage. [1961 c 13 § 47.52.041. Prior: 1955 c 75 § 2.]

**47.52.042 Closure of intersecting roads—Other provisions not affected.** RCW 47.52.040 and 47.52.041 shall not be construed to affect provisions for establishment, notice, hearing and court review of any decision establishing a limited access facility on an existing highway pursuant to chapter 47.52 RCW. [1961 c 13 § 47.52.042. Prior: 1955 c 75 § 3.]

**47.52.050 Acquisition of property.** (1) For the purpose of this chapter the highway authorities of the state, counties and incorporated cities and towns, respectively, or in cooperation one with the other, may acquire private or public property and property rights for limited access facilities and service roads, including rights of access, air, view and light, by gift, devise, purchase, or condemnation, in the same manner as such authorities are now or hereafter may be authorized by law to acquire property or property rights in connection with highways and streets within their respective jurisdictions. Except as otherwise provided in subsection (2) of this section all property rights acquired under the provisions of this chapter shall be in fee simple. In the acquisition of property or property rights for any limited access facility or portion thereof, or for any service road in connection therewith, the state, county, incorporated city and town authority may, in its discretion, acquire an entire lot, block or tract of land, if by so doing the interest of the public will be best served, even though said entire lot, block or tract is not immediately needed for the limited access facility.

(2) The highway authorities of the state, counties, and incorporated cities and towns may acquire by gift, devise, purchase, or condemnation a three dimensional air space corridor in fee simple over or below the surface of the ground, together with such other property in fee simple and other property rights as are needed for the construction and operation of a limited access highway facility, but only if the acquiring authority finds that the proposal will not:

(a) impair traffic safety on the highway or interfere with the free flow of traffic; or

(b) permit occupancy or use of the air space above or below the highway which is hazardous to the operation of the highway. [1971 ex.s. c 39 § 1; 1961 c 13 § 47.52.050. Prior: 1947 c 202 § 4; Rem. Supp. 1947 § 6402-63.]

*Award of costs in air space corridor acquisitions: RCW 8.25.073.*

*Right-of-way donations: Chapter 47.14 RCW.*

**47.52.060 Court process expedited.** Court proceedings necessary to acquire property or property rights for purposes of this chapter shall take precedence over all other causes not involving the public interest in all courts to the end that the provision for limited access facilities may be expedited. [1961 c 13 § 47.52.060. Prior: 1947 c 202 § 5; Rem. Supp. 1947 § 6402-64.]

**47.52.070 Establishment of facility—Grade separation—Service roads.** The designation or establishment of a limited access facility shall, by the authority making the designation or establishment, be entered upon the records or minutes of such authority in the customary manner for the keeping of such records or minutes. The state, counties and incorporated cities and towns may provide for the elimination of intersections at grade of limited access facilities with existing state or county roads, and with city or town streets, by grade separation or service road, or by closing off such roads and streets at the right-of-way boundary line of such limited access facility; and after the establishment of any such facility, no highway or street which is not part of said facility, shall intersect the same at grade. No city or town street, county road, or state highway, or any other public or private way, shall be opened into or connect with any such limited access facility without the consent and previous approval of the highway authority of the state, county, incorporated city or town having jurisdiction over such limited access facility. Such consent and approval shall be given only if the public interest shall be served thereby. [1961 c 13 § 47.52.070. Prior: 1951 c 167 § 10; 1947 c 202 § 6; Rem. Supp. 1947 § 6402-65.]

**47.52.080 Abutter's right of access protected—Compensation.** No existing public highway, road, or street shall be constructed as a limited access facility except upon the waiver, purchase, or condemnation of the abutting owner's right of access thereto as herein provided. In cases involving existing highways, if the abutting property is used for business at the time the notice is given as provided in RCW 47.52.133, the owner of such property shall be entitled to compensation for the loss of adequate ingress to or egress from such property as business property in its existing condition at the time of the notice provided in RCW 47.52.133 as for the taking or damaging of property for public use. [1983 c 3 § 127; 1961 c 13 § 47.52.080. Prior: 1955 c 54 § 2; 1951 c 167 § 11; 1947 c 202 § 7; Rem. Supp. 1947 § 6402-66.]

**47.52.090 Cooperative agreements—Urban public transportation systems—Title to highway—Traffic regulations—Underground utilities and overcrossings—Passenger transportation—Storm sewers—City street cross-**

**ings.** The highway authorities of the state, counties, incorporated cities and towns, and municipal corporations owning or operating an urban public transportation system are authorized to enter into agreements with each other, or with the federal government, respecting the financing, planning, establishment, improvement, construction, maintenance, use, regulation, or vacation of limited access facilities in their respective jurisdictions to facilitate the purposes of this chapter. Any such agreement may provide for the exclusive or nonexclusive use of a portion of the facility by streetcars, trains, or other vehicles forming a part of an urban public transportation system and for the erection, construction, and maintenance of structures and facilities of such a system including facilities for the receipt and discharge of passengers. Within incorporated cities and towns the title to every state limited access highway vests in the state, and, notwithstanding any other provision of this section, the department shall exercise full jurisdiction, responsibility, and control to and over the highway from the time it is declared to be operational as a limited access facility by the department, subject to the following provisions:

(1) Cities and towns shall regulate all traffic restrictions on such facilities except as provided in RCW 46.61.430, and all regulations adopted are subject to approval of the department before becoming effective. Nothing herein precludes the state patrol or any county, city, or town from enforcing any traffic regulations and restrictions prescribed by state law, county resolution, or municipal ordinance.

(2) The city, town, or franchise holder shall at its own expense maintain its underground facilities beneath the surface across the highway and has the right to construct additional facilities underground or beneath the surface of the facility or necessary overcrossings of power lines and other utilities as may be necessary insofar as the facilities do not interfere with the use of the right-of-way for limited access highway purposes. The city or town has the right to maintain any municipal utility and the right to open the surface of the highway. The construction, maintenance until permanent repair is made, and permanent repair of these facilities shall be done in a time and manner authorized by permit to be issued by the department or its authorized representative, except to meet emergency conditions for which no permit will be required, but any damage occasioned thereby shall promptly be repaired by the city or town itself, or at its direction. Where a city or town is required to relocate overhead facilities within the corporate limits of a city or town as a result of the construction of a limited access facility, the cost of the relocation shall be paid by the state.

(3) Cities and towns have the right to grant utility franchises crossing the facility underground and beneath its surface insofar as the franchises are not inconsistent with the use of the right-of-way for limited access facility purposes and the franchises are not in conflict with state laws. The department is authorized to enforce, in an action brought in the name of the state, any condition of any franchise that a city or town has granted. No franchise for transportation of passengers in motor vehicles may be granted on such highways without the approval of the department, except cities and towns are not required to obtain a franchise for the operation of municipal vehicles or vehicles operating under franchises from the city or town operating within the corporate limits of

a city or town and within a radius not exceeding eight miles outside the corporate limits for public transportation on such facilities, but these vehicles may not stop on the limited access portion of the facility to receive or to discharge passengers unless appropriate special lanes or deceleration, stopping, and acceleration space is provided for the vehicles.

Every franchise or permit granted any person by a city or town for use of any portion of a limited access facility shall require the grantee or permittee to restore, permanently repair, and replace to its original condition any portion of the highway damaged or injured by it. Except to meet emergency conditions, the construction and permanent repair of any limited access facility by the grantee of a franchise shall be in a time and manner authorized by a permit to be issued by the department or its authorized representative.

(4) The department has the right to use all storm sewers that are adequate and available for the additional quantity of run-off proposed to be passed through such storm sewers.

(5) The construction and maintenance of city streets over and under crossings and surface intersections of the limited access facility shall be in accordance with the governing policy entered into between the department and the association of Washington cities on June 21, 1956, or as such policy may be amended by agreement between the department and the association of Washington cities. [1984 c 7 § 241; 1977 ex.s. c 78 § 8; 1967 c 108 § 11; 1961 c 13 § 47.52.090. Prior: 1957 c 235 § 4; 1947 c 202 § 8; Rem. Supp. 1947 § 6402-67.]

*Urban public transportation system defined: RCW 47.04.082.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **47.52.100 Existing roads and streets as service roads.**

In connection with the development of any limited access facility the state, county or incorporated city or town highway authorities are authorized to plan, designate, establish, use, regulate, alter, improve, construct, maintain and vacate local service roads and streets, or to designate as local service roads and streets any existing road or street, and to exercise jurisdiction over service roads in the same manner as is authorized for limited access facilities under the terms of this chapter. If, in their opinion such local service roads and streets are necessary or desirable, such local service roads or streets shall be separated from the limited access facility by such means or devices designated as necessary or desirable by the proper authority. [1961 c 13 § 47.52.100. Prior: 1947 c 202 § 9; Rem. Supp. 1947 § 6402-68.]

#### **47.52.105 Acquisition and construction to preserve limited access or reduce required compensation.**

Whenever, in the opinion of the department, frontage or service roads in connection with limited access facilities are not feasible either from an engineering or economic standpoint, the department may acquire private or public property by purchase or condemnation and construct any road, street, or highway connecting to or leading into any other road, street, or highway, when by so doing, it will preserve a limited access facility or reduce compensation required to be paid to an owner by reason of reduction in or loss of access. The department shall provide by agreement with a majority of the legislative authority of the county or city concerned as to location, future maintenance, and control of any road, street,

or highway to be so constructed. The road, street, or highway need not be made a part of the state highway system or connected thereto, but may upon completion by the state be turned over to the county or city for location, maintenance, and control pursuant to the agreement as part of the system of county roads or city streets. [1984 c 7 § 242; 1967 c 117 § 1; 1961 c 13 § 47.52.105. Prior: 1955 c 63 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.52.110 Marking of facility with signs.** After the opening of any new and additional limited access highway facility, or after the designation and establishment of any existing street or highway, as included the particular highways and streets or those portions thereof designated and established, shall be physically marked and indicated as follows: By the erection and maintenance of such signs as in the opinion of the respective authorities may be deemed proper, indicating to drivers of vehicles that they are entering a limited access area and that they are leaving a limited access area. [1961 c 13 § 47.52.110. Prior: 1947 c 202 § 10; Rem. Supp. 1947 § 6402-69.]

#### **47.52.120 Violations specified—Exceptions—Penalty.**

(1) After the opening of any limited access highway facility, it shall be unlawful for any person to: (a) Drive a vehicle over, upon, or across any curb, central dividing section, or other separation or dividing line on limited access facilities; (b) make a left turn or semicircular or U-turn except through an opening provided for that purpose in the dividing curb section, separation, or line; (c) drive any vehicle except in the proper lane provided for that purpose and in the proper direction and to the right of the central dividing curb, separation section, or line; (d) drive any vehicle into the limited access facility from a local service road except through an opening provided for that purpose in the dividing curb, dividing section, or dividing line which separates such service road from the limited access facility proper; (e) stop or park any vehicle or equipment within the right-of-way of such facility, including the shoulders thereof, except at points specially provided therefor, and to make only such use of such specially provided stopping or parking points as is permitted by the designation thereof. PROVIDED, That this subsection (1)(e) shall not apply to authorized emergency vehicles, law enforcement vehicles, assistance vans, or to vehicles stopped for emergency causes or equipment failures; (f) travel to or from such facility at any point other than a point designated by the establishing authority as an approach to the facility or to use an approach to such facility for any use in excess of that specified by the establishing authority.

(2) For the purposes of this section, an assistance van is a vehicle rendering aid free of charge to vehicles with equipment or fuel problems. The state patrol shall establish by rule additional standards and operating procedures, as needed, for assistance vans.

(3) Any person who violates this section is guilty of a misdemeanor and upon arrest and conviction therefor shall be punished by a fine of not less than five dollars nor more than one hundred dollars, or by imprisonment in the city or county jail for not less than five days nor more than ninety days, or by both fine and imprisonment.

(4) Nothing contained in this section prevents the highway authority from proceeding to enforce the prohibitions or limitations of access to such facilities by injunction or as otherwise provided by law. [2003 c 53 § 262; 1987 c 330 § 748; 1985 c 149 § 1; 1961 c 13 § 47.52.120. Prior: 1959 c 167 § 1; 1947 c 202 § 11; Rem. Supp. 1947 § 6402-70.]

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.52.121 Prior determinations validated.** Any determinations of an authority establishing a limited access facility subsequent to March 19, 1947, and prior to March 16, 1951, in connection with new highways, roads or streets, or relocated highways, roads or streets, or portions of existing highways, roads or streets which are relocated, and all acquirements of property or access rights in connection therewith are hereby validated, ratified, approved and confirmed, notwithstanding any lack of power (other than constitutional) of such authority, and notwithstanding any defects or irregularities (other than constitutional) in such proceedings. [1961 c 13 § 47.52.121. Prior: 1951 c 167 § 12.]

**47.52.131 Consideration of local conditions—Report to local authorities—Conferences—Proposed plan.** When the department is planning a limited access facility through a county or an incorporated city or town, the department or its staff, before any hearing, shall give careful consideration to available data as to the county or city's comprehensive plan, land use pattern, present and potential traffic volume of county roads and city streets crossing the proposed facility, origin and destination traffic surveys, existing utilities, the physical appearance the facility will present, and other pertinent surveys and, except as provided in RCW 47.52.134, shall submit to the county and city officials for study a report showing how these factors have been taken into account and how the proposed plan for a limited access facility will serve public convenience and necessity, together with the locations and access and egress plans, and over and under crossings that are under consideration. This report shall show the proposed approximate right-of-way limits and profile of the facility with relation to the existing grade, and shall discuss in a general manner plans for landscaping treatment, fencing, and illumination, and shall include sketches of typical roadway sections for the roadway itself and any necessary structures such as viaducts or bridges, subways, or tunnels.

Conferences shall be held on the merits of this state report and plans and any proposed modification or alternate proposal of the county, city, or town in order to attempt to reach an agreement between the department and the county or city officials. As a result of the conference, the proposed plan, together with any modifications, shall be prepared by the department and presented to the county or city for inspection and study. [1987 c 200 § 1; 1984 c 7 § 243; 1965 ex.s. c 75 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.52.133 Local public hearing—Notice.** Except as provided in RCW 47.52.134, the department and the highway authorities of the counties and incorporated cities and towns,

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with regard to facilities under their respective jurisdictions, prior to the establishment of any limited access facility, shall hold a public hearing within the county, city, or town wherein the limited access facility is to be established to determine the desirability of the plan proposed by such authority. Notice of such hearing shall be given to the owners of property abutting the section of any existing highway, road, or street being established as a limited access facility, as indicated in the tax rolls of the county, and in the case of a state limited access facility, to the county and/or city or town. Such notice shall be by United States mail in writing, setting forth a time for the hearing, which time shall be not less than fifteen days after mailing of such notice. Notice of such hearing also shall be given by publication not less than fifteen days prior to such hearing in one or more newspapers of general circulation within the county, city, or town. Such notice by publication shall be deemed sufficient as to any owner or reputed owner or any unknown owner or owner who cannot be located. Such notice shall indicate a suitable location where plans for such proposal may be inspected. [2006 c 334 § 25; 1987 c 200 § 2; 1981 c 95 § 1; 1965 ex.s. c 75 § 2.]

**Effective date—2006 c 334:** See note following RCW 47.01.051.

**47.52.134 When access reports and hearings not required.** Access reports and hearings on the establishment of limited access facilities are not required if:

- (1) The limited access facility would lie wholly within state or federal lands and the agency or agencies with jurisdiction of the land agree to the access plan; or
- (2) The access rights to the affected section of roadway have previously been purchased or established by others; or
- (3) The limited access facility would not significantly change local road use, and all affected local agencies and abutting property owners agree in writing to waive a formal hearing on the establishment of the facility after publication of a notice of opportunity for a limited access hearing. This notice of opportunity for a limited access hearing shall be given in the same manner as required for published notice of hearings under RCW 47.52.133. If the authority specified in the notice receives a request for a hearing from one or more abutting property owners or affected local agencies on or before the date stated in the notice, an access report shall be submitted as provided in RCW 47.52.131 and a hearing shall be held. Notice of the hearing shall be given by mail and publication as provided in RCW 47.52.133. [1987 c 200 § 3.]

**47.52.135 Hearing procedure.** At the hearing any representative of the county, city or town, or any other person may appear and be heard even though such official or person is not an abutting property owner. Such hearing may, at the option of the highway authority, be conducted in accordance with federal laws and regulations governing highway design public hearings. The members of such authority shall preside, or may designate some suitable person to preside as examiner. The authority shall introduce by competent evidence a summary of the proposal for the establishment of a limited access facility and any evidence that supports the adoption of the plan as being in the public interest. At the conclusion of such evidence, any person entitled to notice who has entered a written appearance shall be deemed a party to this hearing

for purposes of this chapter and may thereafter introduce, either in person or by counsel, evidence and statements or counterproposals bearing upon the reasonableness of the proposal. Any such evidence and statements or counterproposals shall receive reasonable consideration by the authority before any proposal is adopted. Such evidence must be material to the issue before the authority and shall be presented in an orderly manner. [1982 c 189 § 5; 1981 c 67 § 29; 1977 c 77 § 2; 1965 ex.s. c 75 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.52.137 Adoption of plan—Service of findings and order—Publication of resume—Finality—Review.** Following the conclusion of such hearing the authority shall adopt a plan with such modifications, if any, it deems proper and necessary. Its findings and order shall be in writing and copies thereof shall be served by United States mail upon all persons having entered a written appearance at such hearing, and in the case of a state limited access facility, the county commissioners of the county affected and the mayor of the city or town affected. The authority shall also cause a resume of such plan to be published once each week for two weeks in one or more newspapers of general circulation within such county, city or town beginning not less than ten days after the mailing of such findings and order. Such determination by the authority shall become final within thirty days after such mailing unless a review is taken as hereinafter provided. In case of an appeal, the order shall be final as to all parties not appealing. [1965 ex.s. c 75 § 4.]

**47.52.139 Local approval of plan—Disapproval, request for review.** Upon receipt of the findings and order adopting a plan, the county, city, or town may notify the department of transportation of its approval of such plan in writing, in which event such plan shall be final.

In the event that a county, city, or town does not approve the plan, the county, city, or town shall file its disapproval in writing with the secretary of transportation within thirty days after the mailing thereof to such mayor or county commissioner. Along with the written disapproval shall be filed a written request for a hearing before a board of review, hereinafter referred to as the board. The request for hearing shall set forth the portions of the plan of the department to which the county, city, or town objects, and shall include every issue to be considered by the board. The hearing before a board of review shall be governed by RCW 47.52.150 through 47.52.190, as now or hereafter amended. [1977 ex.s. c 151 § 63; 1965 ex.s. c 75 § 5.]

**47.52.145 Modification of adopted plan without further public hearings—Conditions.** Whenever after the final adoption of a plan for a limited access highway by the department, an additional design public hearing with respect to the facility or any portion thereof is conducted pursuant to federal law resulting in a revision of the design of the limited access plan, the department may modify the previously adopted limited access plan to conform to the revised design without further public hearings providing the following conditions are met:

(1) As compared with the previously adopted limited access plan, the revised plan will not require additional or different right-of-way with respect to that section of highway for which the design has been revised, in excess of five percent by area; and

(2) If the previously adopted limited access plan was modified by a board of review convened at the request of a county, city, or town, the legislative authority of the county, city, or town shall approve any revisions of the plan which conflict with modifications ordered by the board of review. [2006 c 334 § 26; 1981 c 95 § 2; 1977 c 77 § 1.]

**Effective date—2006 c 334:** See note following RCW 47.01.051.

**47.52.150 State facility through city or town—Board of review, composition and appointment.** Upon request for a hearing before the board by any county, city, or town, a board consisting of five members shall be appointed as follows: The mayor or the county commissioners, as the case may be shall appoint two members of the board, of which one shall be a duly elected official of the city, county, or legislative district, except that of the legislative body of the county, city, or town requesting the hearing, subject to confirmation by the legislative body of the city or town; the secretary of transportation shall appoint two members of the board; and one member shall be selected by the four members thus appointed. Such fifth member shall be a licensed civil engineer or a recognized professional city or town planner, who shall be chair of the board. In the case both the county and an included city or town request a hearing, the board shall consist of nine members appointed as follows: The mayor and the county commission shall each appoint two members from the elective officials of their respective jurisdictions, and of the four thus selected no more than two thereof may be members of a legislative body of the county, city, or town. The secretary of transportation shall appoint four members of the board. One member shall be selected by the members thus selected, and such ninth member shall be a licensed civil engineer or a recognized city or town planner, who shall be chair of the board. Such boards as are provided by this section shall be appointed within thirty days after the receipt of such a request by the secretary. In the event the secretary or a county, city, or town shall not appoint members of the board or members thus appointed fail to appoint a fifth or ninth member of the board, as the case may be, either the secretary or the county, city, or town may apply to the superior court of the county in which the county, city, or town is situated to appoint the member or members of the board in accordance with the provisions of this chapter. [2010 c 8 § 10018; 1977 ex.s. c 151 § 64; 1963 c 103 § 3; 1961 c 13 § 47.52.150. Prior: 1959 c 242 § 3; 1957 c 235 § 7.]

**47.52.160 State facility through city or town—Hearing—Notice—Evidence—Determination of issues.** The board shall fix a reasonable time not more than thirty days after the date of its appointment and shall indicate the time and place for the hearing, and shall give notice to the county, city, or town and to the department. At the time and place fixed for the hearing, the state and the county, city, or town shall present all of their evidence with respect to the objections set forth in the request for the hearing before the board,

and if either the state, the county, or the city or town fails to do so, the board may determine the issues upon such evidence as may be presented to it at the hearing. [1984 c 7 § 244; 1963 c 103 § 4; 1961 c 13 § 47.52.160. Prior: 1957 c 235 § 8.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.52.170 State facility through city or town—Hearing—Procedure.** No witness's testimony shall be received unless he or she shall have been duly sworn, and the board may cause all oral testimony to be stenographically reported. Members of the board, its duly authorized representatives, and all persons duly commissioned by it for the purpose of taking depositions, shall have power to administer oaths; to preserve and enforce order during such hearings; to issue subpoenas for, and to compel the attendance and testimony of witnesses, or the production of books, papers, documents and other evidence, or the taking of depositions before any designated individual competent to administer oaths, and it shall be their duty so to do; to examine witnesses; and to do all things conformable to law which may be necessary to enable them, or any of them, effectively to discharge the duties of their office. [2010 c 8 § 10019; 1961 c 13 § 47.52.170. Prior: 1957 c 235 § 9.]

**47.52.180 State facility through city or town—Hearing—Findings of board—Modification of proposed plan by stipulation.** At the conclusion of such hearing, the board shall consider the evidence taken and shall make specific findings with respect to the objections and issues within thirty days after the hearing, which findings shall approve, disapprove, or modify the proposed plan of the department of transportation. Such findings shall be final and binding upon both parties. Any modification of the proposed plan of the department of transportation made by the board of review may thereafter be modified by stipulation of the parties. [1977 ex.s. c 151 § 65; 1977 c 77 § 3; 1961 c 13 § 47.52.180. Prior: 1957 c 235 § 10.]

**47.52.190 State facility through city or town—Hearing—Assistants—Costs—Reporter.** The board shall employ such assistance and clerical help as is necessary to perform its duties. The costs thereby incurred and incident to the conduct of the hearing, necessary expenses, and fees, if any, of members of the board shall be borne equally by the county, city, or town requesting the hearing and the department. When oral testimony is stenographically reported, the department shall provide a reporter at its expense. [1984 c 7 § 245; 1963 c 103 § 5; 1961 c 13 § 47.52.190. Prior: 1957 c 235 § 11.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.52.195 Review and appeal on petition of abutter.** An abutting property owner may petition for review in the superior court of the state of Washington in the county where the limited access facility is to be located. Such review and any appeal therefrom shall be considered and determined by said court upon the record of the authority in the manner, under the conditions and subject to the limitations and with

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the effect specified in the Administrative Procedure Act, chapter 34.05 RCW, as amended. [1965 ex.s. c 75 § 6.]

**47.52.200 Law enforcement jurisdiction within city or town.** Whenever any limited access highway facility passes within or through any incorporated city or town the municipal police officers of such city or town, the sheriff of the county wherein such city or town is situated and officers of the Washington state patrol shall have independent and concurrent jurisdiction to enforce any violation of the laws of this state occurring thereon: PROVIDED, The Washington state patrol shall bear primary responsibility for the enforcement of laws of this state relating to motor vehicles within such limited access highway facilities. [1961 c 122 § 1.]

**47.52.210 Property title designation upon construction of limited access highways.** (1) Whenever the department adopts a plan for a limited access highway to be constructed within the corporate limits of a city or town which incorporates existing city or town streets, title to such streets shall remain in the city or town, and the provisions of RCW 47.24.020 as now or hereafter amended shall continue to apply to such streets until such time that the highway is operated as either a partially or fully controlled access highway. Title to and full control over that portion of the city or town street incorporated into the limited access highway shall be vested in the state upon a declaration by the secretary of transportation that such highway is operational as a limited access facility, but in no event prior to the acquisition of right-of-way for such highway including access rights, and not later than the final completion of construction of such highway.

(2) Upon the completion of construction of a state limited access highway within a city or town, the department of transportation may relinquish to the city or town streets constructed or improved as a functional part of the limited access highway, slope easements, landscaping areas, and other related improvements to be maintained and operated by the city or town in accordance with the limited access plan. Title to such property relinquished to a city or town shall be conveyed by a deed executed by the secretary of transportation and duly acknowledged. Relinquishment of such property to the city or town may be expressly conditioned upon the maintenance of access control acquired by the state and the continued operation of such property as a functional part of the limited access highway. [2006 c 334 § 27; 1981 c 95 § 3; 1977 ex.s. c 78 § 3.]

**Effective date—2006 c 334:** See note following RCW 47.01.051.

**47.52.220 Personal wireless service facilities—Approach permit—Report.** (1) The department shall authorize an off and on approach to partially controlled limited access highways for the placement and service of facilities providing personal wireless services.

(a) The approach shall be in a legal manner not to exceed thirty feet in width.

(b) The approach may be specified at a point satisfactory to the department at or between designated highway stations.

(c) The permit holder may use the approach for ingress and egress from the highway for construction or maintenance

of the personal wireless service facility during nonpeak traffic hours so long as public safety is not adversely affected. The permit holder may use the approach for ingress and egress at any time for the construction of the facility if public safety is not adversely affected and if construction will not substantially interfere with traffic flow during peak traffic periods.

(2) The department shall authorize the approach by an annual permit, which may only be canceled upon one hundred eighty days' written notice to the permit holder.

(a) The department shall set the yearly cost of a permit in rule.

(b) The permit shall be assignable to the contractors and subcontractors of the permit holder. The permit shall also be transferable to a new owner following the sale or merger of the permit holder.

(3) For the purposes of this section:

(a) "Personal wireless services" means any federally licensed personal wireless service.

(b) "Facilities" means unstaffed facilities that are used for the transmission or reception, or both, of wireless communication services including, but not necessarily limited to, antenna arrays, transmission cables, equipment shelters, and support structures.

(4) The department shall present a report to the house of representatives technology, telecommunications, and energy committee and the senate technology and communications committee on the implementation of the permit process and the cost of permits by January 15, 2004, and by the first day of the legislative session following adoption of any rule increasing the cost of permits. [2003 c 188 § 2.]

### Chapter 47.56 RCW

#### STATE TOLL BRIDGES, TUNNELS, AND FERRIES

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## GENERAL PROVISIONS

### 47.56.010 Definitions. (*Contingent expiration date.*)

As used in this chapter:

(1) "Toll bridge" means a bridge constructed or acquired under this chapter, upon which tolls are charged, together with all appurtenances, additions, alterations, improvements, and replacements thereof, and the approaches thereto, and all lands and interests used therefor, and buildings and improvements thereon.

(2) "Toll road" means any express highway, superhighway, or motorway at such locations and between such termini as may be established by law, and constructed or to be constructed as a limited access highway under the provisions of this chapter by the department, and shall include, but not be limited to, all bridges, tunnels, overpasses, underpasses, interchanges, entrance plazas, approaches, toll houses, service areas, service facilities, communications facilities, and administration, storage, and other buildings that the department may deem necessary for the operation of the project, together with all property, rights, easements, and interests that may be acquired by the department for the construction or the operation of the project, all of which shall be conducted in the same manner and under the same procedure as provided for the establishing, constructing, operating, and maintaining of toll bridges by the department, insofar as those procedures are reasonably consistent and applicable.

(3) "1950 Tacoma Narrows bridge" means the bridge crossing the Tacoma Narrows that was opened to vehicle travel in 1950. [2002 c 114 § 2; 1984 c 7 § 246; 1961 c 13 § 47.56.010. Prior: 1953 c 220 § 1; 1937 c 173 § 1, part; RRS § 6524-1, part.]

**Finding—Intent—2002 c 114:** See RCW 47.46.011.

**Captions not law—2002 c 114:** See note following RCW 47.46.011.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.010 Definitions. (*Contingent effective date.*)** As used in this chapter:

(1) "1950 Tacoma Narrows bridge" means the bridge crossing the Tacoma Narrows that was opened to vehicle travel in 1950.

(2) "Electronic toll collection system" means a system that collects tolls by crediting or debiting funds from a customer's unique prepaid tolling account.

(3) "Photo toll" means a toll charge associated with a particular vehicle that is identified by its license plate. A photo toll may be paid through one of the following methods:

(a) A customer-initiated account that is prepaid or postpaid.

(b) In response to a toll bill that is sent to the registered owner of the vehicle incurring the photo toll charge. The toll

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bill may designate a toll payment due date for the photo toll assessed.

(4) "Photo toll system" means a camera-based imaging system that uses digital video or still image formats to record license plate images of vehicles using toll lanes for the purpose of collecting a photo toll.

(5) "Toll bridge" means a bridge constructed or acquired under this chapter, upon which tolls are charged, together with all appurtenances, additions, alterations, improvements, and replacements thereof, and the approaches thereto, and all lands and interests used therefor, and buildings and improvements thereon.

(6) "Toll payment due date" means the date when a toll must be paid to avoid a toll violation civil penalty. The toll payment due date is eighty days from the date the vehicle uses the toll facility and incurs the toll charge.

(7) "Toll road" means any express highway, superhighway, or motorway at such locations and between such termini as may be established by law, and constructed or to be constructed as a limited access highway under the provisions of this chapter by the department, and shall include, but not be limited to, all bridges, tunnels, overpasses, underpasses, interchanges, entrance plazas, approaches, toll houses, service areas, service facilities, communications facilities, and administration, storage, and other buildings that the department may deem necessary for the operation of the project, together with all property, rights, easements, and interests that may be acquired by the department for the construction or the operation of the project, all of which shall be conducted in the same manner and under the same procedure as provided for the establishing, constructing, operating, and maintaining of toll bridges by the department, insofar as those procedures are reasonably consistent and applicable. [2010 c 249 § 1; 2002 c 114 § 2; 1984 c 7 § 246; 1961 c 13 § 47.56.010. Prior: 1953 c 220 § 1; 1937 c 173 § 1, part; RRS § 6524-1, part.]

**Reviser's note:** The definitions in this section have been alphabetized pursuant to RCW 1.08.015(2)(k).

**Contingent effective date—2010 c 249:** See note following RCW 47.56.795.

**Finding—Intent—2002 c 114:** See RCW 47.46.011.

**Captions not law—2002 c 114:** See note following RCW 47.46.011.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.030 Powers and duties regarding toll facilities—Purchasing.** (1) Except as permitted under chapter 47.29 or 47.46 RCW:

(a) Unless otherwise delegated, and subject to RCW 47.56.820, the department of transportation shall have full charge of the planning, analysis, and construction of all toll bridges and other toll facilities including the Washington state ferries, and the operation and maintenance thereof.

(b) The transportation commission shall determine and establish the tolls and charges thereon.

(c) Unless otherwise delegated, and subject to RCW 47.56.820, the department shall have full charge of planning, analysis, and design of all toll facilities. The department may conduct the planning, analysis, and design of toll facilities as necessary to support the legislature's consideration of toll authorization.

(d) The department shall utilize and administer toll collection systems that are simple, unified, and interoperable. To the extent practicable, the department shall avoid the use of toll booths. The department shall set the statewide standards and protocols for all toll facilities within the state, including those authorized by local authorities.

(e) Except as provided in this section, the department shall proceed with the construction of such toll bridges and other facilities and the approaches thereto by contract in the manner of state highway construction immediately upon there being made available funds for such work and shall prosecute such work to completion as rapidly as practicable. The department is authorized to negotiate contracts for any amount without bid under (e)(i) and (ii) of this subsection:

(i) Emergency contracts, in order to make repairs to ferries or ferry terminal facilities or removal of such facilities whenever continued use of ferries or ferry terminal facilities constitutes a real or immediate danger to the traveling public or precludes prudent use of such ferries or facilities; and

(ii) Single source contracts for vessel dry dockings, when there is clearly and legitimately only one available bidder to conduct dry dock-related work for a specific class or classes of vessels. The contracts may be entered into for a single vessel dry docking or for multiple vessel dry dockings for a period not to exceed two years.

(2) The department shall proceed with the procurement of materials, supplies, services, and equipment needed for the support, maintenance, and use of a ferry, ferry terminal, or other facility operated by Washington state ferries, in accordance with chapter 43.19 RCW except as follows:

(a) When the secretary of the department of transportation determines in writing that the use of invitation for bid is either not practicable or not advantageous to the state and it may be necessary to make competitive evaluations, including technical or performance evaluations among acceptable proposals to complete the contract award, a contract may be entered into by use of a competitive sealed proposals method, and a formal request for proposals solicitation. Such formal request for proposals solicitation shall include a functional description of the needs and requirements of the state and the significant factors.

(b) When purchases are made through a formal request for proposals solicitation the contract shall be awarded to the responsible proposer whose competitive sealed proposal is determined in writing to be the most advantageous to the state taking into consideration price and other evaluation factors set forth in the request for proposals. No significant factors may be used in evaluating a proposal that are not specified in the request for proposals. Factors that may be considered in evaluating proposals include but are not limited to: Price; maintainability; reliability; commonality; performance levels; life cycle cost if applicable under this section; cost of transportation or delivery; delivery schedule offered; installation cost; cost of spare parts; availability of parts and service offered; and the following:

(i) The ability, capacity, and skill of the proposer to perform the contract or provide the service required;

(ii) The character, integrity, reputation, judgment, experience, and efficiency of the proposer;

(iii) Whether the proposer can perform the contract within the time specified;

(iv) The quality of performance of previous contracts or services;

(v) The previous and existing compliance by the proposer with laws relating to the contract or services;

(vi) Objective, measurable criteria defined in the request for proposal. These criteria may include but are not limited to items such as discounts, delivery costs, maintenance services costs, installation costs, and transportation costs; and

(vii) Such other information as may be secured having a bearing on the decision to award the contract.

(c) When purchases are made through a request for proposal process, proposals received shall be evaluated based on the evaluation factors set forth in the request for proposal. When issuing a request for proposal for the procurement of propulsion equipment or systems that include an engine, the request for proposal must specify the use of a life cycle cost analysis that includes an evaluation of fuel efficiency. When a life cycle cost analysis is used, the life cycle cost of a proposal shall be given at least the same relative importance as the initial price element specified in the request for proposal documents. The department may reject any and all proposals received. If the proposals are not rejected, the award shall be made to the proposer whose proposal is most advantageous to the department, considering price and the other evaluation factors set forth in the request for proposal. [2008 c 122 § 8; 2002 c 114 § 19; 2001 c 59 § 1; 1995 1st sp.s. c 4 § 1; 1977 ex.s. c 151 § 66; 1969 ex.s. c 180 § 3; 1961 c 278 § 8; 1961 c 13 § 47.56.030. Prior: 1937 c 173 § 10; RRS § 6524-10.]

**Finding—Intent—2002 c 114:** See RCW 47.46.011.

**Captions not law—2002 c 114:** See note following RCW 47.46.011.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.031 Approval of tolls.** No tolls may be imposed on new or existing highways or bridges without specific legislative authorization, or upon a majority vote of the people within the boundaries of the unit of government empowered to impose tolls. This section applies to chapter 47.56 RCW and to any tolls authorized under chapter 47.29 RCW, the transportation innovative partnership act of 2005. [2005 c 335 § 2.]

**47.56.032 Authority of department and commission relating to state ferries.** All powers vested in the toll bridge authority as of September 21, 1977, relating to the acquiring, operating, extending, designing, constructing, repairing, and maintenance of the Washington state ferries or any part thereof and the collecting of tolls and charges for use of its facilities, shall be performed by the department. The commission shall determine all fares, tolls, and other charges for its facilities and shall directly perform all duties and exercise all powers relating to financing, refinancing, and fiscal management of the system's bonded indebtedness in the manner provided by law. [1984 c 7 § 247; 1961 c 278 § 9.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.040 Toll bridges authorized—Investigations.** The department is empowered, in accordance with the provisions of this chapter, to provide for the establishment and construction of toll bridges upon any public highways of this state together with approaches thereto wherever it is consid-

ered necessary or advantageous and practicable for crossing any stream, body of water, gulch, navigable water, swamp, or other topographical formation whether that formation is within this state or constitutes a boundary between this state and an adjoining state or country. For the purpose of obtaining information for the consideration of the department upon the construction of any toll bridge or any other matters pertaining thereto, any cognizant officer or employee of the state shall, upon the request of the department, make reasonable examination, investigation, survey, or reconnaissance for the determination of material facts pertaining thereto and report this to the department. The cost of any such examination, investigation, survey, or reconnaissance shall be borne by the department or office conducting these activities from the funds provided for that department or office for its usual functions. [2008 c 122 § 9; 1984 c 7 § 248; 1961 c 13 § 47.56.040. Prior: 1937 c 173 § 3; RRS § 6524-3; prior: 1913 c 56 § 2; RRS § 6525.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.042 State boundary bridges—Investigations—Agreements with counties or states.** The department is authorized to enter into agreements with any county of this state and/or with an adjoining state or county thereof for the purpose of implementing an investigation of the feasibility of any toll bridge project for the bridging of a river forming a portion of the boundary of this state, and the adjoining state. The department may use funds available to it to carry out the purposes of this section. These agreements may provide that if any such project is determined to be feasible and is adopted, any advancement of funds by any state or county may be reimbursed out of any proceeds derived from the sale of bonds or out of tolls and revenues to be derived from the project. [1984 c 7 § 249; 1961 c 13 § 47.56.042. Prior: 1955 c 203 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.050 Purchase of bridges and ferries authorized—Provisions applicable.** (1) The department, whenever it is considered necessary or advantageous and practicable, is empowered to provide for the acquisition by purchase of, and to acquire by purchase (a) any bridge or bridges or ferries which connect with or may be connected with the public highways of this state (b) together with approaches thereto.

(2) In connection with the acquisition by purchase of any bridge or bridges or ferries under subsection (1) of this section, the department, the state treasurer, any city, county, or other political subdivision of this state, and all of their officers:

(a) Are empowered and required to do all acts and things provided for in this chapter to establish and construct toll bridges and operate, finance, and maintain such bridges insofar as the powers and requirements are applicable to the purchase of any bridge or bridges or ferries and their operation, financing, and maintenance; and

(b) In purchasing, operating, financing, and maintaining any bridge or bridges or ferries acquired or to be acquired by purchase under this section, shall act in the same manner and under the same procedures as are provided in this chapter to

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establish, construct, operate, finance, and maintain toll bridges insofar as such manner and procedure are applicable to the purchase of any bridge or bridges or ferries and their operation, financing, and maintenance.

(3) Without limiting the generality of the provisions contained in subsections (1) and (2) of this section, the department is empowered: (a) To cause surveys to be made for the purpose of investigating the propriety of acquiring by purchase any such bridge or bridges or ferries and the right-of-way necessary or proper for that bridge or bridges or ferries, and other facilities necessary to carry out the provisions of this chapter; (b) to issue, sell, and redeem bonds, and to deposit and pay out the proceeds of the bonds for the financing thereof; (c) to collect, deposit, and expend tolls therefrom; (d) to secure and remit financial and other assistance in the purchase thereof; and (e) to carry insurance thereon.

(4) The provisions of RCW 47.56.220 apply when any bridge or bridges or ferries are acquired by purchase pursuant to this section. [1984 c 7 § 250; 1973 c 106 § 25; 1961 c 13 § 47.56.050. Prior: 1945 c 266 § 1; Rem. Supp. 1945 § 6524-3a.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.060 Toll bridges—General powers of department and officials—Financial statements.** The department, the officials thereof, and all other state officials are empowered to act and make agreements consistent with law as may be necessary or desirable in connection with the duties and powers conferred upon them respectively by law regarding the construction, maintenance, operation, and insurance of toll bridges or the safeguarding of the funds and revenues required for such construction and the payment of the indebtedness incurred therefor. The department shall keep full, complete, and separate accounts of each toll bridge, and annually shall prepare balance sheet and income and profit and loss statements showing the financial condition of each such toll bridge, which statement shall be open at all reasonable times to the inspection of holders of bonds issued by the department. [1984 c 7 § 251; 1961 c 13 § 47.56.060. Prior: 1937 c 173 § 17; RRS § 6524-17.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.070 Toll facilities authorized—Provisions applicable.** The department of transportation may, in accordance with this chapter, provide for the construction and operation of toll tunnels, toll roads, and other facilities necessary for their construction and connection with public highways of the state. It may cause surveys to be made to determine the propriety of their construction and operation, and may acquire rights-of-way and other facilities necessary to carry out the provisions hereof; and may issue, sell, and redeem bonds, and deposit and expend them; secure and remit financial and other assistance in the construction thereof; carry insurance thereon; and handle any other matters pertaining thereto, all of which shall be conducted in the same manner and under the same procedure as provided for the constructing, operating, and maintaining of toll bridges by the department, insofar as reasonably consistent and applicable. [2008 c 122 § 10; 1977 ex.s. c 151 § 67; 1961 c 13 §

47.56.070. Prior: 1953 c 220 § 3; 1937 c 173 § 3 1/2; RRS § 6524-3 1/2.]

**47.56.075 Toll roads, facilities—Legislative authorization or regional or local sponsorship required.** The department shall approve for construction only such toll roads as the legislature specifically authorizes or such toll facilities as are specifically sponsored by a regional transportation investment district, city, town, or county. [2002 c 56 § 404; 1984 c 7 § 252; 1961 c 13 § 47.56.075. Prior: 1953 c 220 § 7.]

**Captions and subheadings not law—Severability—2002 c 56:** See RCW 36.120.900 and 36.120.901.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.076 Regional transportation investment district—Vehicle tolls authorized.** (1) Upon approval of a majority of the voters within its boundaries voting on the ballot proposition, a regional transportation investment district may authorize vehicle tolls on a local or regional arterial or a state or federal highway within the boundaries of the district. The department shall administer the collection of vehicle tolls authorized on designated facilities unless otherwise specified in law or by contract, and the commission or its successor statewide tolling authority shall set and impose the tolls in amounts sufficient to implement the regional transportation investment plan under RCW 36.120.020.

(2) Consistent with RCW 47.56.820, vehicle tolls must first be authorized by the legislature if the tolls are imposed on a state route.

(3) Consistent with RCW 47.56.850, vehicle tolls, including any change in an existing toll rate, must first be reviewed and approved by the tolling authority designated in RCW 47.56.850 if the tolls, or change in toll rate, would have a significant impact, as determined by the tolling authority, on the operation of any state facility. [2008 c 122 § 11; 2006 c 311 § 19; 2005 c 335 § 3; 2002 c 56 § 403.]

**Findings—2006 c 311:** See note following RCW 36.120.020.

**Captions and subheadings not law—Severability—2002 c 56:** See RCW 36.120.900 and 36.120.901.

**47.56.077 Concessions to operate private business on toll road prohibited.** The department shall not grant concessions for the operation or establishment of any privately owned business upon toll road rights-of-way. [1984 c 7 § 253; 1961 c 13 § 47.56.077. Prior: 1953 c 220 § 8.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.078 Transportation benefit district—Vehicle tolls authorized.** (1) Subject to the provisions under chapter 36.73 RCW, a transportation benefit district may authorize vehicle tolls on state routes or federal highways, city streets, or county roads, within the boundaries of the district, unless otherwise prohibited by law. The department of transportation shall administer the collection of vehicle tolls authorized on state routes or federal highways, unless otherwise specified in law or by contract, and the state transportation commission, or its successor, may approve, set, and impose the tolls in amounts sufficient to implement the district's transportation improvement finance plan. The district shall

administer the collection of vehicle tolls authorized on city streets or county roads, and shall set and impose the tolls, only with approval of the transportation commission, in amounts sufficient to implement the district's transportation improvement plan. Tolls may vary for type of vehicle, for time of day, for traffic conditions, and/or other factors designed to improve performance of the facility or the transportation network.

(2) Consistent with RCW 47.56.820, vehicle tolls must first be authorized by the legislature if the tolls are imposed on a state route.

(3) Consistent with RCW 47.56.850, vehicle tolls, including any change in an existing toll rate, must first be reviewed and approved by the tolling authority designated in RCW 47.56.850 if the tolls, or change in toll rate, would have a significant impact, as determined by the tolling authority, on the operation of any state facility. [2008 c 122 § 12; 2005 c 336 § 25.]

**Effective date—2005 c 336:** See note following RCW 36.73.015.

**47.56.090 Authority to acquire right-of-way in constructing a toll bridge.** The department of transportation is empowered to secure right-of-way for toll bridges and for approaches thereto by gift or purchase, or by condemnation in the manner provided by law for the taking of private property for public highway purposes. [1977 ex.s. c 151 § 69; 1961 c 13 § 47.56.090. Prior: 1937 c 173 § 5; RRS § 6524-5.]

**47.56.100 Toll bridges—Right-of-way across state highways and political subdivisions—Compensation.** The right-of-way is hereby given, dedicated, and set apart upon which to locate, construct, and maintain bridges or approaches thereto or other highway crossings, and transportation facilities thereof or thereto, through, over, or across any state highways, and through, over, or across the streets, alleys, lanes, and roads within any city, county, or other political subdivision of the state. If any property belonging to any city, county, or other political subdivision of the state is required to be taken for the construction of any bridge or approach thereto, or if any such property is injured or damaged by such construction, compensation therefor as may be proper or necessary and as agreed upon may be paid by the department to the particular county, city, or other political subdivision of the state owning the property, or condemnation proceedings may be brought for the determination of the compensation. [1984 c 7 § 254; 1977 ex.s. c 103 § 4; 1961 c 13 § 47.56.100. Prior: 1937 c 173 § 16; RRS § 6524-16.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.110 Toll bridges—Resolution of necessity in acquiring right-of-way—Effect of.** Before the department proceeds with any action to secure a right-of-way or with construction of any toll bridge under the provisions of this chapter, the commission shall first pass a resolution that public interest and necessity require the acquisition of right-of-way for and the construction of the toll bridge. The resolution is conclusive evidence (1) of the public necessity of such construction; (2) that the property is necessary therefor; and (3) that the proposed construction is planned or located in a manner which will be most compatible with the greatest public

good and the least private injury. When it becomes necessary for the department to condemn any real estate to be used in connection with any such bridge, the attorney general of the state shall represent the department. In eminent domain proceedings to acquire property for any of the purposes of this chapter, any toll bridge, real property, personal property, franchises, rights, easements, or other property or privileges appurtenant thereto appropriated or dedicated to a public use or purpose by any person, firm, private, public, or municipal corporation, county, city, town, district, or any political subdivision of the state, may be condemned and taken, and the acquisition and use as provided in this chapter for the same public use or purpose to which the property has been so appropriated or dedicated, or for any other public use or purpose, is a superior and permanent right and necessity, and a more necessary use and purpose than the public use or purpose to which the property has already been appropriated or dedicated. It is not necessary in any eminent domain proceedings under this chapter to plead or prove any acts or proceedings preliminary or prior to the adoption of the resolution hereinbefore referred to describing the property sought to be taken and directing such proceedings. [1984 c 7 § 255; 1961 c 13 § 47.56.110. Prior: 1937 c 173 § 11; RRS § 6524-11.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **47.56.120 Toll bridges—Construction directed—**

**Costs.** In the event that any toll bridge should be constructed, all cost thereof including right-of-way, survey, and engineering shall be paid out of any funds available for payment of the cost of such toll bridge under this chapter. [2008 c 122 § 13; 1977 ex.s. c 151 § 70; 1961 c 13 § 47.56.120. Prior: 1937 c 173 § 4; RRS § 6524-4.]

**47.56.130 Toll bridges—Bonds—Cooperative funds from state and federal government.** The department is hereby empowered to issue bonds for the construction of any toll bridge or toll bridges authorized under the provisions of this chapter. Any and all bonds issued for the construction of any toll bridge or toll bridges under the authority of the department shall be issued in the name of the department, shall constitute obligations only of the department, shall be identified as . . . . . toll bridge bonds, and shall contain a recital on the face thereof that the payment or redemption of the bonds and the payment of the interest thereon is secured by a direct and exclusive charge and lien upon the tolls and other revenues of any nature whatever received from the operation of the particular toll bridge or bridges for the construction of which the bonds are issued and that neither the payment of the principal or any part thereof nor of the interest thereon or any part thereof constitutes a debt, liability, or obligation of the state of Washington. The department is empowered to receive and accept funds from the state of Washington or the federal government upon a cooperative or other basis for the construction of any toll bridge authorized under this chapter and is empowered to enter into such agreements with the state of Washington or the federal government as may be required for the securing of such funds. [1984 c 7 § 256; 1961 c 13 § 47.56.130. Prior: 1937 c 173 § 7; RRS § 6524-7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

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**47.56.140 Toll bridges, bonds—Form, contents, manner of sale—Interim bonds.** The revenue bonds may be issued and sold by the department of transportation from time to time and in such amounts as it deems necessary to provide sufficient funds for the construction of the bridge, and to pay interest on outstanding bonds issued for its construction during the period of actual construction and for six months after completion thereof.

The department of transportation shall determine the form, conditions, and denominations of the bonds, and the maturity dates which the bonds to be sold shall bear and the interest rate thereon. All bonds of the same issue need not bear the same interest rate. Principal and interest of the bonds may be payable at such place as determined by the department. They may be in any form including bearer bonds or registered bonds as provided in RCW 39.46.030, with interest payable at such times as determined by the department, and shall mature at such times and in such amounts as the department prescribes. The department may provide for the retirement of the bonds at any time prior to maturity, and in such manner and upon payment of such premiums as it may determine in the resolution providing for the issuance of the bonds. All such bonds shall be signed by the state auditor and countersigned by the governor and any interest coupons appertaining thereto shall bear the signature of the state auditor. The countersignature of the governor on such bonds and the signature of the state auditor on any coupons may be their printed or lithographed facsimile signatures. Successive issues of such bonds within the limits of the original authorization shall have equal preference with respect to the redemption thereof and the payment of interest thereon. The department may fix different maturity dates, serially or otherwise, for successive issues under any one original authorization. The bonds shall be negotiable instruments under the law merchant. All bonds issued and sold hereunder shall be sold on sealed bids to the highest and best bidder after such advertising for bids as the department deems proper. The department may reject any and all bids and may thereafter sell the bonds at private sale under such terms and conditions as it deems most advantageous to its own interests; but not at a price below that of the best bid which was rejected. The department may contract loans and borrow money through the sale of bonds of the same character as those herein authorized, from the United States or any agency thereof, upon such conditions and terms as may be agreed to and the bonds shall be subject to all the provisions of this chapter, except the requirement that they be first offered at public sale.

Temporary or interim bonds, certificates, or receipts, of any denomination, and with or without coupons attached, signed by the state auditor, may be issued and delivered until bonds are executed and available for delivery. [1983 c 167 § 118; 1970 ex.s. c 56 § 62; 1969 ex.s. c 232 § 33; 1963 ex.s. c 3 § 45; 1961 c 13 § 47.56.140. Prior: 1953 c 79 § 1; 1937 c 173 § 8; RRS § 6524-8.]

**Purpose—1970 ex.s. c 56:** See note following RCW 39.52.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.150 Toll bridges—Bond proceeds and toll revenues, disposition of—Construction fund—Disbursement—Investment.** The proceeds from the sale of all bonds authorized under the provisions of this chapter shall be paid

to the state treasurer for the credit of the department and be deposited as demand deposits forthwith in such depository or depositories as may be authorized by law to receive deposits of state funds to the credit of a fund to be designated as the construction fund of the particular toll bridge or toll bridges for which such bonds were issued and sold, which fund shall not be a state fund and shall at all times be kept segregated and set apart from all other funds and in trust for the purposes herein set out. Such proceeds shall be paid out or disbursed solely for the construction of such toll bridge or toll bridges, the acquisition of the necessary lands and easements therefor and the payment of interest on such bonds during the period of actual construction and for a period of six months thereafter, only as the need therefor shall arise. The department may agree with the purchaser of the bonds upon any conditions or limitations restricting the disbursement of such funds that may be deemed advisable, for the purpose of assuring the proper application of such funds. All moneys in such fund and not required to meet current construction costs of the toll bridge or toll bridges for which such bonds were issued and sold, and all funds constituting surplus revenues that are not immediately needed for the particular object or purpose to which they must be applied or are pledged shall be invested in bonds and obligations of the nature eligible for investment of surplus state moneys: PROVIDED, That the department may provide in the proceedings authorizing the issuance of these bonds that the investment of such moneys shall be made only in particular bonds and obligations within the classifications eligible for such investment, and such provisions shall thereupon be binding upon the department and all officials having anything to do with the investment. Any surplus which may exist in the construction fund shall be applied to the retirement of bonds issued for the construction of such toll bridge or toll bridges by purchase or call. If these bonds cannot be purchased at a price satisfactory to the department and are not by their terms callable prior to maturity, the surplus shall be paid into the fund applicable to the payment of principal and interest of the bonds and shall be used for that purpose. The proceedings authorizing the issuance of bonds may provide limitations and conditions upon the time and manner of applying the surplus to the purchase and call of outstanding bonds and the terms upon which they shall be purchased or called. Such limitations and conditions shall be followed and observed in the application and use of the surplus. All bonds so retired by purchase or call shall be immediately canceled. [1984 c 7 § 257; 1961 c 13 § 47.56.150. Prior: 1937 c 173 § 14, part; RRS § 6524-14, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.160 Toll bridges—Toll revenue fund.** All tolls or other revenues received from the operation of any toll bridge or toll bridges constructed with the proceeds of bonds issued and sold hereunder shall be paid over by the department to the state treasurer. The treasurer shall deposit them forthwith as demand deposits in a depository or depositories authorized by law to receive deposits of state funds. The deposit shall be made to the credit of a special trust fund designated as the toll revenue fund of the particular toll bridge or toll bridges producing the tolls or revenue, which fund shall be a trust fund and shall at all times be kept segregated and set

apart from all other funds. [1984 c 7 § 258; 1961 c 13 § 47.56.160. Prior: 1937 c 173 § 14, part; RRS § 6524-14, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.165 Tacoma Narrows toll bridge account.** A special account to be known as the Tacoma Narrows toll bridge account is created in the motor vehicle fund in the state treasury.

(1) Deposits to the account must include:

(a) All proceeds of bonds issued for construction of the Tacoma Narrows public-private initiative project, including any capitalized interest;

(b) All of the toll charges and other revenues received from the operation of the Tacoma Narrows bridge as a toll facility, to be deposited at least monthly;

(c) Any interest that may be earned from the deposit or investment of those revenues;

(d) Notwithstanding RCW 47.12.063, proceeds from the sale of any surplus real property acquired for the purpose of building the second Tacoma Narrows bridge; and

(e) All liquidated damages collected under any contract involving the construction of the second Tacoma Narrows bridge.

(2) Proceeds of bonds shall be used consistent with RCW 47.46.130, including the reimbursement of expenses and fees incurred under agreements entered into under RCW 47.46.040 as required by those agreements.

(3) Toll charges, other revenues, and interest may only be used to:

(a) Pay required costs that contribute directly to the financing, operation, maintenance, management, and necessary repairs of the tolled facility, as determined by rule by the transportation commission; and

(b) Repay amounts to the motor vehicle fund as required under RCW 47.46.140.

(4) Toll charges, other revenues, and interest may not be used to pay for costs that do not contribute directly to the financing, operation, maintenance, management, and necessary repairs of the tolled facility, as determined by rule by the transportation commission.

(5) The department shall make detailed quarterly expenditure reports available to the transportation commission and to the public on the department's web site using current department resources.

(6) When repaying the motor vehicle fund under RCW 47.46.140, the state treasurer shall transfer funds from the Tacoma Narrows toll bridge account to the motor vehicle fund on or before each debt service date for bonds issued for the Tacoma Narrows public-private initiative project in an amount sufficient to repay the motor vehicle fund for amounts transferred from that fund to the highway bond retirement fund to provide for any bond principal and interest due on that date. The state treasurer may establish subaccounts for the purpose of segregating toll charges, bond sale proceeds, and other revenues. [2009 c 567 § 1; 2006 c 17 § 1; 2002 c 114 § 11.]

**Finding—Intent—2002 c 114:** See RCW 47.46.011.

**Captions not law—2002 c 114:** See note following RCW 47.46.011.

**47.56.167 Toll collection account. (Contingent expiration date.)** The toll collection account is created in the custody of the state treasurer. All receipts from prepaid customer tolls must be deposited into the account. Distributions from the account may be used only to refund customers' prepaid tolls or for distributions into the appropriate toll facility account. Distributions into the appropriate toll facility account shall be based on charges incurred at each toll facility and shall include a proportionate share of interest earned from amounts deposited into the account. For purposes of accounting, distributions from the account constitute earned toll revenues in the receiving toll facility account at the time of distribution. Only the secretary of transportation or the secretary's designee may authorize distributions from the account. Distributions of revenue and refunds from this account are not subject to the allotment procedures under chapter 43.88 RCW and an appropriation is not required. [2008 c 122 § 23.]

**Effective date—2008 c 122 §§ 23 and 24:** "Sections 23 and 24 of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and take effect immediately [March 25, 2008]." [2008 c 122 § 26.]

**47.56.167 Toll collection account. (Contingent effective date.)** (1) The toll collection account is created in the custody of the state treasurer for the deposit of prepaid customer tolls and clearing activities benefiting multiple toll facilities.

(2) All receipts from prepaid customer tolls must be deposited into the account. Prepaid customer tolls may be used only to refund customer prepaid tolls or for distributions to the appropriate toll facility account based on an equitable methodology to be determined by the department in consultation with the office of financial management. For purposes of accounting, distributions from the account constitute earned toll revenues in the receiving toll facility account at the time of distribution.

(3) Operations that benefit multiple toll facilities may be recorded in the account. At least monthly, operating activities must be distributed to the benefiting toll facility accounts.

(4) On a monthly basis, interest earnings on deposits in the account must be distributed to the toll facility accounts based on an equitable methodology to be determined by the department in consultation with the office of financial management.

(5) Only the secretary of transportation or the secretary's designee may authorize distributions from the account. Distributions of revenue and refunds from this account are not subject to the allotment procedures under chapter 43.88 RCW and an appropriation is not required. [2010 c 249 § 8; 2008 c 122 § 23.]

**Contingent effective date—2010 c 249:** See note following RCW 47.56.795.

**Effective date—2008 c 122 §§ 23 and 24:** "Sections 23 and 24 of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and take effect immediately [March 25, 2008]." [2008 c 122 § 26.]

**47.56.170 Toll bridges—Transfer of funds for bond payments—Surplus funds.** From the money deposited in each separate construction fund under RCW 47.56.160, the state treasurer shall transfer to the place or places of payment (2010 Ed.)

named in the bonds such sums as may be required to pay the interest as it becomes due on all bonds sold and outstanding for the construction of a particular toll bridge or toll bridges during the period of actual construction and during the period of six months immediately thereafter. The state treasurer shall thereafter transfer from each separate toll revenue fund to the place or places of payment named in the bonds such sums as may be required to pay the interest on the bonds and redeem the principal thereof as the interest payments and bond redemption become due for all bonds issued and sold for the construction of the particular toll bridge or toll bridges producing the tolls or revenues so deposited in the toll revenue fund. All funds so transferred for the payment of principal or interest on bonds issued for any particular toll bridge shall be segregated and applied solely for the payment of that principal or interest. The proceedings authorizing the issuance of bonds may provide for setting up a reserve fund or funds out of the tolls and other revenues not needed for the payment of principal and interest, as the same currently matures and for the preservation and continuance of the fund in a manner to be provided therein. The proceedings may also require the immediate application of all surplus moneys in the toll revenue fund to the retirement of the bonds prior to maturity, by call or purchase, in such manner and upon such terms and the payment of such premiums as may be deemed advisable in the judgment of the department.

The moneys remaining in each separate toll revenue fund after providing the amount required for interest and redemption of bonds as provided in this section shall be held and applied as provided in the proceedings authorizing the issuance of the bonds. If the proceedings authorizing the issuance of the bonds do not require surplus revenues to be held or applied in any particular manner, they shall be allocated and used for such other purposes incidental to the construction, operation, and maintenance of the toll bridge or bridges as the department may determine. [1984 c 7 § 259; 1961 c 13 § 47.56.170. Prior: 1937 c 173 § 14, part; RRS § 6524-14, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.180 Toll bridges—Payments made by warrants on vouchers—Interest on deposits.** Warrants for payments to be made on account of the bonds shall be duly drawn by the state treasurer on vouchers approved by the department.

Moneys required to meet the costs of construction and all expenses and costs incidental to the construction of any particular toll bridge or toll bridges or to meet the costs of operating, maintaining, and repairing the bridge or bridges shall be paid from the proper fund therefor by the state treasurer upon vouchers approved by the department.

All interest received or earned on money deposited in each and every fund provided for in this chapter shall be credited to and become a part of the particular fund upon which the interest accrues. [1984 c 7 § 260; 1973 c 106 § 26; 1961 c 13 § 47.56.180. Prior: 1937 c 173 § 14, part; RRS § 6524-14, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.190 Toll bridges—Agreement on deposit of funds.** The department may provide in the proceedings

authorizing the issuance of bonds or may otherwise agree with the purchasers of bonds regarding the deposit of all moneys constituting the construction fund and the toll revenue fund and provide for the deposit of the money at such times and with such depositaries or paying agents and upon the furnishing of security as meets with the approval of the purchasers of the bonds so long as the depositaries and security provided for or agreed upon are qualified and eligible in accordance with the requirements of law. [1984 c 7 § 261; 1961 c 13 § 47.56.190. Prior: 1937 c 173 § 14, part; RRS § 6524-14, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.200 Toll bridges—Use of bond proceeds and revenue for expenses.** Notwithstanding anything contained in this chapter, the proceeds received from the sale of bonds and the tolls or other revenues received from the operation of any toll bridge or toll bridges may be used to defray any expenses incurred by the department in connection with and incidental to the issuance and sale of bonds for the construction of the toll bridge or toll bridges including expenses for the preparation of surveys and estimates and making inspections and examinations required by the purchasers of the bonds. In addition, the proceedings authorizing the issuance of the bonds may contain appropriate provisions governing the use and application of the bond proceeds and toll or other revenues for the purposes herein specified. [1984 c 7 § 262; 1961 c 13 § 47.56.200. Prior: 1937 c 173 § 14, part; RRS § 6524-14, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.210 Toll bridges—Remedies of bond holders.** While any bonds issued by the department under this chapter remain outstanding, the powers, duties, or existence of the department or of any other official or agency of the state shall not be diminished or impaired in any manner that will affect adversely the interests and rights of the holders of such bonds. The holder of any bond may by mandamus or other appropriate proceeding require and compel the performance of any of the duties imposed upon any state department, official, or employee, or imposed upon the department or its officers, agents, and employees in connection with the construction, maintenance, operation, and insurance of any bridge, and in connection with the collection, deposit, investment, application, and disbursement of all tolls and other revenues derived from the operation and use of any bridge and in connection with the deposit, investment, and disbursement of the proceeds received from the sale of bonds. The enumeration of rights and remedies in this section shall not be deemed to exclude the exercise or prosecution of any other rights or remedies by the holders of the bonds. [1984 c 7 § 263; 1961 c 13 § 47.56.210. Prior: 1937 c 173 § 18; RRS § 6524-18.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.220 Toll bridges—Limitations on other service—Protection of outstanding bonds.** Except as otherwise provided in RCW \*47.56.291, \*\*47.56.714, and \*47.56.756, as long as any of the bonds issued hereunder for the construction of any toll bridge are outstanding and unpaid, there shall not be erected, constructed, or maintained

any other bridge or other crossing over, under, through, or across the waters over which such toll bridge is located or constructed, connecting or joining directly or indirectly the lands or extensions thereof or abutments thereon on both sides of the waters spanned or crossed by such toll bridge within a distance of ten miles from either side of such toll bridge excepting bridges or other highway crossings actually in existence and being maintained, or for which there was outstanding an existing and lawfully issued franchise, at the time of the location of such toll bridge and prior to the time of the authorization of such bonds, and no ferry or other similar means of crossing the said waters within the said distance and connecting or plying directly or indirectly between the lands or extensions thereof or abutments thereon on both sides of the waters spanned or crossed by such bridge shall be maintained or operated or permitted or allowed: PROVIDED, That ferries and other similar means of crossing actually in existence and being maintained and operated, or for which there was outstanding an existing and lawfully issued franchise, at the time of the location of such bridge and prior to the time of the authorization of such bonds, may continue and be permitted to be operated and maintained under such existing rights and franchises, or any lawful renewal or extension thereof. The provisions of this section shall be binding upon the state department of transportation, the state of Washington, and all of its departments, agencies, or instrumentalities as well as any and all private, political, municipal, and public corporations and subdivisions, including cities, counties, and other political subdivisions, and the prohibitions of this section shall restrict and limit the powers of the legislature of the state of Washington in respect to the matters herein mentioned as long as any of such bonds are outstanding and unpaid and shall be deemed to constitute a contract to that effect for the benefit of the holders of all such bonds. [1983 c 3 § 128; 1979 ex.s. c 212 § 19; 1979 c 131 § 8; 1961 c 13 § 47.56.220. Prior: 1937 c 173 § 13; RRS § 6524-13.]

**Reviser's note:** \*(1) RCW 47.56.291 and 47.56.756 were repealed by 2005 c 335 § 5.

\*\*\*(2) RCW 47.56.714 was repealed by 1990 c 42 § 403, effective September 1, 1990.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.230 Toll bridges—Insurance or indemnity bonds authorized.** When any toll bridge or bridges authorized under this chapter is being built by the department, the department may carry or cause to be carried an amount of insurance or indemnity bond or bonds as protection against loss or damage as the department may deem proper. The department is hereby further empowered to carry such an amount of insurance to cover any accident or destruction in part or in whole to any toll bridge or toll bridges until all bonds sold for the construction of the toll bridge or toll bridges and interest accrued thereon have been fully redeemed and paid. All moneys collected on any indemnity bond or insurance policy as the result of any damage or injury to the toll bridge or toll bridges shall be used for the purpose of repairing or rebuilding the toll bridge or toll bridges as long as there are revenue bonds against any such structure outstanding and unredeemed. The department is also empowered to carry insurance or indemnity bonds insuring against the loss of tolls or other revenues to be derived from any such

toll bridge or bridges by reason of any interruption in the use of the toll bridge or toll bridges from any cause whatever, and the proceeds of the insurance or indemnity bonds shall be paid into the fund into which the tolls and other revenues of the bridge thus insured are required to be paid and shall be applied to the same purposes and in the same manner as other moneys in the fund. The insurance or indemnity bonds may be in an amount equal to the probable tolls and other revenues to be received from the operation of the toll bridge or toll bridges during any period of time that may be determined by the department and fixed in its discretion, and be paid for out of the toll revenue fund as may be specified in the proceedings. The department may provide in the proceedings authorizing the issuance of bonds for the carrying of insurance as authorized by this chapter, and the purchase and carrying of insurance as authorized by this chapter, and the purchase and carrying of such insurance shall thereupon be obligatory upon the department and be paid for out of the toll revenue fund as may be specified in the proceedings. [1984 c 7 § 264; 1961 c 13 § 47.56.230. Prior: 1937 c 173 § 15; RRS § 6524-15.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.240 Toll bridges—Fixing of toll rates authorized—Lien of bonds on revenue.** Except as otherwise provided in RCW 47.56.850, the commission is hereby empowered to fix the rates of toll and other charges for all toll bridges built under the terms of this chapter. Toll charges so fixed may be changed from time to time as conditions warrant. The commission, in establishing toll charges, shall give due consideration to the cost of operating and maintaining such toll bridge or toll bridges including the cost of insurance, and to the amount required annually to meet the redemption of bonds and interest payments on them. The tolls and charges shall be at all times fixed at rates to yield annual revenue equal to annual operating and maintenance expenses including insurance costs and all redemption payments and interest charges of the bonds issued for any particular toll bridge or toll bridges as the bonds become due. The bond redemption and interest payments constitute a first direct charge and lien on all such tolls and other revenues and interest thereon. Sinking funds created therefrom received from the use and operation of the toll bridge or toll bridges, and such tolls and revenues together with the interest earned thereon shall constitute a trust fund for the security and payment of such bonds and shall not be used or pledged for any other purpose as long as any of these bonds are outstanding and unpaid. [2008 c 122 § 14; 1984 c 7 § 265; 1961 c 13 § 47.56.240. Prior: 1937 c 173 § 9; RRS § 6524-9.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.242 Liquidation and closure of facility accounts upon removal of tolls—Transfer to motor vehicle fund.** The department is authorized to liquidate and close toll facility trust and other facility accounts established outside the state treasury under chapter 47.56 RCW after the removal of tolls from the facility for which the accounts were established. Any balance remaining in the accounts shall thereupon be transferred to the motor vehicle fund. In addition, the department may, after the removal of tolls from a

particular facility or facilities, require that all moneys transferred to the place of payment named in the revenue bonds, for the purpose of paying principal or interest or for redemption of the bonds not then expended for such purpose, be returned to the state treasurer for deposit in the motor vehicle fund. [1984 c 7 § 266; 1967 ex.s. c 145 § 48.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.243 Liquidation and closure of facility accounts upon removal of tolls—Satisfaction of claims.** After transfer of such moneys pursuant to RCW 47.56.242, all valid claims against such accounts, including proper claims for refunds for unused commute media and other prepaid toll fees, may be satisfied, and any outstanding bonds or any coupons may be redeemed by payment from the motor vehicle fund upon proper application to and approval by the department of transportation.

Neither the provisions of this section nor of RCW 47.56.242 shall be construed to preclude any remedy otherwise available to bond owners or coupon holders. [1983 c 167 § 119; 1967 ex.s. c 145 § 49.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.245 Toll charges retained until costs paid.** The department shall retain toll charges on all existing and future facilities until all costs of investigation, financing, acquisition of property, and construction advanced from the motor vehicle fund, and obligations incurred under RCW 47.56.250 and chapter 16, Laws of 1945 have been fully paid.

(1) Except as provided in subsection (2) of this section, with respect to every facility completed after March 19, 1953, costs of maintenance and operation shall be paid periodically out of the revenues of the facility in which such costs were incurred.

(2) Where a state toll facility is constructed under chapter 47.46 RCW adjacent to or within two miles of an existing bridge that was constructed under this chapter, revenue from the toll facility may not be used to pay for costs of maintenance on the existing bridge. [2002 c 114 § 23; 1984 c 7 § 267; 1965 ex.s. c 170 § 53; 1961 c 13 § 47.56.245. Prior: 1953 c 220 § 6.]

**Finding—Intent—2002 c 114:** See RCW 47.46.011.

**Captions not law—2002 c 114:** See note following RCW 47.46.011.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.247 Credit permits for vehicular passage.** The department may issue permits for the passage of vehicles on any or all of its toll bridges, toll tunnels, toll roads, or for the Washington state ferry system on a credit basis upon such terms and conditions as the department deems proper. [1984 c 7 § 268; 1961 c 258 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.248 Credit permits for vehicular passage—Cash deposit or bond—Revocation of permit.** The department may require the holder of the permit to furnish to and maintain in force with the department a cash deposit or a corporate surety bond. The department may require the holder of the permit to increase the amount of cash bond, or to furnish an additional surety bond, or may reduce the amount of the

cash bond or surety bond required, as the amount of charges incurred and regularity of payment warrant, or may revoke any permit granted for failure of the holder to comply with any of its terms. [1984 c 7 § 269; 1961 c 258 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.250 Contributions by the state or political subdivision—Bonds—Repayment.** Whenever a proposed toll bridge, toll road, toll tunnel, or any other toll facility of any sort is to be constructed, any city, county, or other political subdivision located in relation to such facility so as to benefit directly or indirectly thereby, may, either jointly or separately, at the request of the transportation commission advance or contribute money, or bonds, rights-of-way, labor, materials, and other property toward the expense of building the toll facility, and for preliminary surveys and the preparation of plans and estimates of cost therefor and other preliminary expenses. Any such city, county, or other political subdivision may, either jointly or separately, at the request of the transportation commission advance or contribute money or bonds for the purpose of guaranteeing the payment of interest or principal on the bonds issued by the commission to finance the toll facility. Appropriations for such purposes may be made from any funds available, including county road funds received from or credited by the state, or funds obtained by excess tax levies made pursuant to law or the issuance of general obligation bonds for this purpose. General obligation bonds issued by a city, county, or political subdivision may with the consent of the commission be placed with the department of transportation to be sold by the department to provide funds for such purpose. Money, or bonds, or property so advanced or contributed may be immediately transferred or delivered to the department to be used for the purpose for which contribution was made. The commission may enter into an agreement with a city, county, or other political subdivision to repay any money, or bonds or the value of a right-of-way, labor, materials, or other property so advanced or contributed. The commission may make such repayment to a city, county, or other political subdivision and reimburse the state for any expenditures made by it in connection with the toll facility out of tolls and other revenues for the use of the toll facility. [1977 ex.s. c 151 § 71; 1961 c 13 § 47.56.250. Prior: 1959 c 162 § 1; 1955 c 166 § 1; 1937 c 173 § 12; RRS § 6524-12.]

**47.56.253 Permits, leases, licenses to governmental entities to use property of toll facility or ferry system.** If the department deems it in the public interest and not inconsistent with the use and operation of the toll facility involved, the department may on application therefor issue a permit, lease, or license to the state, or to any city, county, port district, or other political subdivision or municipal corporation of the state to use any portion of the property of any toll bridge, toll road, toll tunnel, or Washington state ferry system upon such terms and conditions as the department may prescribe. [1984 c 7 § 270; 1961 c 257 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.254 Sale of unneeded property—Authorized—Rules.** If the secretary of transportation determines that any

real property (including lands, improvements thereon, and any interests or estates) originally acquired for toll facility purposes is no longer required for purposes of the department, the department shall offer it for sale as authorized by RCW 47.12.063 or 47.12.283. The department may adopt rules further implementing this section. [1979 ex.s. c 189 § 4; 1977 ex.s. c 151 § 72; 1973 1st ex.s. c 177 § 3; 1961 c 257 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.255 Sale of unneeded property—Certification to governor—Execution, delivery of deed.** When full payment for real property agreed to be sold as authorized by RCW 47.56.254 has been received, the department may certify this fact to the governor, with a description of the land and terms of the sale, and the governor may execute and the secretary of state shall attest the deed and deliver it to the grantee. [1984 c 7 § 271; 1973 1st ex.s. c 177 § 4; 1961 c 257 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.256 Franchises for utility, railway, urban public transportation purposes.** If the department deems it not inconsistent with the use and operation of any department facility, the department may grant franchises to persons, associations, private or municipal corporations, the United States government, or any agency thereof, to use any portion of the property of any toll bridge, toll road, toll tunnel, or the Washington state ferry system, including approaches thereto, for the construction and maintenance of water pipes, flumes, gas pipes, telephone, telegraph, and electric light and power lines and conduits, trams or railways, any structures or facilities that are part of an urban public transportation system owned or operated by a municipal corporation, agency, or department of the state of Washington other than the department of transportation, and any other such facilities in the manner of granting franchises on state highways. [1984 c 7 § 272; 1967 c 108 § 12; 1961 c 257 § 5.]

*Urban public transportation system defined: RCW 47.04.082.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.257 Deposit of moneys received under RCW 47.56.253 through 47.56.256.** Any moneys received pursuant to the provisions of RCW 47.56.253 through 47.56.256 shall be deposited into the separate and proper trust fund with the state treasurer established for the respective toll facility. [1979 ex.s. c 189 § 5; 1961 c 257 § 6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.258 Notification requirements.** Actions under this chapter are subject to the notification requirements of RCW 43.17.400. [2007 c 62 § 10.]

**Finding—Intent—Severability—2007 c 62:** See notes following RCW 43.17.400.

**47.56.270 1950 Tacoma Narrows bridge part of primary highways.** The 1950 Tacoma Narrows bridge in chapter 47.17 RCW made a part of the primary state highways of the state of Washington shall, upon completion, be operated, maintained, kept up, and repaired by the department in the

manner provided in this chapter, and the cost of such operation, maintenance, upkeep, and repair shall be paid from funds appropriated for the use of the department for the construction and maintenance of the primary state highways of the state of Washington. This section does not apply to that portion of the Tacoma Narrows bridge facility first opened to traffic after June 13, 2002. [2005 c 335 § 4; 2002 c 114 § 20; 1983 c 3 § 129; 1961 c 13 § 47.56.270. Prior: 1939 c 5 § 4; RRS § 6524-3a.]

**Finding—Intent—2002 c 114:** See RCW 47.46.011.

**Captions not law—2002 c 114:** See note following RCW 47.46.011.

**47.56.271 1950 Tacoma Narrows bridge toll-free—Exception.** Except as otherwise provided in this section, the 1950 Tacoma Narrows bridge hereinbefore by the provisions of RCW 47.17.065 and 47.56.270 made a part of the primary state highways of the state shall be operated and maintained by the department as a toll-free facility at such time as the bonded indebtedness relating to the construction of the 1950 Tacoma Narrows bridge is wholly retired and tolls equaling the indebtedness of the toll bridge authority incurred for the construction of the 1950 Tacoma Narrows bridge to the county of Pierce have been collected. Toll charges may be imposed upon the 1950 Tacoma Narrows bridge only if that bridge is included as part of a public toll bridge facility that includes an additional toll bridge adjacent to the 1950 Tacoma Narrows bridge and constructed under RCW 47.46.080. [2002 c 114 § 21; 1983 c 3 § 130; 1965 c 50 § 1.]

**Finding—Intent—2002 c 114:** See RCW 47.46.011.

**Captions not law—2002 c 114:** See note following RCW 47.46.011.

**47.56.366 Hood Canal bridge—Public sport fishing—Disclaimer of liability.** The department may permit public sport fishing from the Hood Canal bridge. The department may adopt rules governing public use of the bridge for sport fishing to the end that such activity shall not interfere with the primary use and operation of the bridge as a highway facility. Notwithstanding the provisions of RCW 4.92.090 or any other statute imposing liability upon the state of Washington, the state hereby disclaims any liability arising out of loss or injury in connection with the public use of the Hood Canal bridge for sport fishing purposes. [1984 c 7 § 277; 1963 c 240 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.401 High occupancy toll lanes defined.** For the purposes of RCW 46.61.165, 47.56.403, and 47.66.090, "high occupancy toll lanes" means one or more lanes of a highway that charges tolls as a means of regulating access to or the use of the facility, to maintain travel speed and reliability. Supporting facilities include, but are not limited to, approaches, enforcement areas, improvements, buildings, and equipment. [2005 c 312 § 2.]

**Intent—2005 c 312:** "The legislature recognizes that the Puget Sound region is faced with growing traffic congestion and has limited ability to expand freeway capacity due to financial, environmental, and physical constraints. Freeway high occupancy vehicle lanes have been an effective means of providing transit, vanpools, and carpools with a fast trip on congested freeway corridors, but in many cases, these lanes are themselves getting crowded during the peak commute times, while some are being underused at off-peak times.

It is the intent of the legislature to maximize the effectiveness and effi-

ciency of the freeway system. To evaluate methods to accomplish this, it is beneficial to evaluate alternative approaches to managing the use of freeway high occupancy vehicle lanes, including pilot projects to determine and demonstrate the effectiveness and benefits of implementing high occupancy toll lanes. The legislature acknowledges that state route 167 provides an ideal test of the high occupancy toll lane concept because it is a congested corridor, it has underused capacity in the high occupancy vehicle lane, and it has adequate right-of-way for improvements needed to test the concept. Therefore, it is the intent of this act to direct that the department of transportation, as a pilot project, develop and operate a high occupancy toll lane on state route 167 in King county and to conduct an evaluation of that project to determine impacts on freeway efficiency, effectiveness for transit, feasibility of financing improvements through tolls, and the impacts on freeway users." [2005 c 312 § 1.]

**Captions—2005 c 312:** "Section captions used in this act are not any part of the law." [2005 c 312 § 9.]

**47.56.403 High occupancy toll lane pilot project.** (1) The department may provide for the establishment, construction, and operation of a pilot project of high occupancy toll lanes on state route 167 high occupancy vehicle lanes within King county. The department may issue, buy, and redeem bonds, and deposit and expend them; secure and remit financial and other assistance in the construction of high occupancy toll lanes, carry insurance, and handle any other matters pertaining to the high occupancy toll lane pilot project.

(2) Tolls for high occupancy toll lanes will be established as follows:

(a) The schedule of toll charges for high occupancy toll lanes must be established by the transportation commission and collected in a manner determined by the commission.

(b) Toll charges shall not be assessed on transit buses and vanpool vehicles owned or operated by any public agency.

(c) The department shall establish performance standards for the state route 167 high occupancy toll lane pilot project. The department must automatically adjust the toll charge, using dynamic tolling, to ensure that toll-paying single-occupant vehicle users are only permitted to enter the lane to the extent that average vehicle speeds in the lane remain above forty-five miles per hour at least ninety percent of the time during peak hours. The toll charge may vary in amount by time of day, level of traffic congestion within the highway facility, vehicle occupancy, or other criteria, as the commission may deem appropriate. The commission may also vary toll charges for single-occupant inherently low-emission vehicles such as those powered by electric batteries, natural gas, propane, or other clean burning fuels.

(d) The commission shall periodically review the toll charges to determine if the toll charges are effectively maintaining travel time, speed, and reliability on the highway facilities.

(3) The department shall monitor the state route 167 high occupancy toll lane pilot project and shall annually report to the transportation commission and the legislature on operations and findings. At a minimum, the department shall provide facility use data and review the impacts on:

(a) Freeway efficiency and safety;

(b) Effectiveness for transit;

(c) Person and vehicle movements by mode;

(d) Ability to finance improvements and transportation services through tolls; and

(e) The impacts on all highway users. The department shall analyze aggregate use data and conduct, as needed, separate surveys to assess usage of the facility in relation to geographic, socioeconomic, and demographic information within the corridor in order to ascertain actual and perceived questions of equitable use of the facility.

(4) The department shall modify the pilot project to address identified safety issues and mitigate negative impacts to high occupancy vehicle lane users.

(5) Authorization to impose high occupancy vehicle tolls for the state route 167 high occupancy toll pilot project expires if either of the following two conditions apply:

(a) If no contracts have been let by the department to begin construction of the toll facilities associated with this pilot project within four years of July 24, 2005; or

(b) Four years after toll collection begins under this section.

(6) The department of transportation shall adopt rules that allow automatic vehicle identification transponders used for electronic toll collection to be compatible with other electronic payment devices or transponders from the Washington state ferry system, other public transportation systems, or other toll collection systems to the extent that technology permits.

(7) The conversion of a single existing high occupancy vehicle lane to a high occupancy toll lane as proposed for SR-167 must be taken as the exception for this pilot project.

(8) A violation of the lane restrictions applicable to the high occupancy toll lanes established under this section is a traffic infraction.

(9) Procurement activity associated with this pilot project shall be open and competitive in accordance with chapter 39.29 RCW. [2005 c 312 § 3.]

**Intent—Captions—2005 c 312:** See notes following RCW 47.56.401.

**47.56.600 Naches Pass tunnel—Design.** Upon adoption of the financing plan the commission and the authority, acting jointly, shall forthwith proceed to make the design for the entire project. [1961 c 13 § 47.56.600. Prior: 1959 c 292 § 4.]

**Reviser's note:** Powers, duties, and functions of highway commission and toll bridge authority transferred to department of transportation; see RCW 47.01.031. Terms "commission" and "authority" mean department of transportation; see RCW 47.04.015.

**47.56.711 Spokane river bridges.** The state highway bridge across the Spokane river in the vicinity of Trent Avenue in Spokane shall be known and designated as the James E. Keefe bridge.

After September 1, 1990, ownership of the Spokane river toll bridge, known as the Maple Street bridge, shall revert to the city of Spokane. [1990 c 42 § 401; 1979 c 131 § 1.]

**Purpose—Headings—Severability—Effective dates—Application—Implementation—1990 c 42:** See notes following RCW 82.36.025.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.720 Puget Island-Westport ferry—Payments for operation and maintenance to Wahkiakum county—Toll-free operation and provision of rest room facilities, when.** (1) The legislature finds that the ferry operated by Wahkiakum county between Puget Island and Westport on

the Columbia river provides service which is primarily local in nature with secondary benefits to the state highway system in providing a bypass for state route 4 and providing the only crossing of the Columbia river between the Astoria-Megler bridge and the Longview bridge.

(2) The department is hereby authorized to enter into a continuing agreement with Wahkiakum county pursuant to which the department shall pay to Wahkiakum county from moneys appropriated for such purpose monthly amounts not to exceed eighty percent of the operating and maintenance deficit with a maximum not to exceed the amount appropriated for that biennium to be used in the operation and maintenance of the Puget Island ferry, commencing July 1, 1992.

(3) The annual deficit, if any, incurred in the operation and maintenance of the ferry shall be determined by Wahkiakum county subject to the approval of the department. If eighty percent of the deficit for the preceding fiscal year exceeds the total amount paid to the county for that year, the additional amount shall be paid to the county by the department upon the receipt of a properly executed voucher. The total of all payments to the county in any biennium shall not exceed the amount appropriated for that biennium. The fares established by the county shall be comparable to those used for similar runs on the state ferry system.

(4) Whenever, subsequent to June 9, 1977, state route 4 between Cathlamet and Longview is closed to traffic pursuant to chapter 47.48 RCW due to actual or potential slide conditions and there is no suitable, reasonably short alternate state route provided, Wahkiakum county is authorized to operate the Puget Island ferry on a toll-free basis during the entire period of such closure. The state's share of the ferry operations and maintenance deficit during such period shall be one hundred percent.

(5) Whenever state route 4 between Cathlamet and Longview is closed to traffic, as mentioned in subsection (4) hereof, the state of Washington shall provide temporary rest room facilities at the Washington ferry landing terminal. [1992 c 82 § 1; 1987 c 368 § 1; 1984 c 7 § 285; 1977 c 11 § 1; 1973 2nd ex.s. c 26 § 1; 1971 ex.s. c 254 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.725 County ferries—Deficit reimbursements—Capital improvement funds.** (1) The department is hereby authorized to enter into a continuing agreement with Pierce, Skagit, and Whatcom counties pursuant to which the department shall, from time to time, direct the distribution to each of the counties the amounts authorized in subsection (2) of this section in accordance with RCW 46.68.090.

(2) The department is authorized to include in each agreement a provision for the distribution of funds to each county to reimburse the county for fifty percent of the deficit incurred during each previous fiscal year in the operation and maintenance of the ferry system owned and operated by the county. The total amount to be reimbursed to Pierce, Skagit, and Whatcom counties collectively shall not exceed one million dollars in any biennium. Each county agreement shall contain a requirement that the county shall maintain tolls on its ferries at least equal to tolls in place on January 1, 1990.

(3) The annual fiscal year operating and maintenance deficit, if any, shall be determined by Pierce, Skagit, and

Whatcom counties subject to review and approval of the department. The annual fiscal year operating and maintenance deficit is defined as the total of operations and maintenance expenditures less the sum of ferry toll revenues and that portion of fuel tax revenue distributions which are attributable to the county ferry as determined by the department. Distribution of the amounts authorized by subsection (2) of this section by the state treasurer shall be directed by the department upon the receipt of properly executed vouchers from each county.

(4) The county road administration board may evaluate requests by Pierce, Skagit, Wahkiakum, and Whatcom counties for county ferry capital improvement funds. The board shall evaluate the requests and, if approved by a majority of the board, submit the requests to the legislature for funding out of the amounts available under \*RCW 46.68.090(1)(j). Any county making a request under this subsection shall first seek funding through the public works trust fund, or any other available revenue source, where appropriate. [1999 c 269 § 12; 1991 c 310 § 1; 1984 c 7 § 286; 1977 c 51 § 2; 1975-'76 2nd ex.s. c 57 § 2; 1975 1st ex.s. c 21 § 1.]

\*Reviser's note: RCW 46.68.090 was amended by 2003 c 361 § 403, changing subsection (1)(j) to subsection (2)(h).

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.730 "No Smoking" areas on ferries—Establishment directed.** The legislature finds that the public health, safety, and welfare require that "No Smoking" areas be established on all state ferries since there is a significant number of our citizens who are nonsmokers. The department is hereby authorized and directed to adopt rules pursuant to the administrative procedure act, chapter 34.05 RCW, to establish and clearly designate areas on all state operated ferries that are expressly reserved for use by nonsmokers. [1984 c 7 § 287; 1974 ex.s. c 10 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.770 Refunding bonds—Authorized.** The state finance committee is authorized to issue refunding bonds and use other available money to refund, defease, and redeem all of those toll bridge authority, ferry, and Hood Canal bridge refunding revenue bonds under RCW 47.56.771 through 47.56.774. [1993 c 4 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.771 Refunding bonds—General obligation—Signatures, negotiability—Payment of principal and interest—Pledge of excise taxes.** (1) The refunding bonds authorized under RCW 47.56.770 shall be general obligation bonds of the state of Washington and shall be issued in a total principal amount not to exceed fifteen million dollars. The exact amount of refunding bonds to be issued shall be determined by the state finance committee after calculating the amount of money deposited with the trustee for the bonds to be refunded which can be used to redeem or defease outstanding toll bridge authority, ferry, and Hood Canal bridge revenue bonds after the setting aside of sufficient money from that fund to pay the first interest installment on the refunding bonds. The refunding bonds shall be serial in form maturing at such time, in such amounts, having such denom-

ination or denominations, redemption privileges, and having such terms and conditions as determined by the state finance committee. The last maturity date of the refunding bonds shall not be later than January 1, 2002.

(2) The refunding bonds shall be signed by the governor and the state treasurer under the seal of the state, which signatures shall be made manually or in printed facsimile. The bonds shall be registered in the name of the owner in accordance with chapter 39.46 RCW. The refunding bonds shall distinctly state that they are a general obligation of the state of Washington, shall pledge the full faith and credit of the state, and shall contain an unconditional promise to pay the principal thereof and the interest thereon when due. The refunding bonds shall be fully negotiable instruments.

(3) The principal and interest on the refunding bonds shall be first payable in the manner provided in this section from the proceeds of state excise taxes on motor vehicle and special fuels imposed by chapters 82.36 and 82.38 RCW.

(4) The principal of and interest on the refunding bonds shall be paid first from the state excise taxes on motor vehicle and special fuels deposited in the ferry bond retirement fund. There is hereby pledged the proceeds of state excise taxes on motor vehicle and special fuels imposed under chapters 82.36 and 82.38 RCW to pay the refunding bonds and interest thereon, and the legislature hereby agrees to continue to impose the same excise taxes on motor vehicle and special fuels in amounts sufficient to pay, when due, the principal and interest on the refunding bonds. Not less than fifteen days prior to the date any interest or principal and interest payments are due, the state finance committee shall certify to the state treasurer such amount of additional money as may be required for debt service, and the treasurer shall thereupon transfer from the motor vehicle fund such amount from the proceeds of such excise taxes into the ferry bond retirement fund. Any proceeds of such excise taxes required for these purposes shall first be taken from that portion of the motor vehicle fund which results from the imposition of the excise taxes on motor vehicle and special fuels and which is distributed to the Puget Sound capital construction account. If the proceeds from excise taxes distributed to the state are ever insufficient to meet the required payments on principal or interest on the refunding bonds when due, the amount required to make the payments on the principal or interest shall next be taken from that portion of the motor vehicle fund which results from the imposition of excise taxes on motor vehicle and special fuels and which is distributed to the state, counties, cities, and towns pursuant to RCW 46.68.090. Any payments of the principal or interest taken from the motor vehicle or special fuel tax revenues which are distributable to the counties, cities, and towns shall be repaid from the first money distributed to the state not required for redemption of the refunding bonds or interest thereon. The legislature covenants that it shall at all times provide sufficient revenues from the imposition of such excise taxes to pay the principal and interest due on the refunding bonds. [1999 c 269 § 14; 1995 c 274 § 17; 1993 c 4 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.772 Refunding bonds—Liquidation of existing bond funds.** Upon the issuance of refunding bonds as autho-

rized by RCW 47.56.770, the department of transportation may liquidate the existing bond fund and other funds and accounts established in the proceedings which authorized the issuance of the outstanding toll bridge authority, ferry, and Hood Canal bridge refunding revenue bonds and apply the money contained in those funds and accounts to the defeasance and redemption of outstanding toll bridge authority, ferry, and Hood Canal refunding revenue bonds, except that prior to such bond redemption, money sufficient to pay the first interest installment on the refunding bonds shall be deposited in the ferry bond retirement fund. Money remaining in such funds not used for such bond defeasance and redemption or first interest installment on the refunding bonds shall be transferred to and deposited in the Puget Sound ferry operations account created under RCW 47.60.530. [1999 c 94 § 25; 1993 c 4 § 4.]

**Legislative finding—Effective dates—1999 c 94:** See notes following RCW 43.84.092.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.773 Refunding bonds—Repayment to Puget Sound capital construction account.** Any money appropriated from the Puget Sound capital construction account under section 10, chapter 4, Laws of 1993 and expended to pay expenses of issuing the refunding bonds authorized by RCW 47.56.770, and any money in the Puget Sound capital construction account subsequently used to pay principal and interest on the refunding bonds authorized by RCW 47.56.770 shall be repaid to the Puget Sound capital construction account for use by the department of transportation. [1993 c 4 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.56.774 Various bond issues—Charge against fuel tax revenues.** Except as otherwise provided by statute, the refunding bonds issued under authority of RCW 47.56.770, the bonds authorized by RCW 47.60.560 through 47.60.640, the bonds authorized by RCW 47.26.420 through 47.26.427, and any general obligation bonds of the state of Washington which have been or may be authorized by the legislature after the enactment of those sections and which pledge motor vehicle and special fuel excise taxes for the payment of principal thereof and interest thereon shall be an equal charge and lien against the revenues from such motor vehicle and special fuel excise taxes. [1993 c 4 § 6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

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

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

(3) The procurement of the new ferry vessels must also include a requirement that all warranty work on the vessels be performed within the boundaries of the state of Washington, insofar as practicable. [2008 c 4 § 2.]

**Findings—2008 c 4:** "Washington's marine highways provide vital transportation links between communities. Citizens, businesses, and visitors depend on the state's ferry system to provide safe, dependable auto and passenger service in order to conduct daily life and commerce activities. On November 20, 2007, the secretary of the department of transportation ordered the eighty-year old steel electric class vessels to be immediately removed from service because previously undetected corrosion and pitting in the vessel hulls posed a risk to the safety of passengers and crew. The emergency removal of the state ferry system's steel electric class vessels has imposed a significant hardship on the citizens and businesses served by those vessels. Therefore, an expedited procurement is required for the construction of new vessels to fully restore service to routes previously served by the steel electric class vessels." [2008 c 4 § 1.]

**Effective date—2008 c 4:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [February 14, 2008]." [2008 c 4 § 3.]

**47.56.785 Authority to collect tolls on existing or replacement state route number 520 bridge—Toll charge schedule.** (1) Following the submission of the report required in section 6, chapter 270, Laws of 2008, the department may seek authorization from the legislature to collect tolls on the existing state route number 520 bridge or on a replacement state route number 520 bridge.

(2) The schedule of toll charges must be established by the transportation commission and collected in a manner determined by the department. [2008 c 270 § 4.]

**Finding—2008 c 270:** See note following RCW 47.01.408.

**47.56.790 Interstate 90 floating bridge tolls—Federal authorization—Report.** The department shall work with the federal highways administration to determine the necessary actions for receiving federal authorization to toll the Interstate 90 floating bridge. The department must periodically report the status of those discussions to the governor and the joint transportation committee. [2008 c 270 § 5.]

**Finding—2008 c 270:** See note following RCW 47.01.408.

**47.56.795 Tolls—Electronic toll collection and photo toll systems—Administrative fees—Violation. (Contingent effective date.)** (1) A toll collection system may include, but is not limited to, electronic toll collection and photo tolling.

(2)(a) A photo toll system may take photographs, digital photographs, microphotographs, videotapes, or other recorded images of the vehicle and vehicle license plate only.

(b) Notwithstanding any other provision of law, all photographs, digital photographs, microphotographs, videotape, other recorded images, or other records identifying a specific instance of travel prepared under this chapter are for the exclusive use of the tolling agency for toll collection and enforcement purposes and are not open to the public and may not be used in a court in a pending action or proceeding unless the action or proceeding relates to a civil penalty under RCW 46.63.160. No photograph, digital photograph, microphotograph, videotape, other recorded image, or other record identifying a specific instance of travel may be used for any purpose other than toll collection or enforcement of civil penalties under RCW 46.63.160. Records identifying a specific instance of travel by a specific person or vehicle must be retained only as required to ensure payment and enforcement of tolls and to comply with state records retention policies. Aggregate records that do not identify an individual, vehicle, or account may be maintained.

(3) The department and its agents shall only use electronic toll collection system technology for toll collection purposes.

(4) Toll may be collected and paid by the following methods:

(a) A customer may pay an electronic toll through an electronic toll collection account;

(b) A customer may pay a photo toll either through a customer-initiated payment or in response to a toll bill; or

(c) A customer may pay with cash on toll facilities that have a manual cash collection system.

(5) To the extent practicable, the department shall adopt electronic toll collection options, which allow for anonymous customer accounts and anonymous accounts that are not linked to a specific vehicle.

(6) The transportation commission shall adopt rules, in accordance with chapter 34.05 RCW, to assess administrative fees as appropriate for toll collection processes. Administrative fees must not exceed toll collection costs. All administrative fees collected under this section must be deposited into the toll facility account of the facility on which the toll was assessed.

(7) Failure to pay a photo toll by the toll payment due date is a violation for which a notice of civil penalty may be issued under RCW 46.63.160. [2010 c 249 § 3.]

**Contingent effective date—2010 c 249:** "This act takes effect upon certification by the secretary of transportation that the new statewide tolling operations center and photo toll system are fully operational. A notice of certification must be filed with the code reviser for publication in the state register. If a certificate is not issued by the secretary of transportation by December 1, 2012, this act is null and void." [2010 c 249 § 12.]

#### TOLL FACILITIES CREATED AFTER JULY 1, 2008

**47.56.805 Finding—Intent.** The legislature finds and declares that it is the policy of the state of Washington to use tolling to provide a source of transportation funding and to encourage effective use of the transportation system.

The legislature intends that the policy framework created by chapter 122, Laws of 2008 will guide subsequent legislation and decisions regarding the tolling of specific facilities and corridors. For each state-owned facility or corridor, the legislature intends that it will authorize the budget and finance plan. Specific issues that may be addressed in the

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finance plan and budget authorization legislation include the amount of financing required for a facility or corridor, the budget for any construction and operations financed by tolling, whether and how variable pricing will be applied, and the timing of tolling.

The legislature also intends that while the transportation commission, as the toll-setting authority, may set toll rates for facilities, corridors, or systems thereof, the legislature reserves the authority to impose tolls on any state transportation route or facility. Similarly, local or quasi-local entities that retain the power to impose tolls may do so as long as the effect of those tolls on the state highway system is consistent with the policy guidelines detailed in chapter 122, Laws of 2008. If the imposition of tolls could have an impact on state facilities, the state tolling authority must review and approve such tolls. [2008 c 122 § 1.]

**47.56.810 Definitions.** The definitions in this section apply throughout this subchapter unless the context clearly requires otherwise:

(1) "Tolling authority" means the governing body that is legally empowered to review and adjust toll rates. Unless otherwise delegated, the transportation commission is the tolling authority for all state highways.

(2) "Eligible toll facility" or "eligible toll facilities" means portions of the state highway system specifically identified by the legislature including, but not limited to, transportation corridors, bridges, crossings, interchanges, on-ramps, off-ramps, approaches, bistate facilities, and interconnections between highways.

(3) "Toll revenue" or "revenue from an eligible toll facility" means toll receipts, all interest income derived from the investment of toll receipts, and any gifts, grants, or other funds received for the benefit of the eligible toll facility. [2008 c 122 § 3.]

**47.56.820 Imposition of tolls on eligible toll facilities—Who may authorize, revenue expenditures.** (1) Unless otherwise delegated, only the legislature may authorize the imposition of tolls on eligible toll facilities.

(2) All revenue from an eligible toll facility must be used only to construct, improve, preserve, maintain, manage, or operate the eligible toll facility on or in which the revenue is collected. Expenditures of toll revenues are subject to appropriation and must be made only:

(a) To cover the operating costs of the eligible toll facility, including necessary maintenance, preservation, administration, and toll enforcement by public law enforcement within the boundaries of the facility;

(b) To meet obligations for the repayment of debt and interest on the eligible toll facilities, and any other associated financing costs including, but not limited to, required reserves and insurance;

(c) To meet any other obligations to provide funding contributions for any projects or operations on the eligible toll facilities;

(d) To provide for the operations of conveyances of people or goods; or

(e) For any other improvements to the eligible toll facilities. [2008 c 122 § 4.]

**47.56.830 Policy guidelines for eligible toll facility proposals.** Any proposal for the establishment of eligible toll facilities shall consider the following policy guidelines:

(1) Overall direction. Washington should use tolling to encourage effective use of the transportation system and provide a source of transportation funding.

(2) When to use tolling. Tolling should be used when it can be demonstrated to contribute a significant portion of the cost of a project that cannot be funded solely with existing sources or optimize the performance of the transportation system. Such tolling should, in all cases, be fairly and equitably applied in the context of the statewide transportation system and not have significant adverse impacts through the diversion of traffic to other routes that cannot otherwise be reasonably mitigated. Such tolling should also consider relevant social equity, environmental, and economic issues, and should be directed at making progress toward the state's greenhouse gas reduction goals.

(3) Use of toll revenue. All revenue from an eligible toll facility must be used only to improve, preserve, manage, or operate the eligible toll facility on or in which the revenue is collected. Additionally, toll revenue should provide for and encourage the inclusion of recycled and reclaimed construction materials.

(4) Setting toll rates. Toll rates, which may include variable pricing, must be set to meet anticipated funding obligations. To the extent possible, the toll rates should be set to optimize system performance, recognizing necessary trade-offs to generate revenue.

(5) Duration of toll collection. Because transportation infrastructure projects have costs and benefits that extend well beyond those paid for by initial construction funding, tolls on future toll facilities may remain in place to fund additional capacity, capital rehabilitation, maintenance, management, and operations, and to optimize performance of the system. [2008 c 122 § 5.]

**47.56.840 Tolling advisory committee.** (1) A tolling advisory committee may be created at the direction of the tolling authority for any eligible toll facilities. The tolling authority shall appoint nine members to the committee, all of whom must be permanent residents of the affected project area as defined for each project. Members of the committee shall serve without receiving compensation.

(2) The tolling advisory committee shall serve in an advisory capacity to the tolling authority on all matters related to the imposition of tolls including, but not limited to: (a) The feasibility of providing discounts; (b) the trade-off of lower tolls versus the early retirement of debt; and (c) consideration of variable or time of day pricing.

(3) In setting toll rates, the tolling authority shall consider recommendations of the tolling advisory committee. [2008 c 122 § 6.]

**47.56.850 Transportation commission as state tolling authority—Powers and duties—Toll rates—Restrictions on toll revenue.** (1) Unless these powers are otherwise delegated by the legislature, the transportation commission is the tolling authority for the state. The tolling authority shall:

(a) Set toll rates, establish appropriate exemptions, if any, and make adjustments as conditions warrant on eligible toll facilities;

(b) Review toll collection policies, toll operations policies, and toll revenue expenditures on the eligible toll facilities and report annually on this review to the legislature.

(2) The tolling authority, in determining toll rates, shall consider the policy guidelines established in RCW 47.56.830.

(3) Unless otherwise directed by the legislature, in setting and periodically adjusting toll rates, the tolling authority must ensure that toll rates will generate revenue sufficient to:

(a) Meet the operating costs of the eligible toll facilities, including necessary maintenance, preservation, renewal, replacement, administration, and toll enforcement by public law enforcement;

(b) Meet obligations for the timely payment of debt service on bonds issued for eligible toll facilities, and any other associated financing costs including, but not limited to, required reserves, minimum debt coverage or other appropriate contingency funding, insurance, and compliance with all other financial and other covenants made by the state in the bond proceedings;

(c) Meet obligations to reimburse the motor vehicle fund for excise taxes on motor vehicle and special fuels applied to the payment of bonds issued for eligible toll facilities; and

(d) Meet any other obligations of the tolling authority to provide its proportionate share of funding contributions for any projects or operations of the eligible toll facilities.

(4) The established toll rates may include variable pricing, and should be set to optimize system performance, recognizing necessary trade-offs to generate revenue for the purposes specified in subsection (3) of this section. Tolls may vary for type of vehicle, time of day, traffic conditions, or other factors designed to improve performance of the system.

(5) In fixing and adjusting toll rates under this section, the only toll revenue to be taken into account must be toll revenue pledged to bonds that includes toll receipts, and the only debt service requirements to be taken into account must be debt service on bonds payable from and secured by toll revenue that includes toll receipts.

(6) The legislature pledges to appropriate toll revenue as necessary to carry out the purposes of this section. When the legislature has specifically identified and designated an eligible toll facility and authorized the issuance of bonds for the financing of the eligible toll facility that are payable from and secured by a pledge of toll revenue, the legislature further agrees for the benefit of the owners of outstanding bonds issued by the state for eligible toll facilities to continue in effect and not to impair or withdraw the authorization of the tolling authority to fix and adjust tolls as provided in this section. The state finance committee shall pledge the state's obligation to impose and maintain tolls, together with the application of toll revenue as described in this section, to the owners of any bonds. [2009 c 498 § 15; 2008 c 122 § 7.]

**47.56.855 Report to legislature on toll rate increases and decreases by transportation commission.** Prior to the convening of each regular session of the legislature, the transportation commission must provide the transportation committees of the legislature with a detailed report regarding any

increase or decrease in any toll rate approved by the commission that has not been described in a previous report provided pursuant to this section, along with a detailed justification for each such increase or decrease. [2009 c 472 § 6.]

**Intent—Effective date—2009 c 472:** See notes following RCW 47.56.870.

**47.56.860 Application.** This subchapter applies only to all state toll bridges and other state toll facilities, excluding the Washington state ferries, first authorized within this state after July 1, 2008. [2008 c 122 § 2.]

**47.56.870 State route No. 520 corridor—Tolls authorized—Eligible toll facility—Toll revenue—Toll rate schedule—Bridge replacement program, work groups.**

(1) The initial imposition of tolls on the state route number 520 corridor is authorized, the state route number 520 corridor is designated an eligible toll facility, and toll revenue generated in the corridor must only be expended as allowed under RCW 47.56.820.

(2) The state route number 520 corridor consists of that portion of state route number 520 between the junctions of Interstate 5 and state route number 202. The toll imposed by this section shall be charged only for travel on the floating bridge portion of the state route number 520 corridor.

(3)(a) In setting the toll rates for the corridor pursuant to RCW 47.56.850, the tolling authority shall set a variable schedule of toll rates to maintain travel time, speed, and reliability on the corridor and generate the necessary revenue as required under (b) of this subsection.

(b) The tolling authority shall initially set the variable schedule of toll rates, which the tolling authority may adjust at least annually to reflect inflation as measured by the consumer price index or as necessary to meet the redemption of bonds and interest payments on the bonds, to generate revenue sufficient to provide for:

(i) The issuance of general obligation bonds, authorized in RCW 47.10.879, first payable from toll revenue and then excise taxes on motor vehicle and special fuels pledged for the payment of those bonds in the amount necessary to fund the state route number 520 bridge replacement and HOV program, subject to subsection (4) of this section; and

(ii) Costs associated with the project designated in subsection (4) of this section that are eligible under RCW 47.56.820.

(4)(a) The proceeds of the bonds designated in subsection (3)(b)(i) of this section must be used only to fund the state route number 520 bridge replacement and HOV program; however, two hundred million dollars of bond proceeds, in excess of the proceeds necessary to complete the floating bridge segment and necessary landings, must be used only to fund the state route number 520, Interstate 5 to Medina bridge replacement and HOV project segment of the program, as identified in applicable environmental impact statements, and may be used to fund effective connections for high occupancy vehicles and transit for state route number 520, but only to the extent those connections benefit or improve the operation of state route number 520.

(b) The program must include the following elements within the cost constraints identified in section 1, chapter 472, Laws of 2009, consistent with the legislature's intent

that cost savings applicable to the program stay within the program and that the bridge open to vehicular traffic in 2014:

(i) A project design, consistent with \*RCW 47.01.408, that includes high occupancy vehicle lanes with a minimum carpool occupancy requirement of three-plus persons on state route number 520;

(ii) High occupancy vehicle lane performance standards for the state route number 520 corridor established by the department. The department shall report to the transportation committees of the legislature when average transit speeds in the two lanes that are for high occupancy vehicle travel fall below forty-five miles per hour at least ten percent of the time during peak hours;

(iii) A work group convened by the mayor and city council of the city of Seattle to include sound transit, King county metro, the Seattle department of transportation, the department, the University of Washington, and other persons or organizations as designated by the mayor or city council to study and make recommendations of alternative connections for transit, including bus routes and high capacity transit, to the university link light rail line. The work group must consider such techniques as grade separation, additional stations, and pedestrian lids to effect these connections. The recommendations must be alternatives to the transit connections identified in the supplemental draft environmental impact statement for the state route number 520 bridge replacement and HOV program released in January 2010, and must meet the requirements under \*RCW 47.01.408, including accommodating effective connections for transit. The recommendations must be within the scope of the supplemental draft environmental impact statement. For the purposes of this section, "effective connections for transit" means a connection that connects transit stops, including high capacity transit stops, that serve the state route number 520/Montlake interchange vicinity to the university link light rail line, with a connection distance of less than one thousand two hundred feet between the stops and the light rail station. The city of Seattle shall submit the recommendations by October 1, 2010, to the governor and the transportation committees of the legislature. However, if the city of Seattle does not convene the work group required under this subsection before July 1, 2010, or does not submit recommendations to the governor and the transportation committees of the legislature by October 1, 2010, the department must convene the work group required under this subsection and meet all the requirements of this subsection that are described as requirements of the city of Seattle by November 30, 2010;

(iv) A work group convened by the department to include sound transit and King county metro to study and make recommendations regarding options for planning and financing high capacity transit through the state route number 520 corridor. The department shall submit the recommendations by January 1, 2011, to the governor and the transportation committees of the legislature;

(v) A plan to address mitigation as a result of the state route number 520 bridge replacement and HOV program at the Washington park arboretum. As part of its process, the department shall consult with the governing board of the Washington park arboretum, the Seattle city council and mayor, and the University of Washington to identify all mitigation required by state and federal law resulting from the

state route number 520 bridge replacement and HOV program's impact on the arboretum, and to develop a project mitigation plan to address these impacts. The department shall submit the mitigation plan by December 31, 2010, to the governor and the transportation committees of the legislature. Wetland mitigation required by state and federal law as a result of the state route number 520 bridge replacement and HOV program's impacts on the arboretum must, to the greatest extent practicable, include on-site wetland mitigation at the Washington park arboretum, and must enhance the Washington park arboretum. This subsection (4)(b)(v) does not preclude any other mitigation planned for the Washington park arboretum as a result of the state route number 520 bridge replacement and HOV program;

(vi) A work group convened by the department to include the mayor of the city of Seattle, the Seattle city council, the Seattle department of transportation, and other persons or organizations as designated by the Seattle city council and mayor to study and make recommendations regarding design refinements to the preferred alternative selected by the department in the supplemental draft environmental impact statement process for the state route number 520 bridge replacement and HOV program. To accommodate a timely progression of the state route number 520 bridge replacement and HOV program, the design refinements recommended by the work group must be consistent with the current environmental documents prepared by the department for the supplemental draft environmental impact statement. The department shall submit the recommendations to the legislature and governor by December 31, 2010, and the recommendations must inform the final environmental impact statement prepared by the department; and

(vii) An account, created in section 5 of this act, into which civil penalties generated from the nonpayment of tolls on the state route number 520 corridor are deposited to be used to fund any project within the program, including mitigation. However, this subsection (4)(b)(vii) is contingent on the enactment by June 30, 2010, of either chapter 249, Laws of 2010 or \*\*chapter . . . (Substitute House Bill No. 2897), Laws of 2010, but if the enacted bill does not designate the department as the toll penalty adjudicating agency, this subsection (4)(b)(vii) is null and void.

(5) The department may carry out the improvements designated in subsection (4) of this section and administer the tolling program on the state route number 520 corridor. [2010 c 248 § 2; 2009 c 472 § 2.]

**Reviser's note:** \*(1) 2010 c 248 § 3, which amended RCW 47.01.408, was vetoed by the governor.

\*\* (2) Substitute House Bill No. 2897 did not pass.

**Intent—2009 c 472:** "It is the intent of the legislature that the state authorize early tolling on the state route number 520 corridor in order to secure the authority to spend federal grant moneys provided to Washington state as part of the urban partnership grant program.

It is further the intent of the legislature to impose tolls on the state route number 520 floating bridge subject to section 2 of this act, to help finance construction of the replacement state route number 520 floating bridge and necessary landings.

It is further the intent of the legislature to expedite the replacement of the floating bridge and necessary landings in a manner that does not preclude local design options on either side of the state route number 520 corridor. For all projects in the state route number 520 corridor program, the legislature intends that the total cost will be no more than four billion six hundred fifty million dollars.

It is further the intent of the legislature that if the tolls on the state route

number 520 corridor significantly alter the performance of nearby facilities, the legislature will reconsider the tolling policy for the corridor.

It is further the intent of the legislature that the department of transportation applies for federal stimulus funds for projects in the corridor." [2009 c 472 § 1.]

**Effective date—2009 c 472:** "This act takes effect August 1, 2009." [2009 c 472 § 7.]

**47.56.875 State route No. 520 corridor account—Deposits—Use and transfer of funds.** A special account to be known as the state route number 520 corridor account is created in the state treasury.

(1) Deposits to the account must include:

(a) All proceeds of bonds issued for the state route number 520 bridge replacement and HOV program, including any capitalized interest;

(b) Except as provided in RCW 47.56.870(4)(b)(vii), all of the tolls and other revenues received from the operation of the state route number 520 corridor as a toll facility, to be deposited at least monthly;

(c) Any interest that may be earned from the deposit or investment of those revenues;

(d) Notwithstanding RCW 47.12.063, proceeds from the sale of any surplus real property acquired for the state route number 520 bridge replacement and HOV program; and

(e) All damages, liquidated or otherwise, collected under any contract involving the state route number 520 bridge replacement and HOV program.

(2) Subject to the covenants made by the state in the bond proceedings authorizing the issuance and sale of bonds for the state route number 520 bridge replacement and HOV program, toll charges, other revenues, and interest received from the operation of the state route number 520 corridor as a toll facility may be used to:

(a) Pay any required costs allowed under RCW 47.56.820; and

(b) Repay amounts to the motor vehicle fund as required.

(3) When repaying the motor vehicle fund, the state treasurer shall transfer funds from the state route number 520 corridor account to the motor vehicle fund on or before each debt service date for bonds issued for the state route number 520 bridge replacement and HOV program in an amount sufficient to repay the motor vehicle fund for amounts transferred from that fund to the highway bond retirement fund to provide for any bond principal and interest due on that date. The state treasurer may establish subaccounts for the purpose of segregating toll charges, bond sale proceeds, and other revenues. [2010 c 248 § 4; 2009 c 472 § 4.]

**Intent—Effective date—2009 c 472:** See notes following RCW 47.56.870.

**47.56.876 State route number 520 civil penalties account.** (1) A special account to be known as the state route number 520 civil penalties account is created in the state treasury. All state route number 520 bridge replacement and HOV program civil penalties generated from the nonpayment of tolls on the state route number 520 corridor must be deposited into the account, as provided under RCW 47.56.870(4)(b)(vii). Moneys in the account may be spent only after appropriation. Expenditures from the account may be used to fund any project within the state route number 520 bridge replacement and HOV program, including mitigation.

(2) This section is contingent on the enactment by June 30, 2010, of either chapter 249, Laws of 2010 or \*chapter . . . (Substitute House Bill No. 2897), Laws of 2010, but if the enacted bill does not designate the department as the toll penalty adjudicating agency, this section is null and void. [2010 c 248 § 5.]

\*Reviser's note: Substitute House Bill No. 2897 did not pass.

### Chapter 47.58 RCW

#### EXISTING AND ADDITIONAL BRIDGES

##### Sections

47.58.010	Improvement of existing bridge and construction of new bridge as single project—Agreement—Tolls.
47.58.020	Examinations and surveys—Preliminary expenses—Financing.
47.58.030	Construction, operation of bridges—Collection of tolls—Schedule of charges.
47.58.040	Revenue bonds—Form—Sale—Interim bonds—Deposit of proceeds.
47.58.050	Revenue bonds—Expenses includable—Conditions—Remedies of bondholders.
47.58.060	Bond resolution—Disposition of income and revenues.
47.58.070	Bonds legal investment for state moneys.
47.58.080	Eminent domain.
47.58.090	Study of projects—Specific authorization of construction and finance.
47.58.900	Chapter provides additional method.

*Bridges over navigable waters: RCW 79.110.110 through 79.110.140.*

**47.58.010 Improvement of existing bridge and construction of new bridge as single project—Agreement—Tolls.** Whenever the legislature specifically authorizes, as a single project, the construction of an additional toll bridge, including approaches, and the reconstruction of an existing adjacent bridge, including approaches, and the imposition of tolls on both bridges, the department is authorized to enter into appropriate agreements whereunder the existing bridge or its approaches will be reconstructed and improved and an additional bridge, including approaches and connecting highways will be constructed as a part of the same project to be located adjacent to or within two miles of the existing bridge and will be financed through the issuance of revenue bonds of the same series. The department has the right to impose tolls for traffic over the existing bridge as well as the additional bridge for the purpose of paying the cost of operation and maintenance of the bridge or bridges and the interest on and creating a sinking fund for retirement of revenue bonds issued for account of such project, all in the manner permitted and provided by this chapter. [1984 c 7 § 288; 1961 c 13 § 47.58.010. Prior: 1955 c 208 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.58.020 Examinations and surveys—Preliminary expenses—Financing.** For the purpose of obtaining information as to the necessity of the reconstruction or improvement of any such bridge and the expediency of constructing any such additional bridge it is the duty of the department to make any examination, investigation, survey, or reconnaissance pertaining thereto. The cost of any such examination, investigation, survey, or reconnaissance, and all preliminary expenses in the issuance of any revenue bonds, making surveys and appraisals and drafting, printing, issuance, and sale of bonds under this chapter, shall be advanced by any inter-

(2010 Ed.)

ested municipality, agency, or department of the state of Washington. All such advancements shall be reimbursed out of any proceeds derived from the sale of bonds or out of tolls and revenues to be derived by the department through its operations hereunder for account of the project, as may be agreed upon between the department and the municipality, agency, or department. [1984 c 7 § 289; 1961 c 13 § 47.58.020. Prior: 1955 c 208 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.58.030 Construction, operation of bridges—Collection of tolls—Schedule of charges.** Except as otherwise provided in RCW 47.56.850, the secretary shall have full charge of the construction of all such improvements and reconstruction work and the construction of any additional bridge, including approaches and connecting highways, that may be authorized under this chapter and the operation of such bridge or bridges, as well as the collection of tolls and other charges for services and facilities thereby afforded. The schedule of charges for the services and facilities shall be fixed and revised from time to time by the commission so that the tolls and revenues collected will yield annual revenue and income sufficient, after payment or allowance for all operating, maintenance, and repair expenses, to pay the interest on all revenue bonds outstanding under the provisions of this chapter for account of the project and to create a sinking fund for the retirement of the revenue bonds at or prior to maturity. The charges shall be continued until all such bonds and interest thereon and unpaid advancements, if any, have been paid. [2008 c 122 § 19; 1984 c 7 § 290; 1961 c 13 § 47.58.030. Prior: 1955 c 208 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.58.040 Revenue bonds—Form—Sale—Interim bonds—Deposit of proceeds.** For the purpose of paying the cost of all or any part of the improvement and reconstruction work and the construction of any additional bridge, approaches thereto, and connecting highways, the department is hereby authorized by resolution to issue its revenue bonds which shall constitute obligations only of the department and shall be payable from any funds available except revenue from the general fund, including but not limited to the revenues and income from the operation of the bridge or bridges constituting the project as may be provided in and by such resolution. Each such revenue bond shall contain a recital that payment or redemption of the bond and payment of the interest thereon is secured by a direct charge and lien upon the tolls and revenues pledged for that purpose and that such bond does not constitute an indebtedness of the state of Washington. Such revenue bonds may bear such date or dates, may mature at such time or times as the department shall determine, may bear interest at such rate or rates, may be in such denomination or denominations, may be in such form, either coupon or registered, may carry such registration and conversion privileges, may be made subject to such terms of redemption with or without premium, and may contain such other terms and covenants not inconsistent with this chapter as may be provided in such resolution. Notwithstanding the form or tenor of the bond, and in the absence of an express recital on its face that the bond is nonnegotiable, each

such revenue bond shall at all times be and shall be treated as a negotiable instrument for all purposes. All such bonds shall be signed by the state treasurer and countersigned by the governor, and any interest coupons appertaining thereto shall bear the signature of the state treasurer. The countersignature of the governor on the bonds and the signature of the state treasurer on the coupons may be their printed or lithographed facsimile signatures. Pending the issuance of definitive bonds, temporary or interim bonds, certificates, or receipts of any denomination and with or without coupons attached may be issued as may be provided by the resolution. All bonds issued under or by authority of this chapter shall be sold to the highest and best bidder at such price or prices, at such rate or rates of interest, and after such advertising for bids as the department may deem proper, but it may reject any and all bids so submitted and thereafter sell the bonds so advertised under such terms and conditions as it deems advantageous. The purchase price of all bonds issued hereunder shall be paid to the state treasurer consistent with the provisions of the resolution pursuant to which the bonds have been issued or to the trustee designated in the bond resolution and held as a separate trust fund to be disbursed on the orders of the department. [1984 c 7 § 291; 1973 c 106 § 27; 1970 ex.s. c 56 § 64; 1969 ex.s. c 232 § 78; 1961 c 102 § 1; 1961 c 13 § 47.58.040. Prior: 1955 c 208 § 4.]

**Purpose—1970 ex.s. c 56:** See note following RCW 39.52.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.58.050 Revenue bonds—Expenses includable—Conditions—Remedies of bondholders.** In determining the amount of bonds required to be issued, there may be included any expenses incurred or approved by the department in connection with and incidental to the issuance and sale of bonds and for the preparation of surveys and estimates and making inspections and examinations, required reserves, if any, interest during the estimated construction period and for six months thereafter, and a reasonable amount for initial operating expenses and prepaid insurance. The department is hereby empowered to include in any resolution authorizing the issuance of the bonds such covenants, stipulations, and conditions as it deems necessary with respect to the continued use and application of the revenues and income from the bridge or bridges. The holder of any bond or the trustee for any bonds designated by resolution may by mandamus or other appropriate proceeding compel performance of any duties imposed upon any state department, official, or employee, including any duties imposed upon or undertaken by the department or its officers, agents, and employees in connection with any improvement or reconstruction work on any existing bridge, the construction of any additional bridge, including approaches and connecting highways provided to be so constructed, the maintenance and operation of the bridge or bridges and in connection with the collection, deposit, investment, application, and disbursement of the proceeds of the bonds and the revenues and income derived from the operation of the bridge or bridges. [1984 c 7 § 292; 1961 c 13 § 47.58.050. Prior: 1955 c 208 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.58.060 Bond resolution—Disposition of income and revenues.** Each resolution providing for the issuance of revenue bonds shall provide for setting aside the necessary amounts for the reasonable and proper operation, maintenance, and repair expenses, and shall fix and determine the amounts to be set apart and applied to the payment of the interest on and retirement of the revenue bonds. All income and revenues as collected shall be paid to the state treasurer for the account of the department as a separate trust fund to be segregated and set apart for the payment of the revenue bonds, or may be remitted to and held by a designated trustee in such manner and with such collateral as may be provided in the resolution authorizing the issuance of the bonds. [1984 c 7 § 293; 1961 c 13 § 47.58.060. Prior: 1955 c 208 § 6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.58.070 Bonds legal investment for state moneys.** Notwithstanding any other provision of the law, bonds issued under this chapter shall be legal investments by the state investment board of any state moneys in its hands, except permanent school funds. [1981 c 3 § 39; 1961 c 13 § 47.58.070. Prior: 1955 c 208 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.58.080 Eminent domain.** The department is hereby authorized and empowered to acquire in the name of the state by the exercise of the power of eminent domain any lands, property, rights, rights-of-way, franchises, easements, and other property of any person, firm, corporation, political subdivision, or other owner, deemed necessary or convenient for the construction, reconstruction, improvement, and operation of any project initiated and carried on by the department under this chapter. The proceedings shall be in accordance with and subject to the provisions of any and all laws applicable to the exercise of the power of eminent domain by the state. [1984 c 7 § 294; 1961 c 13 § 47.58.080. Prior: 1955 c 208 § 8.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.58.090 Study of projects—Specific authorization of construction and finance.** Under the provisions of this chapter, projects other than those specifically authorized herein involving existing bridges may be studied and analyzed by the department, and recommendations therefor may be submitted to the legislature, but such other projects shall not be financed or constructed by the department under the provisions of this chapter until further specific authorization therefor has been provided by the legislature. [1984 c 7 § 295; 1961 c 13 § 47.58.090. Prior: 1955 c 208 § 11.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.58.900 Chapter provides additional method.** This chapter shall be deemed to provide an additional and alternative method for the doing of the things authorized thereby, and shall be regarded as supplemental and additional to powers conferred by other laws, and shall not be regarded as in derogation of any powers existing on June 8, 1955. [1961 c 13 § 47.58.900. Prior: 1955 c 208 § 9.]

**Chapter 47.60 RCW**  
**PUGET SOUND FERRY AND**  
**TOLL BRIDGE SYSTEM**

## Sections

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*Bridges across navigable waters: RCW 79.110.110 through 79.110.140.*

*Credit permits for vehicular passage: RCW 47.56.247, 47.56.248.*

*Sale, lease of unneeded toll facility, ferry system property—Franchises for utility, railway purposes: RCW 47.56.253 through 47.56.257.*

*Traffic violations and unlawful acts on toll facility or ferry: RCW 46.61.690.*

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

(1) "Adaptive management" means a systematic process for continually improving management policies and practices by learning from the outcomes of operational programs.

(2) "Capital plan" means the state ferry system plan developed by the department as described in RCW 47.06.050(2), reviewed by the commission, and reported to the transportation committees of the legislature by the commission.

(3) "Capital project" has the same meaning as used in budget instructions developed by the office of financial management.

(4) "Commission" means the transportation commission created in RCW 47.01.051.

(5) "Improvement project" has the same meaning as in the budget instructions developed by the office of financial management. If the budget instructions do not define improvement project, then it has the same meaning as "program project" in the budget instructions. If a project meets both the improvement project and preservation project definitions in this section it must be defined as an improvement project. New vessel acquisitions must be defined as improvement projects.

(6) "Life-cycle cost model" means that portion of a capital asset inventory system which, among other things, is used to estimate future preservation needs.

(7) "Maintenance cost" has the same meaning as used in budget instructions developed by the office of financial management.

(8) "Preservation project" has the same meaning as used in budget instructions developed by the office of financial management.

(9) "Route" means all ferry sailings from one location to another, such as the Seattle to Bainbridge route or the Port Townsend to Keystone route.

(10) "Sailing" means an individual ferry sailing for a specific route, such as the 5:00 p.m. sailing from Seattle to Bremerton.

(11) "Travel shed" means one or more ferry routes with distinct characteristics as determined by the department. [2008 c 124 § 1; 2007 c 512 § 3.]

**Finding—Intent—2007 c 512:** See note following RCW 47.06.140.

**47.60.010 Ferry system, toll bridges, and facilities authorized—Power to contract, sell, and lease back.** The department is authorized to acquire by lease, charter, contract, purchase, condemnation, or construction, and partly by any or all of such means, and to thereafter operate, improve, and extend, a system of ferries on and crossing Puget Sound and any of its tributary waters and connections thereof, and connecting with the public streets and highways in the state. The system of ferries shall include such boats, vessels, wharves, docks, approaches, landings, franchises, licenses, and appurtenances as shall be determined by the department to be necessary or desirable for efficient operation of the ferry system and best serve the public. Subject to RCW 47.56.820, the department may in like manner acquire by purchase, condemnation, or construction and include in the ferry system such toll bridges, approaches, and connecting roadways as may be deemed by the department advantageous in channeling traffic to points served by the ferry system. In addition to the powers of acquisition granted by this section, the department is empowered to enter into any contracts, agreements, or leases with any person, firm, or corporation and to thereby

provide, on such terms and conditions as it shall determine, for the operation of any ferry or ferries or system thereof, whether acquired by the department or not.

The authority of the department to sell and lease back any state ferry, for federal tax purposes only, as authorized by 26 U.S.C., Sec. 168(f)(8) is confirmed. Legal title and all incidents of legal title to any ferry sold and leased back (except for the federal tax benefits attributable to the ownership thereof) shall remain in the state of Washington. [2008 c 122 § 20; 1984 c 18 § 1; 1984 c 7 § 296; 1961 c 13 § 47.60.010. Prior: 1949 c 179 § 1; Rem. Supp. 1949 § 6584-30.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.013 Emergency powers of governor to insure continued operation of ferry and toll bridge system—Cost reimbursement.** The governor is authorized to take such actions as may be necessary to insure the continued operation of the Puget Sound ferry and toll bridge system under any emergency circumstances which threaten the continued operation of the system. In the event of such an emergency, the governor may assume all the powers granted by law to the transportation commission and department of transportation with respect to the ferry system. In addition, notwithstanding the provisions of chapters 47.60 and 47.64 RCW, the governor may contract with any qualified persons for the operation of the Washington state ferry system, or any part thereof, or for ferry service to be provided by privately owned vessels. Administrative costs to the office of the governor incurred in the exercise of this authority shall be reimbursed by the department. [1981 c 341 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.015 "Washington State Ferries"—Name authorized.** The department is authorized to operate its ferry system under the name: "Washington State Ferries." [1984 c 7 § 297; 1961 c 13 § 47.60.015. Prior: 1953 c 33 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.017 State ferry system a public mass transportation system.** The legislature finds and declares that the state ferry system is a public mass transportation system. [1974 ex.s. c 105 § 1.]

**47.60.020 Eminent domain—Condemnation proceedings.** For the purpose of carrying out any or all of the powers granted in this chapter, the department has the power of eminent domain for the acquisition of either real or personal property, used or useful for the Puget Sound ferry system. Condemnation pursuant to this chapter shall be the procedure set out in chapter 8.04 RCW. The department may institute condemnation proceedings in the superior court of any county or other court of competent jurisdiction in which any of the property sought to be condemned is located or in which the owner of any thereof does business, and the court in any such action has jurisdiction to condemn property wherever located within the state. It shall not be necessary to allege or prove any offer to purchase or inability to agree with the owners thereof for the purchase of any such property in the proceedings. It is the intention of this section to permit the

consolidation in one action of all condemnation proceedings necessary to acquire a ferry system and every type of property incident thereto, irrespective of its location within the state or diversity of ownership. Upon the filing of a petition for condemnation as provided in this section, the court may issue an order restraining the removal from the jurisdiction of the state of any personal property sought to be acquired by the proceeding during the pendency thereof. The court further has the power to issue such orders or process as are necessary to place the department into possession of any property condemned. [1984 c 7 § 298; 1961 c 13 § 47.60.020. Prior: 1949 c 179 § 2; Rem. Supp. 1949 § 6584-31.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.030 Existing contracts—Prior negotiations and bids validated.** In any case where the department takes over any property or properties which are under lease, contract, or concession, or where the department has heretofore entered into any contract or negotiation or received any bid for any of the purposes set forth in this chapter, the department is authorized to continue in effect and carry out any such contract, lease, or concession or complete any such negotiation or accept any such bid or any modification of any of them which appears advantageous to the department without regard to any limitations or directions as to the manner thereof contained in this chapter. However, this section shall not be construed as requiring the department so to act, but this section is permissive only and then only in respect to contracts, leases, concessions, negotiations, or bids existing, entered into, or received prior to April 1, 1949. [1984 c 7 § 299; 1961 c 13 § 47.60.030. Prior: 1949 c 179 § 7; Rem. Supp. 1949 § 6584-36.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.040 Survey by department.** For the purpose of obtaining information for the consideration of the department upon the acquisition of any ferries or ferry facilities or the construction of any toll bridge under this chapter, the department shall make any examination, investigation, survey, or reconnaissance for the determination of material facts pertaining thereto.

The cost of any such examination, investigation, survey, or reconnaissance, and all preliminary expenses leading up to and resulting in the issuance of any revenue bonds including, but not being limited to expenses in making surveys and appraisals and the drafting, printing, issuance, and sale of bonds under this chapter shall be borne by the department out of the motor vehicle fund. All such costs and expenses as well as any thereof heretofore incurred shall be reimbursed to the motor vehicle fund out of any proceeds derived from the sale of bonds or out of tolls and revenues to be derived by the department through its operations hereunder. [1984 c 7 § 300; 1961 c 13 § 47.60.040. Prior: 1949 c 179 § 4, part; Rem. Supp. 1949 § 6584-33, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.050 Improvement of facilities—Financing.** Any facility that the department acquires or is authorized to acquire under the provisions of this chapter may be rehabilitated, rebuilt, enlarged, or improved, and the cost thereof may

be paid from the revenues of the system or through the issuance of bonds as hereinafter provided. [1984 c 7 § 301; 1961 c 13 § 47.60.050. Prior: 1949 c 179 § 3, part; Rem. Supp. 1949 § 6584-32, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.060 Revenue bonds authorized—Issuance—Conditions—Negotiability—Interim bonds.** For the purpose of paying the cost of acquiring by lease, charter, contract, purchase, condemnation, or construction all or any part of such Puget Sound ferry system, including toll bridges, approaches, and roadways incidental thereto, and for rehabilitating, rebuilding, enlarging, or improving all or any part of the system, the department is authorized by resolution to issue its revenue bonds which shall constitute obligations only of the department and shall be payable solely and only from all or such part of the revenues from the operation of the system as may be provided in and by the resolution.

Each revenue bond shall contain a recital that payment or redemption of the bond and payment of the interest thereon is secured by a direct charge and lien upon the tolls and revenues pledged for that purpose and that the bond does not constitute an indebtedness of the state of Washington.

The department is empowered to include in any resolution authorizing the issuance of the bonds such covenants, stipulations, and conditions as may be deemed necessary with respect to the continued use and application of the income and revenues from the undertaking.

The revenue bonds may bear such date or dates, may mature at such time or times as the department determines, may bear interest at such rate or rates, may be in such denomination or denominations, may be in such form, either coupon or registered, may carry such registration and conversion privileges, may be made subject to such terms of redemption with or without premium, and may contain such other terms and covenants not inconsistent with this chapter as may be provided in the resolution. Notwithstanding the form or tenor thereof, and in the absence of an express recital on the face thereof that the bond is nonnegotiable, each such revenue bond shall at all times be and shall be treated as a negotiable instrument for all purposes. All such bonds shall be signed by the state treasurer and countersigned by the governor, and any interest coupons appertaining thereto shall bear the signature of the state treasurer. The countersignature of the governor on the bonds and the signature of the state treasurer on the coupons may be their printed or lithographed facsimile signatures.

Pending the issuance of definitive bonds, temporary or interim bonds, certificates, or receipts of any denomination and with or without coupons attached may be issued as may be provided by the resolution. [1984 c 7 § 302; 1973 c 106 § 28; 1970 ex.s. c 56 § 65; 1969 ex.s. c 232 § 34; 1961 c 13 § 47.60.060. Prior: 1949 c 179 § 4, part; Rem. Supp. 1949 § 6584-33, part.]

**Purpose—1970 ex.s. c 56:** See note following RCW 39.52.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.080 Determining amount of bonds to be issued.** In determining the amount of bonds required to be issued there may be included any expenses incurred by the depart-

ment in connection with and incidental to the issuance and sale of bonds and for the preparation of surveys and estimates and making inspections and examinations, interest during the estimated construction period, and for six months thereafter, and a reasonable amount for working capital and prepaid insurance. [1984 c 7 § 303; 1961 c 13 § 47.60.080. Prior: 1949 c 179 § 4, part; Rem. Supp. 1949 § 6584-33, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.090 Sale of bonds—Deposit, disbursement of proceeds.** All bonds issued under or by authority of this chapter shall be sold to the highest and best bidder after such advertising for bids as the department deems proper. However, the department may reject any and all bids so submitted and thereafter sell such bonds so advertised under such terms and conditions as it deems most advantageous to its own interests. The purchase price of all bonds issued under this chapter shall be paid to the state treasurer consistent with the provisions of the resolution pursuant to which the bonds have been issued or to the trustee designated in the bond resolution and held as a separate trust fund to be disbursed on the orders of the department. [1984 c 7 § 304; 1961 c 13 § 47.60.090. Prior: 1949 c 179 § 4, part; Rem. Supp. 1949 § 6584-33, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.100 Bonds are legal investment for state moneys.** Notwithstanding any other provision of the law, bonds issued by the authority shall be legal investments by the state investment board of any state moneys in its hands, except permanent school funds and motor vehicle funds. [1981 c 3 § 40; 1961 c 13 § 47.60.100. Prior: 1953 c 154 § 14; 1951 c 259 § 3; 1951 c 121 § 14; 1949 c 179 § 8; Rem. Supp. 1949 § 6584-37.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.110 Bondholders may compel performance.** The holder of any bond or the trustee for any bonds designated by resolution may by mandamus or other appropriate proceeding require and compel performance of any duties imposed upon any state department, official or employee, including any duties imposed upon or undertaken by the authority or its officers, agents and employees in connection with the construction, maintenance and operation of the ferry system and in connection with the collection, deposit, investment, application and disbursement of the proceeds of the bonds and the revenue and income derived from the operation of the system. [1961 c 13 § 47.60.110. Prior: 1949 c 179 § 4, part; Rem. Supp. 1949 § 6584-33, part.]

**47.60.113 Refunding bonds—Authorization—Amount—Interest—Conditions.** The department is authorized to refund, at the maturity thereof, or before the maturity thereof if they are subject to call prior to maturity or if all of the holders thereof consent thereto, upon such terms and conditions as it deems best, any or all of its revenue bonds now or hereafter outstanding, issued for the purpose of acquiring, constructing, or reconstructing any toll bridge, toll road, toll tunnel, ferry system, or any other toll facility of any sort, or issued for the purpose of refunding such bonds, which reve-

nue bonds are payable out of all or part of the revenues of the toll facility. Refunding bonds may be issued hereunder in a sufficient amount to provide additional funds for acquiring, constructing, reconstructing, rehabilitating, rebuilding, enlarging, or improving any toll bridge, toll road, toll tunnel, ferry system, or any other toll facility of any sort, and to pay all refunding costs and expenses and to provide adequate reserves for the toll facility and for any such refunding bonds. Various issues and series of such outstanding bonds, including refunding bonds, may be combined and refunded by a single issue of refunding bonds. The refunding bonds shall bear interest at such rates and mature at such times, without limitation by the interest rates or maturity of the bonds being refunded, and shall contain such other covenants and conditions as the department determines by resolution. [1984 c 7 § 305; 1961 c 13 § 47.60.113. Prior: 1957 c 152 § 1; 1955 c 17 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.114 Refunding bonds—Payable from revenues.** Any refunding bonds authorized by this chapter constitute obligations of the department only and not of the state of Washington. They shall be payable solely out of all or such part of the revenues derived from the operation of the toll bridge, toll road, toll tunnel, ferry system, or any other toll facility, as shall be provided in the resolution authorizing the issuance of the refunding bonds. [1984 c 7 § 306; 1961 c 13 § 47.60.114. Prior: 1957 c 152 § 2; 1955 c 17 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.115 Refunding bonds—Disposition—Laws applicable.** The bonds herein authorized shall, in the discretion of the department, be exchanged at the best possible price for the bonds being refunded, or any such bonds not exchanged shall be sold in the manner provided in RCW 47.60.090. The bonds herein authorized shall be issued in accordance with, and shall be subject to, the provisions of RCW 47.60.050, 47.60.060, 47.60.080, 47.60.100, 47.60.110, and 47.60.120. [1983 c 3 § 134; 1961 c 13 § 47.60.115. Prior: 1957 c 152 § 3; 1955 c 17 § 3.]

**47.60.120 Other crossings—Infringement of existing franchises—Waivers (as amended by 2003 c 83).** (1) If the department acquires or constructs, maintains, and operates any ferry crossings upon or toll bridges over Puget Sound or any of its tributary or connecting waters, there shall not be constructed, operated, or maintained any other ferry crossing upon or bridge over any such waters within ten miles of any such crossing or bridge operated or maintained by the department excepting such bridges or ferry crossings in existence, and being operated and maintained under a lawfully issued franchise at the time of the location of the ferry crossing or construction of the toll bridge by the department.

(2) The ten-mile distance in subsection (1) of this section means ten statute miles measured by airline distance. The ten-mile restriction shall be applied by comparing the two end points (termini) of a state ferry crossing to those of a private ferry crossing.

(3) The Washington utilities and transportation commission may, upon written petition of a commercial ferry operator certificated or applying for certification under chapter 81.84 RCW, and upon notice and hearing, grant a waiver from the ten-mile restriction. The waiver must not be detrimental to the public interest. In making a decision to waive the ten-mile restriction, the commission shall consider, but is not limited to, the impact of the waiver on transportation congestion mitigation, air quality improvement, and the overall impact on the Washington state ferry system. The commission shall act upon a request for a waiver within ninety days after the conclusion of the hearing. A waiver is effective for a period of five years from the date of issu-

ance. At the end of five years the waiver becomes permanent unless appealed within thirty days by the commission on its own motion, the department, or an interested party.

(4) The department shall not maintain and operate any ferry crossing or toll bridge over Puget Sound or any of its tributary or connecting waters that would infringe upon any franchise lawfully issued by the state and in existence and being exercised at the time of the location of the ferry crossing or toll bridge by the department, without first acquiring the rights granted to such franchise holder under the franchise.

(5) This section does not apply to the operation of passenger-only ferry service by public transportation benefit areas meeting the requirements of RCW 36.57A.200 or to the operation of passenger-only ferry service by ferry districts. [2003 c 83 § 204; 1993 c 427 § 1; 1984 c 7 § 307; 1961 c 13 § 47.60.120. Prior: 1949 c 179 § 6; Rem. Supp. 1949 § 6584-35.]

**Findings—Intent—Captions, part headings not law—Severability—Effective date—2003 c 83:** See notes following RCW 36.57A.200.

**47.60.120 Other crossings—Infringement of existing franchises—Waivers (as amended by 2003 c 373).** (1) If the department acquires or constructs, maintains, and operates any ferry crossings upon or toll bridges over Puget Sound or any of its tributary or connecting waters, there shall not be constructed, operated, or maintained any other ferry crossing upon or bridge over any such waters within ten miles of any such crossing or bridge operated or maintained by the department excepting such bridges or ferry crossings in existence, and being operated and maintained under a lawfully issued franchise at the time of the location of the ferry crossing or construction of the toll bridge by the department.

(2) The ten-mile distance in subsection (1) of this section means ten statute miles measured by airline distance. The ten-mile restriction shall be applied by comparing the two end points (termini) of a state ferry crossing to those of a private ferry crossing.

(3) The Washington utilities and transportation commission may, upon written petition of a commercial ferry operator certificated or applying for certification under chapter 81.84 RCW, and upon notice and hearing, grant a waiver from the ten-mile restriction. The waiver must not be detrimental to the public interest. In making a decision to waive the ten-mile restriction, the commission shall consider, but is not limited to, the impact of the waiver on transportation congestion mitigation, air quality improvement, and the overall impact on the Washington state ferry system. The commission shall act upon a request for a waiver within ninety days after the conclusion of the hearing. A waiver is effective for a period of five years from the date of issuance. At the end of five years the waiver becomes permanent unless appealed within thirty days by the commission on its own motion, the department, or an interested party.

(4) The department shall not maintain and operate any ferry crossing or toll bridge over Puget Sound or any of its tributary or connecting waters that would infringe upon any franchise lawfully issued by the state and in existence and being exercised at the time of the location of the ferry crossing or toll bridge by the department, without first acquiring the rights granted to such franchise holder under the franchise.

(5) This section does not apply to operators of passenger-only ferry service. [2003 c 373 § 2; 1993 c 427 § 1; 1984 c 7 § 307; 1961 c 13 § 47.60.120. Prior: 1949 c 179 § 6; Rem. Supp. 1949 § 6584-35.]

**Reviser's note:** RCW 47.60.120 was amended twice during the 2003 legislative session, each without reference to the other. For rule of construction concerning sections amended more than once during the same legislative session, see RCW 1.12.025.

**Findings—Intent—2003 c 373:** See note following RCW 47.64.090.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.122 Ferries, terminal facilities—Interim revenue warrants authorized.** For the purpose of paying the cost of acquiring, constructing, or reconstructing ferries or ferry terminal facilities, and all costs which may be incurred in connection therewith, the department is authorized to issue interim revenue warrants, which shall constitute obligations only of the department, and which shall not be obligations of the state of Washington. Such warrants shall be payable solely out of part or all of the revenues derived from the operation of the Puget Sound ferry system as shall be provided in the resolution authorizing their issuance, and shall be drawn

upon, and the principal thereof and interest thereon shall be payable out of, such fund or funds as shall be created in and provided by the resolution. The warrants may be interest-bearing coupon warrants with a fixed maturity date, or may be interest-bearing registered warrants payable in order of their issuance whenever there is sufficient money in the fund upon which they were drawn to redeem any of them. [1984 c 7 § 308; 1961 c 13 § 47.60.122. Prior: 1953 c 159 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.124 Revenue refunding bonds to redeem interim warrants.** If it is deemed advisable or found necessary to redeem any or all of such warrants, the department is authorized to issue its revenue refunding bonds for that purpose. The bonds shall constitute obligations only of the department, and shall not be obligations of the state of Washington. The refunding bonds shall be payable solely out of part or all of the revenues derived from the operation of the Puget Sound ferry system as shall be provided in the resolution authorizing their issuance. [1984 c 7 § 309; 1961 c 13 § 47.60.124. Prior: 1953 c 159 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.126 Interim warrants and refunding bonds—Laws applicable.** All provisions of chapter 47.60 RCW pertaining and applicable to the revenue bonds of the department authorized in that chapter are applicable to the warrants and revenue refunding bonds authorized herein except insofar as otherwise provided by RCW 47.60.122 through 47.60.126. [1984 c 7 § 310; 1961 c 13 § 47.60.126. Prior: 1953 c 159 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.130 Unit or combined operation—Continuous project—Rental, charter, lease of system property—Sale of unneeded property.** Such ferry system, including any toll bridges, approaches, and roadways incidental thereto, may be financed and operated in combination or separately as one or more units as the department of transportation may determine, and such ferry system together with any toll bridge hereafter constructed by the department upon or across the waters of Puget Sound or Hood Canal, or any part of either, replacing one or more presently operated ferry routes, is declared to be a continuous project within the meaning of \*RCW 47.56.070. The department is empowered to rent, lease, or charter any property acquired under this chapter. If the department determines that any real property (including lands, improvements thereon, and any interests or estates) originally acquired for the ferry system is no longer required for the purposes of the ferry system, the department shall offer it for sale in the manner and with the authority authorized to the department by RCW 47.12.063 or 47.12.283. The secretary of transportation may adopt rules further implementing this section. The proceeds of all such sales shall be paid into the separate trust fund of the state treasury established pursuant to \*\*RCW 47.60.150. [1979 ex.s. c 189 § 6; 1973 1st ex.s. c 177 § 5; 1961 c 13 § 47.60.130. Prior: 1955 c 22 § 1; 1953 c 32 § 1; 1949 c 179 § 3, part; Rem. Supp. 1949 § 6584-32, part.]

**Reviser's note:** \*(1) RCW 47.56.070 was amended by 2008 c 122 § 10, deleting the language pertaining to the meaning of a continuous project.

\*\*\*(2) RCW 47.60.150 was repealed by 2007 c 512 § 16.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.135 Charter of state ferries—Hazardous materials.** (1) The charter use of Washington State Ferry vessels when established route operations and normal user requirements are not disrupted is permissible. In establishing chartering agreements, Washington State Ferries shall consider the special needs of local communities and interested parties. Washington State Ferries shall use sound business judgment and be sensitive to the interests of existing private enterprises.

(2) Consistent with the policy as established in subsection (1) of this section, the chief executive officer of the Washington State Ferries may approve agreements for the chartering of Washington State Ferry vessels to groups or individuals, including hazardous material transporters, in accordance with the following:

(a) Vessels may be committed to charter only when established route operation and normal user requirements are not disrupted or inconvenienced. If a vessel is engaged in the transport of hazardous materials, the transporter shall pay for all legs necessary to complete the charter, even if the vessel is simultaneously engaged in an operational voyage on behalf of Washington State Ferries.

(b) Charter rates for vessels must be established at actual vessel operating costs plus a market-rate profit margin. Actual vessel operating costs include, but are not limited to, all labor, fuel, and vessel maintenance costs incurred due to the charter agreement, including deadheading and standby.

(c) Parties chartering Washington State Ferry vessels shall comply with all applicable laws, rules, and regulations during the charter voyage, and failure to so comply is cause for immediate termination of the charter voyage. [2003 c 374 § 1; 1997 c 323 § 2.]

**Finding—1997 c 323:** "The legislature finds that when established route operations and normal user requirements are not disrupted Washington state ferries may be used for the transportation of hazardous materials under the chartering procedures and rates described in RCW 47.60.135." [1997 c 323 § 1.]

**47.60.140 System as self-liquidating undertaking—Powers of department—Concessions.** (1) The department is empowered to operate such ferry system, including all operations, whether intrastate or international, upon any route or routes, and toll bridges as a revenue-producing and self-liquidating undertaking. The department has full charge of the construction, rehabilitation, rebuilding, enlarging, improving, operation, and maintenance of the ferry system, including toll bridges, approaches, and roadways incidental thereto that may be authorized by the department, including the collection of tolls and other charges for the services and facilities of the undertaking. The department has the exclusive right to enter into leases and contracts for use and occupancy by other parties of the concessions and space located on the ferries, wharves, docks, approaches, parking lots, and landings, including the selling of commercial advertising space and licenses to use the Washington State Ferries trademarks, but, except as provided in subsection (2) of this section, no such leases or contracts may be entered into for more

than ten years, nor without a competitive contract process, except as otherwise provided in this section. The competitive process shall be either an invitation for bids in accordance with the process established by chapter 43.19 RCW, or a request for proposals in accordance with the process established by RCW 47.56.030. All revenues from commercial advertising, concessions, parking, leases, and contracts must be deposited in the Puget Sound ferry operations account in accordance with \*RCW 47.60.150.

(2) As part of a joint development agreement under which a public or private developer constructs or installs improvements on ferry system property, the department may lease all or part of such property and improvements to such developers for that period of time, not to exceed fifty-five years, or not to exceed thirty years for those areas located within harbor areas, which the department determines is necessary to allow the developer to make reasonable recovery on its initial investment. Any lease entered into as provided for in this subsection that involves state aquatic lands shall conform with the Washington state Constitution and applicable statutory requirements as determined by the department of natural resources. That portion of the lease rate attributable to the state aquatic lands shall be distributed in the same manner as other lease revenues derived from state aquatic lands as provided in \*\*RCW 79.24.580.

(3) The department shall include in the strategic planning and performance assessment process, as required by RCW 43.88.090, an analysis of the compatibility of public and private partnerships with the state ferry system's core business, and the department's efforts to maximize nonfarebox revenues and provide benefit to the public users of the ferry system facilities. The department shall include an assessment of the need for an open solicitation to identify and select possible public or private partnerships in order to maximize the value of projects and the state's investment in current and future ferry system operations.

(a) When the department determines that an open solicitation is necessary, a request for proposal shall be released, consisting of an open solicitation outlining functional specifications to be used as the basis for selecting partnerships in the project.

(b) Any responses to the request for proposal shall be evaluated, at a minimum, on the basis of compatibility with the state ferry system's core business, potential to maximize nonfarebox revenue, longevity of the possible partnership commitment, and benefit to the public users of the ferry system facilities.

(c) If no responses are received, or those that are received are incompatible with ferry system operations, or do not meet the criteria stated in (b) of this subsection, the state ferry system may proceed with state ferry system operating strategies designed to achieve state ferry system objectives without established partnerships. [2003 c 374 § 2; 1995 1st sp.s. c 4 § 2; 1987 c 69 § 1; 1984 c 7 § 311; 1965 ex.s. c 170 § 58; 1961 c 13 § 47.60.140. Prior: 1951 c 259 § 1; 1949 c 179 § 5, part; Rem. Supp. 1949 § 6584-34, part.]

**Reviser's note:** \*(1) RCW 47.60.150 was repealed by 2007 c 512 § 16.

\*\*\*(2) RCW 79.24.580 was recodified as RCW 79.90.245 pursuant to 2003 c 334 § 569. RCW 79.90.245 was subsequently recodified as RCW 79.105.150 pursuant to 2005 c 155 § 1003.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.145 Historic ferries—Acquisition by qualified persons or organizations.** (1) An "historic ferry" is any vessel in the Washington state ferries fleet which has been listed in the Washington state register of historic places.

(2) When the department of transportation determines that an historic ferry is surplus to the needs of Washington state ferries, the department shall call for proposals from persons who wish to acquire the historic ferry. Proposals for the acquisition of an historic ferry shall be accepted only from persons or organizations that (a) are a governmental entity or a nonprofit corporation or association dedicated to the preservation of historic properties; (b) agree to a contract approved by the state historic preservation officer, which requires the preservation and maintenance of the historic ferry and provides that title to the ferry reverts to the state if the secretary of transportation determines that the contract has been violated; and (c) demonstrate the administrative and financial ability successfully to comply with the contract.

(3) The department shall evaluate the qualifying proposals and shall select the proposal which is most advantageous to the state. Factors to be considered in making the selection shall include but not be limited to:

- (a) Extent and quality of restoration;
- (b) Retention of original design and use;
- (c) Public access to the vessel;
- (d) Provisions for historical interpretation;
- (e) Monetary return to the state.

(4) If there are no qualifying proposals, an historic ferry shall be disposed of in the manner provided by state law. [1982 c 210 § 1.]

*Archaeology and historic preservation, office of: Chapter 27.34 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.170 Ferries revolving fund—Deposit of excess funds.** Nothing in \*RCW 47.60.150 forbids the establishment by the department of a Washington state ferries revolving fund of not to exceed six hundred thousand dollars from the proceeds of any bonds sold under the provisions of this chapter. The fund may be deposited by the department in such banks or financial institutions as it may select throughout the state. RCW 43.01.050 does not apply to the fund or any deposits therein made by the department under this section. The department may deposit all moneys received under this chapter in the fund. All expenses whatsoever arising in the operations of the Puget Sound ferry system shall be paid from the fund, if established, by check or voucher in such manner as may be prescribed by the department.

All moneys received by the department or any employee under the foregoing sections of this chapter, except an amount of petty cash for each day's needs as fixed by the regulation of the department, shall each day and as often during the day as advisable, be deposited in the nearest authorized depository selected by the department under this section.

Whenever the fund exceeds six hundred thousand dollars, the department shall forthwith transmit the excess to the state treasurer for deposit in the trust fund established by \*RCW 47.60.150. [1984 c 7 § 313; 1970 ex.s. c 85 § 6; 1961 c 13 § 47.60.170. Prior: 1951 c 259 § 13.]

\*Reviser's note: RCW 47.60.150 was repealed by 2007 c 512 § 16.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

(2010 Ed.)

**47.60.200 Consent to liability not general liability of state.** Any consent to liability given under the provisions of this chapter creates liability of the department only and does not create any general liability of the state. [1984 c 7 § 314; 1961 c 13 § 47.60.200. Prior: 1951 c 259 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.210 Seamen may sue for injuries—Venue.** The state consents to suits against the department by seamen for injuries occurring upon vessels of the department in accordance with the provisions of section 688, title 46, of the United States code. The venue of such actions may be in the superior court for Thurston county or the county where the injury occurred. [1984 c 7 § 315; 1961 c 13 § 47.60.210. Prior: 1951 c 259 § 6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.220 Department as common carrier—Rights and liabilities.** The department has all the obligations, duties, and rights of a common carrier of persons and property in its operation of ferries, terminals, or other facilities used in its ferry operations, including the right to participate in joint rates and through routes, agreements, and divisions of through and joint rates with railroads and other common carriers and the right to make any filings with the interstate commerce commission, the United States maritime commission, or any other state or federal regulatory or governmental body and to comply with the lawful rules and regulations or requirements of any such body, and is subject to laws relating to carrier's liability for loss or damage to property transported, and for personal injury or death of persons transported. [1984 c 7 § 316; 1961 c 13 § 47.60.220. Prior: 1951 c 259 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.230 Liability for damages as to persons or property.** In case of property loss or damage or personal injuries or death resulting from the operation of any ferry or terminal by the department, any person or the personal representative of any person, subject to and to the extent hereinafter provided, has a right of action against the department for the damage, loss, injury, or death. [1984 c 7 § 317; 1961 c 13 § 47.60.230. Prior: 1951 c 259 § 8.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.240 Liability to persons other than shippers or passengers—Limitation.** The right of action extended by this chapter is applicable to loss or damage of property and/or personal injury or death resulting from the operation of ferries or terminals by the department to persons other than shippers or passengers, but any recovery of damages in such cases shall not exceed an amount equal to the limitations of the insurance carried by the department to insure it against loss for such liability. [1984 c 7 § 318; 1961 c 13 § 47.60.240. Prior: 1951 c 259 § 9.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.250 Claim for damages—Filing—Contents—Time limitations.** As a condition to a recovery thereon, a verified claim against the department growing out of such

damages, loss, injuries, or death must first be presented to the department and filed with the secretary within one hundred twenty days after the time when the claim accrued. If the claimant is incapacitated from verifying and filing a claim within the one hundred twenty days, or if the claimant is a minor, then the claim may be verified and presented on behalf of the claimant by his or her relative, attorney, or agent. Each claim must accurately locate and describe the event or defect that caused the damage, loss, injury, or death, reasonably describe the damage, loss, or injury, and state the time when the damage, loss, or injury occurred, give the claimant's residence for the last six months, and contain the items of damages claimed. No action may be maintained against the department upon the claim until the claim has been presented to, and filed with, the department and sixty days have elapsed after the presentation and filing, nor more than three years after the claim accrued.

With respect to the content of the claims, this section shall be liberally construed so that substantial compliance will be deemed satisfactory. [1984 c 7 § 319; 1967 c 164 § 3; 1961 c 13 § 47.60.250. Prior: 1951 c 259 § 10.]

**Purpose—Severability—1967 c 164:** See notes following RCW 4.96.010.

*Claims against the state: Chapter 4.92 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.260 Payment of claims.** The department may upon such terms and conditions as it may impose and under such rules as it may adopt, pay claims arising under its operation of ferries or terminals or compromise or settle the claims. No claim may be paid by the department or any settlement or compromise of it be made except from the operating revenues of the department derived from its operation of ferries or terminals or from the proceeds of insurance recoveries. [1984 c 7 § 320; 1961 c 13 § 47.60.260. Prior: 1951 c 259 § 11.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.270 Venue of actions—Enforcement of judgment.** Actions for the recovery of damages under RCW 47.60.220 through 47.60.260 may be brought in Thurston county or in the county in which the aggrieved person resides. No execution upon a judgment or attachment may be levied against the property of the department, nor does the state consent to any maritime lien against vessels of the department, but the department may be required by order of court to pay any judgment. [1984 c 7 § 321; 1961 c 13 § 47.60.270. Prior: 1951 c 259 § 12.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.275 Local law enforcement officers on ferries and terminals.** Law enforcement officers of cities, towns, and counties which are served by state ferries shall have, and are hereby authorized to exercise, concurrent jurisdiction and authority with state law enforcement officers in the enforcement of laws of the state and local governmental divisions at those state ferry terminals located within the respective governmental division served by such local law enforcement officers and on state ferries at the terminals and throughout

the ferry runs, notwithstanding that the ferry may not be in the officer's governmental division. [1969 ex.s. c 13 § 1.]

**47.60.277 "No Smoking" areas on state ferries—Establishment directed.** See RCW 47.56.730.

**47.60.280 Ferry service—Lummi Island to Orcas Island—Limitation on operation.** The department is authorized and directed to establish and operate a ferry service from a suitable point on Lummi Island in Whatcom county to a suitable point on Orcas Island in San Juan county by the most feasible route if and when Whatcom county constructs a bridge from Gooseberry Point on the mainland to Lummi Island. The actual operation of the ferry service shall not begin until Whatcom county has completed the construction of such bridge. [1984 c 7 § 322; 1961 c 13 § 47.60.280. Prior: 1959 c 198 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.282 Ferry service between Port Townsend and Keystone—Operation authorized, when.** The department is authorized to operate a ferry service between Port Townsend and Keystone on Admiralty Inlet if the certificate of convenience and necessity for the ferry operation is theretofore surrendered, rights thereunder are abandoned, and the ferry service is discontinued. In no event may the department undertake such a ferry service preceding events as set forth herein or before April 1, 1973. [1984 c 7 § 323; 1972 ex.s. c 44 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.283 Ferry service between Port Townsend and Keystone—Purpose.** The purpose of RCW 47.60.282 and 47.60.283 is to provide service on the ferry route between Port Townsend and Keystone to be determined by the department. Operation of this route is necessary for the economic health, safety, and welfare of the people of the state. Additionally, state operation of this route will further benefit the people of the state by providing better access to important installations maintained by the United States Navy and the United States Coast Guard. [1984 c 7 § 324; 1972 ex.s. c 44 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.286 Ferry user data survey.** (1) The commission shall, with the involvement of the department, conduct a survey to gather data on ferry users to help inform level of service, operational, pricing, planning, and investment decisions. The survey must include, but is not limited to:

- (a) Recreational use;
- (b) Walk-on customer use;
- (c) Vehicle customer use;
- (d) Freight and goods movement demand; and
- (e) Reactions to potential operational strategies and pricing policies described under RCW 47.60.327 and 47.60.290.

(2) The commission shall develop the survey after providing an opportunity for ferry advisory committees to offer input.

(3) The survey must be updated at least every two years and maintained to support the development and implementa-

tion of adaptive management of ferry services. [2007 c 512 § 4.]

**Finding—Intent—2007 c 512:** See note following RCW 47.06.140.

**47.60.290 State ferries—Review of fares and pricing policies—Proposals.** (1) The department shall annually review fares and pricing policies applicable to the operation of the Washington state ferries.

(2) Beginning in 2008, the department shall develop fare and pricing policy proposals that must:

(a) Recognize that each travel shed is unique, and might not have the same farebox recovery rate and the same pricing policies;

(b) Use data from the current survey conducted under RCW 47.60.286;

(c) Be developed with input from affected ferry users by public hearing and by review with the affected ferry advisory committees, in addition to the data gathered from the survey conducted in RCW 47.60.286;

(d) Generate the amount of revenue required by the biennial transportation budget;

(e) Consider the impacts on users, capacity, and local communities; and

(f) Keep fare schedules as simple as possible.

(3) While developing fare and pricing policy proposals, the department must consider the following:

(a) Options for using pricing to level vehicle peak demand; and

(b) Options for using pricing to increase off-peak ridership. [2007 c 512 § 5; 1983 c 3 § 136; 1972 ex.s. c 24 § 6; 1961 c 13 § 47.60.290. Prior: 1959 c 199 § 1.]

**Finding—Intent—2007 c 512:** See note following RCW 47.06.140.

**47.60.300 State ferries—Scope of review—Periodic reviews required.** The review shall include but not be limited to tariffs for automobiles, passengers, trucks, commutation rates, and volume discounts. The review shall give proper consideration to time of travel, distance of travel, operating costs, maintenance and repair expenses, and the resultant effect any change in tariff might have on the debt service requirements of the department as specifically provided in existing financing programs. The review shall also include the allocation of vessels to particular runs, the scheduling of particular runs, the adequacy and arrangements of docks and dock facilities, and any other subject deemed by the department to be properly within the scope of the review. The department is further authorized and directed to make a like review within every three-year period. [1984 c 7 § 325; 1961 c 13 § 47.60.300. Prior: 1959 c 199 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.310 State ferries—Local expressions—Ferry advisory committees.** (1) The department is further directed to conduct such review by soliciting and obtaining expressions from local community groups in order to be properly informed as to problems being experienced within the area served by the Washington state ferries. In order that local representation may be established, the department shall give prior notice of the review to the ferry advisory committees.

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(2) The legislative authorities of San Juan, Skagit, Clallam, and Jefferson counties shall each appoint a committee to consist of five members to serve as an advisory committee to the department or its designated representative in such review. The legislative authorities of other counties that contain ferry terminals shall appoint ferry advisory committees consisting of three members for each terminal area in each county, except for Vashon Island, which shall have one committee, and its members shall be appointed by the Vashon/Maury Island community council. At least one person appointed to each ferry advisory committee shall be representative of an established ferry user group or of frequent users of the ferry system. Each member shall reside in the vicinity of the terminal that the advisory committee represents.

(3) The members of the San Juan, Clallam, and Jefferson county ferry advisory committees shall be appointed for four-year terms. The initial terms shall commence on July 1, 1982, and end on June 30, 1986. Any vacancy shall be filled for the remainder of the unexpired term by the appointing authority. At least one person appointed to the advisory committee shall be representative of an established ferry-user group or of frequent users of the ferry system, at least one shall be representative of persons or firms using or depending upon the ferry system for commerce, and one member shall be representative of a local government planning body or its staff. Every member shall be a resident of the county upon whose advisory committee he or she sits, and not more than three members shall at the time of their appointment be members of the same major political party.

(4) The members of each terminal area committee shall be appointed for four-year terms. The initial terms of the members of each terminal area committee shall be staggered as follows: All terms shall commence September 1, 1988, with one member's term expiring August 31, 1990, one member's term expiring August 31, 1991, and the remaining member's term expiring August 31, 1992. Any vacancy shall be filled for the remainder of the unexpired term by the appointing authority. Not more than two members of any terminal-area committee may be from the same political party at the time of their appointment, and in a county having more than one committee, the overall party representation shall be as nearly equal as possible.

(5) The chair[s] of the several committees constitute an executive committee of the Washington state ferry users. The executive committee shall meet twice each year with representatives of the marine division of the department to review ferry system issues.

(6) The committees to be appointed by the county legislative authorities shall serve without fee or compensation. [2010 c 8 § 10020; 1988 c 100 § 1; 1983 c 15 § 24; 1983 c 3 § 137; 1977 c 29 § 1; 1961 c 13 § 47.60.310. Prior: 1959 c 199 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.315 Fares and pricing policies—Adoption schedule—Revenues.** (1) The commission shall adopt fares and pricing policies by rule, under chapter 34.05 RCW, according to the following schedule:

(a) Each year the department shall provide the commission a report of its review of fares and pricing policies, with

recommendations for the revision of fares and pricing policies for the ensuing year;

(b) By September 1st of each year, beginning in 2008, the commission shall adopt by rule fares and pricing policies for the ensuing year.

(2) The commission may adopt by rule fares that are effective for more or less than one year for the purposes of transitioning to the fare schedule in subsection (1) of this section.

(3) The commission may increase ferry fares included in the schedule of charges adopted under this section by a percentage that exceeds the fiscal growth factor.

(4) The chief executive officer of the ferry system may authorize the use of promotional, discounted, and special event fares to the general public and commercial enterprises for the purpose of maximizing capacity use and the revenues collected by the ferry system. The department shall report to the commission a summary of the promotional, discounted, and special event fares offered during each fiscal year and the financial results from these activities.

(5) Fare revenues and other revenues deposited in the Puget Sound ferry operations account created in RCW 47.60.530 may not be used to support the Puget Sound capital construction account created in RCW 47.60.505, unless the support for capital is separately identified in the fare.

(6) The commission may not raise fares until the fare rules contain pricing policies developed under RCW 47.60.290, or September 1, 2009, whichever is later. [2007 c 512 § 6.]

**Finding—Intent—2007 c 512:** See note following RCW 47.06.140.

#### **47.60.327 Operational strategies for asset utilization.**

(1) The department shall develop, and the commission shall review, operational strategies to ensure that existing assets are fully utilized and to guide future investment decisions. These operational strategies must, at a minimum:

(a) Recognize that each travel shed is unique and might not have the same operational strategies;

(b) Use data from the current survey conducted under RCW 47.60.286;

(c) Be consistent with vehicle level of service standards;

(d) Choose the most efficient balance of capital and operating investments by using a life-cycle cost analysis; and

(e) Use methods of collecting fares that maximize efficiency and achieve revenue management control.

(2) After the commission reviews recommendations by the department, the commission and department shall make joint recommendations to the legislature for the improvement of operational strategies.

(3) In developing operational strategies, the following, at a minimum, must be considered:

(a) The feasibility of using reservation systems;

(b) Methods of shifting vehicular traffic to other modes of transportation;

(c) Methods of improving on-dock operations to maximize efficiency and minimize operating and capital costs;

(d) A cost-benefit analysis of remote holding versus over-water holding;

(e) Methods of reorganizing holding areas and minimizing on-dock employee parking to maximize the dock size available for customer vehicles;

(f) Schedule modifications;

(g) Efficiencies in exit queuing and metering;

(h) Interoperability with other transportation services;

(i) Options for leveling vehicle peak demand; and

(j) Options for increasing off-peak ridership.

(4) Operational strategies must be reevaluated periodically and, at a minimum, before developing a new capital plan. [2007 c 512 § 7.]

**Finding—Intent—2007 c 512:** See note following RCW 47.06.140.

**47.60.330 Public participation—Legislative approval.** (1) Before a substantial change to the service levels provided to ferry users, the department shall consult with affected ferry users by public hearing and by review with the affected ferry advisory committees.

(2) Before adding or eliminating a ferry route, the department shall consult with affected ferry users and receive legislative approval. [2007 c 512 § 8; 2003 c 374 § 5; 1983 c 15 § 26.]

**Finding—Intent—2007 c 512:** See note following RCW 47.06.140.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.335 Appropriation limitations—Capital program cost allocation.** (1) Appropriations made for the Washington state ferries capital program may not be used for maintenance costs.

(2) Appropriations made for preservation projects shall be spent only on preservation and only when warranted by asset condition, and shall not be spent on master plans, right-of-way acquisition, or other nonpreservation items.

(3) Systemwide and administrative capital program costs shall be allocated to specific capital projects using a cost allocation plan developed by the department. Systemwide and administrative capital program costs shall be identifiable.

(4) The vessel emergency repair budget may not be used for planned maintenance and inspections of inactive vessels. [2008 c 124 § 7; 2007 c 512 § 9.]

**Finding—Intent—2007 c 512:** See note following RCW 47.06.140.

**47.60.340 Vessel maintenance and preservation program—Report.** (1) The department shall develop and maintain a vessel maintenance and preservation program that meets or exceeds all federal requirements and, at a minimum:

(a) Includes a bilge and void maintenance program;

(b) Includes a visual inspection/audio gauging steel preservation program; and

(c) Uses a lowest life-cycle cost method.

(2) The vessel maintenance and preservation program must maximize cost efficiency by, at a minimum:

(a) Reducing planned out-of-service time to the greatest extent possible; and

(b) Striving to eliminate planned peak season out-of-service periods.

(3) When construction is underway for the replacement of a vessel, the vessel that is scheduled for retirement is exempt from the requirement in subsection (1)(c) of this section.

(4) The department shall include a plain language status report on the maintenance and preservation vessel program with each budget submittal to the office of financial management. This report must include, at a minimum:

(a) A description of the maintenance and preservation of each vessel in the fleet;

(b) A highlight and explanation of any significant deviation from the norm;

(c) A highlight and explanation of any significant deviation from the vessel preservation plan required under RCW 47.60.375;

(d) A highlight and explanation of decisions not to invest in vessels; and

(e) A highlight and explanation of decisions to invest early in vessels. [2008 c 124 § 5.]

**47.60.345 Life-cycle cost model on capital assets.** (1) The department shall maintain a life-cycle cost model on capital assets such that:

(a) Available industry standards are used for estimating the life of an asset, and department-adopted standard life cycles derived from the experience of similar public and private entities are used when industry standards are not available;

(b) Standard estimated life is adjusted for asset condition when inspections are made;

(c) It does not include utilities or other systems that are not replaced on a standard life cycle; and

(d) It does not include assets not yet built.

(2) All assets in the life-cycle cost model must be inspected and updated in the life-cycle cost model for asset condition at least every three years.

(3) The life-cycle cost model shall be used when estimating future terminal and vessel preservation needs.

(4) The life-cycle cost model shall be the basis for developing the budget request for terminal and vessel preservation funding. [2008 c 124 § 4; 2007 c 512 § 10.]

**Finding—Intent—2007 c 512:** See note following RCW 47.06.140.

**47.60.355 Terminal and vessel preservation funding requests—Predesign study.** (1) Terminal and vessel preservation funding requests shall only be for assets in the life-cycle cost model.

(2) Terminal and vessel preservation funding requests that exceed five million dollars per project must be accompanied by a predesign study. The predesign study must include all elements required by the office of financial management. [2010 c 283 § 3; 2007 c 512 § 11.]

**Findings—Intent—2010 c 283:** "The legislature finds that the Washington state ferry system is a critical component of the state's highway system. The legislature further finds that ferry system revenues are inadequate to support the capital requirements of aging vessels and terminals, and operating cost growth is fast outpacing the growth of fare revenue and gas tax revenue dedicated to the ferry system. As such, and drawing on more than four consecutive years of legislative analysis and operating policy reforms, the legislature finds that a realignment of the ferry compensation policy framework is an appropriate next step toward the legislature's long-term goal of assuring sustainable, cost-effective ferry service. The legislature further intends to address increased costs of ferry system operations in a manner that balances the interests of the ferry system, ferry workforce, and fare payers. It is the intent of the legislature that final recommendations from the joint transportation committee ferry study, submitted to the legislature during the 2009 regular legislative session, be enacted by the legislature and

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implemented by the department of transportation as soon as practicable in order to benefit from the efficiencies and cost savings identified in the recommendations. It is also the intent of the legislature to make various additional policy changes aimed at further efficiencies and cost savings. Since the study began in 2006, recommendations have been made with regard to long range planning and implementing the most efficient and effective balance between ferry capital and operating investments. It is intended that this act, the 2009-2011 omnibus transportation appropriations act, and subsequent transportation appropriations acts serve as vehicles for enacting these recommendations in order to maximize the utilization of existing capacity and to make the most efficient use of existing assets and tax dollars." [2010 c 283 § 1.]

**Effective date—2010 c 283:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [April 1, 2010]." [2010 c 283 § 24.]

**Management review of ferries division—2010 c 283:** "(1) The office of financial management shall convene an expert panel of ferry operators to conduct a management review of the Washington state department of transportation, ferries division. The panel must have between three and five members and must represent both management and operations specialists, as well as public and private ferry operators that can bring best practices and state-of-the-art knowledge to this effort. The panel shall review past studies, conduct its own review, and make recommendations of the ferries division's management. The study must be completed and submitted to the transportation committees of the senate and house of representatives by August 1, 2010, and must include:

(a) A review and comment on the studies and audits conducted on the ferries division over the past four years in areas of overhead and management organization structure and costs, maintenance practices, scheduling, and prioritization of preservation of vessels and terminals to ensure they represent current best practices;

(b) A report on the implementation of the recommendations in the studies and audits described in (a) of this subsection, and a report on their effectiveness compared to national best practices; and

(c) A review and report on the procedures for crew and service scheduling and recommendations on opportunities for improvement to provide the least cost of operations while maintaining service schedules that meet the needs of ferries customers.

(2) This section expires July 1, 2011." [2010 c 283 § 2.]

**Assaults on Washington state ferries employees—2010 c 283:** "(1) Signage must be prominently displayed at each terminal and on each vessel that informs the public that assaults on Washington state employees will be prosecuted to the full extent of the law.

(2) The department shall investigate the frequency, severity, and prosecutorial results of assaults on Washington state ferries employees and, if appropriate, make recommendations to the transportation committees of the senate and house of representatives during the 2011 legislative session regarding methods to decrease the number of assaults on employees and procedures for prosecuting those who assault employees.

(3) This section expires June 30, 2011." [2010 c 283 § 8.]

**Finding—Intent—2007 c 512:** See note following RCW 47.06.140.

**47.60.365 Terminal and vessel design standards.** The department shall develop terminal and vessel design standards that:

(1) Adhere to vehicle level of service standards as described in RCW 47.06.140;

(2) Adhere to operational strategies as described in RCW 47.60.327; and

(3) Choose the most efficient balance between capital and operating investments by using a life-cycle cost analysis. [2010 c 283 § 4; 2007 c 512 § 12.]

**Findings—Intent—Effective date—Management review of ferries division—Assaults on Washington state ferries employees—2010 c 283:** See notes following RCW 47.60.355.

**Finding—Intent—2007 c 512:** See note following RCW 47.06.140.

**47.60.375 Capital plan.** (1) The capital plan must adhere to the following:

- (a) A current ridership demand forecast;
- (b) Vehicle level of service standards as described in RCW 47.06.140;
- (c) Operational strategies as described in RCW 47.60.327; and
- (d) Terminal and vessel design standards as described in RCW 47.60.365.

(2) The capital plan must include the following:

- (a) A current vessel preservation plan;
- (b) A current systemwide vessel rebuild and replacement plan as described in RCW 47.60.377;
- (c) A current vessel deployment plan; and
- (d) A current terminal preservation plan that adheres to the life-cycle cost model on capital assets as described in RCW 47.60.345. [2010 c 283 § 5; 2008 c 124 § 3; 2007 c 512 § 13.]

**Findings—Intent—Effective date—Management review of ferries division—Assaults on Washington state ferries employees—2010 c 283:** See notes following RCW 47.60.355.

**Finding—Intent—2007 c 512:** See note following RCW 47.06.140.

**47.60.377 Vessel rebuild and replacement plan.** The department shall develop and maintain a vessel rebuild and replacement plan that, at a minimum:

- (1) Includes projected retirement dates for all vessels, distinguishing between active and inactive vessels;
- (2) Includes projected rebuild dates for all vessels;
- (3) Includes timelines for vessel replacement, including business decisions, design, procurement, and construction; and
- (4) Includes a summary of the condition of all vessels, distinguishing between active and inactive vessels. [2008 c 124 § 2.]

**47.60.385 Terminal improvement, vessel improvement, and vessel acquisition project funding requests—Predesign study—Prioritization.** (1) Terminal improvement, vessel improvement, and vessel acquisition project funding requests must adhere to the capital plan, include route-based planning, and be submitted with a predesign study that:

- (a) Includes all elements required by the office of financial management;
- (b) Separately identifies basic terminal and vessel elements essential for operation and their costs;
- (c) Separately identifies additional elements to provide ancillary revenue and customer comfort and their costs;
- (d) Includes construction phasing options that are consistent with forecasted ridership increases;
- (e) Separately identifies additional elements requested by local governments and the cost and proposed funding source of those elements;
- (f) Separately identifies multimodal elements and the cost and proposed funding source of those elements;
- (g) Identifies all contingency amounts;
- (h) Identifies any terminal, vessel, or other capital modifications that would be required as a result of the proposed capital project;
- (i) Includes planned service modifications as a result of the proposed capital project, and the consistency of those service modifications with the capital plan; and

(j) Demonstrates the evaluation of long-term operating costs including fuel efficiency, staffing, and preservation.

(2) The department shall prioritize vessel preservation and acquisition funding requests over vessel improvement funding requests. [2010 c 283 § 6; 2008 c 124 § 6; 2007 c 512 § 14.]

**Findings—Intent—Effective date—Management review of ferries division—Assaults on Washington state ferries employees—2010 c 283:** See notes following RCW 47.60.355.

**Finding—Intent—2007 c 512:** See note following RCW 47.06.140.

**47.60.386 Additional requirements for vessel improvement and vessel acquisition funding requests.** (1) In addition to the requirements of RCW 47.60.385(1), initial requests for, and substantial modification requests to, vessel acquisition funding must be submitted with a predesign study that:

- (a) Includes a business decision case on vessel sizing;
- (b) Includes an updated vessel deployment plan demonstrating maximum use of existing vessels, and an updated systemwide vessel rebuild and replacement plan;
- (c) Includes an analysis that demonstrates that acquiring a new vessel or improving an existing vessel is more cost-effective than other alternatives considered. At a minimum, alternatives explored must include:
  - (i) Alternatives to new vessel construction that increase capacity of existing vessels;
  - (ii) Service level changes in lieu of adding vessel capacity; and
  - (iii) Acquiring existing vessels or existing vessel plans rather than wholly new vessels or vessel plans; and
- (d) Demonstrates that the vessel proposed for improvement, construction, or purchase, if intended to replace an existing vessel or to place an existing vessel into inactive or reserve status, is consistent with the scheduled replacements in the rebuild and replacement plan.

(2) In addition to the requirements of RCW 47.60.385(1), initial requests for, and substantial modification requests to, vessel improvement funding must be submitted with a predesign study that includes:

- (a) An explanation of any regulatory changes necessitating the improvement;
- (b) The requirements under subsection (1) of this section, if the improvement modifies the capacity of a vessel;
- (c) A cost-benefit analysis of any modifications designed to improve fuel efficiency, including potential impacts on vessel maintenance and repair; and
- (d) An assessment of out-of-service time associated with making the improvement and ongoing preservation of the improvement. [2010 c 283 § 7.]

**Findings—Intent—Effective date—Management review of ferries division—Assaults on Washington state ferries employees—2010 c 283:** See notes following RCW 47.60.355.

**47.60.400 Refunding bonds authorized, 1961 Act.** The Washington toll bridge authority is authorized to issue revenue bonds to refund all or any part of the authority's outstanding 1955 Washington state ferry system refunding revenue bonds and 1957 ferry and Hood Canal bridge revenue bonds. With respect to the issuing of such bonds and the payment of principal and interest thereon, the payment into

reserves, sinking funds, and the fixing and revision of charges for services and facilities of the system, and in managing all its fiscal operations, the authority shall have all the powers and shall follow the same procedures established for it under existing laws, except as otherwise provided herein. [1986 c 66 § 3; 1961 ex.s. c 9 § 1.]

**Reviser's note:** Powers, duties, and functions of toll bridge authority transferred to department of transportation; see RCW 47.01.031. Term "Washington toll bridge authority" means department of transportation; see RCW 47.04.015.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.420 Additional revenue bonds, refunding bonds, authorized, 1961 Act—Prior charge against Puget Sound capital construction account if ferry system revenues insufficient.** To the extent that all revenues from the Washington state ferry system available therefor are insufficient to provide for the payment of principal and interest on the bonds authorized and issued under RCW 47.60.400 through \*47.60.450 and for sinking fund requirements established with respect thereto and for payment into such reserves as the department has established with respect to the securing of the bonds, there is imposed a first and prior charge against the Puget Sound capital construction account of the motor vehicle fund created by RCW 47.60.505 and, to the extent required, against all revenues required by RCW 46.68.090 to be deposited in the Puget Sound capital construction account.

To the extent that the revenues from the Washington state ferry system available therefor are insufficient to meet required payments of principal and interest on bonds, sinking fund requirements, and payments into reserves, the department shall use moneys in the Puget Sound capital construction account for such purpose. [1999 c 269 § 15; 1990 c 42 § 407; 1986 c 66 § 4; 1984 c 7 § 330; 1961 ex.s. c 9 § 3.]

\***Reviser's note:** RCW 47.60.450 was repealed by 2005 c 335 § 5.

**Purpose—Headings—Severability—Effective dates—Application—Implementation—1990 c 42:** See notes following RCW 82.36.025.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.430 Additional revenue bonds, refunding bonds, authorized, 1961 Act—Agreement to continue imposition of certain taxes.** So long as any bonds issued as authorized herein are outstanding, the state hereby agrees to continue to impose at least one-quarter cent of motor vehicle fuel tax and one-quarter cent of special fuel tax required by law and to deposit the proceeds of these taxes in the Puget Sound capital construction account of the motor vehicle fund. [1986 c 66 § 5; 1961 ex.s. c 9 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.440 Additional revenue bonds, refunding bonds, authorized, 1961 Act—Ferry system a revenue-producing undertaking—Debt service—Tolls on ferry system and Hood Canal bridge.** The Washington state ferry system shall be efficiently managed, operated, and maintained as a revenue-producing undertaking. Subject to the provisions of \*RCW 47.60.326 the commission shall maintain and revise from time to time as necessary a schedule of tolls and charges on said ferry system with other moneys deposited in the Puget Sound ferry operations account for maintenance and operation and all moneys in the Puget

Sound capital construction account available for debt service will produce net revenue available for debt service, in each fiscal year, in an amount at least equal to minimum annual debt service requirements as hereinafter provided. Minimum annual debt service requirements as used in this section shall include required payments of principal and interest, sinking fund requirements, and payments into reserves on all outstanding revenue bonds authorized by RCW 47.60.400 through \*\*47.60.470.

The provisions of law relating to the revision of tolls and charges to meet minimum annual debt service requirements from net revenues as required by this section shall be binding upon the commission but shall not be deemed to constitute a contract to that effect for the benefit of the holders of such bonds. [1999 c 94 § 28; 1990 c 42 § 408; 1986 c 66 § 6; 1983 c 3 § 139; 1972 ex.s. c 24 § 7; 1963 ex.s. c 3 § 42; 1961 ex.s. c 9 § 5.]

**Reviser's note:** \*(1) RCW 47.60.326 was repealed by 2007 c 512 § 16.

\*\*\*(2) RCW 47.60.470 was repealed by 1998 c 245 § 176.

**Legislative finding—Effective dates—1999 c 94:** See notes following RCW 43.84.092.

**Purpose—Headings—Severability—Effective dates—Application—Implementation—1990 c 42:** See notes following RCW 82.36.025.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.500 Acquisition of additional ferries—Legislative finding—Department authority.** (1) The legislature finds that the state's ferry fleet available for mass transportation of people within the urban region of Puget Sound is critically deficient and that substantial financial assistance for the acquisition of new ferries is necessary if the Washington state ferries is to continue to fulfill its role in the Puget Sound regional urban transportation system.

(2) The department is authorized:

(a) To apply to the United States secretary of transportation for a financial grant to assist the state to acquire urgently needed ferries;

(b) To enter into an agreement with the United States secretary of transportation or other duly authorized federal officials and to assent to such conditions as may be necessary to obtain financial assistance for the acquisition of additional ferries. In connection with the agreement the department may pledge any moneys in the Puget Sound capital construction account, not required for debt service, in the motor vehicle fund or any moneys to be deposited in the account for the purpose of paying the state's share of the cost of acquiring ferries. To the extent of the pledge the department shall use the moneys available in the Puget Sound capital construction account to meet the obligations as they arise. [1986 c 66 § 8; 1984 c 7 § 333; 1970 ex.s. c 85 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.505 Puget Sound capital construction account—Created—Use.** There is hereby created in the motor vehicle fund the Puget Sound capital construction account. All moneys hereafter deposited in said account shall be used by the department of transportation for:

(1) Reimbursing the motor vehicle fund for all transfers therefrom made in accordance with RCW 47.60.620; and

(2) Improving the Washington state ferry system including, but not limited to, vessel acquisition, vessel construction,

major and minor vessel improvements, terminal construction and improvements, and reconstruction or replacement of, and improvements to, the Hood Canal bridge, reimbursement of the motor vehicle fund for any state funds, other than insurance proceeds, expended therefrom for reconstruction or replacement of and improvements to the Hood Canal bridge, pursuant to proper appropriations: PROVIDED, That any funds accruing to the Puget Sound capital construction account after June 30, 1979, which are not required to reimburse the motor vehicle fund pursuant to RCW 47.60.620 as such obligations come due nor are required for capital improvements of the Washington state ferries pursuant to appropriations therefor shall from time to time as shall be determined by the department of transportation be transferred by the state treasurer to the Puget Sound ferry operations account in the motor vehicle fund.

(3) The department may pledge any moneys in the Puget Sound capital construction account or to be deposited in that account to guarantee the payment of principal or interest on bonds issued to refund the outstanding 1955 Washington state ferry system refunding bonds and the 1957 ferry and Hood Canal bridge revenue bonds.

The department may further pledge moneys in the Puget Sound capital construction account to meet any sinking fund requirements or reserves established by the department with respect to any bond issues provided for in this section.

To the extent of any pledge authorized in this section, the department shall use the first moneys available in the Puget Sound capital construction account to meet such obligations as they arise, and shall maintain a balance of not less than one million dollars in the account for this purpose.

(4) The treasurer shall never transfer any moneys from the Puget Sound capital construction account for use by the department for state highway purposes so long as there is due and unpaid any obligations for payment of principal, interest, sinking funds, or reserves as required by any pledge of the Puget Sound capital construction account. Whenever the department has pledged any moneys in the account for the purposes authorized in this section, the state agrees to continue to deposit in the Puget Sound capital construction account the motor vehicle fuel taxes and special fuel taxes as provided in RCW 82.36.020 and 82.38.290 and further agrees that, so long as there exists any outstanding obligations pursuant to such pledge, to continue to impose such taxes.

(5) Funds in the Puget Sound capital construction account of the motor vehicle fund that are not required by the department for payment of principal or interest on bond issues or for any of the other purposes authorized in this chapter may be invested by the department in bonds and obligations of the nature eligible for the investment of current state funds as provided in RCW 43.84.080. [1986 c 66 § 9; 1979 c 27 § 3; 1977 ex.s. c 360 § 10; 1970 ex.s. c 85 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.530 Puget Sound ferry operations account—Created—Use.** There is hereby created in the motor vehicle fund the Puget Sound ferry operations account to the credit of which shall be deposited all moneys directed by law to be deposited therein. All moneys deposited in this account shall

be expended pursuant to appropriations only for reimbursement of the motor vehicle fund for any state moneys, other than insurance proceeds, expended therefrom for alternate transportation services instituted as a result of the destruction of the Hood Canal bridge, and for maintenance and operation of the Washington state ferries including the Hood Canal bridge, supplementing as required the revenues available from the Washington state ferry system. [1979 c 27 § 4; 1972 ex.s. c 24 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.550 Parking or holding area for ferry patrons in conjunction with municipal off-street parking facilities.**

(1) Whenever a county, city, or other municipal corporation acquires or constructs a facility to be used in whole or in part for off-street parking of motor vehicles which is in the immediate vicinity of an existing or planned ferry terminal, the department may enter into an agreement with the local governmental body providing for the use in part or at specified times of the facility as a holding area for traffic waiting to board a ferry or for parking by ferry patrons.

(2) As a part of an agreement authorized by subsection (1) of this section, the department, subject to the limitations contained in RCW 47.60.505, may pledge any moneys in the Puget Sound capital construction account in the motor vehicle fund, or to be deposited in the account, to guarantee the payment of principal and interest on bonds issued by a county, city, or other municipal corporation to finance the acquisition or construction of the parking facility. In making the pledge, the department shall reserve the right to issue its own bonds for the purpose of paying the costs of acquiring ferry vessels with the provision that the bonds shall rank on parity with the bonds authorized by this section as a lien upon moneys in or to be deposited in the Puget Sound capital construction account.

The department shall also reserve the right to pledge moneys in the Puget Sound capital construction account to guarantee subsequent bonds issued by any county, city, or other municipal corporation to finance parking facilities as authorized in subsection (1) of this section with the provision that the subsequent bonds shall rank on parity with prior bonds guaranteed pursuant to this section as a lien upon moneys in or to be deposited in the Puget Sound capital construction account. To the extent of any pledge herein authorized, the department shall use the first moneys available in the Puget Sound capital construction account to meet the obligations as they arise. [1986 c 66 § 10; 1984 c 7 § 335; 1975-'76 2nd ex.s. c 69 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.560 General obligation bonds—Ferries—Authorized—Purposes—Passenger-only vessels—Issuance, sale, and retirement.** In order to provide funds necessary for vessel acquisition, vessel construction, major and minor vessel improvements, and terminal construction and improvements for the Washington state ferries, there shall be issued and sold upon the request of the department general obligation bonds of the state of Washington in the sum of one hundred thirty-five million dollars or such amount thereof as may be required (together with other funds available there-

for). If the state of Washington is able to obtain matching funds from the urban mass transportation administration or other federal government agencies for the acquisition of passenger-only vessels capable of operating as an integral part of the Washington state ferries on Puget Sound and the Straits of Juan de Fuca, a sufficient amount of the proceeds of the bonds authorized herein shall be used to pay the state's share of the acquisition cost of the passenger-only vessels. Upon request being made by the department, the state finance committee shall supervise and provide for the issuance, sale, and retirement of the bonds in accordance with chapter 39.42 RCW. The bonds may be sold from time to time in such amounts as may be necessary for the orderly progress in constructing the ferries. The bonds shall be sold in such manner, at such time or times, in such amounts, and at such price or prices as the state finance committee shall determine. The state finance committee may obtain insurance, letters of credit, or other credit facility devices with respect to the bonds and may authorize the execution and delivery of agreements, promissory notes, and other obligations for the purpose of insuring the payment or enhancing the marketability of the bonds. Promissory notes or other obligations issued under this section shall not constitute a debt or the contracting of indebtedness under any constitutional or statutory indebtedness limitation if their payment is conditioned upon the failure of the state to pay the principal of or interest on the bonds with respect to which the promissory notes or other obligations relate. The state finance committee may authorize the issuance of short-term obligations in lieu of long-term obligations for the purposes of more favorable interest rates, lower total interest costs, and increased marketability and for the purposes of retiring the bonds during the life of the project for which they were issued. [1986 c 290 § 8; 1985 c 176 § 1; 1984 c 7 § 336; 1977 ex.s. c 360 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **47.60.570 Disposition of proceeds from sale of bonds.**

The proceeds from the sale of the bonds shall be deposited in the Puget Sound capital construction account of the motor vehicle fund and such proceeds shall be available only for the purposes enumerated in RCW 47.60.560, for the payment of bond anticipation notes, if any, and for the payment of the expense incurred in the drafting, printing, issuance, and sale of such bonds. The costs of obtaining insurance, letters of credit, or other credit enhancement devices with respect to the bonds shall be considered to be expenses incurred in the issuance and sale of the bonds. [1986 c 290 § 9; 1977 ex.s. c 360 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.580 Bonds—Terms—Principal and interest payable from proceeds of state excise taxes on motor vehicle and special fuels.** Bonds issued under the provisions of RCW 47.60.560 shall distinctly state that they are a general obligation of the state of Washington, shall pledge the full faith and credit of the state to the payment of the principal thereof and the interest thereon, and shall contain an unconditional promise to pay such principal and interest as the same shall become due. The principal of and interest on such bonds shall be first payable in the manner provided in RCW

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47.60.560 through 47.60.640 from the proceeds of the state excise taxes on motor vehicle and special fuels imposed by chapters 82.36 and 82.38 RCW. Proceeds of such excise taxes are hereby pledged to the payment of any bonds and the interest thereon issued under the provisions of RCW 47.60.560 through 47.60.640 and the legislature hereby agrees to continue to impose the same excise taxes on motor vehicle and special fuels in amounts sufficient to pay, when due, the principal and interest on all bonds issued under the provisions of RCW 47.60.560 through 47.60.640. [1995 c 274 § 18; 1977 ex.s. c 360 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.590 Repayment of bonds—Fund sources.** Any funds required to repay the bonds authorized by RCW 47.60.560 or the interest thereon when due shall be taken from that portion of the motor vehicle fund which results from the imposition of excise taxes on motor vehicle and special fuels and which is distributed to the state for expenditure pursuant to RCW 46.68.130 and shall never constitute a charge against any allocations of such funds to counties, cities, and towns unless and until the amount of the motor vehicle fund arising from the excise taxes on motor vehicle and special fuels and available for state highway purposes proves insufficient to meet the requirements for bond retirement or interest on any such bonds. [1977 ex.s. c 360 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.600 Bonds—Powers and duties of state finance committee.** At least one year prior to the date any interest is due and payable on such bonds or before the maturity date of such bonds, the state finance committee shall estimate, subject to the provisions of RCW 47.60.590, the percentage of the receipts in money of the motor vehicle fund resulting from collection of excise taxes on motor vehicle and special fuels, for each month of the year which shall be required to meet interest or bond payments when due and shall notify the treasurer of such estimated requirement. The state treasurer shall thereafter from time to time each month as such funds are paid into the motor vehicle fund, transfer such percentage of the monthly receipts from excise taxes on motor vehicle and special fuels of the motor vehicle fund to the ferry bond retirement fund hereby created in the state treasury, which funds shall be available solely for payment of the principal of and interest on the bonds when due. If in any month it shall appear that the estimated percentage of moneys so made is insufficient to meet the requirements for payment of the principal thereof or interest thereon, the treasurer shall notify the state finance committee forthwith and such committee shall adjust its estimates so that all requirements for the interest on and principal of all bonds issued shall be fully met at all times. [1977 ex.s. c 360 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.610 Excess repayment funds—Disposition.** Whenever the percentage of the motor vehicle fund arising from excise taxes on motor vehicle and special fuels payable into the bond retirement fund proves more than is required for the payment of interest on bonds when due, or current retirement of bonds, any excess may, in the discretion of the state

finance committee and with the concurrence of the department, be available for the prior redemption of any bonds or remain available in the fund to reduce requirements upon the fuel excise tax portion of the motor vehicle fund at the next interest or bond payment period. [1984 c 7 § 337; 1977 ex.s. c 360 § 6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **47.60.620 Reimbursements and transfers of funds.**

Whenever, pursuant to RCW 47.60.600, the state treasurer shall transfer funds from the motor vehicle fund to the ferry bond retirement fund, the state treasurer shall at the same time reimburse the motor vehicle fund in an identical amount from the Puget Sound capital construction account. After each transfer by the treasurer of funds from the motor vehicle fund to the bond retirement fund and to the extent permitted by RCW 47.60.420, 47.60.505(3), and 47.60.505(4), the obligation to reimburse the motor vehicle fund as required herein shall constitute a first and prior charge against the funds within and accruing to the Puget Sound capital construction account, including the proceeds of the additional two-tenths of one percent excise tax imposed by \*RCW 82.44.020, as amended by chapter 332, Laws of 1977 ex. sess. All funds reimbursed to the motor vehicle fund as provided herein shall be distributed to the state for expenditure pursuant to RCW 46.68.130. [1986 c 66 § 11; 1977 ex.s. c 360 § 7.]

\*Reviser's note: RCW 82.44.020 was repealed by 2000 1st sp.s. c 1 § 2.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **47.60.630 Bonds legal investment for public funds.**

The bonds authorized in RCW 47.60.560 through 47.60.640 shall constitute a legal investment for all state funds or for funds under state control and all funds of municipal corporations. [1977 ex.s. c 360 § 8.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.640 Bonds—Equal charge against revenues from motor vehicle and special fuel excise taxes.** Bonds issued under authority of RCW 47.60.560 through 47.60.640 and any subsequent general obligation bonds of the state of Washington which may be authorized and which pledge motor vehicle and special fuel excise taxes for the payment of principal and interest thereon shall be an equal charge against the revenues from such motor vehicle and special fuel excise taxes. [1977 ex.s. c 360 § 9.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.645 Passenger ferry account.** There is hereby established in the transportation fund the passenger ferry account. Money in the account shall be used for operating or capital grants for ferry systems as provided in chapters 36.54, 36.57A, and 53.08 RCW. Moneys in the account shall be expended with legislative appropriation. During the 2007-2009 fiscal biennium, the legislature may transfer from the passenger ferry account such amounts as reflect the excess fund balance of the account. [2009 c 8 § 504; 2008 c 45 § 2; 2006 c 332 § 1; 1995 2nd sp.s. c 14 § 558.]

Effective date—2009 c 8: See note following RCW 46.68.065.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.60.656 Passenger-only ferry service—Conveyance of vessels authorized.** The department of transportation may enter into contracts with public transportation benefit areas meeting the requirements of RCW 36.57A.200 or county ferry districts to convey passenger-only ferry vessels and other properties associated with passenger-only ferry service that serve to provide passenger-only ferry service, as full or part consideration for the benefit area or ferry district assuming all future maintenance and operation obligations and costs required to maintain and operate the vessel and facilities. The conveyances must provide that the vessels or properties revert to the department if the vessels are not used for providing passenger-only ferry service. [2003 c 83 § 203.]

Reviser's note: 2003 c 83 directed that this section be added to chapter 47.52 RCW. However, codification in chapter 47.60 RCW appears to be more appropriate.

Findings—Intent—Captions, part headings not law—Severability—Effective date—2003 c 83: See notes following RCW 36.57A.200.

**47.60.662 Ferry system collaboration with passenger-only ferry service providers.** The Washington state ferry system shall collaborate with new and potential passenger-only ferry service providers, as described in chapters 36.54, 36.57A, and 53.08 RCW, for terminal operations at its existing terminal facilities. [2008 c 45 § 3; 2007 c 223 § 3; 2006 c 332 § 5.]

Effective date—2007 c 223: See note following RCW 36.57A.220.

#### **47.60.680 Prequalification of contractors required.**

No contract for the construction, improvement, or repair of a ferry, ferry terminal, or other facility operated by the Washington state ferries or for the repair, overhaul, or the dry-docking of any ferry operated by Washington state ferries may be awarded to any contractor who has not first been prequalified to perform the work by the department of transportation. No bid or proposal for such a contract may be received from any contractor who has not first been prequalified to perform the work by the department of transportation. [1983 c 133 § 1.]

**47.60.690 Qualifications of contractor—Rules to assure.** The secretary of transportation shall adopt rules prescribing standards and criteria to assure that each ferry system construction and repair contract described in RCW 47.60.680 shall be awarded to a competent and responsible contractor who has all of the following qualifications:

(1) Adequate financial resources, which may take into account the ability of the contractor to secure such resources;

(2) The necessary organization, personnel, equipment, facilities, experience, and technical qualification[s] to perform ferry system construction and repair contracts generally and with respect to any specific contract such additional special qualifications as may be necessary to perform the contract;

(3) The ability to comply with the department's performance schedules taking into account the outstanding work on all of the contractor's construction and repair contracts;

(4) A satisfactory record of performing previous contracts;

(5) A satisfactory record of integrity, judgment, and skills; and

(6) Such other qualifications as the secretary may prescribe to assure that prequalified contractors are competent and responsible. [1983 c 133 § 2.]

**47.60.700 Application for prequalification—Form.**

Any contractor desiring to submit bids or proposals for ferry system construction or repair contracts as described in RCW 47.60.680 shall file an application for prequalification with the department. The application shall be on a standard form supplied by the department. The form shall require a complete statement of the applicant's financial ability, including a statement of the applicant's current net assets and working capital. The form shall require such additional information as may be necessary for the department to determine whether or not the applicant is entitled to be prequalified in accordance with RCW 47.60.680 through 47.60.760 and the rules adopted thereunder. [1983 c 133 § 3.]

**47.60.710 Department authority to obtain information.** Upon request by the department an applicant for prequalification shall authorize the department to obtain any information pertinent to the application, including information relating to the applicant's net worth, assets, and liabilities, from banks or other financial institutions, surety companies, and material and equipment suppliers. [1983 c 133 § 4.]

**47.60.720 Additional investigation—Terms of prequalification—Notice of nonqualification.** Upon receipt of an application by a contractor for prequalification to perform ferry system construction and repair contracts, the department shall conduct such additional investigation as it deems necessary. If it finds that the applicant is qualified in accordance with the rules as adopted by the secretary, the department shall prequalify the contractor to perform the contracts for a period of one year. The prequalification shall fix the aggregate dollar amount of work, including any contract let by the department, that the contractor may have under contract and uncompleted at any one time and may limit the contractor to the submission of bids or proposals upon a certain class of work. Subject to any restrictions on the dollar amount or class of work specified thereunder, the prequalification shall authorize a contractor to bid or submit proposals on all ferry system construction and repair contracts mentioned in RCW 47.60.680 except contracts requiring special prequalification. If the department determines that an applicant is not entitled to prequalification, it shall give written notice of the determination to the applicant. [1983 c 133 § 5.]

**47.60.730 Renewal of prequalification—Nonrenewal or revocation, notice.** A contractor may apply annually for renewal of its prequalification by submission of a new or supplemental questionnaire and financial statement on standard forms provided by the department. Based upon information received at the time of renewal or at any other time the department may amend the prequalification of the contractor as to the dollar amount or class of work that the contractor may perform or may refuse to renew the prequalification or may revoke a prequalification previously approved, all in accordance with the same standards and criteria used for con-

sidering an original application for prequalification. The department shall give written notice of any such action to the contractor. [1983 c 133 § 6.]

**47.60.740 Rejection of bid despite prequalification—Unqualified bidder.** If the department finds, after the opening of bids, that facts exist that would disqualify the lowest bidder, or that the lowest bidder is not competent or responsible in accordance with the standards and criteria for prequalifying contractors, the department shall reject the bid despite the prior prequalification of the bidder. No contract may be awarded to a bidder not qualified to bid on it at the time fixed for receiving bids. [1983 c 133 § 7.]

**47.60.750 Appeal of refusal, modification, or revocation of prequalification.** The action of the department in refusing, modifying, or revoking the prequalification of any contractor under RCW 47.60.680 through 47.60.740 is conclusive unless an appeal is filed with the Thurston county superior court within ten days after receiving written notice of the refusal, modification, or revocation. The appeal shall be heard summarily within twenty days after the appeal is taken and on five days notice thereof to the department. The court shall hear any such appeal on the administrative record that was before the department. The court may affirm the decision of the department, or it may reverse the decision if it determines the action of the department was arbitrary or capricious. [1983 c 133 § 8.]

**47.60.760 Financial information regarding qualifying not public.** The department of transportation shall not be required to make available for public inspection and copying financial information supplied by any person, firm, or corporation for the purpose of qualifying to submit a bid or proposal for a ferry system construction or repair contract as required by RCW 47.60.680 through 47.60.750. [1983 c 133 § 9.]

**47.60.800 General obligation bonds—1992 issue—Purpose—Issuance and sale.** In order to provide funds necessary for vessel and terminal acquisition, construction, and major and minor improvements, including long lead time materials acquisition for the Washington state ferries, there shall be issued and sold upon the request of the Washington state transportation commission and legislative appropriation a total of two hundred ten million dollars of general obligation bonds of the state of Washington. [1992 c 158 § 1.]

**47.60.802 Bonds—1992 issue—Supervision of sale by state finance committee—Option of short-term obligations.** (1) Upon request being made by the transportation commission, the state finance committee shall supervise and provide for the issuance, sale, and retirement of the bonds authorized by RCW 47.60.800 through 47.60.808 in accordance with chapter 39.42 RCW. The bonds may be sold from time to time in such amounts as may be necessary for the purposes under RCW 47.60.800. The bonds shall be sold in such manner, at such time or times, in such amounts, and at such price or prices as the state finance committee shall determine.

No such bonds may be offered for sale without prior legislative appropriation of the net proceeds of the sale of the bonds.

(2) The state finance committee shall consider the issuance of short-term obligations in lieu of long-term obligations for the purposes of more favorable interest rates, lower total interest costs, and increased marketability and for the purposes of retiring the bonds during the life of the project for which they were issued. [1992 c 158 § 2.]

**47.60.804 Bonds—1992 issue—Use of proceeds.** The proceeds from the sale of bonds authorized by RCW 47.60.800 through 47.60.808 shall be deposited in the Puget Sound capital construction account of the motor vehicle fund and such proceeds shall be available only for the purposes under RCW 47.60.800, for the payment of bond anticipation notes, if any, and for the payment of bond issuance costs, including the costs of underwriting. [1992 c 158 § 3.]

**47.60.806 Bonds—1992 issue—Payment of principal and interest from pledged excise taxes.** Bonds issued under the authority of RCW 47.60.800 through 47.60.808 shall distinctly state that they are a general obligation of the state of Washington, shall pledge the full faith and credit of the state to the payment of the principal thereof and the interest thereon, and shall contain an unconditional promise to pay such principal and interest as the same shall become due. The principal and interest shall be first payable in the manner provided in RCW 47.60.800 through 47.60.808 from the proceeds of the state excise taxes on motor vehicle and special fuels imposed by chapters 82.36 and 82.38 RCW and distributed to the state pursuant to RCW 46.68.130 and shall never constitute a charge against any allocations of such funds to counties, cities, and towns unless and until the amount of the motor vehicle fund arising from the excise taxes on motor vehicle and special fuels and available for state highway purposes proves insufficient to meet the requirements for bond retirement or interest on any such bonds. Proceeds of such excise taxes are hereby pledged to the payment of any bonds and the interest thereon issued under the authority of RCW 47.60.800 through 47.60.808, and the legislature agrees to continue to impose these excise taxes on motor vehicle and special fuels in amounts sufficient to pay, when due, the principal and interest on all bonds issued under the authority of RCW 47.60.800 through 47.60.808. [1995 c 274 § 19; 1992 c 158 § 4.]

**47.60.808 Bonds—1992 issue—Payment from ferry bond retirement fund.** Both principal and interest on the bonds issued for the purposes of RCW 47.60.800 through 47.60.808 shall be payable from the ferry bond retirement fund authorized in RCW 47.60.600. Whenever, pursuant to RCW 47.60.800 and 47.60.806, the state treasurer transfers funds from the motor vehicle fund to the ferry bond retirement fund, the state treasurer may at the same time reimburse the motor vehicle fund in an identical amount from the Puget Sound capital construction account. [1992 c 158 § 5.]

**47.60.810 Design-build ferries—Authorized—Phases defined.** (1) The department may purchase new auto ferries through use of a modified request for proposals process

whereby the prevailing shipbuilder and the department engage in a design and build partnership for the design and construction of the auto ferries. The process consists of the three phases described in subsection (2) of this section.

(2) The definitions in this subsection apply throughout RCW 47.60.812 through 47.60.822.

(a) "Phase one" means the evaluation and selection of proposers to participate in development of technical proposals in phase two.

(b) "Phase two" means the preparation of technical proposals by the selected proposers in consultation with the department.

(c) "Phase three" means the submittal and evaluation of bids, the award of the contract to the successful proposer, and the design and construction of the auto ferries. [2001 c 226 § 4.]

**Findings—Purpose—2001 c 226:** See note following RCW 47.20.780.

**47.60.812 Design-build ferries—Notice of request for proposals.** To commence the request for proposals process, the department shall publish a notice of its intent once a week for at least two consecutive weeks in at least one trade paper and one other paper, both of general circulation in the state. The notice must contain, but is not limited to, the following information:

(1) The number of auto ferries to be procured, the auto and passenger capacities, the delivery dates, and the estimated price range for the contract;

(2) A statement that a modified request for proposals design and build partnership will be used in the procurement process;

(3) A short summary of the requirements for prequalification of proposers including a statement that prequalification is a prerequisite to submittal of a proposal in phase one; and

(4) An address and telephone number that may be used to obtain a prequalification questionnaire and the request for proposals. [2001 c 226 § 5.]

**Findings—Purpose—2001 c 226:** See note following RCW 47.20.780.

**47.60.814 Design-build ferries—Issuance of request for proposals.** Subject to legislative appropriation for the procurement of vessels, the department shall issue a request for proposals to interested parties that must include, at least, the following:

(1) Solicitation of a proposal to participate in a design and build partnership with the department to design and construct the auto ferries;

(2) Instructions on the prequalification process and procedures;

(3) A description of the modified request for proposals process. Under this process, the department may modify any component of the request for proposals, including the outline specifications, by addendum at any time before the submittal of bids in phase three;

(4) A description of the design and build partnership process to be used for procurement of the vessels;

(5) Outline specifications that provide the requirements for the vessels including, but not limited to, items such as

length, beam, displacement, speed, propulsion requirements, capacities for autos and passengers, passenger space characteristics, and crew size. The department will produce notional line drawings depicting hull geometry that will interface with Washington state ferries terminal facilities. Notional lines may be modified in phase two, subject to approval by the department;

(6) Instructions for the development of technical proposals in phase two, and information regarding confidentiality of technical proposals;

(7) The vessel delivery schedule, identification of the port on Puget Sound where delivery must take place, and the location where acceptance trials must be held;

(8) The estimated price range for the contract;

(9) The form and amount of the required bid deposit and contract security;

(10) A copy of the contract that will be signed by the successful proposer;

(11) The date by which proposals in phase one must be received by the department in order to be considered;

(12) A description of information to be submitted in the proposals in phase one concerning each proposer's qualifications, capabilities, and experience;

(13) A statement of the maximum number of proposers that may be selected in phase one for development of technical proposals in phase two;

(14) Criteria that will be used for the phase one selection of proposers to participate in the phase two development of technical proposals;

(15) A description of the process that will be used for the phase three submittal and evaluation of bids, award of the contract, and postaward administrative activities;

(16) A requirement that the contractor comply with all applicable laws, rules, and regulations including but not limited to those pertaining to the environment, worker health and safety, and prevailing wages;

(17) A requirement that the vessels be constructed within the boundaries of the state of Washington except that equipment furnished by the state and components, products, and systems that are standard manufactured items are not subject to the in-state requirement under this subsection. For the purposes of this subsection, "constructed" means the fabrication, by the joining together by welding or fastening of all steel parts from which the total vessel is constructed, including, but not limited to, all shell frames, longitudinals, bulkheads, webs, piping runs, wire ways, and ducting. "Constructed" also means the installation of all components and systems, including, but not limited to, equipment and machinery, castings, electrical, electronics, deck covering, lining, paint, and joiner work required by the contract. "Constructed" also means the interconnection of all equipment, machinery, and services, such as piping, wiring, and ducting; and

(18) A requirement that all warranty work on the vessel must be performed within the boundaries of the state of Washington, insofar as practical. [2001 c 226 § 6.]

**Findings—Purpose—2001 c 226:** See note following RCW 47.20.780.

**47.60.816 Design-build ferries—Phase one.** Phase one of the request for proposals process consists of evaluation and selection of prequalified proposers to participate in

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subsequent development of technical proposals in phase two, as follows:

(1) The department shall issue a request for proposals to interested parties.

(2) The request for proposals must require that each proposer prequalify for the contract under chapter 468-310 WAC, except that the department may adopt rules for the financial prequalification of proposers for this specific contract only. The department shall modify the financial prequalification rules in chapter 468-310 WAC in order to maximize competition among financially capable and otherwise qualified proposers. In adopting these rules, the department shall consider factors including, without limitation: (a) Shipyard resources in Washington state; (b) the cost to design and construct multiple vessels under a single contract without options; and (c) the sequenced delivery schedule for the vessels.

(3) The department may use some, or all, of the nonfinancial prequalification factors as part of the evaluation factors in phase one to enable the department to select a limited number of best qualified proposers to participate in development of technical proposals in phase two.

(4) The department shall evaluate submitted proposals in accordance with the selection criteria established in the request for proposals. Selection criteria may include, but are not limited to, the following:

(a) Shipyard facilities;

(b) Organization components;

(c) Design capability;

(d) Build strategy;

(e) Experience and past performance;

(f) Ability to meet vessel delivery dates;

(g) Projected workload; and

(h) Expertise of project team and other key personnel.

(5) Upon concluding its evaluation of proposals, the department shall select the best qualified proposers in accordance with the request for proposals. The selected proposers must participate in development of technical proposals. Selection must be made in accordance with the selection criteria stated in the request for proposals. All proposers must be ranked in order of preference as derived from the same selection criteria. [2001 c 226 § 7.]

**Findings—Purpose—2001 c 226:** See note following RCW 47.20.780.

**47.60.818 Design-build ferries—Phase two.** Phase two of the request for proposals process consists of preparation of technical proposals in consultation with the department, as follows:

(1) The development of technical proposals in compliance with the detailed instructions provided in the request for proposals, including the outline specifications, and any addenda to them. Technical proposals must include the following:

(a) Design and specifications sufficient to fully depict the ferries' characteristics and identify installed equipment;

(b) Drawings showing arrangements of equipment and details necessary for the proposer to develop a firm, fixed price bid;

(c) Project schedule including vessel delivery dates; and

(d) Other appropriate items.

(2) The department shall conduct periodic reviews with each of the selected proposers to consider and critique their designs, drawings, and specifications. These reviews must be held to ensure that technical proposals meet the department's requirements and are responsive to the critiques conducted by the department during the development of technical proposals.

(3) If, as a result of the periodic technical reviews or otherwise, the department determines that it is in the best interests of the department to modify any element of the request for proposals, including the outline specifications, it shall do so by written addenda to the request for proposals.

(4) Proposers must submit final technical proposals for approval that include design, drawings, and specifications at a sufficient level of detail to fully depict the ferries' characteristics and identify installed equipment, and to enable a proposer to deliver a firm, fixed price bid to the department. The department shall reject final technical proposals that modify, fail to conform to, or are not fully responsive to and in compliance with the requirements of the request for proposals, including the outline specifications, as amended by addenda. [2001 c 226 § 8.]

**Findings—Purpose—2001 c 226:** See note following RCW 47.20.780.

**47.60.820 Design-build ferries—Phase three.** Phase three consists of the submittal and evaluation of bids and the award of the contract to the successful proposer for the final design and construction of the auto ferries, as follows:

(1) The department shall request bids for detailed design and construction of the vessels after completion of the review of technical proposals in phase two. The department will review detailed design drawings in phase three for conformity with the technical proposals submitted in phase two. In no case may the department's review replace the builder's responsibility to deliver a product meeting the phase two technical proposal. The department may only consider bids from selected proposers that have qualified to bid by submitting technical proposals that have been approved by the department.

(2) Each qualified proposer must submit its total bid price for all vessels, including certification that the bid is based upon its approved technical proposal and the request for proposals.

(3) Bids constitute an offer and remain open for ninety days from the date of the bid opening. A deposit in cash, certified check, cashier's check, or surety bond in an amount specified in the request for proposals must accompany each bid and no bid may be considered unless the deposit is enclosed.

(4) The department shall evaluate the submitted bids. Upon completing the bid evaluation, the department may select the responsive and responsible proposer that offers the lowest total bid price for all vessels.

(5) The department may waive informalities in the proposal and bid process, accept a bid from the lowest responsive and responsible proposer, reject any or all bids, republish, and revise or cancel the request for proposals to serve the best interests of the department.

(6) The department may:

(a) Award the contract to the proposer that has been selected as the responsive and responsible proposer that has submitted the lowest total bid price;

(b) If a contract cannot be signed with the apparent successful proposer, award the contract to the next lowest responsive and responsible proposer; or

(c) If necessary, repeat this procedure with each responsive and responsible proposer in order of rank until the list of those proposers has been exhausted.

(7) If the department awards a contract to a proposer under this section, and the proposer fails to enter into the contract and furnish satisfactory contract security as required by chapter 39.08 RCW within twenty days from the date of award, its deposit is forfeited to the state and will be deposited by the state treasurer to the credit of the Puget Sound capital construction account. Upon the execution of a ferry design and construction contract all proposal deposits will be returned.

(8) The department may provide an honorarium to reimburse each unsuccessful phase three proposer for a portion of its technical proposal preparation costs at a preset, fixed amount to be specified in the request for proposals. If the department rejects all bids, the department may provide the honoraria to all phase three proposers that submitted bids. [2001 c 226 § 9.]

**Findings—Purpose—2001 c 226:** See note following RCW 47.20.780.

**47.60.822 Design-build ferries—Notice to proposers not selected—Appeal.** (1) The department shall immediately notify those proposers that are not selected to participate in development of technical proposals in phase one and those proposers who submit unsuccessful bids in phase three.

(2) The department's decision is conclusive unless an aggrieved proposer files an appeal with the superior court of Thurston county within five days after receiving notice of the department's award decision. The court shall hear any such appeal on the department's administrative record for the project. The court may affirm the decision of the department, or it may reverse or remand the administrative decision if it determines the action of the department was arbitrary and capricious. [2001 c 226 § 10.]

**Findings—Purpose—2001 c 226:** See note following RCW 47.20.780.

**47.60.824 Design-build ferries—Single best-qualified proposer—Incentives—Proposal negotiations—Compensation.** If at any point there is only a single best-qualified proposer participating in the competitive design-build procurement process prior to the submission of bids in phase three, or if there is only a single responsive and responsible bid submitted in phase three, or if the current best-qualified proposers elect to jointly submit a single proposal, the department may negotiate a fair-value contract with the proposer or joint proposers. The negotiations may consider the scope of work as well as contract price. The contract price must be established between the department and the proposer through negotiation based on detailed cost and price information provided by the proposer, the department, and other relevant sources in a format as determined by the department. To achieve efficiencies, the department may negotiate incentives

and economic cost sharing between the state and the proposer. In addition to the cost incentives, other incentives may be considered, as determined by the department, to be in the best interests of the state. Such incentives may include, but are not limited to, key schedule milestones, technological innovations, performance efficiencies, constructability, and operational value or life-cycle cost. The department may issue guidelines, requirements, and procedures for all negotiations.

If the department conducts negotiations with a single remaining proposer or joint proposers prior to the submission of bids in phase three, all negotiations must be completed within forty-five days of the department's approval of the final technical proposal. If the department conducts negotiations with a single responsive and responsible phase three bidder, all negotiations must be completed within thirty days of submission of the phase three bids.

If the department reaches an agreement with the proposer or joint proposers, the department shall submit a copy of the contract, the final negotiated price, and supporting information to the office of financial management at least ten days prior to execution of the contract. If the final negotiated price is greater than the legislature's adopted expenditure plan for vessel construction, the department may not execute the contract until the legislature reviews the final proposals and adjusts the expenditure plan accordingly.

If the department is unable within the designated time period to reach an agreement with the proposer or joint proposers that is fair, reasonable, and in the department's budget, or if the proposers initially provide notice of their intent to jointly submit a single proposal but fail to do so, or if any one of the proposers withdraws from a jointly submitted single proposal before entering into a contract with the department, or if both of the current best-qualified proposers withdraw or otherwise fail to proceed with the request for proposals process, the department may issue a new request for proposals or cancel the request for proposals process, to serve the best interests of the state.

The department may pay an honorarium in a specified amount determined by the department to a proposer or joint proposers who has [have] submitted a final, approved technical proposal and with whom the department has engaged in unsuccessful negotiations. The proposer or joint proposers shall not receive any other compensation for attempting to negotiate a contract, except to the extent allowed by the department in a final contract awarded pursuant to the request for proposal. [2007 c 481 § 2.]

**Effective date—2007 c 481:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [May 14, 2007]." [2007 c 481 § 3.]

**47.60.8241 Findings—Single proposal process for new ferry vessel construction.** The legislature finds that the Washington state ferry system has an excellent safety record and has commenced a long-term vessel procurement plan to ensure the replacement of older and outdated ferry vessels. The legislature further finds that the current vessel procurement process must move forward with all due speed, balancing the interests of both the taxpayers and shipyards. The commencement of construction of new vessels is important

not only for safety reasons, but also to keep skilled marine construction jobs in the Puget Sound region and to sustain the capacity of the region to meet the ongoing preservation needs of the ferry system fleet of vessels.

The legislature further finds that the balancing of interests described in this section may necessitate the department of transportation to consider in the department's current new 144—auto ferries request for proposals a single proposal submitted jointly by the current best-qualified proposers. The department may, therefore, consider and accept or reject in the department's discretion such a single proposal, and the current best-qualified proposers may meet and confer to discuss matters that are reasonably necessary to determine whether to submit such a single proposal and to implement a single final contract if the proposal is accepted by the department. Discussions may address the terms of any agreement that may be entered into between the best-qualified proposers for purposes of submitting a single proposal, as well as any agreement that may be entered into with the department. Discussions may also address cost and price information and division of work under the request for proposals. The current best-qualified proposers shall each expressly declare in writing to the department, their intent, if any, to jointly submit a single proposal within thirty days of May 14, 2007, and shall further provide within the thirty-day period information that may be required by the department including, but not limited to, information regarding the proposed shipyard organizational structure and responsibilities of each participant. If at the end of the thirty-day period the proposers have not declared such an intent and provided the information required by the department, or if the department, in its discretion, determines that the joint venture, other legal entity, or organizational structure, or division of responsibilities intended by the joint proposers are unacceptable and not in the best interests of the state, the proposers will be deemed as proposing separately to the request for proposals, and further discussions related to the request for proposals shall not be allowed between the proposers.

To further facilitate the balancing of interests described in this section, the department of transportation may, in its discretion, make revisions to the request for proposals that the department deems necessary or appropriate to balance such interests. [2007 c 481 § 1.]

**Effective date—2007 c 481:** See note following RCW 47.60.824.

**47.60.830 Ferry system operation—Fuel purchasing strategies—Report.** In performing the function of operating its ferry system, the department may, subject to the availability of amounts appropriated for this specific purpose and after consultation with the department of general administration's office of state procurement, explore and implement strategies designed to reduce the overall cost of fuel and mitigate the impact of market fluctuations and pressure on both short-term and long-term fuel costs. These strategies may include, but are not limited to, futures contracts, hedging, swap transactions, option contracts, costless collars, and long-term storage. The department shall periodically submit a report to the transportation committees of the legislature and the office of state procurement on the status of any such implemented strategies, including cost mitigation results, a description of

each contract established to mitigate fuel costs, the amounts of fuel covered by the contracts, the cost mitigation results, and any related recommendations. The first report must be submitted within one year of implementation. [2008 c 126 § 4.]

**Finding—Intent—2008 c 126:** See note following RCW 35.58.262.

**Chapter 47.64 RCW**  
**MARINE EMPLOYEES—**  
**PUBLIC EMPLOYMENT RELATIONS**

Sections

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**47.64.005 Declaration of policy.** The state of Washington, as a public policy, declares that sound labor relations are essential to the development of a ferry and bridge system which will best serve the interests of the people of the state. [1961 c 13 § 47.64.005. Prior: 1949 c 148 § 1; Rem. Supp. 1949 § 6524-22.]

**47.64.006 Public policy.** The legislature declares that it is the public policy of the state of Washington to: (1) Provide continuous operation of the Washington state ferry system at reasonable cost to users; (2) efficiently provide levels of ferry service consistent with trends and forecasts of ferry usage; (3) promote harmonious and cooperative relationships between the ferry system and its employees by permitting ferry employees to organize and bargain collectively; (4) protect the citizens of this state by assuring effective and orderly operation of the ferry system in providing for their health, safety, and welfare; (5) prohibit and prevent all strikes or work stoppages by ferry employees; (6) protect the rights of ferry employees with respect to employee organizations; and (7) promote just and fair compensation, benefits, and working conditions for ferry system employees as compared with public and private sector employees in states along the west coast of the United States, including Alaska, and in British

Columbia in directly comparable but not necessarily identical positions. [1989 c 327 § 1; 1983 c 15 § 1.]

**47.64.011 Definitions.** As used in this chapter, unless the context otherwise requires, the definitions in this section shall apply.

(1) "Collective bargaining representative" means the persons designated by the governor and employee organizations to be the exclusive representatives during collective bargaining negotiations.

(2) "Commission" means the marine employees' commission created in RCW 47.64.280.

(3) "Department of transportation" means the department as defined in RCW 47.01.021.

(4) "Employer" means the state of Washington.

(5) "Ferry employee" means any employee of the marine transportation division of the department of transportation who is a member of a collective bargaining unit represented by a ferry employee organization and does not include an exempt employee pursuant to RCW 41.06.079.

(6) "Ferry employee organization" means any labor organization recognized to represent a collective bargaining unit of ferry employees.

(7) "Lockout" means the refusal of the employer to furnish work to ferry employees in an effort to get ferry employee organizations to make concessions during collective bargaining, grievance, or other labor relation negotiations. Curtailment of employment of ferry employees due to lack of work resulting from a strike or work stoppage shall not be considered a lockout.

(8) "Office of financial management" means the office as created in RCW 43.41.050.

(9) "Strike or work stoppage" means a ferry employee's refusal, in concerted action with others, to report to duty, or his or her willful absence from his or her position, or his or her stoppage or slowdown of work, or his or her abstinence in whole or in part from the full, faithful, and proper performance of the duties of employment, for the purpose of inducing, influencing, or coercing a change in conditions, compensation, rights, privileges, or obligations of his, her, or any other ferry employee's employment. A refusal, in good faith, to work under conditions which pose an endangerment to the health and safety of ferry employees or the public, as determined by the master of the vessel, shall not be considered a strike for the purposes of this chapter. [2006 c 164 § 1; 1983 c 15 § 2.]

**Prospective application—Savings—2006 c 164:** "(1) This act applies prospectively only and not retroactively. It applies to collective bargaining agreements, the negotiations of collective bargaining agreements, mediations, arbitrations, and other actions under this act that arise or are commenced on or after March 21, 2006.

(2) This act does not apply to collective bargaining agreements, either in effect or for which the negotiations have begun, or mediations and arbitrations that arose or commenced under \*this chapter before March 21, 2006. Such collective bargaining agreements and related proceedings must be administered in accordance with the authorities, rules, and procedures that were established under \*this chapter as it existed before March 21, 2006. The repealers in section 19 of this act do not affect any existing right acquired, or liability or obligation incurred, under the statutes repealed or under any rule or order adopted under those statutes, nor do they affect any proceeding instituted under them." [2006 c 164 § 16.]

**\*Reviser's note:** The term "this chapter" apparently refers to chapter 47.64 RCW.

**Effective dates—2006 c 164:** "Except for section 10 of this act which takes effect July 1, 2006, this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [March 21, 2006]." [2006 c 164 § 21.]

**47.64.060 Federal social security—State employees' retirement.** All employees engaged in the operation of ferries acquired by the department shall remain subject to the federal social security act and shall be under the state employees' retirement act. The department shall make such deductions from salaries of employees and contributions from revenues of the department as shall be necessary to qualify the employees for benefits under the federal social security act. The appropriate officials are authorized to contract with the secretary of health, education and welfare to effect the coverage. [1984 c 7 § 340; 1961 c 13 § 47.64.060. Prior: 1957 c 271 § 7; 1951 c 82 § 2; 1949 c 148 § 5; Rem. Supp. 1949 § 6524-26.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.64.070 Employees subject to industrial insurance laws.** Employees, except the masters and members of the crews of vessels, shall be subject to and entitled to the benefits of the industrial insurance laws of the state, and are hereby declared to be in extrahazardous employment within the meaning of such laws. [1961 c 13 § 47.64.070. Prior: 1951 c 259 § 2; 1949 c 148 § 6; Rem. Supp. 1949 § 6524-27.]

**47.64.080 Employee seniority rights.** Employees employed at the time of the acquisition of any ferry or ferry system by the department have seniority rights to the position they occupy aboard the ferries or ferry system. In the event of curtailment of ferry operations for any reason, employees shall be relieved of service on the basis of their duration of employment in any ferry or ferry system acquired by the department. [1984 c 7 § 341; 1961 c 13 § 47.64.080. Prior: 1949 c 148 § 7; Rem. Supp. 1949 § 6524-28.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.64.090 Other party operating ferry by rent, lease, or charter—Passenger-only ferry service (as amended by 2003 c 91).** (1) Except as provided in section 203 (~~(of this act)~~), chapter 83, Laws of 2003 and subsection (2) of this section, or as provided in section 303 (~~(of this act)~~), chapter 83, Laws of 2003 and subsection (3) of this section, if any party assumes the operation and maintenance of any ferry or ferry system by rent, lease, or charter from the department of transportation, such party shall assume and be bound by all the provisions herein and any agreement or contract for such operation of any ferry or ferry system entered into by the department shall provide that the wages to be paid, hours of employment, working conditions, and seniority rights of employees will be established by the marine employees' commission in accordance with the terms and provisions of this chapter and it shall further provide that all labor disputes shall be adjudicated in accordance with chapter 47.64 RCW.

(2) If a public transportation benefit area meeting the requirements of section 201 (~~(of this act)~~), chapter 83, Laws of 2003 has voter approval to operate passenger-only ferry service, it may enter into an agreement with Washington State Ferries to rent, lease, or purchase passenger-only vessels, related equipment, or terminal space for purposes of loading and unloading the passenger-only ferry. Charges for the vessels, equipment, and space must be fair market value taking into account the public benefit derived from the ferry service. A benefit area or subcontractor of that benefit area that qualifies under this subsection is not subject to the restrictions of subsection (1) of this section, but is subject to:

(a) The terms of those collective bargaining agreements that it or its subcontractors negotiate with the exclusive bargaining representatives of its

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or its subcontractors' employees under chapter 41.56 RCW or the National Labor Relations Act, as applicable;

(b) Unless otherwise prohibited by federal or state law, a requirement that the benefit area and any contract with its subcontractors, give preferential hiring to former employees of the department of transportation who separated from employment with the department because of termination of the ferry service by the state of Washington; and

(c) Unless otherwise prohibited by federal or state law, a requirement that the benefit area and any contract with its subcontractors, on any questions concerning representation of employees for collective bargaining purposes, may be determined by conducting a cross-check comparing an employee organization's membership records or bargaining authorization cards against the employment records of the employer.

(3) If a ferry district is formed under section 301 (~~(of this act)~~), chapter 83, Laws of 2003 to operate passenger-only ferry service, it may enter into an agreement with Washington State Ferries to rent, lease, or purchase vessels, related equipment, or terminal space for purposes of loading and unloading the ferry. Charges for the vessels, equipment, and space must be fair market value taking into account the public benefit derived from the ferry service. A ferry district or subcontractor of that district that qualifies under this subsection is not subject to the restrictions of subsection (1) of this section, but is subject to:

(a) (~~(Subject to)~~) The terms of those collective bargaining agreements that it or its subcontractors negotiate with the exclusive bargaining representatives of its or its subcontractors' employees under chapter 41.56 RCW or the National Labor Relations Act, as applicable;

(b) (~~(Subject to)~~) Unless otherwise prohibited by federal or state law, a requirement(~~(, to be included by)~~) that the ferry district (~~(in)~~) and any contract with (~~(the district's)~~) its subcontractors, (~~(to)~~) give preferential hiring to former employees of the department of transportation who separated from employment with the department because of termination of the ferry service by the state of Washington; and

(c) (~~(Subject to)~~) Unless otherwise prohibited by federal or state law, a requirement(~~(, to be included by)~~) that the ferry district (~~(in)~~) and any contract with (~~(the district's)~~) its subcontractors, (~~(that)~~) on any questions concerning representation of employees for collective bargaining purposes, may be determined by conducting a cross-check comparing an employee organization's membership records or bargaining authorization cards against the employment records of the employer. [2003 c 91 § 1; 2003 c 83 § 205; 1983 c 15 § 27; 1961 c 13 § 47.64.090. Prior: 1949 c 148 § 8; Rem. Supp. 1949 § 6524-29.]

**Contingent effective date—2003 c 91:** "Sections 1 and 2 of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and take effect immediately [April 23, 2003], but only if Engrossed Substitute House Bill No. 1853 has become law. If Engrossed Substitute House Bill No. 1853 has not become law by June 30, 2003, sections 1 and 2 of this act are null and void." [2003 c 91 § 4.] Engrossed Substitute House Bill No. 1853 became law as 2003 c 83, effective April 23, 2003.

**Findings—Intent—Captions, part headings not law—Severability—Effective date—2003 c 83:** See notes following RCW 36.57A.200.

**47.64.090 Other party operating ferry by rent, lease, or charter (as amended by 2003 c 373).** (1) Except as provided in subsection (2) of this section, if any party assumes the operation and maintenance of any ferry or ferry system by rent, lease, or charter from the department of transportation, such party shall assume and be bound by all the provisions herein and any agreement or contract for such operation of any ferry or ferry system entered into by the department shall provide that the wages to be paid, hours of employment, working conditions and seniority rights of employees will be established by the marine employees' commission in accordance with the terms and provisions of this chapter and it shall further provide that all labor disputes shall be adjudicated in accordance with chapter 47.64 RCW.

(2) The department of transportation shall make its terminal, dock, and pier space available to private operators of passenger-only ferries if the space can be made available without limiting the operation of car ferries operated by the department. These private operators are not bound by the provisions of subsection (1) of this section. Charges for the equipment and space must be fair market value taking into account the public benefit derived from the passenger-only ferry service. [2003 c 373 § 3; 1983 c 15 § 27; 1961 c 13 § 47.64.090. Prior: 1949 c 148 § 8; Rem. Supp. 1949 § 6524-29.]

**Reviser's note:** RCW 47.64.090 was amended three times during the 2003 legislative session, twice without reference to the other. For rule of

construction concerning sections amended more than once during the same legislative session, see RCW 1.12.025.

**Findings—Intent—2003 c 373:** "The legislature finds that the Washington state department of transportation should focus on its core ferry mission of moving automobiles on Washington state's marine highways. The legislature finds that current statutes impose barriers to entities other than the state operating passenger-only ferries. The legislature intends to lift those barriers to allow entities other than the state to provide passenger-only ferry service. The legislature finds that the provision of this service and the improvement in the mobility of the citizens of Washington state is legally adequate consideration for the use of state facilities in conjunction with the provision of the service, and the legislature finds that allowing the operators of passenger-only ferries to use state facilities on the basis of legally adequate consideration does not evince donative intent on the part of the legislature." [2003 c 373 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.64.120 Scope of negotiations—Interest on retroactive compensation increases—Agreement conflicts.** (1) Except as otherwise provided in this chapter, the employer and ferry system employee organizations, through their collective bargaining representatives, shall meet at reasonable times to negotiate in good faith with respect to wages, hours, working conditions, and insurance, and other matters mutually agreed upon. Employer funded retirement benefits shall be provided under the public employees retirement system under chapter 41.40 RCW and shall not be included in the scope of collective bargaining. Except as provided under RCW 47.64.270, the employer is not required to bargain over health care benefits. Any retirement system or retirement benefits shall not be subject to collective bargaining.

(2) Upon ratification of bargaining agreements, ferry employees are entitled to an amount equivalent to the interest earned on retroactive compensation increases. For purposes of this section, the interest earned on retroactive compensation increases is the same monthly rate of interest that was earned on the amount of the compensation increases while held in the state treasury. The interest will be computed for each employee until the date the retroactive compensation is paid, and must be allocated in accordance with appropriation authority. The interest earned on retroactive compensation is not considered part of the ongoing compensation obligation of the state and is not compensation earnable for the purposes of chapter 41.40 RCW. Negotiations shall also include grievance procedures for resolving any questions arising under the agreement, which shall be embodied in a written agreement and signed by the parties.

(3) Except as otherwise provided in this chapter, if a conflict exists between an executive order, administrative rule, or agency policy relating to wages, hours, and terms and conditions of employment and a collective bargaining agreement negotiated under this chapter, the collective bargaining agreement shall prevail. A provision of a collective bargaining agreement that conflicts with the terms of a statute is invalid and unenforceable. [2010 c 283 § 10; 2006 c 164 § 3; 1997 c 436 § 1; 1983 c 15 § 3.]

**Findings—Intent—Effective date—Management review of ferries division—Assaults on Washington state ferries employees—2010 c 283:** See notes following RCW 47.60.355.

**Prospective application—Savings—Effective dates—2006 c 164:** See notes following RCW 47.64.011.

**47.64.130 Unfair labor practices.** (1) It is an unfair labor practice for the employer or its representatives:

(a) To interfere with, restrain, or coerce employees in the exercise of the rights guaranteed by this chapter;

(b) To dominate or interfere with the formation or administration of any employee organization or contribute financial or other support to it. However, subject to rules made by the commission pursuant to RCW 47.64.280, an employer shall not be prohibited from permitting employees to confer with it or its representatives or agents during working hours without loss of time or pay;

(c) To encourage or discourage membership in any employee organization by discrimination in regard to hiring, tenure of employment, or any term or condition of employment, but nothing contained in this subsection prevents an employer from requiring, as a condition of continued employment, payment of periodic dues and fees uniformly required to an exclusive bargaining representative pursuant to RCW 47.64.160. However, nothing prohibits the employer from agreeing to obtain employees by referral from a lawful hiring hall operated by or participated in by a labor organization;

(d) To discharge or otherwise discriminate against an employee because he or she has filed charges or given testimony under this chapter;

(e) To refuse to bargain collectively with the representatives of its employees.

(2) It is an unfair labor practice for an employee organization:

(a) To restrain or coerce (i) employees in the exercise of the rights guaranteed by this chapter. However, this subsection does not impair the right of an employee organization to prescribe its own rules with respect to the acquisition or retention of membership therein, or (ii) an employer in the selection of his or her representatives for the purposes of collective bargaining or the adjustment of grievances;

(b) To cause or attempt to cause an employer to discriminate against an employee in violation of subsection (1)(c) of this section;

(c) To refuse to bargain collectively with an employer.

(3) The expression of any view, argument, or opinion, or the dissemination thereof to the public, whether in written, printed, graphic, or visual form, shall not constitute or be evidence of an unfair labor practice under any of the provisions of this chapter, if the expression contains no threat of reprisal or force or promise of benefit. [2010 c 8 § 10021; 2006 c 164 § 4; 1983 c 15 § 4.]

**Prospective application—Savings—Effective dates—2006 c 164:** See notes following RCW 47.64.011.

**47.64.140 Strikes, work stoppages, and lockouts prohibited.** (1) It is unlawful for any ferry system employee or any employee organization, directly or indirectly, to induce, instigate, encourage, authorize, ratify, or participate in a strike or work stoppage against the ferry system.

(2) It is unlawful for the employer to authorize, consent to, or condone a strike or work stoppage; or to conduct a lockout; or to pay or agree to pay any ferry system employee for any day in which the employee participates in a strike or work stoppage; or to pay or agree to pay any increase in compensation or benefits to any ferry system employee in response to or as a result of any strike or work stoppage or any act that violates subsection (1) of this section. It is

unlawful for any official, director, or representative of the ferry system to authorize, ratify, or participate in any violation of this subsection. Nothing in this subsection prevents new or renewed bargaining and agreement within the scope of negotiations as defined by this chapter, at any time. No collective bargaining agreement provision regarding suspension or modification of any court-ordered penalty provided in this section is binding on the courts.

(3) In the event of any violation or imminently threatened violation of subsection (1) or (2) of this section, any citizen domiciled within the jurisdictional boundaries of the state may petition the superior court for Thurston county for an injunction restraining the violation or imminently threatened violation. Rules of civil procedure regarding injunctions apply to the action. However, the court shall grant a temporary injunction if it appears to the court that a violation has occurred or is imminently threatened; the plaintiff need not show that the violation or threatened violation would greatly or irreparably injure him or her; and no bond may be required of the plaintiff unless the court determines that a bond is necessary in the public interest. Failure to comply with any temporary or permanent injunction granted under this section is a contempt of court as provided in chapter 7.21 RCW. The court may impose a penalty of up to ten thousand dollars for an employee organization or the ferry system, for each day during which the failure to comply continues. The sanctions for a ferry employee found to be in contempt shall be as provided in chapter 7.21 RCW. An individual or an employee organization which makes an active good faith effort to comply fully with the injunction shall not be deemed to be in contempt.

(4) The right of ferry system employees to engage in strike or work slowdown or stoppage is not granted and nothing in this chapter may be construed to grant such a right.

(5) Each of the remedies and penalties provided by this section is separate and several, and is in addition to any other legal or equitable remedy or penalty.

(6) In addition to the remedies and penalties provided by this section the successful litigant is entitled to recover reasonable attorney fees and costs incurred in the litigation.

(7) Notwithstanding the provisions of chapter 88.04 RCW and chapter 88.08 RCW, the department of transportation shall adopt rules allowing vessels, as defined in RCW 88.04.015, as well as other watercraft, to engage in emergency passenger service on the waters of Puget Sound in the event ferry employees engage in a work slowdown or stoppage. Such emergency rules shall allow emergency passenger service on the waters of Puget Sound within seventy-two hours following a work slowdown or stoppage. Such rules that are adopted shall give due consideration to the needs and the health, safety, and welfare of the people of the state of Washington. [2006 c 164 § 5; 1989 c 373 § 25; 1983 c 15 § 5.]

**Prospective application—Savings—Effective dates—2006 c 164:** See notes following RCW 47.64.011.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.64.150 Grievance procedures.** An agreement with a ferry employee organization that is the exclusive representative of ferry employees in an appropriate unit may provide procedures for the consideration of ferry employee griev-

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ances and of disputes over the interpretation and application of agreements. Negotiated procedures may provide for binding arbitration of ferry employee grievances and of disputes over the interpretation and application of existing agreements. An arbitrator's decision on a grievance shall not change or amend the terms, conditions, or applications of the collective bargaining agreement. The procedures shall provide for the invoking of arbitration only with the approval of the employee organization. The costs of arbitrators shall be shared equally by the parties.

Ferry system employees shall follow either the grievance procedures provided in a collective bargaining agreement, or if no such procedures are so provided, shall submit the grievances to the marine employees' commission as provided in RCW 47.64.280. [1983 c 15 § 6.]

**47.64.160 Union security provisions.** A collective bargaining agreement may include union security provisions including an agency shop, but not a union or closed shop. If an agency shop provision is agreed to, the employer shall enforce it by deducting from the salary payments to members of the bargaining unit the dues required of membership in the bargaining representative, or, for nonmembers thereof, a fee equivalent to such dues. All union security provisions shall safeguard the right of nonassociation of employees based on bona fide religious tenets or teachings of a church or religious body of which such employee is a member. Such employee shall pay an amount of money equivalent to regular dues and fees to a nonreligious charity or to another charitable organization mutually agreed upon by the employee affected and the bargaining representative to which such employee would otherwise pay the dues and fees. The employee shall furnish written proof that such payment has been made. If the employee and the bargaining representative do not reach agreement on such matter, the commission shall designate the charitable organization. [1983 c 15 § 7.]

**47.64.170 Collective bargaining procedures.** (1) Any ferry employee organization certified as the bargaining representative shall be the exclusive representative of all ferry employees in the bargaining unit and shall represent all such employees fairly.

(2) A ferry employee organization or organizations and the governor may each designate any individual as its representative to engage in collective bargaining negotiations.

(3) Negotiating sessions, including strategy meetings of the employer or employee organizations, mediation, and the deliberative process of arbitrators are exempt from the provisions of chapter 42.30 RCW. Hearings conducted by arbitrators may be open to the public by mutual consent of the parties.

(4) Terms of any collective bargaining agreement may be enforced by civil action in Thurston county superior court upon the initiative of either party.

(5) Ferry system employees or any employee organization shall not negotiate or attempt to negotiate directly with anyone other than the person who has been appointed or authorized a bargaining representative for the purpose of bargaining with the ferry employees or their representative.

(6)(a) Within ten working days after the first Monday in September of every odd-numbered year, the parties shall attempt to agree on an interest arbitrator to be used if the parties are not successful in negotiating a comprehensive collective bargaining agreement. If the parties cannot agree on an arbitrator within the ten-day period, either party may request a list of seven arbitrators from the federal mediation and conciliation service. The parties shall select an interest arbitrator using the coin toss/alternate strike method within thirty calendar days of receipt of the list. Immediately upon selecting an interest arbitrator, the parties shall cooperate to reserve dates with the arbitrator for potential arbitration between August 1st and September 15th of the following even-numbered year. The parties shall also prepare a schedule of at least five negotiation dates for the following year, absent an agreement to the contrary. The parties shall execute a written agreement before November 1st of each odd-numbered year setting forth the name of the arbitrator and the dates reserved for bargaining and arbitration. This subsection (6)(a) imposes minimum obligations only and is not intended to define or limit a party's full, good faith bargaining obligation under other sections of this chapter.

(b) The negotiation of a proposed collective bargaining agreement by representatives of the employer and a ferry employee organization shall commence on or about February 1st of every even-numbered year.

(c) For negotiations covering the 2009-2011 biennium and subsequent biennia, the time periods specified in this section, and in RCW 47.64.210 and 47.64.300 through 47.64.320, must ensure conclusion of all agreements on or before October 1st of the even-numbered year next preceding the biennial budget period during which the agreement should take effect. These time periods may only be altered by mutual agreement of the parties in writing. Any such agreement and any impasse procedures agreed to by the parties under RCW 47.64.200 must include an agreement regarding the new time periods that will allow final resolution by negotiations or arbitration by October 1st of each even-numbered year.

(7) It is the intent of this section that the collective bargaining agreement or arbitrator's award shall commence on July 1st of each odd-numbered year and shall terminate on June 30th of the next odd-numbered year to coincide with the ensuing biennial budget year, as defined by RCW 43.88.020(7), to the extent practical. It is further the intent of this section that all collective bargaining agreements be concluded by October 1st of the even-numbered year before the commencement of the biennial budget year during which the agreements are to be in effect. After the expiration date of a collective bargaining agreement negotiated under this chapter, all of the terms and conditions specified in the collective bargaining agreement remain in effect until the effective date of a subsequently negotiated agreement, not to exceed one year from the expiration date stated in the agreement. Thereafter, the employer may unilaterally implement according to law.

(8) The office of financial management shall conduct a salary survey, for use in collective bargaining and arbitration, which must be conducted through a contract with a firm nationally recognized in the field of human resources management consulting.

(9)(a) The governor shall submit a request either for funds necessary to implement the collective bargaining agreements including, but not limited to, the compensation and fringe benefit provisions or for legislation necessary to implement the agreement, or both. Requests for funds necessary to implement the collective bargaining agreements shall not be submitted to the legislature by the governor unless such requests:

(i) Have been submitted to the director of the office of financial management by October 1st before the legislative session at which the requests are to be considered; and

(ii) Have been certified by the director of the office of financial management as being feasible financially for the state.

(b) The governor shall submit a request either for funds necessary to implement the arbitration awards or for legislation necessary to implement the arbitration awards, or both. Requests for funds necessary to implement the arbitration awards shall not be submitted to the legislature by the governor unless such requests:

(i) Have been submitted to the director of the office of financial management by October 1st before the legislative session at which the requests are to be considered; and

(ii) Have been certified by the director of the office of financial management as being feasible financially for the state.

(c) The legislature shall approve or reject the submission of the request for funds necessary to implement the collective bargaining agreements or arbitration awards as a whole for each agreement or award. The legislature shall not consider a request for funds to implement a collective bargaining agreement or arbitration award unless the request is transmitted to the legislature as part of the governor's budget document submitted under RCW 43.88.030 and 43.88.060. If the legislature rejects or fails to act on the submission, either party may reopen all or part of the agreement and award or the exclusive bargaining representative may seek to implement the procedures provided for in RCW 47.64.210 and 47.64.300.

(10) If, after the compensation and fringe benefit provisions of an agreement are approved by the legislature, a significant revenue shortfall occurs resulting in reduced appropriations, as declared by proclamation of the governor or by resolution of the legislature, both parties shall immediately enter into collective bargaining for a mutually agreed upon modification of the agreement. [2010 c 283 § 11; 2007 c 160 § 1; 2006 c 164 § 6; 1983 c 15 § 8.]

**Findings—Intent—Effective date—Management review of ferries division—Assaults on Washington state ferries employees—2010 c 283:** See notes following RCW 47.60.355.

**Prospective application—Savings—Effective dates—2006 c 164:** See notes following RCW 47.64.011.

**47.64.175 Collective bargaining agreement negotiation.** (1) For the purpose of negotiating collective bargaining agreements under this chapter, the employer shall be represented by the governor or governor's designee.

(2) Two or more ferry employee organizations may, upon agreement of the parties, negotiate, as a coalition with the employer representative as designated in subsection (1) of this section, a multiunion collective bargaining agreement on

behalf of all the employees in ferry employee organization bargaining units that the exclusive bargaining representatives represent. The coalition shall bargain for a multiunion collective bargaining agreement covering all of the employees represented by the coalition. The governor's designee and the exclusive bargaining representative or representatives are authorized to enter into supplemental bargaining of bargaining unit-specific issues for inclusion in or as an addendum to the multiunion collective bargaining agreement, subject to the parties' agreement regarding the issues and procedures for supplemental bargaining. Nothing in this section impairs the right of each ferry employee organization to negotiate a collective bargaining agreement exclusive to the bargaining unit it represents. [2006 c 164 § 2.]

**Prospective application—Savings—Effective dates—2006 c 164:** See notes following RCW 47.64.011.

**47.64.200 Impasse procedures.** As the first step in the performance of their duty to bargain, the employer and the employee organization shall endeavor to agree upon impasse procedures. Unless otherwise agreed to by the employee organization and the employer in their impasse procedures, the arbitrator or panel shall issue a decision it deems just and appropriate with respect to each impasse item. If the parties fail to agree upon impasse procedures under this section, the impasse procedures provided in RCW 47.64.210 and 47.64.230 and 47.64.300 through 47.64.320 apply. It is unlawful for either party to refuse to participate in the impasse procedures provided in RCW 47.64.210 and 47.64.230 and 47.64.300 through 47.64.320. [2010 c 283 § 12; 2006 c 164 § 7; 1983 c 15 § 11.]

**Findings—Intent—Effective date—Management review of ferries division—Assaults on Washington state ferries employees—2010 c 283:** See notes following RCW 47.60.355.

**Prospective application—Savings—Effective dates—2006 c 164:** See notes following RCW 47.64.011.

**47.64.210 Mediation.** In the absence of an impasse agreement between the parties or the failure of either party to utilize its procedures by August 1st in the even-numbered year preceding the biennium, either party may request the commission to appoint an impartial and disinterested person to act as mediator. It is the function of the mediator to bring the parties together to effectuate a settlement of the dispute, but the mediator shall not compel the parties to agree. [2007 c 160 § 2; 2006 c 164 § 8; 1983 c 15 § 12.]

**Prospective application—Savings—Effective dates—2006 c 164:** See notes following RCW 47.64.011.

**47.64.230 Waiver of mediation.** By mutual agreement, the parties may waive mediation and proceed with binding arbitration as provided for in the impasse procedures agreed to under RCW 47.64.200 or in 47.64.300 through 47.64.320, as applicable. The waiver shall be in writing and be signed by the representatives of the parties. Regardless of the status of mediation, the parties must comply with the interest arbitration agreement under RCW 47.64.170(6)(a), absent any subsequent agreement to the contrary. [2007 c 160 § 3; 2006 c 164 § 11; 1983 c 15 § 14.]

**Prospective application—Savings—Effective dates—2006 c 164:** See notes following RCW 47.64.011.

(2010 Ed.)

**47.64.250 Legal actions.** (1) Any ferry employee organization and the department of transportation may sue or be sued as an entity under this chapter. Service upon any party shall be in accordance with law or the rules of civil procedure. Nothing in this chapter may be construed to make any individual or his or her assets liable for any judgment against the department of transportation or a ferry employee organization if the individual was acting in his or her official capacity.

(2) Any legal action by any ferry employee organization or the department of transportation under this chapter shall be filed in Thurston county superior court within ten days of when the cause of action arose. The court shall consider those actions on a priority basis and determine the merits of the actions within thirty days of filing. [2010 c 8 § 10022; 1983 c 15 § 16.]

**47.64.260 Notice and service.** Any notice required under this chapter shall be in writing, but service thereof is sufficient if mailed by certified mail, return receipt requested, addressed to the last known address of the parties, or sent by electronic facsimile transmission with transaction report verification and same-day United States postal service mailing of copies or service as specified in Title 316 WAC, unless otherwise provided in this chapter. Refusal of certified mail by any party shall be considered service. Prescribed time periods commence from the date of the receipt of the notice. Any party may at any time execute and deliver an acceptance of service in lieu of mailed notice. [2001 c 19 § 1; 1983 c 15 § 17.]

**47.64.270 Insurance and health care.** (1) The employer and one coalition of all the exclusive bargaining representatives subject to this chapter and chapter 41.80 RCW shall conduct negotiations regarding the dollar amount expended on behalf of each employee for health care benefits.

(2) Absent a collective bargaining agreement to the contrary, the department of transportation shall provide contributions to insurance and health care plans for ferry system employees and dependents, as determined by the state health care authority, under chapter 41.05 RCW.

(3) The employer and employee organizations may collectively bargain for insurance plans other than health care benefits, and employer contributions may exceed that of other state agencies as provided in RCW 41.05.050. [2010 c 283 § 13; 2006 c 164 § 17; 1995 1st sp.s. c 6 § 6; 1993 c 492 § 224; 1988 c 107 § 21; 1987 c 78 § 2; 1983 c 15 § 18.]

**Findings—Intent—Effective date—Management review of ferries division—Assaults on Washington state ferries employees—2010 c 283:** See notes following RCW 47.60.355.

**Prospective application—Savings—Effective dates—2006 c 164:** See notes following RCW 47.64.011.

**Findings—Intent—1993 c 492:** See notes following RCW 43.20.050.

**Intent—1987 c 78:** "The legislature finds that the provisions of RCW 47.64.270 have been subject to misinterpretation. The objective of this act is to clarify the intent of RCW 47.64.270 as originally enacted." [1987 c 78 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.64.280 Marine employees' commission.** (1) There is created the marine employees' commission. The governor shall appoint the commission with the consent of the senate. The commission shall consist of three members: One member to be appointed from labor, one member from industry, and one member from the public who has significant knowledge of maritime affairs. The public member shall be chair of the commission. One of the original members shall be appointed for a term of three years, one for a term of four years, and one for a term of five years. Their successors shall be appointed for terms of five years each, except that any person chosen to fill a vacancy shall be appointed only for the unexpired term of the member whom he or she succeeds. Commission members are eligible for reappointment. Any member of the commission may be removed by the governor, upon notice and hearing, for neglect of duty or malfeasance in office, but for no other cause. Commission members are not eligible for state retirement under chapter 41.40 RCW by virtue of their service on the commission. Members of the commission shall be compensated in accordance with RCW 43.03.250 and shall receive reimbursement for official travel and other expenses at the same rate and on the same terms as provided for the transportation commission by RCW 47.01.061. The payments shall be made from the Puget Sound ferry operations account.

(2) The commission shall: (a) Adjust all complaints, grievances, and disputes between labor and management arising out of the operation of the ferry system as provided in RCW 47.64.150; (b) provide for impasse mediation as required in RCW 47.64.210; and (c) perform those duties required in RCW 47.64.300.

(3)(a) In adjudicating all complaints, grievances, and disputes, the party claiming labor disputes shall, in writing, notify the commission, which shall make careful inquiry into the cause thereof and issue an order advising the ferry employee, or the ferry employee organization representing him or her, and the department of transportation, as to the decision of the commission.

(b) The parties are entitled to offer evidence relating to disputes at all hearings conducted by the commission. The orders and awards of the commission are final and binding upon any ferry employee or employees or their representative affected thereby and upon the department.

(c) The commission shall adopt rules of procedure under chapter 34.05 RCW.

(d) The commission has the authority to subpoena any ferry employee or employees, or their representatives, and any member or representative of the department, and any witnesses. The commission may require attendance of witnesses and the production of all pertinent records at any hearings held by the commission. The subpoenas of the commission are enforceable by order of any superior court in the state of Washington for the county within which the proceeding may be pending. The commission may hire staff as necessary, appoint consultants, enter into contracts, and conduct studies as reasonably necessary to carry out this chapter. [2010 c 283 § 14; 2006 c 164 § 18; 1984 c 287 § 95; 1983 c 15 § 19.]

**Findings—Intent—Effective date—Management review of ferries division—Assaults on Washington state ferries employees—2010 c 283:** See notes following RCW 47.60.355.

**Prospective application—Savings—Effective dates—2006 c 164:** See notes following RCW 47.64.011.

**Legislative findings—Severability—Effective date—1984 c 287:** See notes following RCW 43.03.220.

*Compensation of class four groups: RCW 43.03.250.*

**47.64.290 Toll bridge employees subject to civil service.** Notwithstanding any other provisions of this chapter, toll bridge employees of the marine transportation division are subject to chapter 41.06 RCW. [1984 c 48 § 2.]

**47.64.300 Interest arbitration—Procedures.** (1) If an agreement has not been reached following a reasonable period of negotiations and, when applicable, mediation, upon the recommendation of the assigned mediator that the parties remain at impasse or, with respect to biennial bargaining, in compliance with the interest arbitration agreement under RCW 47.64.170(6)(a), all impasse items shall be submitted to arbitration under this section. The issues for arbitration shall be limited to the issues certified by the commission.

(2) The parties may agree to submit the dispute to a single arbitrator, whose authority and duties shall be the same as those of an arbitration panel. If the parties cannot agree on the arbitrator within five working days, the selection shall be made under subsection (3) of this section, except with respect to biennial bargaining described under RCW 47.64.170(6). The full costs of arbitration under this section shall be shared equally by the parties to the dispute.

(3) Within seven days following the issuance of the determination of the commission, each party shall, absent an agreement to the contrary, name one person to serve as its arbitrator on the arbitration panel. Except with respect to biennial bargaining described under RCW 47.64.170(6), the two members so appointed shall meet within seven days following the appointment of the later appointed member to attempt to choose a third member to act as the neutral chair of the arbitration panel. Upon the failure of the arbitrators to select a neutral chair within seven days, either party may apply to the federal mediation and conciliation service, or, with the consent of the parties, the American arbitration association to provide a list of five qualified arbitrators from which the neutral chair shall be chosen. Each party shall pay the fees and expenses of its arbitrator, and the fees and expenses of the neutral chair shall be shared equally between the parties.

(4) In consultation with the parties, the arbitrator or arbitration panel shall promptly establish a date, time, and place for a hearing and shall provide reasonable notice thereof to the parties to the dispute. The parties shall exchange final positions in writing, with copies to the arbitrator or arbitration panel, with respect to every issue to be arbitrated, on a date mutually agreed upon, but in no event later than ten working days before the date set for hearing. A hearing, which shall be informal, shall be held, and each party shall have the opportunity to present evidence and make argument. No member of the arbitration panel may present the case for a party to the proceedings. The rules of evidence prevailing in judicial proceedings may be considered, but are not binding, and any oral testimony or documentary evidence or other data deemed relevant by the chair of the arbitration panel may be received in evidence. A recording of the proceedings shall

be taken. The arbitration panel has the power to administer oaths, require the attendance of witnesses, and require the production of such books, papers, contracts, agreements, and documents as may be deemed by the panel to be material to a just determination of the issues in dispute. If any person refuses to obey a subpoena issued by the arbitration panel, or refuses to be sworn or to make an affirmation to testify, or any witness, party, or attorney for a party is guilty of any contempt while in attendance at any hearing held hereunder, the arbitration panel may invoke the jurisdiction of the superior court in the county where the labor dispute exists, and the court has jurisdiction to issue an appropriate order. Any failure to obey the order may be punished by the court as a contempt thereof.

(5) The neutral chair shall consult with the other members of the arbitration panel, if a panel has been created. Within thirty days following the conclusion of the hearing, or sooner as the October 1st deadline set forth in RCW 47.64.170 (6)(c) and (7) necessitates, the neutral chair shall make written findings of fact and a written determination of the issues in dispute, based on the evidence presented. A copy thereof shall be served on each of the other members of the arbitration panel, and on each of the parties to the dispute. That determination is final and binding upon both parties, subject to review by the superior court upon the application of either party solely upon the question of whether the decision of the panel was arbitrary or capricious. [2007 c 160 § 4; 2006 c 164 § 12.]

**Prospective application—Savings—Effective dates—2006 c 164:** See notes following RCW 47.64.011.

**47.64.310 Interest arbitration—Function.** An interest arbitration proceeding under RCW 47.64.300 exercises a state function and is, for the purposes of this chapter, functioning as a state agency. Chapter 34.05 RCW does not apply to an interest arbitration proceeding under this chapter. [2006 c 164 § 13.]

**Prospective application—Savings—Effective dates—2006 c 164:** See notes following RCW 47.64.011.

**47.64.320 Parties not bound by arbitration—Arbitration factors.** (1) The mediator, arbitrator, or arbitration panel may consider only matters that are subject to bargaining under this chapter, except that health care benefits are not subject to interest arbitration.

(2) The decision of an arbitrator or arbitration panel is not binding on the legislature and, if the legislature does not approve the funds necessary to implement provisions pertaining to compensation and fringe benefit provisions of an arbitrated collective bargaining agreement, is not binding on the state, the department of transportation, or the ferry employee organization.

(3) In making its determination, the arbitrator or arbitration panel shall be mindful of the legislative purpose under RCW 47.64.005 and 47.64.006 and, as additional standards or guidelines to aid it in reaching a decision, shall take into consideration the following factors:

(a) The financial ability of the department to pay for the compensation and fringe benefit provisions of a collective bargaining agreement;

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(b) Past collective bargaining contracts between the parties including the bargaining that led up to the contracts;

(c) The constitutional and statutory authority of the employer;

(d) Stipulations of the parties;

(e) The results of the salary survey as required in RCW 47.64.170(8);

(f) Comparison of wages, hours, employee benefits, and conditions of employment of the involved ferry employees with those of public and private sector employees in states along the west coast of the United States, including Alaska, and in British Columbia doing directly comparable but not necessarily identical work, giving consideration to factors peculiar to the area and the classifications involved;

(g) Changes in any of the foregoing circumstances during the pendency of the proceedings;

(h) The limitations on ferry toll increases and operating subsidies as may be imposed by the legislature;

(i) The ability of the state to retain ferry employees;

(j) The overall compensation presently received by the ferry employees, including direct wage compensation, vacations, holidays and other paid excused time, pensions, insurance benefits, and all other direct or indirect monetary benefits received; and

(k) Other factors that are normally or traditionally taken into consideration in the determination of matters that are subject to bargaining under this chapter.

(4) This section applies to any matter before the respective mediator, arbitrator, or arbitration panel. [2010 c 283 § 15; 2006 c 164 § 14.]

**Findings—Intent—Effective date—Management review of ferries division—Assaults on Washington state ferries employees—2010 c 283:** See notes following RCW 47.60.355.

**Prospective application—Savings—Effective dates—2006 c 164:** See notes following RCW 47.64.011.

**47.64.330 Collective bargaining limitations.** Collective bargaining under chapter 164, Laws of 2006 may not be for the purposes of making a collective bargaining agreement take effect before July 1, 2007. No party may engage in collective bargaining under chapter 164, Laws of 2006 to amend a collective bargaining agreement in effect on March 21, 2006. A collective bargaining agreement or amendment thereto entered into under chapter 164, Laws of 2006 shall not be effective before July 1, 2007, and may not have any retroactive effect. [2006 c 164 § 15.]

**Prospective application—Savings—Effective dates—2006 c 164:** See notes following RCW 47.64.011.

**47.64.900 Section captions not part of law—1983 c 15.** Section captions used in this act constitute no part of the law. [1983 c 15 § 29.]

**47.64.910 Severability—1983 c 15.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1983 c 15 § 30.]

## Chapter 47.66 RCW

## MULTIMODAL TRANSPORTATION PROGRAMS

## Sections

47.66.010	Legislative declaration.
47.66.030	Regional mobility grants.
47.66.040	Selection process—Local matching funds.
47.66.070	Multimodal transportation account.
47.66.080	Grant programs examination.
47.66.090	High occupancy toll lanes operations account.
47.66.900	Effective date—1993 c 393.

**47.66.010 Legislative declaration.** There is significant state interest in assuring that viable multimodal transportation programs are available throughout the state. The legislature recognizes the need to create a mechanism to fund multimodal transportation programs and projects. The legislature further recognizes the complexities associated with current funding mechanisms and seeks to create a process that would allow for all transportation programs and projects to compete for limited resources. [1993 c 393 § 3.]

**47.66.030 Regional mobility grants.** (1) The department shall establish a regional mobility grant program. The purpose of the grant program is to aid local governments in funding projects such as intercounty connectivity service, park and ride lots, rush hour transit service, and capital projects that improve the connectivity and efficiency of our transportation system. The department shall identify cost-effective projects that reduce delay for people and goods and improve connectivity between counties and regional population centers. The department shall submit a prioritized list of all projects requesting funding to the legislature by December 1st of each year.

(2) The department may establish an advisory committee to carry out the mandates of this chapter.

(3) The department must report annually to the transportation committees of the legislature on the status of any grants projects funded by the program created under this section. [2005 c 318 § 4; 1996 c 49 § 3; 1995 c 269 § 2604; 1993 c 393 § 5.]

**Findings—Intent—2005 c 318:** See note following RCW 47.01.330.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.66.040 Selection process—Local matching funds.**

(1) The department shall select projects based on a competitive process. The competition shall be consistent with the following criteria:

- Local, regional, and state transportation plans;
- Local transit development plans; and
- Local comprehensive land use plans.

(2) The following criteria shall be considered by the department in selecting programs and projects:

(a) Objectives of the growth management act, the high capacity transportation act, the commute trip reduction act, transportation demand management programs, federal and state air quality requirements, and federal Americans with Disabilities Act and related state accessibility requirements; and

(b) Enhancing the efficiency of regional corridors in moving people among jurisdictions and modes of transportation, energy efficiency issues, reducing delay for people and

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goods, freight and goods movement as related to economic development, regional significance, rural isolation, the leveraging of other funds, and safety and security issues.

(3) The department shall determine the appropriate level of local match required for each project based on the source of funds. [2005 c 318 § 5; 1995 c 269 § 2606; 1993 c 393 § 6.]

**Findings—Intent—2005 c 318:** See note following RCW 47.01.330.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.66.070 Multimodal transportation account.** The multimodal transportation account is created in the state treasury. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only for transportation purposes. [2000 2nd sp.s. c 4 § 2.]

**Effective date—2000 2nd sp.s. c 4 §§ 1-3, 20:** See note following RCW 82.08.020.

**47.66.080 Grant programs examination.** Beginning in 2005, and every other year thereafter, the department shall examine the division's existing grant programs, and the methods used to allocate grant funds, to determine the program's effectiveness, and whether the methods used to allocate funds result in an equitable distribution of the grants. The department shall submit a report of the findings to the transportation committees of the legislature. [2005 c 318 § 6.]

**Findings—Intent—2005 c 318:** See note following RCW 47.01.330.

**47.66.090 High occupancy toll lanes operations account.** The high occupancy toll lanes operations account is created in the state treasury. The department shall deposit all revenues received by the department as toll charges collected from high occupancy toll lane users. Moneys in this account may be spent only if appropriated by the legislature. Moneys in this account may be used for, but be not limited to, debt service, planning, administration, construction, maintenance, operation, repair, rebuilding, enforcement, and expansion of high occupancy toll lanes and to increase transit, vanpool and carpool, and trip reduction services in the corridor. A reasonable proportion of the moneys in this account must be dedicated to increase transit, vanpool, carpool, and trip reduction services in the corridor. A reasonable proportion of the moneys in this account must be dedicated to increase transit, vanpool, carpool, and trip reduction services in the corridor. [2005 c 312 § 4.]

**Intent—Captions—2005 c 312:** See notes following RCW 47.56.401.

**47.66.900 Effective date—1993 c 393.** This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and shall take effect immediately [May 15, 1993]. [1993 c 393 § 10.]

## Chapter 47.68 RCW

## AERONAUTICS

(Formerly: Chapter 14.04 RCW, Aeronautics commission)

## Sections

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47.68.900	Severability—1947 c 165.

*Recycling at airports: RCW 70.93.095.*

**47.68.010 Statement of policy.** It is hereby declared that the purpose of this chapter is to further the public interest and aeronautical progress by providing for the protection and promotion of safety in aeronautics; by cooperating in effecting uniformity of the laws and regulations relating to the development and regulation of aeronautics in the several states consistent with federal aeronautics laws and regulations; by granting to a state agency such powers and imposing upon it such duties that the state may properly perform its functions relative to aeronautics and effectively exercise its jurisdiction over persons and property within such jurisdiction, assist in the development of a statewide system of airports, cooperate with and assist the municipalities of this state and others engaged in aeronautics, and encourage and develop aeronautics; by establishing only such regulations as are essential in order that persons engaged in aeronautics of every character may so engage with the least possible restriction, consistent with the safety and the rights of others; and by providing for cooperation with the federal authorities in the development of a national system of civil aviation and for coordination of the aeronautical activities of those authorities and the authorities of this state. [1947 c 165 § 2; Rem. Supp. 1947 § 10964-82. Formerly RCW 14.04.010.]

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**47.68.015 Change of meaning, certain terms.** Unless the language specifically indicates otherwise, or unless the context plainly requires a different interpretation:

Wherever in any provision in the Revised Code of Washington the term "Washington state aeronautics commission", "the state aeronautics commission", "the aeronautics commission of the state", "the aeronautics commission", or "the commission" (when referring to the Washington state aeronautics commission) is used, it shall mean the department of transportation created in RCW 47.01.031.

Wherever in any provision in the Revised Code of Washington the term "state director of aeronautics", "director of aeronautics", or "director" (when referring to the state director of aeronautics) is used, it shall mean the secretary of transportation whose office is created in RCW 47.01.041. [1977 ex.s. c 151 § 22.]

**47.68.020 Definitions.** As used in this chapter, unless the context clearly indicates otherwise:

(1) "Aeronautics" means the science and art of flight and including but not limited to transportation by aircraft; the operation, construction, repair, or maintenance of aircraft, aircraft power plants and accessories, including the repair, packing, and maintenance of parachutes; the design, establishment, construction, extension, operation, improvement, repair, or maintenance of airports or air navigation facilities; and instruction in flying or ground subjects pertaining thereto.

(2) "Aircraft" means any contrivance now known, or hereafter invented, used or designed for navigation of or flight in the air.

(3) "Airport" means any area of land or water which is used, or intended for use, for the landing and take-off of aircraft, and any appurtenant areas which are used, or intended for use, for airport buildings or other airport facilities or right-of-way, together with all airport buildings and facilities located thereon.

(4) "Department" means the state department of transportation.

(5) "Secretary" means the state secretary of transportation.

(6) "State" or "this state" means the state of Washington.

(7) "Air navigation facility" means any facility, other than one owned or operated by the United States, used in, available for use in, or designed for use in aid of air navigation, including any structures, mechanisms, lights, beacons, markers, communicating systems, or other instrumentalities or devices used or useful as an aid, or constituting an advantage or convenience, to the safe taking-off, navigation, and landing of aircraft, or the safe and efficient operation or maintenance of an airport, and any combination of any or all of such facilities.

(8) "Operation of aircraft" or "operate aircraft" means the use, navigation, or piloting of aircraft in the airspace over this state or upon any airport within this state.

(9) "Airman or airwoman" means any individual who engages, as the person in command, or as pilot, mechanic, or member of the crew in the navigation of aircraft while under way, and any individual who is directly in charge of the inspection, maintenance, overhauling, or repair of aircraft engines, airframes, propellers, or appliances, and any individ-

ual who serves in the capacity of aircraft dispatcher or air-traffic control tower operator; but does not include any individual employed outside the United States, or any individual employed by a manufacturer of aircraft, aircraft engines, airframes, propellers, or appliances to perform duties as inspector or mechanic in connection therewith, or any individual performing inspection or mechanical duties in connection with aircraft owned or operated by the person.

(10) "Aeronautics instructor" means any individual who for hire or reward engages in giving instruction or offering to give instruction in flying or ground subjects pertaining to aeronautics, but excludes any instructor in a public school, university, or institution of higher learning duly accredited and approved for carrying on collegiate work, who instructs in flying or ground subjects pertaining to aeronautics, while in the performance of his or her duties at such school, university, or institution.

(11) "Air school" means any person who advertises, represents, or holds out as giving or offering to give instruction in flying or ground subjects pertaining to aeronautics whether for or without hire or reward; but excludes any public school, university, or institution of higher learning duly accredited and approved for carrying on collegiate work.

(12) "Person" means any individual, firm, partnership, corporation, company, association, joint stock association, or body politic; and includes any trustee, receiver, assignee, or other similar representative thereof.

(13) "Municipal" means pertaining to a municipality, and "municipality" means any county, city, town, authority, district, or other political subdivision or public corporation of this state.

(14) "Airport hazard" means any structure, object of natural growth, or use of land, which obstructs the airspace required for the flight of aircraft in landing or taking off at an airport or is otherwise hazardous to such landing or taking off.

(15) "State airway" means a route in the navigable airspace over and above the lands or waters of this state, designated by the department as a route suitable for air navigation. [1993 c 208 § 4; 1984 c 7 § 342; 1947 c 165 § 1; Rem. Supp. 1947 § 10964-81. Formerly RCW 14.04.020.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.68.060 Offices.** Suitable offices and office equipment shall be provided by the state for the aeronautics division of the department of transportation in a city in the state that it may designate, and the department may incur the necessary expense for office furniture, stationery, printing, incidental expenses, and other expenses necessary for the administration of this chapter. [1984 c 7 § 343; 1947 c 165 § 6; Rem. Supp. 1947 § 10964-86. Formerly RCW 14.04.060.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.68.070 General powers.** The department has general supervision over aeronautics within this state. It is empowered and directed to encourage, foster, and assist in the development of aeronautics in this state and to encourage the establishment of airports and air navigation facilities. It shall cooperate with and assist the federal government, the municipalities of this state, and other persons in the develop-

ment of aeronautics, and shall seek to coordinate the aeronautical activities of these bodies and persons. Municipalities are authorized to cooperate with the department in the development of aeronautics and aeronautical facilities in this state. [1984 c 7 § 344; 1947 c 165 § 7; Rem. Supp. 1947 § 10964-87. Formerly RCW 14.04.070.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.68.080 Drafts of legislation, other duties.** The department may draft and recommend necessary legislation to advance the interests of the state in aeronautics, represent the state in aeronautical matters before federal agencies and other state agencies, and participate as party plaintiff or defendant or as intervener on behalf of the state or any municipality or citizen thereof in any controversy which involves the interest of the state in aeronautics. [1984 c 7 § 345; 1947 c 165 § 8; 1945 c 252 § 5; Rem. Supp. 1947 § 10964-88. Formerly RCW 14.04.080.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.68.090 Aid to municipalities, Indian tribes—Federal aid.** The department of transportation may make available its engineering and other technical services, with or without charge, to any municipality or person desiring them in connection with the planning, acquisition, construction, improvement, maintenance or operation of airports or air navigation facilities.

The department may render financial assistance by grant or loan or both to any municipality or municipalities acting jointly in the planning, acquisition, construction, improvement, maintenance, or operation of an airport owned or controlled, or to be owned or controlled by such municipality or municipalities, or to any Indian tribe recognized as such by the federal government or such tribes acting jointly in the planning, acquisition, construction, improvement, maintenance or operation of an airport, owned or controlled, or to be owned or controlled by such tribe or tribes and to be held available for the general use of the public, out of appropriations made by the legislature for such purposes. Such financial assistance may be furnished in connection with federal or other financial aid for the same purposes: PROVIDED, That no grant or loan or both shall be in excess of two hundred fifty thousand dollars, or five hundred thousand dollars during the 2009-2011 fiscal biennium, for any one project: PROVIDED FURTHER, That no grant or loan or both shall be granted unless the municipality or municipalities acting jointly, or the tribe or tribes acting jointly shall from their own funds match any funds made available by the department upon such ratio as the department may prescribe.

The department is authorized to act as agent of any municipality or municipalities acting jointly or any tribe or tribes acting jointly, upon the request of such municipality or municipalities, or such tribe or tribes in accepting, receiving, receipting for and disbursing federal moneys, and other moneys public or private, made available to finance, in whole or in part, the planning, acquisition, construction, improvement, maintenance or operation of an airport or air navigation facility; and if requested by such municipality or municipalities, or tribe or tribes, may act as its or their agent in contracting for and supervising such planning, acquisition, construction,

improvement, maintenance, or operation; and all municipalities and tribes are authorized to designate the department as their agent for the foregoing purposes. The department, as principal on behalf of the state, and any municipality on its own behalf, may enter into any contracts, with each other or with the United States or with any person, which may be required in connection with a grant or loan of federal moneys for airport or air navigation facility purposes. All federal moneys accepted under this section shall be accepted and transferred or expended by the department upon such terms and conditions as are prescribed by the United States. All moneys received by the department pursuant to this section shall be deposited in the state treasury, and, unless otherwise prescribed by the authority from which such moneys were received, shall be kept in separate funds designated according to the purposes for which the moneys were made available, and held by the state in trust for such purposes. All such moneys are hereby appropriated for the purposes for which the same were made available, to be disbursed or expended in accordance with the terms and conditions upon which they were made available: PROVIDED, That any landing fee or charge imposed by any Indian tribe or tribes for the privilege of use of an airport facility planned, acquired, constructed, improved, maintained, or operated with financial assistance from the department pursuant to this section must apply equally to tribal and nontribal members: PROVIDED FURTHER, That in the event any municipality or municipalities or Indian tribe or tribes, or any distributor of aircraft fuel as defined by RCW 82.42.020 which operates in any airport facility which has received financial assistance pursuant to this section, fails to collect the aircraft fuel excise tax as specified in chapter 82.42 RCW, all funds or value of technical assistance given or paid to such municipality or municipalities or Indian tribe or tribes under the provisions of this section shall revert to the department, and shall be due and payable to the department immediately. [2009 c 470 § 718; 1980 c 67 § 1; 1975 1st ex.s. c 161 § 1; 1947 c 165 § 9; Rem. Supp. 1947 § 10964-89. Formerly RCW 14.04.090.]

**Effective date—2009 c 470:** See note following RCW 46.68.170.

*Distributor of aircraft fuel defined:* RCW 82.42.010(7).

**47.68.100 Acquisition and disposal of airports, facilities, etc.** The department is authorized on behalf of and in the name of the state, out of appropriations and other moneys made available for such purposes, to plan, establish, construct, enlarge, improve, maintain, equip, operate, regulate, protect, and police airports, air navigation facilities, and air markers and/or air marking systems, either within or without the state, including the construction, installation, equipment, maintenance, and operation at the airports of buildings and other facilities for the servicing of aircraft or for the comfort and accommodation of air travelers. For such purposes the department may by purchase, gift, devise, lease, condemnation, or otherwise, acquire property, real or personal, or any interest therein, including easements or land outside the boundaries of an airport or airport site, as are necessary to permit safe and efficient operation of the airports or to permit the removal, elimination, marking, or lighting of obstructions or airport hazards, or to prevent the establishment of airport hazards. In like manner the department may acquire existing

airports and air navigation facilities. However, it shall not acquire or take over any airport or air navigation facility owned or controlled by a municipality of this or any other state without the consent of the municipality. The department may by sale, lease, or otherwise, dispose of any property, airport, air navigation facility, or portion thereof or interest therein. The disposal by sale, lease, or otherwise shall be in accordance with the laws of this state governing the disposition of other property of the state, except that in the case of disposals to any municipality or state government or the United States for aeronautical purposes incident thereto, the sale, lease, or other disposal may be effected in such manner and upon such terms as the department deems in the best interest of the state. The department may exercise any powers granted by this section jointly with any municipalities, agencies, or departments of the state government, with other states or their municipalities, or with the United States. [1984 c 7 § 346; 1947 c 165 § 10; Rem. Supp. 1947 § 10964-90. Formerly RCW 14.04.100.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.68.110 Zoning powers not interfered with.** Nothing contained in this chapter shall be construed to limit any right, power or authority of the state or a municipality to regulate airport hazards by zoning. [1947 c 165 § 11; Rem. Supp. 1947 § 10964-91. Formerly RCW 14.04.110.]

*Planning commissions:* Chapter 35.63 RCW.

**47.68.120 Condemnation, how exercised.** In the condemnation of property authorized by this chapter, the department shall proceed in the name of the state in the manner that property is acquired by the department for public uses. [1984 c 7 § 347; 1947 c 165 § 12; Rem. Supp. 1947 § 10964-92. Formerly RCW 14.04.120.]

*Acquisition of highway property:* Chapter 47.12 RCW.

*Eminent domain by state:* Chapter 8.04 RCW.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.68.130 Contracts or leases of facilities in operating airports.** In operating an airport or air navigation facility owned or controlled by the state, the department may enter into contracts, leases, and other arrangements for a term not exceeding twenty-five years with any persons. The department may grant the privilege of using or improving the airport or air navigation facility or any portion or facility thereof or space therein for commercial purposes, confer the privilege of supplying goods, commodities, things, services, or facilities at the airport or air navigation facility, or make available services to be furnished by the department or its agents at the airport or air navigation facility. In each case the department may establish the terms and conditions and fix the charges, rentals, or fees for the privileges or services, which shall be reasonable and uniform for the same class of privilege or service and shall be established with due regard to the property and improvements used and the cost of operation to the state. In no case shall the public be deprived of its rightful, equal, and uniform use of the airport, air navigation facility, or portion or facility thereof. [1984 c 7 § 348; 1947 c 165 § 13; Rem. Supp. 1947 § 10964-93. Formerly RCW 14.04.130.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.68.140 Lease of airports.** The department may by contract, lease, or other arrangement, upon a consideration fixed by it, grant to any qualified person for a term not to exceed twenty-five years the privilege of operating, as agent of the state or otherwise, any airport owned or controlled by the state: PROVIDED, That no such person shall be granted any authority to operate the airport other than as a public airport or to enter into any contracts, leases, or other arrangements in connection with the operation of the airport which the department might not have undertaken under RCW 47.68.130. [1983 c 3 § 141; 1947 c 165 § 14; Rem. Supp. 1947 § 10964-94. Formerly RCW 14.04.140.]

**47.68.150 Lien for state's charges.** To enforce the payment of any charges for repairs to, improvements, storage, or care of any personal property made or furnished by the department or its agents in connection with the operation of an airport or air navigation facility owned or operated by the state, the state shall have liens on such property, which shall be enforceable by the department as provided by law. [1984 c 7 § 349; 1947 c 165 § 15; Rem. Supp. 1947 § 10964-95. Formerly RCW 14.04.150.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.68.160 Acceptance of federal moneys.** The department is authorized to accept, receive, receipt for, disburse, and expend federal moneys, and other moneys public or private, made available to accomplish, in whole or in part, any of the purposes of this section. All federal moneys accepted under this section shall be accepted and expended by the department upon such terms and conditions as are prescribed by the United States. In accepting federal moneys under this section, the department shall have the same authority to enter into contracts on behalf of the state as is granted to the department under RCW 47.68.090 with respect to federal moneys accepted on behalf of municipalities. All moneys received by the department pursuant to this section shall be deposited in the state treasury, and, unless otherwise prescribed by the authority from which such moneys were received, shall be kept in separate funds designated according to the purposes for which the moneys were made available, and held by the state in trust for such purposes. All such moneys are hereby appropriated for the purpose of which the same were made available, to be disbursed or expended in accordance with the terms and conditions upon which they were made available. [1983 c 3 § 142; 1947 c 165 § 16; 1945 c 252 § 7; Rem. Supp. 1947 § 10964-96. Formerly RCW 14.04.160.]

**47.68.170 State airways system.** The department may designate, design, and establish, expand, or modify a state airways system that will best serve the interest of the state. It may chart the airways system and arrange for publication and distribution of such maps, charts, notices, and bulletins relating to the airways as may be required in the public interest. The system shall be supplementary to and coordinated in design and operation with the federal airways system. It may include all types of air navigation facilities, whether publicly or privately owned, if the facilities conform to federal safety

standards. [1984 c 7 § 350; 1947 c 165 § 17; Rem. Supp. 1947 § 10964-97. Formerly RCW 14.04.170.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.68.180 Execution of necessary contracts.** The department may enter into any contracts necessary to the execution of the powers granted it by this chapter. All contracts made by the department, either as the agent of the state or as the agent of any municipality, shall be made pursuant to the laws of the state governing the making of like contracts. Where the planning, acquisition, construction, improvement, maintenance, or operation of any airport or air navigation facility is financed wholly or partially with federal moneys, the department as agent of the state or of any municipality, may let contracts in the manner prescribed by the federal authorities acting under the laws of the United States and any rules or regulations made thereunder. [1984 c 7 § 351; 1947 c 165 § 18; Rem. Supp. 1947 § 10964-98. Formerly RCW 14.04.180.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.68.185 Establishment of procedures required by conditions of federal transfers of facilities.** The department is authorized to establish the necessary accounts or administrative procedures required by conditions attached to transfers of airport facilities from the federal government to the state of Washington. [1984 c 7 § 352; 1963 c 73 § 1. Formerly RCW 14.04.185.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.68.190 Exclusive grants prohibited.** The department shall not grant any exclusive right for the use of any landing area or air navigation facility under its jurisdiction. This section shall not be construed to prevent the making of contracts, leases, and other arrangements pursuant to this chapter. [1984 c 7 § 353; 1947 c 165 § 19; Rem. Supp. 1947 § 10964-99. Formerly RCW 14.04.190.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.68.200 Exercise of powers, public and governmental purpose.** The acquisition of any lands or interest therein pursuant to this chapter, the planning, acquisition, establishment, construction, improvement, maintenance, equipment, and operation of airports and air navigation facilities, whether by the state separately or jointly with any municipality or municipalities, and the exercise of any other powers herein granted to the department are public and governmental functions, exercised for a public purpose, and matters of public necessity. All lands and other property and privileges acquired and used by or on behalf of the state in the manner and for the purposes enumerated in this chapter shall and are declared to be acquired and used for public and governmental purposes and as a matter of public necessity. [1984 c 7 § 354; 1947 c 165 § 20; Rem. Supp. 1947 § 10964-100. Formerly RCW 14.04.200.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.68.210 Rules—Standards.** The department of transportation may perform such acts, issue and amend such orders, make, promulgate, and amend such reasonable gen-

eral rules, and procedures, and establish such minimum standards, consistent with the provisions of this chapter, as it shall deem necessary to perform its duties hereunder; all commensurate with and for the purpose of protecting and insuring the general public interest and safety, the safety of persons operating, using or traveling in aircraft or persons receiving instruction in flying or ground subjects pertaining to aeronautics, and the safety of persons and property on land or water, and developing and promoting aeronautics in this state. No rule of the department shall apply to airports or air navigation facilities owned or operated by the United States.

The department shall keep on file with the code reviser, and at the principal office of the department, a copy of all its rules for public inspection.

The department shall provide for the publication and general distribution of all its orders, rules, and procedures having general effect. [1982 c 35 § 198; 1947 c 165 § 21; Rem. Supp. 1947 § 10964-101. Formerly RCW 14.04.210.]

**Intent—Severability—Effective dates—Application—1982 c 35:** See notes following RCW 43.07.160.

*Notice of meetings: Chapter 42.30 RCW.*

**47.68.220 Operating aircraft recklessly or under influence of intoxicants or drugs.** It shall be unlawful for any person to operate an aircraft in the air, or on the ground or water, while under the influence of intoxicating liquor, narcotics, or other habit-forming drug, or to operate an aircraft in the air or on the ground or water, in a careless manner so as to endanger the life or property of another. In any proceeding charging careless or reckless operation of aircraft in violation of this section, the court in determining whether the operation was careless or reckless may consider the standards for safe operation of aircraft prescribed by federal statutes or regulations governing aeronautics. [1947 c 165 § 22; Rem. Supp. 1947 § 10964-102. Formerly RCW 14.04.220.]

**47.68.230 Aircraft, airman, and airwoman certificates required.** It shall be unlawful for any person to operate or cause or authorize to be operated any civil aircraft within this state unless such aircraft has an appropriate effective certificate, permit, or license issued by the United States, if such certificate, permit, or license is required by the United States, and a current registration certificate issued by the secretary of transportation, if registration of the aircraft with the department of transportation is required by this chapter. It shall be unlawful for any person to engage in aeronautics as an airman or airwoman in the state unless the person has an appropriate effective airman or airwoman certificate, permit, rating, or license issued by the United States authorizing him or her to engage in the particular class of aeronautics in which he or she is engaged, if such certificate, permit, rating, or license is required by the United States.

Where a certificate, permit, rating, or license is required for an airman or airwoman by the United States, it shall be kept in his or her personal possession when he or she is operating within the state. Where a certificate, permit, or license is required by the United States or by this chapter for an aircraft, it shall be carried in the aircraft at all times while the aircraft is operating in the state and shall be conspicuously posted in the aircraft where it may be readily seen by passengers or inspectors. Such certificates shall be presented for

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inspection upon the demand of any peace officer, or any other officer of the state or of a municipality or member, official, or employee of the department of transportation authorized pursuant to this chapter to enforce the aeronautics laws, or any official, manager, or person in charge of any airport, or upon the reasonable request of any person. [2005 c 341 § 1; 1993 c 208 § 5; 1987 c 220 § 1; 1979 c 158 § 205; 1967 ex.s. c 68 § 2; 1967 ex.s. c 9 § 7; 1949 c 49 § 11; 1947 c 165 § 23; Rem. Supp. 1949 § 10964-103. Formerly RCW 14.04.230.]

**Effective date—2005 c 341:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2005." [2005 c 341 § 6.]

**47.68.235 License or certificate suspension—Non-compliance with support order—Reissuance.** The department shall immediately suspend the license or certificate of a person who has been certified pursuant to RCW 74.20A.320 by the department of social and health services as a person who is not in compliance with a support order or a \*residential or visitation order. If the person has continued to meet all other requirements for reinstatement during the suspension, reissuance of the license or certificate shall be automatic upon the department's receipt of a release issued by the department of social and health services stating that the licensee is in compliance with the order. [1997 c 58 § 859.]

**\*Reviser's note:** 1997 c 58 § 886 requiring a court to order certification of noncompliance with residential provisions of a court-ordered parenting plan was vetoed. Provisions ordering the department of social and health services to certify a responsible parent based on a court order to certify for non-compliance with residential provisions of a parenting plan were vetoed. See RCW 74.20A.320.

**Effective dates—Intent—1997 c 58:** See notes following RCW 74.20A.320.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.68.240 Penalties for violations.** (1) Except as provided in subsection (2) of this section, any person violating any of the provisions of this chapter, or any of the rules, regulations, or orders issued pursuant thereto, is guilty of a misdemeanor.

(2)(a) Any person violating any of the provisions of RCW 47.68.220, 47.68.230, or 47.68.255 is guilty of a gross misdemeanor.

(b) In addition to, or in lieu of, the penalties provided in this section, or as a condition to the suspension of a sentence which may be imposed pursuant thereto, for violations of RCW 47.68.220 and 47.68.230, the court in its discretion may prohibit the violator from operating an aircraft within the state for such period as it may determine but not to exceed one year. Violation of the duly imposed prohibition of the court may be treated as a separate offense under this section or as a contempt of court.

(3) In addition to the provisions of subsections (1) and (2) of this section, failure to register an aircraft, as required by this chapter is subject to the following civil penalties:

(a) If the aircraft registration is sixty days to one hundred nineteen days past due, the civil penalty is one hundred dollars.

(b) If the aircraft registration is one hundred twenty days to one hundred eighty days past due, the civil penalty is two hundred dollars.

(c) If the aircraft registration is over one hundred eighty days past due, the civil penalty is four hundred dollars.

(4) The revenue from penalties prescribed in subsection (3) of this section must be deposited into the aeronautics account under RCW 82.42.090. [2005 c 341 § 2. Prior: 2003 c 375 § 3; 2003 c 53 § 265; 2000 c 229 § 2; 1999 c 277 § 5; 1993 c 238 § 3; 1987 c 202 § 216; 1983 c 3 § 145; 1947 c 165 § 24; Rem. Supp. 1947 § 10964-104. Formerly RCW 14.04.240.]

**Effective date—2005 c 341:** See note following RCW 47.68.230.

**Effective date—2003 c 375:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2003." [2003 c 375 § 7.]

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

**Effective date—2000 c 229:** See note following RCW 46.16A.030.

**Intent—1987 c 202:** See note following RCW 2.04.190.

**47.68.250 Registration of aircraft.** Every aircraft shall be registered with the department for each calendar year in which the aircraft is operated or is based within this state. A fee of fifteen dollars shall be charged for each such registration and each annual renewal thereof.

Possession of the appropriate effective federal certificate, permit, rating, or license relating to ownership and airworthiness of the aircraft, and payment of the excise tax imposed by Title 82 RCW for the privilege of using the aircraft within this state during the year for which the registration is sought, and payment of the registration fee required by this section shall be the only requisites for registration of an aircraft under this section.

The registration fee imposed by this section shall be payable to and collected by the secretary. The fee for any calendar year must be paid during the month of January, and shall be collected by the secretary at the time of the collection by him or her of the said excise tax. If the secretary is satisfied that the requirements for registration of the aircraft have been met, he or she shall thereupon issue to the owner of the aircraft a certificate of registration therefor. The secretary shall pay to the state treasurer the registration fees collected under this section, which registration fees shall be credited to the aeronautics account in the transportation fund.

It shall not be necessary for the registrant to provide the secretary with originals or copies of federal certificates, permits, ratings, or licenses. The secretary shall issue certificates of registration, or such other evidences of registration or payment of fees as he or she may deem proper, and in connection therewith may prescribe requirements for the possession and exhibition of such certificates or other evidences.

The provisions of this section shall not apply to:

(1) An aircraft owned by and used exclusively in the service of any government or any political subdivision thereof, including the government of the United States, any state, territory, or possession of the United States, or the District of Columbia, which is not engaged in carrying persons or property for commercial purposes;

(2) An aircraft registered under the laws of a foreign country;

(3) An aircraft which is owned by a nonresident and registered in another state: PROVIDED, That if said aircraft

shall remain in and/or be based in this state for a period of ninety days or longer it shall not be exempt under this section;

(4) An aircraft engaged principally in commercial flying constituting an act of interstate or foreign commerce;

(5) An aircraft owned by the commercial manufacturer thereof while being operated for test or experimental purposes, or for the purpose of training crews for purchasers of the aircraft;

(6) An aircraft being held for sale, exchange, delivery, test, or demonstration purposes solely as stock in trade of an aircraft dealer licensed under Title 14 RCW;

(7) An aircraft based within the state that is in an unairworthy condition, is not operated within the registration period, and has obtained a written exemption issued by the secretary.

The secretary shall be notified within thirty days of any change in ownership of a registered aircraft. The notification shall contain the N, NC, NR, NL, or NX number of the aircraft, the full name and address of the former owner, and the full name and address of the new owner. For failure to so notify the secretary, the registration of that aircraft may be canceled by the secretary, subject to reinstatement upon application and payment of a reinstatement fee of ten dollars by the new owner.

A municipality or port district that owns, operates, or leases an airport, as defined in RCW 47.68.020, with the intent to operate, shall require from an aircraft owner proof of aircraft registration as a condition of leasing or selling tiedown or hanger space for an aircraft. It is the responsibility of the lessee or purchaser to register the aircraft. The airport shall work with the aviation division to assist in its efforts to register aircraft by providing information about based aircraft on an annual basis as requested by the division. [2003 c 375 § 4; 1999 c 302 § 2; 1998 c 188 § 1; 1995 c 170 § 3; 1993 c 208 § 7; 1987 c 220 § 3; 1979 c 158 § 206; 1967 ex.s. c 9 § 8; 1955 c 150 § 11; 1949 c 49 § 12; 1947 c 165 § 25; Rem. Supp. 1949 § 10964-105. Formerly RCW 14.04.250.]

**Effective date—2003 c 375:** See note following RCW 47.68.240.

*Aircraft dealers:* Chapter 14.20 RCW.

*Definition of terms:* RCW 14.20.010, 47.68.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.68.255 Evasive registration. (Effective until July 1, 2011.)** A person who is required to register an aircraft under this chapter and who registers an aircraft in another state or foreign country evading the Washington aircraft excise tax is guilty of a gross misdemeanor. For a second or subsequent offense, the person convicted is also subject to a fine equal to four times the amount of avoided taxes and fees, no part of which may be suspended or deferred. Excise taxes owed and fines assessed will be deposited in the manner provided under RCW 46.16.010(4). [2003 c 53 § 266; 2000 c 229 § 3; 1999 c 277 § 6; 1996 c 184 § 3; 1993 c 238 § 2.]

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

**Effective date—2000 c 229:** See note following RCW 46.16.010.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.68.255 Evasive registration.** (*Effective July 1, 2011.*) A person who is required to register an aircraft under this chapter and who registers an aircraft in another state or foreign country evading the Washington aircraft excise tax is guilty of a gross misdemeanor. For a second or subsequent offense, the person convicted is also subject to a fine equal to four times the amount of avoided taxes and fees, no part of which may be suspended or deferred. Excise taxes owed and fines assessed will be deposited in the manner provided under RCW 46.16A.030(6). [2010 c 161 § 1147; 2003 c 53 § 266; 2000 c 229 § 3; 1999 c 277 § 6; 1996 c 184 § 3; 1993 c 238 § 2.]

**Effective date—Intent—Legislation to reconcile chapter 161, Laws of 2010 and other amendments made during the 2010 legislative session—2010 c 161:** See notes following RCW 46.04.013.

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

**Effective date—2000 c 229:** See note following RCW 46.16A.030.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.68.280 Investigations, hearings, etc.—Subpoenas—Compelling attendance.** The department or any officer or employee of the department designated by it has the power to hold investigations, inquiries, and hearings concerning matters covered by this chapter including accidents in aeronautics within this state. Hearings shall be open to the public and, except as hereinafter provided, shall be held upon such call or notice as the department deems advisable. The department and every officer or employee of the department designated by it to hold any inquiry, investigation, or hearing has the power to administer oaths and affirmations, certify to all official acts, issue subpoenas, and order the attendance of witnesses and the production of papers, books and documents. In case of the failure of a person to comply with a subpoena or order issued under the authority of this section, the department or its authorized representatives may invoke the aid of a competent court of general jurisdiction. The court may thereupon order the person to comply with the requirements of the subpoena or order or to give evidence touching the matter in question. Failure to obey the order of the court may be punished by the court as a contempt thereof. [1984 c 7 § 356; 1947 c 165 § 28; Rem. Supp. 1947 § 10964-108. Formerly RCW 14.04.280.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.68.290 Joint hearings—Cooperation.** The department may confer with or hold joint hearings with any agency of the United States in connection with any matter arising under this chapter or relating to the development of aeronautics.

The department may avail itself of the cooperation, services, records, and facilities of the agencies of the United States as fully as may be practicable in the administration and enforcement of this chapter, and shall furnish to the agencies of the United States such services, records, and facilities as are practicable.

The department shall report to the appropriate agency of the United States all accidents in aeronautics in this state of which it is informed, and shall in so far as is practicable preserve, protect, and prevent the removal of the component parts of any aircraft involved in an accident being investi-

gated by it until the federal agency institutes an investigation. [1984 c 7 § 357; 1947 c 165 § 29; Rem. Supp. 1947 § 10964-109. Formerly RCW 14.04.290.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.68.300 State and municipal agencies to cooperate.** In carrying out this chapter the department may use the facilities and services of other agencies of the state and of the municipalities of the state to the utmost extent possible, and the agencies and municipalities are authorized and directed to make available their facilities and services. [1984 c 7 § 358; 1947 c 165 § 30; Rem. Supp. 1947 § 10964-110. Formerly RCW 14.04.300.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.68.310 Enforcement of aeronautics laws.** It is the duty of the secretary, the department, the officers and employees of the department, and every state and municipal officer charged with the enforcement of state and municipal laws to enforce and assist in the enforcement of this chapter and of all other laws of this state relating to aeronautics. The secretary and those officers or employees of the department designated by the secretary in writing are granted police powers solely for the enforcement of state aeronautics laws and the rules having the effect of law. [1984 c 7 § 359; 1955 c 204 § 1; 1947 c 165 § 31; Rem. Supp. 1947 § 10964-111. Formerly RCW 14.04.310.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.68.320 Service of orders—Hearings—Review.** Every order of the department requiring performance of certain acts or compliance with certain requirements and any denial or revocation of an approval, certificate, or license shall set forth the reasons and shall state the acts to be done or requirements to be met before approval by the department will be given or the approval, license, or certificate granted or restored, or the order modified or changed. Orders issued by the department under this chapter shall be served upon the persons affected either by certified mail or in person. In every case where notice and opportunity for a hearing are required under this chapter, the order of the department shall, on not less than ten days notice, specify a time when and place where the person affected may be heard, or the time within which the person may request a hearing, and the order shall become effective upon the expiration of the time for exercising the opportunity for a hearing, unless a hearing is held or requested within the time provided, in which case the order shall be suspended until the department affirms, disaffirms, or modifies the order after a hearing has been held or default by the person has been affected. To the extent practicable, hearings on the orders shall be in the county where the affected person resides or does business. Any person aggrieved by an order of the department or by the grant, denial, or revocation of an approval, license, or certificate may have the action of the department reviewed by the courts of this state under chapter 34.05 RCW. [1984 c 7 § 360; 1947 c 165 § 32; Rem. Supp. 1947 § 10964-112. Formerly RCW 14.04.320.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.68.330 Exchange of data, reports of violations, etc.**

The department is authorized to report to the appropriate federal agencies and agencies of other states all proceedings instituted charging violation of RCW 47.68.220 and 47.68.230 and all penalties, of which it has knowledge, imposed upon airmen or airwomen or the owners or operators of aircraft for violations of the law of this state relating to aeronautics or for violations of the rules, regulations, or orders of the department. The department is authorized to receive reports of penalties and other data from agencies of the federal government and other states and, when necessary, to enter into agreements with federal agencies and the agencies of other states governing the delivery, receipt, exchange, and use of reports and data. The department may make the reports and data of the federal agencies, the agencies of other states, and the courts of this state available, with or without request therefor, to any and all courts of this state. [2010 c 8 § 10023; 1983 c 3 § 146; 1947 c 165 § 33; Rem. Supp. 1947 § 10964-113. Formerly RCW 14.04.330.]

**47.68.340 Hazardous structures and obstacles—Marking—Hearing to determine hazard.**

A structure or obstacle that obstructs the air space above ground or water level, when determined by the department after a hearing to be a hazard or potential hazard to the safe flight of aircraft, shall be plainly marked, illuminated, painted, lighted, or designated in a manner to be approved in accordance with the general rules of the department so that the structure or obstacle will be clearly visible to airmen or airwomen. In determining which structures or obstacles constitute a safety hazard, or a hazard to flight, the department shall take into account those obstacles located at a river, lake, or canyon crossing, and in other low-altitude flight paths usually traveled by aircraft including, but not limited to, airport areas and runway departure and approach areas as defined by federal air regulations. [2010 c 8 § 10024; 1995 c 153 § 2; 1984 c 7 § 361; 1961 c 263 § 2. Formerly RCW 14.04.340.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.68.350 Hazardous structures and obstacles—Reporting location—Subpoenas.**

The secretary may require owners, operators, lessees, or others having the control or management of structures or obstacles over one hundred fifty feet above ground or water level and that are or may become a hazard to air flight to report the location of the existing or proposed structures or obstacles to the department. For that purpose the secretary may issue subpoenas and subpoenas duces tecum returnable within twenty days to the department. If a person refuses to obey the secretary's subpoena, the department may certify to the superior court all facts of the refusal. The court shall summarily hear evidence on the refusal, and, if the evidence warrants, punish the person refusing in the same manner and to the same extent as a contempt committed before the court. [1984 c 7 § 362; 1961 c 263 § 3. Formerly RCW 14.04.350.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.68.360 Hazardous structures and obstacles—Exemption of structures required by federal law to be marked.** RCW 47.68.340 and 47.68.350 shall not apply to

structures required to be marked by federal regulations. [1983 c 3 § 147; 1961 c 263 § 4. Formerly RCW 14.04.360.]

**47.68.380 Aerial search and rescue—Liability—Definition.**

(1) The aviation division of the department is responsible for the conduct and management of all aerial search and rescue within the state. This includes search and rescue efforts involving aircraft and airships. The division is also responsible for search and rescue activities involving electronic emergency signaling devices such as emergency locator transmitters (ELT's) and emergency position indicating radio beacons (EPIRB's).

(2) An act or omission by any person registered with the aviation division of the department for the purpose of engaging in aerial search and rescue activities, while engaged in such activities, shall not impose any liability on the department or the person for civil damages resulting from the act or omission. However, the immunity provided under this subsection shall not apply to an act or omission that constitutes gross negligence or willful or wanton misconduct. For the purpose of this subsection, "aerial search and rescue activities" includes, but is not limited to, training and training-related activities, but does not include appropriate search and rescue activities conducted under the authority of RCW 38.52.400. [2008 c 34 § 1; 1995 c 153 § 1.]

**47.68.390 Airport capacity and facilities assessment.**

(1) The aviation division of the department of transportation shall conduct a statewide airport capacity and facilities assessment. The assessment must include a statewide analysis of existing airport facilities, and passenger and air cargo transportation capacity, regarding both commercial aviation and general aviation; however, the primary focus of the assessment must be on commercial aviation. The assessment must at a minimum address the following issues:

(a) Existing airport facilities, both commercial and general aviation, including air side, land side, and airport service facilities;

(b) Existing air and airport capacity, including the number of annual passengers and air cargo operations;

(c) Existing airport services, including fixed based operator services, fuel services, and ground services; and

(d) Existing airspace capacity.

(2) The department shall consider existing information, technical analyses, and other research the department deems appropriate. The department may contract and consult with private independent professional and technical experts regarding the assessment.

(3) The department shall submit the assessment to the appropriate standing committees of the legislature, the governor, the transportation commission, and regional transportation planning organizations by July 1, 2006. [2005 c 316 § 1.]

**47.68.400 Airport capacity and facilities market analysis.**

(1) After submitting the assessment under RCW 47.68.390, the aviation division of the department of transportation shall conduct a statewide airport capacity and facilities market analysis. The analysis must include a statewide needs analysis of airport facilities, passenger and air cargo

transportation capacity, and demand and forecast market needs over the next twenty-five years with a more detailed analysis of the Puget Sound, southwest Washington, Spokane, and Tri-Cities regions. The analysis must address the forecasted needs of both commercial aviation and general aviation; however, the primary focus of the analysis must be on commercial aviation. The analysis must at a minimum address the following issues:

(a) A forecast of future airport facility needs based on passenger and air cargo operations and demand, airline planning, and a determination of aviation trends, demographic, geographic, and market factors that may affect future air travel demand;

(b) A determination of when the state's existing commercial service airports will reach their capacity;

(c) The factors that may affect future air travel and when capacity may be reached and in which location;

(d) The role of the state, metropolitan planning organizations, regional transportation planning organizations, the federal aviation administration, and airport sponsors in addressing statewide airport facilities and capacity needs; and

(e) Whether the state, metropolitan planning organizations, regional transportation planning organizations, the federal aviation administration, or airport sponsors have identified options for addressing long-range capacity needs at airports, or in regions, that will reach capacity before the year 2030.

(2) The department shall consider existing information, technical analyses, and other research the department deems appropriate. The department may contract and consult with private independent professional and technical experts regarding the analysis.

(3) The department shall submit the analysis to the appropriate standing committees of the legislature, the governor, the transportation commission, and regional transportation planning organizations by July 1, 2007. [2005 c 316 § 2.]

**47.68.900 Severability—1947 c 165.** If any provision of this act or the application thereof to any person or circumstance shall be held invalid, such invalidity shall not affect the provisions or application of this act which can be given effect without the invalid provisions or application, and to this end the provisions of this act are declared to be severable. [1947 c 165 § 35. Formerly RCW 14.04.900.]

### Chapter 47.72 RCW

#### NAVIGATION CANALS

(Formerly: Chapter 91.12 RCW, Canal commission)

##### Sections

47.72.010	Declaration of purpose.
47.72.050	Powers and duties.
47.72.060	"Canal" defined.

**47.72.010 Declaration of purpose.** The purposes of this chapter are to aid commerce and navigation, including the development of recreational facilities related thereto, and to otherwise promote the general welfare by the development of navigation canals within the boundaries of the state of

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Washington. [1965 ex.s. c 123 § 1. Formerly RCW 91.12.010.]

**47.72.050 Powers and duties.** In its capacity as successor to the canal commission, the department of transportation may:

(1) Adopt rules and regulations necessary to carry out the purposes of this chapter.

(2) Make such investigations, surveys, and studies it deems necessary to determine the feasibility of the development of a navigation canal, or systems of navigation canals within the state of Washington.

(3) Construct, maintain, and/or operate any navigation canal, or navigation canal systems deemed feasible by the department of transportation.

(4) Acquire by gift, purchase, or condemnation from any person, municipal, public, or private corporation, or the state of Washington, or lease from the United States of America, any lands, rights-of-way, easements, or property rights in, over, or across lands or waters necessary for the construction, operation, or maintenance of any navigation canal, or navigation canal system. The acquisition of such rights is for a public use. The exercise of the right of eminent domain shall be in the manner provided by chapter 8.04 RCW, and all actions initiated thereunder shall be brought in the name of the department of transportation.

(5) Hold public hearings. Prior to a determination of feasibility for any proposed project, the department shall hold a public hearing so that members of the public may present their views thereon.

(6) Accept and expend moneys appropriated by the legislature or received from any public or private source, including the federal government, in carrying out the purposes of this chapter.

(7) Negotiate and cooperate with the United States of America for the purpose of inducing the United States to undertake the construction, operation, or maintenance of any navigation canal, or navigation canal system provided for in this chapter.

(8) As a local sponsor cooperate, contract, and otherwise fully participate on behalf of the state of Washington with the United States of America, in any study relating to a determination of feasibility of a navigation canal or navigation canal system, and in any project relating to the construction, operation, or maintenance of a navigation canal, or navigation canal system to be undertaken by the United States of America.

The authority granted herein includes, but is not limited to, contributing such moneys to the United States of America as may be required and appropriated for that purpose by the legislature and furnishing without cost to the United States of America all lands, easements, and rights-of-way, performing all necessary alterations to utilities arising from any project, and holding the United States of America free from any claims for damages arising out of the construction of any project. [1977 ex.s. c 151 § 75; 1965 ex.s. c 123 § 5. Formerly RCW 91.12.050.]

**47.72.060 "Canal" defined.** For the purposes of this chapter, "canal" is defined as any waterway for navigation

created by construction of reservoirs or construction of channels by excavation in dry ground, in streams, rivers or in tidal waters and any existing waterway incorporated into such a canal and including any appurtenant features necessary for operation and maintenance of the canal. [1965 ex.s. c 123 § 6. Formerly RCW 91.12.060.]

## Chapter 47.76 RCW RAIL FREIGHT SERVICE

### Sections

47.76.200	Legislative findings.
47.76.210	State freight rail program.
47.76.220	State rail plan—Contents.
47.76.230	Freight rail planning—Railroad safety.
47.76.240	Rail preservation program.
47.76.250	Essential rail assistance account—Purposes.
47.76.270	Essential rail banking account merged into essential rail assistance account.
47.76.280	Sale or lease for use as rail service—Time limit.
47.76.290	Sale or lease for other use—Authorized buyers, notice, terms, deed, deposit of moneys.
47.76.300	Sale for other use—Governmental entity.
47.76.310	Rent or lease of lands.
47.76.320	Sale at public auction.
47.76.330	Eminent domain exemptions.
47.76.350	Monitoring federal rail policies.
47.76.400	Produce railcar pool—Findings—Intent.
47.76.410	Produce railcar pool—Definition.
47.76.420	Produce railcar pool—Departmental authority.
47.76.430	Produce railcar pool—Funding.
47.76.440	Produce railcar pool—Management.
47.76.450	Produce railcar pool account.
47.76.900	Captions not law—2003 c 191.

**47.76.200 Legislative findings.** The legislature finds that a balanced multimodal transportation system is required to maintain the state's commitment to the growing mobility needs of its citizens and commerce. The state's freight rail system, including branch lines, mainlines, rail corridors, terminals, yards, and equipment, is an important element of this multimodal system. Washington's economy relies heavily upon the freight rail system to ensure movement of the state's agricultural, chemical, and natural resources and manufactured products to local, national, and international markets and thereby contributes to the economic vitality of the state.

Since 1970, Washington has lost over one-third of its rail miles to abandonment and bankruptcies. The combination of rail abandonments and rail system capacity constraints may alter the delivery to market of many commodities. In addition, the resultant motor vehicle freight traffic increases the burden on state highways and county roads. In many cases, the cost of maintaining and upgrading the state highways and county roads exceeds the cost of maintaining rail freight service. Thus, the economy of the state will be best served by a policy of maintaining and encouraging a healthy rail freight system by creating mechanisms that keep rail freight lines operating if the benefits of the service outweigh the cost.

Recognizing the implications of this trend for freight mobility and the state's economic future, the legislature finds that better freight rail planning, better cooperation to preserve rail lines, and increased financial assistance from the state are necessary to maintain and improve the freight rail system within the state. [1995 c 380 § 1; 1993 c 224 § 1; 1983 c 303 § 4. Formerly RCW 47.76.010.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.76.210 State freight rail program.** The Washington state department of transportation shall implement a state freight rail program that supports the freight rail service objectives identified in the state's multimodal transportation plan required under chapter 47.06 RCW. The support may be in the form of projects and strategies that support branch lines and light-density lines, provide access to ports, maintain adequate mainline capacity, and preserve or restore rail corridors and infrastructure. [1995 c 380 § 2; 1990 c 43 § 2. Formerly RCW 47.76.110.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.76.220 State rail plan—Contents.** (1) The department of transportation shall prepare and periodically update a state rail plan, the objective of which is to identify, evaluate, and encourage essential rail services. The plan shall:

- (a) Identify and evaluate mainline capacity issues;
- (b) Identify and evaluate port-to-rail access and congestion issues;
- (c) Identify and evaluate those rail freight lines that may be abandoned or have recently been abandoned;
- (d) Quantify the costs and benefits of maintaining rail service on those lines that are likely to be abandoned;
- (e) Establish priorities for determining which rail lines should receive state support. The priorities should include the anticipated benefits to the state and local economy, the anticipated cost of road and highway improvements necessitated by the abandonment or capacity constraints of the rail line, the likelihood the rail line receiving funding can meet operating costs from freight charges, surcharges on rail traffic, and other funds authorized to be raised by a county or port district, and the impact of abandonment or capacity constraints on changes in energy utilization and air pollution;
- (f) Identify and describe the state's rail system;
- (g) Prepare a state freight rail system map;
- (h) Identify and evaluate rail commodity flows and traffic types;
- (i) Identify lines and corridors that have been rail banked or preserved; and
- (j) Identify and evaluate other issues affecting the state's rail traffic.

(2) The state rail plan may be prepared in conjunction with the rail plan prepared by the department pursuant to the federal Railroad Revitalization and Regulatory Reform Act. [1995 c 380 § 3; 1993 c 224 § 2; 1985 c 432 § 1; 1983 c 303 § 5. Formerly RCW 47.76.020.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.76.230 Freight rail planning—Railroad safety.** (1) The department of transportation shall continue its responsibility for the development and implementation of the state rail plan and programs, and the utilities and transportation commission shall continue its responsibility for railroad safety issues.

(2) The department of transportation shall maintain an enhanced data file on the rail system. Proprietary annual station traffic data from each railroad and the modal use of major shippers must be obtained to the extent that such information is available.

(3) The department of transportation shall provide technical assistance, upon request, to state agencies and local interests. Technical assistance includes, but is not limited to, the following:

(a) Rail project cost-benefit analyses conducted in accordance with methodologies recommended by the federal railroad administration;

(b) Assistance in the formation of county rail districts and port districts; and

(c) Feasibility studies for rail service continuation or rail service assistance, or both.

(4) With funding authorized by the legislature, the department of transportation, in collaboration with the department of community, trade, and economic development, and local economic development agencies, and other interested public and private organizations, shall develop a cooperative process to conduct community and business information programs and to regularly disseminate information on rail matters. [2007 c 234 § 94; 1995 c 380 § 4; 1990 c 43 § 3. Formerly RCW 47.76.120.]

**\*Reviser's note:** The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.76.240 Rail preservation program.** The state, counties, local communities, ports, railroads, labor, and shippers all benefit from continuation of rail service and should participate in its preservation. Lines that provide benefits to the state and local jurisdictions, such as avoided roadway costs, reduced traffic congestion, economic development potential, environmental protection, and safety, should be assisted through the joint efforts of the state, local jurisdictions, and the private sector.

State funding for rail service, rail preservation, and corridor preservation projects must benefit the state's interests. The state's interest is served by reducing public roadway maintenance and repair costs, increasing economic development opportunities, increasing domestic and international trade, preserving jobs, and enhancing safety. State funding for projects is contingent upon appropriate local jurisdiction and private sector participation and cooperation. Before spending state moneys on projects, the department shall seek federal, local, and private funding and participation to the greatest extent possible.

(1) The department of transportation shall continue to monitor the status of the state's mainline and branchline common carrier railroads and preserved rail corridors through the state rail plan and various analyses, and shall seek alternatives to abandonment prior to interstate commerce commission proceedings, where feasible.

(2) The utilities and transportation commission shall intervene in proceedings of the surface transportation board, or its successor agency, on abandonments, when necessary, to protect the state's interest.

(3) The department of transportation, in consultation with the Washington state freight rail policy advisory committee, shall establish criteria for evaluating rail projects and corridors of significance to the state.

(4) Local jurisdictions may implement rail service preservation projects in the absence of state participation.

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(5) The department of transportation shall continue to monitor projects for which it provides assistance. [2007 c 234 § 95; 1995 c 380 § 5; 1993 c 224 § 3; 1990 c 43 § 4. Formerly RCW 47.76.130.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.76.250 Essential rail assistance account—Purposes.** (1) The essential rail assistance account is created in the state treasury. Moneys in the account may be appropriated only for the purposes specified in this section.

(2) Moneys appropriated from the account to the department of transportation may be used by the department or distributed by the department to cities, county rail districts, counties, economic development councils, port districts, and privately or publicly owned railroads for the purpose of:

(a) Acquiring, rebuilding, rehabilitating, or improving rail lines;

(b) Purchasing or rehabilitating railroad equipment necessary to maintain essential rail service;

(c) Constructing railroad improvements to mitigate port access or mainline congestion;

(d) Construction of loading facilities to increase business on light density lines or to mitigate the impacts of abandonment;

(e) Preservation, including operation, of light density lines, as identified by the Washington state department of transportation, in compliance with this chapter; or

(f) Preserving rail corridors for future rail purposes by purchase of rights-of-way. The department shall first pursue transportation enhancement program funds, available under the federal surface transportation program, to the greatest extent practicable to preserve rail corridors. Purchase of rights-of-way may include track, bridges, and associated elements, and must meet the following criteria:

(i) The right-of-way has been identified and evaluated in the state rail plan prepared under this chapter;

(ii) The right-of-way may be or has been abandoned; and

(iii) The right-of-way has potential for future rail service.

(3) The department or the participating local jurisdiction is responsible for maintaining any right-of-way acquired under this chapter, including provisions for drainage management, fire and weed control, and liability associated with ownership.

(4) Nothing in this section impairs the reversionary rights of abutting landowners, if any, without just compensation.

(5) The department, cities, county rail districts, counties, and port districts may grant franchises to private railroads for the right to operate on lines acquired under this chapter.

(6) The department, cities, county rail districts, counties, and port districts may grant trackage rights over rail lines acquired under this chapter.

(7) If rail lines or rail rights-of-way are used by county rail districts, port districts, state agencies, or other public agencies for the purposes of rail operations and are later abandoned, the rail lines or rail rights-of-way cannot be used for any other purposes without the consent of the underlying fee title holder or reversionary rights holder, or until compensation has been made to the underlying fee title holder or reversionary rights holder.

(8) The department of transportation shall develop criteria for prioritizing freight rail projects that meet the minimum eligibility requirements for state assistance under RCW 47.76.240. The department shall develop criteria in consultation with the Washington state freight rail policy advisory committee. Project criteria should consider the level of local financial commitment to the project as well as cost/benefit ratio. Counties, local communities, railroads, shippers, and others who benefit from the project should participate financially to the greatest extent practicable.

(9) Moneys received by the department from franchise fees, trackage rights fees, and loan payments shall be redeposited in the essential rail assistance account. Repayment of loans made under this section shall occur within a period not longer than fifteen years, as set by the department. The repayment schedule and rate of interest, if any, shall be determined before the distribution of the moneys.

(10) The state shall maintain a contingent interest in any equipment, property, rail line, or facility that has outstanding grants or loans. The owner may not use the line as collateral, remove track, bridges, or associated elements for salvage, or use it in any other manner subordinating the state's interest without permission from the department.

(11) Moneys may be granted for improvements to privately owned railroads, railroad property, or other private property under this chapter for freight rail projects that meet the minimum eligibility criteria for state assistance under RCW 47.76.240, and which are supported by contractual consideration. At a minimum, such contractual consideration shall consist of defined benefits to the public with a value equal to or greater than the grant amount, and where the grant recipient provides the state a contingent interest adequate to ensure that such public benefits are realized. [2009 c 160 § 1; 1996 c 73 § 2; 1995 c 380 § 6; 1993 c 224 § 4; 1991 sp.s. c 13 § 22; 1991 c 363 § 125; 1990 c 43 § 11. Prior: 1985 c 432 § 2; 1985 c 57 § 64; 1983 c 303 § 6. Formerly RCW 47.76.030.]

**Purpose—Captions not law—1991 c 363:** See notes following RCW 2.32.180.

*County rail districts: Chapter 36.60 RCW.*

*Port districts, acquisition and operation of facilities: RCW 53.08.020.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.76.270 Essential rail banking account merged into essential rail assistance account.** The essential rail banking account is merged into the essential rail assistance account created under RCW 47.76.250. Any appropriations made to the essential rail banking account are transferred to the essential rail assistance account, and are subject to the restrictions of that account. [1995 c 380 § 7; 1993 c 224 § 6; 1991 sp.s. c 13 § 120; 1991 c 363 § 127; 1990 c 43 § 7. Formerly RCW 47.76.160.]

**Purpose—Captions not law—1991 c 363:** See notes following RCW 2.32.180.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.76.280 Sale or lease for use as rail service—Time limit.** The department may sell or lease property acquired under this chapter to a county rail district established under chapter 36.60 RCW, a county, a port district, or any other

public or private entity authorized to operate rail service. Any public or private entity that originally donated funds to the department under this chapter shall receive credit against the purchase price for the amount donated to the department, less management costs, in the event such public or private entity purchases the property from the department.

If no county rail district, county, port district, or other public or private entity authorized to operate rail service purchases or leases the property within six years after its acquisition by the department, the department may sell or lease such property in the manner provided in RCW 47.76.290. Failing this, the department may sell or convey all such property in the manner provided in RCW 47.76.300 or 47.76.320. [1995 c 380 § 8; 1993 c 224 § 7; 1991 sp.s. c 15 § 61; 1991 c 363 § 126; 1985 c 432 § 3. Formerly RCW 47.76.040.]

**Purpose—Captions not law—1991 c 363:** See notes following RCW 2.32.180.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.76.290 Sale or lease for other use—Authorized buyers, notice, terms, deed, deposit of moneys.** (1) If real property acquired by the department under this chapter is not sold to a public or private entity authorized to operate rail service within six years of its acquisition by the department, the department may sell or lease the property at fair market value to any of the following governmental entities or persons:

- (a) Any other state agency;
- (b) The city or county in which the property is situated;
- (c) Any other municipal corporation;
- (d) The former owner, heir, or successor of the property from whom the property was acquired;
- (e) Any abutting private owner or owners.

(2) Notice of intention to sell under this section shall be given by publication in one or more newspapers of general circulation in the area in which the property is situated not less than thirty days prior to the intended date of sale.

(3) Sales to purchasers may, at the department's option, be for cash or by real estate contract.

(4) Conveyances made under this section shall be by deed executed by the secretary of transportation and shall be duly acknowledged.

(5) All moneys received under this section shall be deposited in the essential rail banking account of the general fund. [1993 c 224 § 8; 1991 sp.s. c 15 § 62; 1985 c 432 § 4. Formerly RCW 47.76.050.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.76.300 Sale for other use—Governmental entity.** If real property acquired by the department under this chapter is not sold to a public or private entity authorized to operate rail service within six years of its acquisition by the department, the department may transfer and convey the property to the United States, its agencies or instrumentalities, to any other state agency, or to any county or city or port district of this state when, in the judgment of the secretary, the transfer and conveyance is consistent with the public interest. Whenever the secretary makes an agreement for any such transfer or conveyance, the secretary shall execute and deliver to the grantee a deed of conveyance, easement, or other instrument, duly acknowledged, as necessary to fulfill the terms of the

agreement. All moneys paid to the state of Washington under this section shall be deposited in the essential rail banking account of the general fund. [1993 c 224 § 9; 1991 sp.s. c 15 § 63; 1985 c 432 § 5. Formerly RCW 47.76.060.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.76.310 Rent or lease of lands.** The department is authorized subject to the provisions and requirements of zoning ordinances of political subdivisions of government, to rent or lease any lands acquired under this chapter, upon such terms and conditions as the department determines. [1993 c 224 § 10; 1991 sp.s. c 15 § 64; 1985 c 432 § 6. Formerly RCW 47.76.070.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.76.320 Sale at public auction.** (1) If real property acquired by the department under this chapter is not sold, conveyed, or leased to a public or private entity within six years of its acquisition by the department, the department may, in its discretion, sell the property at public auction in accordance with subsections (2) through (5) of this section.

(2) The department shall first give notice of the sale by publication on the same day of the week for two consecutive weeks, with the first publication at least two weeks before the date of the auction, in a legal newspaper of general circulation in the area where the property to be sold is located. The notice shall be placed in both the legal notices section and the real estate classified section of the newspaper. The notice shall contain a description of the property, the time and place of the auction, and the terms of the sale. The sale may be for cash or by real estate contract.

(3) In accordance with the terms set forth in the notice, the department shall sell the property at the public auction to the highest and best bidder if the bid is equal to or higher than the appraised fair market value of the property.

(4) If no bids are received at the auction or if all bids are rejected, the department may, in its discretion, enter into negotiations for the sale of the property or may list the property with a licensed real estate broker. No property may be sold by negotiations or through a broker for less than the property's appraised fair market value. Any offer to purchase real property under this subsection shall be in writing and may be rejected at any time before written acceptance by the department.

(5) Conveyances made under this section shall be by deed executed by the secretary of transportation and shall be duly acknowledged.

(6) All moneys received under this section shall be deposited in the essential rail banking account of the general fund. [1993 c 224 § 11; 1991 sp.s. c 15 § 65; 1985 c 432 § 7. Formerly RCW 47.76.080.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.76.330 Eminent domain exemptions.** Transfers of ownership of property acquired under this chapter are exempt from chapters 8.25 and 8.26 RCW. [1993 c 224 § 12; 1991 sp.s. c 15 § 66; 1985 c 432 § 8. Formerly RCW 47.76.090.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

(2010 Ed.)

**47.76.350 Monitoring federal rail policies.** The department of transportation shall continue to monitor federal rail policies and congressional action and communicate to Washington's congressional delegation and federal transportation agencies the need for a balanced transportation system and associated funding. [1990 c 43 § 10. Formerly RCW 47.76.190.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.76.400 Produce railcar pool—Findings—Intent.** The legislature finds that an actively coordinated and cooperatively facilitated railcar pool for transportation of perishable agricultural commodities is necessary for the continued viability and competitiveness of Washington's agricultural industry. The legislature also finds that the rail transportation model established by the Washington Grain Train program has been successful in serving the shipping needs of the wheat industry.

It is, therefore, the intent of the legislature to authorize and direct the Washington department of transportation to develop a railcar program for Washington's perishable commodity industries to be known as the Washington Produce Railcar Pool. This railcar program should be modeled from the Washington Grain Train program, but be made flexible enough to work with entities outside state government in order to fulfill its mission, including, but not limited to, the federal and local governments, commodity commissions, and private entities. [2003 c 191 § 1.]

**47.76.410 Produce railcar pool—Definition.** As used in RCW 47.76.400 through 47.76.450 "short line railroad" means a Class II or Class III railroad as defined by the United States Surface Transportation Board. [2003 c 191 § 2.]

**47.76.420 Produce railcar pool—Departmental authority.** In addition to powers otherwise granted by law, the department may establish a Washington Produce Railcar Pool to promote viable, cost-effective rail service for Washington produce, including but not limited to apples, onions, pears, and potatoes, both processed and fresh.

To the extent that funds are appropriated, the department may:

(1) Operate the Washington Produce Railcar Pool program while working in close coordination with the department of agriculture, interested commodity commissions, port districts, and other interested parties;

(2) For the purposes of this program:

(a) Purchase or lease new or used refrigerated railcars;

(b) Accept donated refrigerated railcars; and

(c) Refurbish and remodel the railcars;

(3) Hire, in consultation with affected stakeholders, including but not limited to short line railroads, commodity commissions, and port districts, a transportation management firm to perform the function outlined in RCW 47.76.440; and

(4) Contribute the efforts of a short line rail-financing expert to find funding for the project to help interested short line railroads in this state to accomplish the necessary operating arrangements once the railcars are ready for service. [2003 c 191 § 3.]

**47.76.430 Produce railcar pool—Funding.** To the extent that funds are appropriated, the department shall fund the program as follows: The department may accept funding from the federal government, or other public or private sources, to purchase or lease new or used railcars and to refurbish and remodel the railcars as needed. Nothing in this section precludes other entities, including but not limited to short line railroads, from performing the remodeling under RCW 47.76.400 through 47.76.450. [2003 c 191 § 4.]

**47.76.440 Produce railcar pool—Management.** (1) The transportation management firm hired under RCW 47.76.420(3) shall manage the day-to-day operations of the railcars, such as monitoring the location of the cars, returning them to this state, distributing them, arranging for pretrips and repairs, and arranging for per diem, mileage allowances, and other freight billing charges with the railroads.

(2) The railcar pool must be managed over the life of the railcars so that the railcars will be distributed to railroads and port districts around the state for produce loadings as market conditions warrant or to other users, including out-of-state users by contractual agreement, during times of excess capacity.

(3) To maximize railcar availability and use, the department or the transportation management firm may make agreements with the transcontinental railroad systems to pool Washington-owned or Washington-managed railcars with those of the railroads. In such instances, the railroad must agree to provide immediately an equal number of railcars to the Washington railcar pool.

(4) The department shall act in an oversight role to verify that the railcar pool is managed in accordance with subsections (2) and (3) of this section. [2003 c 191 § 5.]

**47.76.450 Produce railcar pool account.** The produce railcar pool account is created in the custody of the state treasurer. All receipts from per diem charges, mileage charges, and freight billing charges paid by railroads and shippers that use the railcars in the Washington Produce Railcar Pool must be deposited into the account. Expenditures from the account may be used only for the purposes of RCW 47.76.400 through 47.76.440. Only the secretary of transportation or the secretary's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures. [2003 c 191 § 6.]

**47.76.900 Captions not law—2003 c 191.** Section captions used in this act are not part of the law. [2003 c 191 § 8.]

### Chapter 47.78 RCW

#### HIGH CAPACITY TRANSPORTATION DEVELOPMENT

(Formerly: Rail service development)

##### Sections

47.78.010 High capacity transportation account.

**47.78.010 High capacity transportation account.** There is hereby established in the state treasury the high

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capacity transportation account. Money in the account shall be used, after appropriation, for local high capacity transportation purposes including rail freight, activities associated with freight mobility, and commute trip reduction activities. [1997 c 457 § 513; (1995 2nd sp.s. c 14 § 528 expired June 30, 1997); 1991 sp.s. c 13 §§ 66, 121; 1990 c 43 § 47; 1987 c 428 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

### Chapter 47.79 RCW

#### HIGH-SPEED GROUND TRANSPORTATION

##### Sections

47.79.010	Legislative declaration.
47.79.020	Program established—Goals.
47.79.030	Project priority—Funding sources.
47.79.040	Rail passenger plan.
47.79.050	Facility acquisition and management.
47.79.060	Gifts.
47.79.070	Adjacent real property.
47.79.110	King Street station—Findings.
47.79.120	King Street station—Acquisition.
47.79.130	King Street station—Department's powers and duties.
47.79.140	King Street station—Leases and contracts for multimodal terminal.
47.79.150	King Street railroad station facility account.
47.79.900	Effective date—1993 c 381.

**47.79.010 Legislative declaration.** The legislature recognizes that major intercity transportation corridors in this state are becoming increasingly congested. In these corridors, population is expected to grow by nearly forty percent over the next twenty years, while employment will grow by nearly fifty percent. The estimated seventy-five percent increase in intercity travel demand must be accommodated to ensure state economic vitality and protect the state's quality of life.

The legislature finds that high-speed ground transportation offers a safer, more efficient, and environmentally responsible alternative to increasing highway capacity. High-speed ground transportation can complement and enhance existing air transportation systems. High-speed ground transportation can be compatible with growth management plans in counties and cities served by such a system. Further, high-speed ground transportation offers a reliable, all-weather service capable of significant energy savings over other intercity modes. [1993 c 381 § 1.]

**47.79.020 Program established—Goals.** The legislature finds that there is substantial public benefit to establishing a high-speed ground transportation program in this state. The program shall implement the recommendations of the high-speed ground transportation steering committee report dated October 15, 1992. The program shall be administered by the department of transportation in close cooperation with the utilities and transportation commission and affected cities and counties.

The high-speed ground transportation program shall have the following goals:

(1) Implement high-speed ground transportation service offering top speeds over 150 m.p.h. between Everett and Portland, Oregon by 2020. This would be accomplished by meeting the intermediate objectives of a maximum travel time between downtown Portland and downtown Seattle of

two hours and thirty minutes by the year 2000 and maximum travel time of two hours by the year 2010;

(2) Implement high-speed ground transportation service offering top speeds over 150 m.p.h. between Everett and Vancouver, B.C. by 2025;

(3) Implement high-speed ground transportation service offering top speeds over 150 m.p.h. between Seattle and Spokane by 2030.

The department of transportation shall, subject to legislative appropriation, implement such projects as necessary to achieve these goals in accordance with the implementation plans identified in RCW 47.79.030 and 47.79.040. [1993 c 381 § 2.]

**47.79.030 Project priority—Funding sources.** The legislature finds it important to develop public support and awareness of the benefits of high-speed ground transportation by developing high-quality intercity passenger rail service as a first step. This high-quality intercity passenger rail service shall be developed through incremental upgrading of the existing service. The department of transportation shall, subject to legislative appropriation, develop a prioritized list of projects to improve existing passenger rail service and begin new passenger rail service, to include but not be limited to:

(1) Improvement of depots;

(2) Improved grade crossing protection or grade crossing elimination;

(3) Enhanced train signals to improve rail corridor capacity and increase train speeds;

(4) Revised track geometry or additional trackage to improve ride quality and increase train speeds; and

(5) Contract for new or improved service in accordance with federal requirements to improve service frequency.

Service enhancements and station improvements must be based on the extent to which local comprehensive plans contribute to the viability of intercity passenger rail service, including providing efficient connections with other transportation modes such as transit, intercity bus, and roadway networks. Before spending state moneys on these projects, the department of transportation shall seek federal, local, and private funding participation to the greatest extent possible. Funding priorities for station improvements must also be based on the level of local and private in-kind and cash contributions. [1993 c 381 § 3.]

**47.79.040 Rail passenger plan.** The legislature recognizes the need to plan for the high-speed ground transportation service and the high-quality intercity rail passenger service set forth in RCW 47.79.020 and 47.79.030. The department of transportation shall, subject to legislative appropriation, develop a rail passenger plan through the conduct of studies addressing, but not limited to, the following areas:

(1) Refined ridership estimates;

(2) Preliminary location and environmental analysis on new corridors;

(3) Detailed station location assessments in concert with affected local jurisdictions;

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(4) Coordination with the air transportation commission on statewide air transportation policy and its effects on high-speed ground transportation service; and

(5) Coordination with the governments of Oregon and British Columbia, when appropriate, on alignment, station location, and environmental analysis. [1993 c 381 § 4.]

**47.79.050 Facility acquisition and management.** Subject to appropriation, the department is authorized to acquire by purchase, lease, condemnation, gift, devise, bequest, grant, or exchange, title to or any interests or rights in real property adjacent to or used in association with state intercity passenger rail service which may include, but are not limited to, depots, platforms, parking areas, and maintenance facilities. The department is authorized to contract with a public or private entity for the operation, maintenance, and/or management of these facilities. [1999 c 253 § 1.]

**47.79.060 Gifts.** Subject to appropriation, the department is authorized to accept and expend or use gifts, grants, and donations for the benefit of any depot, platform, parking area, maintenance facility, or other associated rail facility. However, such an expenditure shall be for the public benefit of the state's intercity passenger rail service. [1999 c 253 § 2.]

**47.79.070 Adjacent real property.** Subject to appropriation, the department is authorized to exercise all the powers and perform all the duties necessary, convenient, or incidental to the planning, designing, constructing, improving, repairing, operating, and maintaining real property adjacent to or used in association with the state intercity passenger rail service which may include, but are not limited to, depots, platforms, parking areas, and maintenance facilities, even if such real property is owned or controlled by another entity. However, any expenditure of public funds for these purposes shall be directly related to public benefit of the state's intercity passenger rail service. The department shall enter into a written contract with the affected real property owners to secure the public's investment. [1999 c 253 § 3.]

**47.79.110 King Street station—Findings.** The legislature finds that a balanced, multimodal transportation system is an essential element of the state's infrastructure, and that effective rail passenger service is an integral part of a balanced, multimodal transportation system. The legislature further finds that the King Street railroad station is the key hub for both Puget Sound's intermodal passenger transportation system and the state's rail passenger system. The legislature recognizes that the redevelopment of the King Street railroad station depot, along with necessary and related properties, is critical to its continued functioning as a transportation hub and finds that innovative funding arrangements can materially assist in furthering the redevelopment at reduced public expense. [2001 c 62 § 1.]

**Effective date—2001 c 62:** "Due to the irrevocable expiration of federal and Amtrak funds critical to the redevelopment of the King Street railroad station on or before June 30, 2001, sections 1 through 6 of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and take effect immediately [April 18, 2001]." [2001 c 62 § 7.]

**47.79.120 King Street station—Acquisition.** The department may acquire, or contract to acquire, by purchase, lease, option to lease or purchase, condemnation, gift, devise, bequest, grant, or exchange of title, the King Street railroad station depot located in Seattle, or any interests or rights in it, and other real property and improvements adjacent to, or used in association with, the King Street railroad station depot. The property may include, but not be limited to, the depot, platforms, parking areas, pedestrian and vehicle access areas, and maintenance facilities. These properties, in the aggregate, will be known as the King Street railroad station. [2001 c 62 § 2.]

**Effective date—2001 c 62:** See note following RCW 47.79.110.

**47.79.130 King Street station—Department's powers and duties.** During all periods that the department contracts to own or lease some, or all, of the King Street railroad station properties, the department may exercise all the powers and perform all the duties necessary, convenient, or incidental for planning, designing, constructing, improving, repairing, renovating, restoring, operating, and maintaining the King Street railroad station properties. These powers also include authority to lease or sell, assign, sublease, or otherwise transfer all, or portions of, the King Street railroad station properties for transportation or other public or private purposes and to contract with other public or private entities for the operation, administration, maintenance, or improvement of the King Street railroad station properties after the department takes possession of some, or all, of the properties, as the secretary deems appropriate. If the department transfers any of its fee ownership interests in the King Street railroad station properties, proceeds from the transaction must be placed in an account that supports multimodal programs, but not into an account restricted by Article II, section 40 of the state Constitution. [2001 c 62 § 3.]

**Effective date—2001 c 62:** See note following RCW 47.79.110.

**47.79.140 King Street station—Leases and contracts for multimodal terminal.** To facilitate tax exempt financing for the acquisition and improvement of the King Street railroad station, the department may lease from or contract with public or private entities for the acquisition, lease, operation, maintenance, financing, renovation, restoration, or management of some, or all, of the King Street railroad station properties as a multimodal terminal that supports the state intercity passenger rail service. The leases or contracts are not subject to either chapter 39.94 or 43.82 RCW. The leases and contracts will expire no later than fifty years from the time they are executed, and at that time the department will either receive title or have the right to receive title to the financed property without additional obligation to compensate the owner of those properties for the acquisition of them. The secretary may take all actions necessary, convenient, or incidental to the financing. [2001 c 62 § 4.]

**Effective date—2001 c 62:** See note following RCW 47.79.110.

**47.79.150 King Street railroad station facility account.** (1) The department may establish the King Street railroad station facility account as an interest-bearing local account. Receipts from the sources listed in subsection (2) of

this section must be deposited into the account. Nothing in this section is a pledge of funds deposited to the account for repayment of tax exempt financing related to the King Street railroad station. The department may invest funds from the account as permitted by law and may enter into contracts with financial advisors as deemed necessary for that purpose. Only the secretary or the secretary's designee may authorize expenditures from the account.

(2) All funds appropriated to the King Street railroad station facility account by the legislature; all contributions, payments, grants, gifts, and donations to the account from other public or private entities; all receipts from departmental transactions involving capital facility sales, transfers, property leases and rents, incomes, and parking fees associated with the King Street railroad station; as well as all investment income associated with the account must be deposited into the King Street railroad station facility account for purposes specified in subsection (3) of this section.

(3) All funds deposited into the King Street railroad station facility account must be expended by the department solely to pay the following expenses:

(a) Costs for management of the account;

(b) Purchase and acquisition costs for King Street railroad station properties;

(c) Payments, including incidental expenses, relating to the King Street railroad station depot as required by a lease or contract under RCW 47.79.140;

(d) Maintenance and operating costs for the King Street railroad station properties; and

(e) Capital improvement projects initiated by the department associated with, and for the benefit of, the King Street railroad station depot occurring after the date of the department's beneficial occupancy of the renovated King Street railroad station depot, and for capital improvement projects initiated at any time by the department for the benefit of King Street railroad station properties other than the depot including, but not limited to, improvements to associated platforms, parking areas, temporary buildings, maintenance facilities, pedestrian access, and other improvements essential to the operation of the station as a multimodal terminal.

(4) Nothing in this section is intended to restrict the right of the department from otherwise funding purchase, acquisition, capital improvement, maintenance, rental, operational, and other incidental costs relating to the King Street railroad station from appropriations and resources that are not designated for deposit in the King Street railroad station facility account. [2001 c 62 § 5.]

**Effective date—2001 c 62:** See note following RCW 47.79.110.

**47.79.900 Effective date—1993 c 381.** This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and shall take effect July 1, 1993. [1993 c 381 § 5.]

## Chapter 47.80 RCW

REGIONAL TRANSPORTATION  
PLANNING ORGANIZATIONS

## Sections

47.80.010	Findings—Declaration.
47.80.011	Legislative intent.
47.80.020	Regional transportation planning organizations authorized.
47.80.023	Duties.
47.80.026	Comprehensive plans, transportation guidelines, and principles.
47.80.030	Regional transportation plan—Contents, review, use.
47.80.040	Transportation policy boards.
47.80.050	Allocation of regional transportation planning funds.
47.80.060	Executive board membership.
47.80.070	Statewide consistency.
47.80.080	Majority vote on state matters.
47.80.090	Regional transportation planning organizations—Electric vehicle infrastructure.
47.80.900	Severability—1990 1st ex.s. c 17.
47.80.901	Part, section headings not law—1990 1st ex.s. c 17.
47.80.902	Captions not part of law—1994 c 158.
47.80.903	Severability—1994 c 158.
47.80.904	Effective date—1994 c 158.

*Staff support for local coordinating coalition, provision of: RCW 47.06B.070.*

**47.80.010 Findings—Declaration.** The legislature finds that while the transportation system in Washington is owned and operated by numerous public jurisdictions, it should function as one interconnected and coordinated system. Transportation planning, at all jurisdictional levels, should be coordinated with local comprehensive plans. Further, local jurisdictions and the state should cooperate to achieve both statewide and local transportation goals. To facilitate this coordination and cooperation among state and local jurisdictions, the legislature declares it to be in the state's interest to establish a coordinated planning program for regional transportation systems and facilities throughout the state. [1990 1st ex.s. c 17 § 53.]

**47.80.011 Legislative intent.** The legislature recognizes that recent legislative enactments have significantly added to the complexity of and to the potential for benefits from integrated transportation and comprehensive planning and that there is currently a unique opportunity for integration of local comprehensive plans and regional goals with state and local transportation programs. Further, approaches to transportation demand management initiatives and local and state transportation funding can be better coordinated to insure an efficient, effective transportation system that insures mobility and accessibility, and addresses community needs.

The legislature further finds that transportation and land use share a critical relationship that policymakers can better utilize to address regional strategies.

Prudent and cost-effective investment by the state and by local governments in highway facilities, local streets and arterials, rail facilities, marine facilities, nonmotorized transportation facilities and systems, public transit systems, transportation system management, transportation demand management, and the development of high capacity transit systems can help to effectively address mobility needs. Such investment can also enhance local and state objectives for effective comprehensive planning, economic development strategies, and clean air policies.

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The legislature finds that addressing public initiatives regarding transportation and comprehensive planning necessitates an innovative approach. Improved integration between transportation and comprehensive planning among public institutions, particularly in the state's largest metropolitan areas is considered by the state to be imperative, and to have significant benefit to the citizens of Washington. [1994 c 158 § 1.]

**47.80.020 Regional transportation planning organizations authorized.** The legislature hereby authorizes creation of regional transportation planning organizations within the state. Each regional transportation planning organization shall be formed through the voluntary association of local governments within a county, or within geographically contiguous counties. Each organization shall:

- (1) Encompass at least one complete county;
- (2) Have a population of at least one hundred thousand, or contain a minimum of three counties; and
- (3) Have as members all counties within the region, and at least sixty percent of the cities and towns within the region representing a minimum of seventy-five percent of the cities' and towns' population.

The state department of transportation must verify that each regional transportation planning organization conforms with the requirements of this section.

In urbanized areas, the regional transportation planning organization is the same as the metropolitan planning organization designated for federal transportation planning purposes. [1990 1st ex.s. c 17 § 54.]

**47.80.023 Duties.** Each regional transportation planning organization shall have the following duties:

- (1) Prepare and periodically update a transportation strategy for the region. The strategy shall address alternative transportation modes and transportation demand management measures in regional corridors and shall recommend preferred transportation policies to implement adopted growth strategies. The strategy shall serve as a guide in preparation of the regional transportation plan.
- (2) Prepare a regional transportation plan as set forth in RCW 47.80.030 that is consistent with countywide planning policies if such have been adopted pursuant to chapter 36.70A RCW, with county, city, and town comprehensive plans, and state transportation plans.
- (3) Certify by December 31, 1996, that the transportation elements of comprehensive plans adopted by counties, cities, and towns within the region reflect the guidelines and principles developed pursuant to RCW 47.80.026, are consistent with the adopted regional transportation plan, and, where appropriate, conform with the requirements of RCW 36.70A.070.

(4) Where appropriate, certify that countywide planning policies adopted under RCW 36.70A.210 and the adopted regional transportation plan are consistent.

(5) Develop, in cooperation with the department of transportation, operators of public transportation services and local governments within the region, a six-year regional transportation improvement program which proposes regionally significant transportation projects and programs and

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transportation demand management measures. The regional transportation improvement program shall be based on the programs, projects, and transportation demand management measures of regional significance as identified by transit agencies, cities, and counties pursuant to RCW 35.58.2795, 35.77.010, and 36.81.121, respectively, and any recommended programs or projects identified by the agency council on coordinated transportation, as provided in chapter 47.06B RCW, that advance special needs coordinated transportation as defined in RCW 47.06B.012. The program shall include a priority list of projects and programs, project segments and programs, transportation demand management measures, and a specific financial plan that demonstrates how the transportation improvement program can be funded. The program shall be updated at least every two years for the ensuing six-year period.

(6) Include specific opportunities and projects to advance special needs coordinated transportation, as defined in RCW 47.06B.012, in the coordinated transit-human services transportation plan, after providing opportunity for public comment.

(7) Designate a lead planning agency to coordinate preparation of the regional transportation plan and carry out the other responsibilities of the organization. The lead planning agency may be a regional organization, a component county, city, or town agency, or the appropriate Washington state department of transportation district office.

(8) Review level of service methodologies used by cities and counties planning under chapter 36.70A RCW to promote a consistent regional evaluation of transportation facilities and corridors.

(9) Work with cities, counties, transit agencies, the department of transportation, and others to develop level of service standards or alternative transportation performance measures.

(10) Submit to the agency council on coordinated transportation, as provided in chapter 47.06B RCW, beginning on July 1, 2007, and every four years thereafter, an updated plan that includes the elements identified by the council. Each regional transportation planning organization must submit to the council every two years a prioritized regional human service and transportation project list. [2009 c 515 § 15; 2007 c 421 § 5; 1998 c 171 § 8; 1994 c 158 § 2.]

**47.80.026 Comprehensive plans, transportation guidelines, and principles.** Each regional transportation planning organization, with cooperation from component cities, towns, and counties, shall establish guidelines and principles by July 1, 1995, that provide specific direction for the development and evaluation of the transportation elements of comprehensive plans, where such plans exist, and to assure that state, regional, and local goals for the development of transportation systems are met. These guidelines and principles shall address at a minimum the relationship between transportation systems and the following factors: Concentration of economic activity, residential density, development corridors and urban design that, where appropriate, supports high capacity transit, freight transportation and port access, development patterns that promote pedestrian and nonmotorized transportation, circulation systems, access to regional systems, effective and efficient highway systems, the ability

of transportation facilities and programs to retain existing and attract new jobs and private investment and to accommodate growth in demand, transportation demand management, joint and mixed use developments, present and future railroad right-of-way corridor utilization, and intermodal connections.

Examples shall be published by the organization to assist local governments in interpreting and explaining the requirements of this section. [1994 c 158 § 3.]

**47.80.030 Regional transportation plan—Contents, review, use.** (1) Each regional transportation planning organization shall develop in cooperation with the department of transportation, providers of public transportation and high capacity transportation, ports, and local governments within the region, adopt, and periodically update a regional transportation plan that:

(a) Is based on a least cost planning methodology that identifies the most cost-effective facilities, services, and programs;

(b) Identifies existing or planned transportation facilities, services, and programs, including but not limited to major roadways including state highways and regional arterials, transit and nonmotorized services and facilities, multimodal and intermodal facilities, marine ports and airports, railroads, and noncapital programs including transportation demand management that should function as an integrated regional transportation system, giving emphasis to those facilities, services, and programs that exhibit one or more of the following characteristics:

(i) Crosses member county lines;

(ii) Is or will be used by a significant number of people who live or work outside the county in which the facility, service, or project is located;

(iii) Significant impacts are expected to be felt in more than one county;

(iv) Potentially adverse impacts of the facility, service, program, or project can be better avoided or mitigated through adherence to regional policies;

(v) Transportation needs addressed by a project have been identified by the regional transportation planning process and the remedy is deemed to have regional significance; and

(vi) Provides for system continuity;

(c) Establishes level of service standards for state highways and state ferry routes, with the exception of transportation facilities of statewide significance as defined in RCW 47.06.140. These regionally established level of service standards for state highways and state ferries shall be developed jointly with the department of transportation, to encourage consistency across jurisdictions. In establishing level of service standards for state highways and state ferries, consideration shall be given for the necessary balance between providing for the free interjurisdictional movement of people and goods and the needs of local commuters using state facilities;

(d) Includes a financial plan demonstrating how the regional transportation plan can be implemented, indicating resources from public and private sources that are reasonably expected to be made available to carry out the plan, and rec-

ommending any innovative financing techniques to finance needed facilities, services, and programs;

(e) Assesses regional development patterns, capital investment and other measures necessary to:

(i) Ensure the preservation of the existing regional transportation system, including requirements for operational improvements, resurfacing, restoration, and rehabilitation of existing and future major roadways, as well as operations, maintenance, modernization, and rehabilitation of existing and future transit, railroad systems and corridors, and nonmotorized facilities; and

(ii) Make the most efficient use of existing transportation facilities to relieve vehicular congestion and maximize the mobility of people and goods;

(f) Sets forth a proposed regional transportation approach, including capital investments, service improvements, programs, and transportation demand management measures to guide the development of the integrated, multimodal regional transportation system. For regional growth centers, the approach must address transportation concurrency strategies required under RCW 36.70A.070 and include a measurement of vehicle level of service for off-peak periods and total multimodal capacity for peak periods; and

(g) Where appropriate, sets forth the relationship of high capacity transportation providers and other public transit providers with regard to responsibility for, and the coordination between, services and facilities.

(2) The organization shall review the regional transportation plan biennially for currency and forward the adopted plan along with documentation of the biennial review to the state department of transportation.

(3) All transportation projects, programs, and transportation demand management measures within the region that have an impact upon regional facilities or services must be consistent with the plan and with the adopted regional growth and transportation strategies. [2005 c 328 § 2; 1998 c 171 § 9; 1994 c 158 § 4; 1990 1st ex.s. c 17 § 55.]

**47.80.040 Transportation policy boards.** Each regional transportation planning organization shall create a transportation policy board. Transportation policy boards shall provide policy advice to the regional transportation planning organization and shall allow representatives of major employers within the region, the department of transportation, transit districts, port districts, and member cities, towns, and counties within the region to participate in policy making. Any members of the house of representatives or the state senate whose districts are wholly or partly within the boundaries of the regional transportation planning organization are considered ex officio, nonvoting policy board members of the regional transportation planning organization. This does not preclude legislators from becoming full-time, voting board members. [2003 c 351 § 1; 1990 1st ex.s. c 17 § 56.]

**47.80.050 Allocation of regional transportation planning funds.** Biennial appropriations to the department of transportation to carry out the regional transportation plan-

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ning program shall set forth the amounts to be allocated as follows:

(1) A base amount per county for each county within each regional transportation planning organization, to be distributed to the lead planning agency;

(2) An amount to be distributed to each lead planning agency on a per capita basis; and

(3) An amount to be administered by the department of transportation as a discretionary grant program for special regional planning projects, including grants to allow counties which have significant transportation interests in common with an adjoining region to also participate in that region's planning efforts. [1990 1st ex.s. c 17 § 57.]

**47.80.060 Executive board membership.** In order to qualify for state planning funds available to regional transportation planning organizations, the regional transportation planning organizations containing any county with a population in excess of one million shall provide voting membership on its executive board to the state transportation commission, the state department of transportation, the four largest public port districts within the region as determined by gross operating revenues, any incorporated principal city of a metropolitan statistical area within the region, as designated by the United States census bureau, and any incorporated city within the region with a population in excess of eighty thousand. It shall further assure that at least fifty percent of the county and city local elected officials who serve on the executive board also serve on transit agency boards or on a regional transit authority. [2007 c 511 § 1; 2005 c 334 § 1; 1992 c 101 § 31.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**47.80.070 Statewide consistency.** In order to ensure statewide consistency in the regional transportation planning process, the state department of transportation, in conformance with chapter 34.05 RCW, shall:

(1) In cooperation with regional transportation planning organizations, establish minimum standards for development of a regional transportation plan;

(2) Facilitate coordination between regional transportation planning organizations; and

(3) Through the regional transportation planning process, and through state planning efforts as required by RCW 47.01.071, identify and jointly plan improvements and strategies within those corridors important to moving people and goods on a regional or statewide basis. [1994 c 158 § 5.]

**47.80.080 Majority vote on state matters.** When voting on matters solely affecting Washington state, a regional transportation planning organization must obtain a majority vote of the Washington residents serving as members of the regional transportation planning organization before a matter may be adopted. [2003 c 351 § 2.]

**47.80.090 Regional transportation planning organizations—Electric vehicle infrastructure.** (1) A regional transportation planning organization containing any county with a population in excess of one million in collaboration with representatives from the department of ecology, the

\*department of community, trade, and economic development, local governments, and the office of regulatory assistance must seek federal or private funding for the planning for, deployment of, or regulations concerning electric vehicle infrastructure. These efforts should include:

(a) Development of short-term and long-term plans outlining how state, regional, and local government construction may include electric vehicle infrastructure in publicly available off-street parking and government fleet vehicle parking, including what ratios of charge spots to parking may be appropriate based on location or type of facility or building;

(b) Consultations with the state building code council and the department of labor and industries to coordinate the plans with state standards for new residential, commercial, and industrial buildings to ensure that the appropriate electric circuitry is installed to support electric vehicle infrastructure;

(c) Consultation with the workforce development council and the higher education coordinating board to ensure the development of appropriate educational and training opportunities for citizens of the state in support of the transition of some portion of vehicular transportation from combustion to electric vehicles;

(d) Development of an implementation plan for counties with a population greater than five hundred thousand with the goal of having public and private parking spaces, in the aggregate, be ten percent electric vehicle ready by December 31, 2018; and

(e) Development of model ordinances and guidance for local governments for siting and installing electric vehicle infrastructure, in particular battery charging stations, and appropriate handling, recycling, and storage of electric vehicle batteries and equipment.

(2) These plans and any recommendations developed as a result of the consultations required by this section must be submitted to the legislature by December 31, 2010, or as soon as reasonably practicable after the securing of any federal or private funding. Priority will be given to the activities in subsection (1)(e) of this section and any ordinances or guidance that is developed will be submitted to the legislature, the \*department of community, trade, and economic development, and affected local governments prior to December 31, 2010, if completed.

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

(a) "Battery charging station" means an electrical component assembly or cluster of component assemblies designed specifically to charge batteries within electric vehicles, which meet or exceed any standards, codes, and regulations set forth by chapter 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

(b) "Battery exchange station" means a fully automated facility that will enable an electric vehicle with a swappable battery to enter a drive lane and exchange the depleted battery with a fully charged battery through a fully automated process, which meets or exceeds any standards, codes, and regulations set forth by chapter 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

(c) "Electric vehicle infrastructure" means structures, machinery, and equipment necessary and integral to support

an electric vehicle, including battery charging stations, rapid charging stations, and battery exchange stations.

(d) "Rapid charging station" means an industrial grade electrical outlet that allows for faster recharging of electric vehicle batteries through higher power levels, which meets or exceeds any standards, codes, and regulations set forth by chapter 19.28 RCW and consistent with rules adopted under RCW 19.27.540. [2009 c 459 § 2.]

\*Reviser's note: The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

**Finding—Purpose—2009 c 459:** "The legislature finds the development of electric vehicle infrastructure to be a critical step in creating jobs, fostering economic growth, reducing greenhouse gas emissions, reducing our reliance on foreign fuels, and reducing the pollution of Puget Sound attributable to the operation of petroleum-based vehicles on streets and highways. Limited driving distance between battery charges is a fundamental disadvantage and obstacle to broad consumer adoption of vehicles powered by electricity. In order to eliminate this fundamental disadvantage and dramatically increase consumer acceptance and usage of electric vehicles, it is essential that an infrastructure of convenient electric vehicle charging opportunities be developed. The purpose of this act is to encourage the transition to electric vehicle use and to expedite the establishment of a convenient, cost-effective, electric vehicle infrastructure that such a transition necessitates. The state's success in encouraging this transition will serve as an economic stimulus to the creation of short-term and long-term jobs as the entire automobile industry and its associated direct and indirect jobs transform over time from combustion to electric vehicles." [2009 c 459 § 1.]

**47.80.900 Severability—1990 1st ex.s. c 17.** See RCW 36.70A.900.

**47.80.901 Part, section headings not law—1990 1st ex.s. c 17.** See RCW 36.70A.901.

**47.80.902 Captions not part of law—1994 c 158.** Captions used in this act do not constitute any part of the law. [1994 c 158 § 11.]

**47.80.903 Severability—1994 c 158.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1994 c 158 § 12.]

**47.80.904 Effective date—1994 c 158.** This act shall take effect July 1, 1994. [1994 c 158 § 13.]

## Chapter 47.82 RCW AMTRAK

### Sections

47.82.010	Service improvement program.
47.82.020	Depot upgrading.
47.82.030	Service extension.
47.82.040	Coordination with other rail systems and common carriers.
47.82.900	Construction—Severability—Headings—1990 c 43.

**47.82.010 Service improvement program.** The department, in conjunction with local jurisdictions, shall coordinate as appropriate with the designated metropolitan planning organizations to develop a program for improving Amtrak passenger rail service. The program may include:

(1) Determination of the appropriate level of Amtrak passenger rail service;

(2) Implementation of higher train speeds for Amtrak passenger rail service, where safety considerations permit;

(3) Recognition, in the state's long-range planning process, of potential higher speed intercity passenger rail service, while monitoring socioeconomic and technological conditions as indicators for higher speed systems; and

(4) Identification of existing intercity rail rights-of-way which may be used for public transportation corridors in the future. [1990 c 43 § 36.]

**47.82.020 Depot upgrading.** The department shall, when feasible, assist local jurisdictions in upgrading Amtrak depots. Multimodal use of these facilities shall be encouraged. [1990 c 43 § 37.]

**47.82.030 Service extension.** (1) The department, in conjunction with local jurisdictions, shall coordinate as appropriate with designated metropolitan and provincial transportation organizations to pursue resumption of Amtrak service from Seattle to Vancouver, British Columbia, via Everett, Mount Vernon, and Bellingham.

(2) The department, in conjunction with local jurisdictions, shall study potential Amtrak service on the following routes:

(a) Daytime Spokane-Wenatchee-Seattle service;

(b) Daytime Spokane-Tri-Cities-Vancouver-Portland service;

(c) Tri-Cities-Yakima-Ellensburg-Seattle service, if the Stampede Pass route is reopened; and

(d) More frequent Portland-Vancouver-Kelso-Centralia-Olympia-Tacoma-Seattle service or increments thereof. [1990 c 43 § 38.]

**47.82.040 Coordination with other rail systems and common carriers.** The department, with other state and local agencies shall coordinate as appropriate with designated metropolitan planning organizations to provide public information with respect to common carrier passenger transportation. This information may include maps, routes, and schedules of passenger rail service, local transit agencies, air carriers, private ground transportation providers, and international, state, and local ferry services.

The state shall continue its cooperative relationship with Amtrak and Canadian passenger rail systems. [1990 c 43 § 39.]

**47.82.900 Construction—Severability—Headings—1990 c 43.** See notes following RCW 81.100.010.

## Chapter 47.98 RCW CONSTRUCTION

### Sections

47.98.010	Continuation of existing law.
47.98.020	Provisions to be construed in <i>pari materia</i> .
47.98.030	Title, chapter, section headings not part of law.
47.98.040	Invalidity of part of title not to affect remainder.
47.98.041	Severability—1963 ex.s. c 3.
47.98.042	Severability—1965 ex.s. c 170.
47.98.043	Severability—1967 ex.s. c 145.
47.98.044	Severability—1967 c 108.

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47.98.045	Severability—1969 ex.s. c 281.
47.98.050	Repeals and saving.
47.98.060	Emergency—1961 c 13.
47.98.070	Federal requirements.
47.98.080	Severability—1977 ex.s. c 151.
47.98.090	Liberal construction.

**47.98.010 Continuation of existing law.** The provisions of this title insofar as they are substantially the same as statutory provisions repealed by this chapter, and relating to the same subject matter, shall be construed as restatements and continuations, and not as new enactments. Nothing in this 1961 reenactment of this title shall be construed as authorizing any new bond issues or new or additional appropriations of moneys but the bond issue authorizations herein contained shall be construed only as continuations of bond issues authorized by prior laws herein repealed and reenacted, and the appropriations of moneys herein contained are continued herein for historical purposes only and this act shall not be construed as a reappropriation thereof and no appropriation contained herein shall be deemed to be extended or revived hereby and such appropriation shall lapse or shall have lapsed in accordance with the original enactment: PROVIDED, That this act shall not operate to terminate, extend, or otherwise affect any appropriation for the biennium commencing July 1, 1959 and ending June 30, 1961. [1961 c 13 § 47.98.010.]

**47.98.020 Provisions to be construed in *pari materia*.** The provisions of this title shall be construed in *pari materia* even though as a matter of prior legislative history they were not originally enacted in the same statute. The provisions of this title shall also be construed in *pari materia* with the provisions of Title 46 RCW, and with other laws relating to highways, roads, streets, bridges, ferries and vehicles. This section shall not operate retroactively. [1961 c 13 § 47.98.020.]

**47.98.030 Title, chapter, section headings not part of law.** Title headings, chapter headings, and section or subsection headings, as used in this title do not constitute any part of the law. [1961 c 13 § 47.98.030.]

**47.98.040 Invalidity of part of title not to affect remainder.** If any provision of this title, or its application to any person or circumstance is held invalid, the remainder of the title, or the application of the provision to other persons or circumstances is not affected. [1961 c 13 § 47.98.040.]

**47.98.041 Severability—1963 ex.s. c 3.** If any phrase, clause, subsection or section of this act shall be declared unconstitutional or invalid by any court of competent jurisdiction, it shall be conclusively presumed that the legislature would have enacted this act without the phrase, clause, subsection or section so held unconstitutional or invalid and the remainder of the act shall not be affected as a result of said part being held unconstitutional or invalid. [1963 ex.s. c 3 § 57.]

**47.98.042 Severability—1965 ex.s. c 170.** If any provision of this act, or its application to any person or circumstance is held invalid, the remainder of the act, or the applica-

tion of the provision to other persons or circumstances is not affected. [1965 ex.s. c 170 § 70.]

\*Reviser's note: RCW 47.01.011 was decodified pursuant to 1985 c 6 § 26.

**47.98.043 Severability—1967 ex.s. c 145.** If any provision of this 1967 amendatory act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected. [1967 ex.s. c 145 § 73.]

**47.98.044 Severability—1967 c 108.** If any provision of this act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected. [1967 c 108 § 14.]

**47.98.045 Severability—1969 ex.s. c 281.** If any provision of this act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected. [1969 ex.s. c 281 § 64.]

**47.98.050 Repeals and saving.** See 1961 c 13 § 47.98.050.

**47.98.060 Emergency—1961 c 13.** This act is necessary for the immediate preservation of the public peace, health and safety, the support of the state government and its existing institutions and shall take effect immediately: PROVIDED, That the effective date of sections \*47.16.160, 47.20.110, and 47.20.380 shall be July 1, 1961. [1961 c 13 § 47.98.060.]

\*Reviser's note: RCW 47.16.160, 47.20.110, and 47.20.380 were repealed by 1970 ex.s. c 51.

**47.98.070 Federal requirements.** If any part of this title or any section of this 1977 amendatory act is ruled to be in conflict with federal requirements which are a prescribed condition of the allocation of federal funds to the state, or to any department or agencies thereof, such conflicting part or section is declared to be inoperative solely to the extent of the conflict. No such ruling shall affect the operation of the remainder of the act. Any internal reorganization carried out under the terms of this title or any section of this 1977 amendatory act shall meet federal requirements which are a necessary condition to the receipt of federal funds by the state. [1977 ex.s. c 151 § 76.]

**47.98.080 Severability—1977 ex.s. c 151.** If any provision of this 1977 amendatory act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected. [1977 ex.s. c 151 § 77.]

**47.98.090 Liberal construction.** The rule of strict construction shall have no application to this title, and it shall be liberally construed in order to carry out the objectives for which it is designed. Any ambiguities arising from its interpretation should be resolved consistently with the broad purposes set forth in \*RCW 47.01.011. [1977 ex.s. c 151 § 78.]

# Title 48

## INSURANCE

### Chapters

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## Chapter 48.01 RCW INITIAL PROVISIONS

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**48.01.010 Short title.** Title 48 RCW constitutes the insurance code. [1975 1st ex.s. c 266 § 2; 1947 c 79 § .01.01; Rem. Supp. 1947 § 45.01.01.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.01.020 Scope of code.** All insurance and insurance transactions in this state, or affecting subjects located wholly or in part or to be performed within this state, and all persons having to do therewith are governed by this code. [1947 c 79 § .01.02; Rem. Supp. 1947 § 45.01.02.]

**48.01.030 Public interest.** The business of insurance is one affected by the public interest, requiring that all persons be actuated by good faith, abstain from deception, and practice honesty and equity in all insurance matters. Upon the insurer, the insured, their providers, and their representatives rests the duty of preserving inviolate the integrity of insurance. [1995 c 285 § 16; 1947 c 79 § .01.03; Rem. Supp. 1947 § 45.01.03.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.01.035 "Developmental disability" defined.** The term "developmental disability" as used in this title means a disability attributable to intellectual disability, cerebral palsy,

epilepsy, autism, or another neurological condition closely related to an intellectual disability or to require treatment similar to that required for persons with intellectual disabilities, which disability originates before such individual attains age eighteen, which has continued or can be expected to continue indefinitely, and which constitutes a substantial limitation to such individual. [2010 c 94 § 14; 1985 c 264 § 1.]

**Purpose—2010 c 94:** See note following RCW 44.04.280.

**48.01.040 "Insurance" defined.** Insurance is a contract whereby one undertakes to indemnify another or pay a specified amount upon determinable contingencies. [1947 c 79 § .01.04; Rem. Supp. 1947 § 45.01.04.]

**48.01.050 "Insurer" defined.** "Insurer" as used in this code includes every person engaged in the business of making contracts of insurance, other than a fraternal benefit society. A reciprocal or interinsurance exchange is an "insurer" as used in this code. Two or more hospitals that join and organize as a mutual corporation pursuant to chapter 24.06 RCW for the purpose of insuring or self-insuring against liability claims, including medical liability, through a contributing trust fund are not an "insurer" under this code. Two or more local governmental entities, under any provision of law, that join together and organize to form an organization for the purpose of jointly self-insuring or self-funding are not an "insurer" under this code. Two or more affordable housing entities that join together and organize to form an organization for the purpose of jointly self-insuring or self-funding under chapter 48.64 RCW are not an "insurer" under this code. Two or more persons engaged in the business of commercial fishing who enter into an arrangement with other such persons for the pooling of funds to pay claims or losses arising out of loss or damage to a vessel or machinery used in the business of commercial fishing and owned by a member of the pool are not an "insurer" under this code. [2009 c 314 § 19; 2003 c 248 § 1; 1990 c 130 § 1; 1985 c 277 § 9; 1979 ex.s. c 256 § 13; 1975-76 2nd ex.s. c 13 § 1; 1947 c 79 § .01.05; Rem. Supp. 1947 § 45.01.05.]

**Effective date—2009 c 314:** See RCW 48.64.900.

*"Domestic," "foreign," "alien" insurers defined: RCW 48.05.010.*

*Merger, rehabilitation, liquidation situations—"Insurer" defined: RCW 48.31.020, 48.99.010.*

*"Reciprocal insurance, insurer" defined: RCW 48.10.010, 48.10.020.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.01.053 "Issuer" defined.** "Issuer" as used in this title and chapter 26.18 RCW means insurer, fraternal benefit society, certified health plan, health maintenance organization, and health care service contractor. [1995 c 34 § 1.]

**48.01.060 "Insurance transaction" defined.** "Insurance transaction" includes any:

- (1) Solicitation.
- (2) Negotiations preliminary to execution.
- (3) Execution of an insurance contract.
- (4) Transaction of matters subsequent to execution of the contract and arising out of it.
- (5) Insuring. [1947 c 79 § .01.06; Rem. Supp. 1947 § 45.01.06.]

(2010 Ed.)

**48.01.070 "Person" defined.** "Person" means any individual, company, insurer, association, organization, reciprocal or interinsurance exchange, partnership, business trust, or corporation. [1947 c 79 § .01.07; Rem. Supp. 1947 § 45.01.07.]

**48.01.080 Penalties.** Except as otherwise provided in this code, any person violating any provision of this code is guilty of a gross misdemeanor and will, upon conviction, be fined not less than ten dollars nor more than one thousand dollars, or imprisoned for not more than one year, or both, in addition to any other penalty or forfeiture provided herein or otherwise by law. [2003 c 250 § 1; 1947 c 79 § .01.08; Rem. Supp. 1947 § 45.01.08.]

**Severability—2003 c 250:** "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [2003 c 250 § 15.]

**48.01.090 Severability—1947 c 79.** If any provision of this code or the application thereof to any circumstance is held invalid, the remainder of the code, or the application of the provision to other circumstances, is not affected thereby. [1947 c 79 § .01.09; Rem. Supp. 1947 § 45.01.09.]

**48.01.100 Existing officers.** Continuation by this code of any office existing under any act repealed herein preserves the tenure of the individual holding the office at the effective date of this code. [1947 c 79 § .01.10; Rem. Supp. 1947 § 45.01.10.]

**48.01.110 Existing licenses.** Every license or certificate of authority in force immediately prior to the effective date of this code and existing under any act herein repealed is valid until its original expiration date, unless earlier terminated in accordance with this code. [1947 c 79 § .01.11; Rem. Supp. 1947 § 45.01.11.]

**48.01.120 Existing insurance forms.** Every form of insurance document in use at the effective date of this code in accordance with the commissioner's approval pursuant to any act herein repealed, may continue to be so used unless the commissioner otherwise prescribes in accordance with this code. [1947 c 79 § .01.12; Rem. Supp. 1947 § 45.01.12.]

**48.01.130 Existing actions, violations.** No action or proceeding commenced, and no violation of law existing, under any act herein repealed is affected by the repeal, but all procedure hereafter taken in reference thereto shall conform to this code as far as possible. [1947 c 79 § .01.13; Rem. Supp. 1947 § 45.01.13.]

**48.01.140 Headings.** The meaning or scope of any provision is not affected by chapter, section, or paragraph headings. [1947 c 79 § .01.14; Rem. Supp. 1947 § 45.01.14.]

**48.01.150 Particular provisions prevail.** Provisions of this code relating to a particular kind of insurance or a particular type of insurer or to a particular matter prevail over provisions relating to insurance in general or insurers in general

or to such matter in general. [1947 c 79 § .01.15; Rem. Supp. 1947 § 45.01.15.]

**48.01.160 Repealed acts not revived.** Repeal by this code of any act shall not revive any law heretofore repealed or superseded. [1947 c 79 § .01.16; Rem. Supp. 1947 § 45.01.16.]

**48.01.170 Effective date—1947 c 79.** This code shall become effective on the first day of October, 1947. [1947 c 79 § .01.17; Rem. Supp. 1947 § 45.01.17.]

**48.01.180 Adopted children—Insurance coverage.**

(1) A child of an insured, subscriber, or enrollee shall be considered a dependent child for insurance purposes under this title upon assumption by the insured, subscriber, or enrollee of a legal obligation for total or partial support of a child in anticipation of adoption of the child. Upon the termination of such legal obligations, the child shall not be considered a dependent child for insurance purposes.

(2) Every policy or contract providing coverage for health benefits to a resident of this state shall provide coverage for dependent children placed for adoption under the same terms and conditions as apply to the natural, dependent children of the insured, subscriber, or enrollee whether or not the adoption has become final.

(3) No policy or contract may restrict coverage of any dependent child adopted by, or placed for adoption with, an insured, subscriber, or enrollee solely on the basis of a preexisting condition of the child at the time that the child would otherwise become eligible for coverage under the plan if the adoption or placement for adoption occurs while the insured, subscriber, or enrollee is eligible for coverage under the plan. [1995 c 34 § 4; 1986 c 140 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.01.190 Immunity from civil liability.** (1) Any person who files reports, or furnishes other information, required under Title 48 RCW, required by the commissioner under authority granted by Title 48 RCW, useful to the commissioner in the administration of Title 48 RCW, or furnished to the National Association of Insurance Commissioners at the request of the commissioner or pursuant to Title 48 RCW, shall be immune from liability in any civil action or suit arising from the filing of any such report or furnishing such information to the commissioner or the National Association of Insurance Commissioners, unless actual malice, fraud, or bad faith is shown.

(2) The commissioner and the National Association of Insurance Commissioners, and the agents and employees of each, are immune from liability in any civil action or suit arising from the publication of any report or bulletin or dissemination of information related to the official activities of the commissioner or the National Association of Insurance Commissioners, unless actual malice, fraud, or bad faith is shown.

(3) Any licensee under chapter 48.17 RCW and any trade association of the licensees under chapter 48.15 RCW, and any officer, director, employee, agent, or committee of the licensee or association who furnishes information to or for the commissioner or to or for the association regarding unau-

thorized insurers or regarding attempts by any person to place or actual placement by any person of business with the insurers, whether in compliance with chapter 48.15 RCW or not, shall be immune from each and every kind of liability in any civil action or suit arising in whole or in part from the information or from the furnishing of the information.

(4) The immunity granted by this section is in addition to any common law or statutory privilege or immunity enjoyed by such person, and nothing in this section is intended to abrogate or modify in any way such common law or statutory privilege or immunity. [1995 c 10 § 1; 1987 c 51 § 1.]

**48.01.220 Mental health regional support networks—Limited exemption.** The activities and operations of mental health regional support networks, to the extent they pertain to the operation of a medical assistance managed care system in accordance with chapters 71.24 and 74.09 RCW, are exempt from the requirements of this title. [1993 c 462 § 104.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.01.230 Eligibility for coverage or making payments may not be contingent on eligibility for medical assistance.** An issuer and an employee welfare benefit plan, whether insured or self funded, as defined in the employee retirement income security act of 1974, 29 U.S.C. Sec. 1101 et seq. may not consider the availability of eligibility for medical assistance in this state under medical assistance, RCW 74.09.500, or any other state under 42 U.S.C. Sec. 1396a, section 1902 of the social security act, in considering eligibility for coverage or making payments under its plan for eligible enrollees, subscribers, policyholders, or certificate holders. [1995 c 34 § 2.]

**48.01.235 Enrollment of a child under the health plan of the child's parent—Requirements—Restrictions.**

(1) An issuer and an employee welfare benefit plan, whether insured or self funded, as defined in the employee retirement income security act of 1974, 29 U.S.C. Sec. 1101 et seq. may not deny enrollment of a child under the health plan of the child's parent on the grounds that:

(a) The child was born out of wedlock;

(b) The child is not claimed as a dependent on the parent's federal tax return; or

(c) The child does not reside with the parent or in the issuer's, or insured or self funded employee welfare benefit plan's service area.

(2) Where a child has health coverage through an issuer, or an insured or self funded employee welfare benefit plan of a noncustodial parent, the issuer, or insured or self funded employee welfare benefit plan, shall:

(a) Provide such information to the custodial parent as may be necessary for the child to obtain benefits through that coverage;

(b) Permit the provider or the custodial parent to submit claims for covered services without the approval of the noncustodial parent. If the provider submits the claim, the provider will obtain the custodial parent's assignment of insurance benefits or otherwise secure the custodial parent's approval.

For purposes of this subsection the department of social and health services as the state medicaid agency under RCW 74.09.500 may reassign medical insurance rights to the provider for custodial parents whose children are eligible for services under RCW 74.09.500; and

(c) Make payments on claims submitted in accordance with (b) of this subsection directly to the custodial parent, to the provider, or to the department of social and health services as the state medicaid agency under RCW 74.09.500.

(3) Where a child does not reside in the issuer's service area, an issuer shall cover no less than urgent and emergent care. Where the issuer offers broader coverage, whether by policy or reciprocal agreement, the issuer shall provide such coverage to any child otherwise covered that does not reside in the issuer's service area.

(4) Where a parent is required by a court order to provide health coverage for a child, and the parent is eligible for family health coverage, the issuer, or insured or self funded employee welfare benefit plan, shall:

(a) Permit the parent to enroll, under the family coverage, a child who is otherwise eligible for the coverage without regard to any enrollment season restrictions;

(b) Enroll the child under family coverage upon application of the child's other parent, department of social and health services as the state medicaid agency under RCW 74.09.500, or child support enforcement program, if the parent is enrolled but fails to make application to obtain coverage for such child; and

(c) Not disenroll, or eliminate coverage of, such child who is otherwise eligible for the coverage unless the issuer or insured or self funded employee welfare benefit plan is provided satisfactory written evidence that:

(i) The court order is no longer in effect; or

(ii) The child is or will be enrolled in comparable health coverage through another issuer, or insured or self funded employee welfare benefit plan, which will take effect not later than the effective date of disenrollment.

(5) An issuer, or insured or self funded employee welfare benefit plan, that has been assigned the rights of an individual eligible for medical assistance under medicaid and coverage for health benefits from the issuer, or insured or self funded employee welfare benefit plan, may not impose requirements on the department of social and health services that are different from requirements applicable to an agent or assignee of any other individual so covered. [2003 c 248 § 2; 1995 c 34 § 3.]

**48.01.250 Assistance or services in exchange for dues, assessments, or periodic or lump-sum payments—Certificate of authority required—Certain travel or automobile services excepted—Violations.** (1) Any person, firm, partnership, corporation, or association promising, in exchange for dues, assessments, or periodic or lump-sum payments, to furnish members or subscribers with assistance in matters relating to trip cancellation, bail bond service or any accident, sickness, or death insurance benefit program must:

(a) Have a certificate of authority, issued by the insurance commissioner, authorizing the person, firm, partnership, corporation, or association to sell that coverage in this state; or

(b) Purchase the service or insurance from a company that holds a certificate of authority, issued by the insurance commissioner, authorizing the company to sell that coverage in this state. If coverage cannot be procured from an authorized insurer holding a certificate of authority issued by the insurance commissioner, insurance may be procured from an unauthorized insurer subject to chapter 48.15 RCW.

(2) Travel or automobile related products or assistance including but not limited to community traffic safety service, travel and touring service, theft or reward service, map service, towing service, emergency road service, lockout or lost key service, reimbursement of emergency expenses due to a vehicle disabling accident, or legal fee reimbursement service in the defense of traffic offenses shall not be considered to be insurance for the purposes of Title 48 RCW.

(3) Violation of this section is subject to the enforcement provisions of RCW 48.02.080 and to the hearing and appeal provisions of chapter 48.04 RCW. [1998 c 303 § 1.]

**48.01.260 Health benefit plans—Carriers—Clarification.** (1) Except as required in RCW 48.21.045, 48.44.023, and 48.46.066, nothing in this title shall be construed to require a carrier, as defined in RCW 48.43.005, to offer any health benefit plan for sale.

(2) Nothing in this title shall prohibit a carrier as defined in RCW 48.43.005 from ceasing sale of any or all health benefit plans to new applicants if the closed plans are closed to all new applicants.

(3) This section is intended to clarify, and not modify, existing law. [2000 c 79 § 40.]

**Effective date—Severability—2000 c 79:** See notes following RCW 48.04.010.

**48.01.270 PACE programs—Exemption.** The activities and operations of PACE programs, as defined in RCW 74.09.523 and as authorized under sections 1894, 1905(a), and 1934 of the social security act, when registered, certified, licensed, or otherwise recognized or designated as a PACE program by the Washington state department of social and health services, are exempt from the requirements of this title. [2001 c 191 § 3.]

**Finding—Effective date—2001 c 191:** See notes following RCW 74.09.523.

**48.01.280 Private air ambulance service—Exempt when conditions are met.** A private air ambulance service that solicits membership subscriptions, accepts membership applications, charges membership fees, and provides air ambulance services, to subscription members and designated members of their household is not an insurer under RCW 48.01.050, a health carrier under chapter 48.43 RCW, a health care services contractor under chapter 48.44 RCW, or a health maintenance organization under chapter 48.46 RCW if the private air ambulance service:

(1) Is licensed in accordance with RCW 18.73.130;

(2) Attains and maintains accreditation by the commission on accreditation of medical transport services or another accrediting organization approved by the department of health as having equivalent requirements as the commission for aeromedical transport;

(3) Has been in operation in Washington for at least two years; and

(4) Has submitted evidence of its compliance with this section, the licensing requirements of RCW 18.73.130, and accreditation from the commission or another accrediting organization approved by the department of health as having equivalent requirements as the commission for aeromedical transport to the commissioner. [2006 c 61 § 1.]

### Chapter 48.02 RCW

#### INSURANCE COMMISSIONER

##### Sections

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*Public bodies may retain collection agencies to collect public debts—Fees: RCW 19.16.500.*

*Salary of insurance commissioner: RCW 43.03.010.*

**48.02.010 Insurance commissioner.** (1) There shall be an insurance commissioner of this state who shall be elected at the time and in the manner that other state officers are elected.

(2) The commissioner in office at the effective date of this code shall continue in office for the remainder of the term for which he or she was elected and until his or her successor is duly elected and qualified.

(3) "Commissioner," where used in this code, means the insurance commissioner of this state. [2009 c 549 § 7001; 1947 c 79 § .02.01; Rem. Supp. 1947 § 45.02.01.]

**48.02.020 Term of office.** The term of office of the commissioner shall be four years, commencing on the Wednesday after the second Monday in January after his or her election. [2009 c 549 § 7002; 1947 c 79 § .02.02; Rem. Supp. 1947 § 45.02.02.]

**48.02.030 Bond.** Before entering upon his or her duties the commissioner shall execute a bond to the state in the sum of twenty-five thousand dollars, to be approved by the state

treasurer and the attorney general, conditioned upon the faithful performance of the duties of his or her office. [2009 c 549 § 7003; 1947 c 79 § .02.03; Rem. Supp. 1947 § 45.02.03.]

**48.02.050 Seal.** The official seal of the commissioner shall be a vignette of George Washington, with the words "Insurance Commissioner, State of Washington" surrounding the vignette. [1947 c 79 § .02.05; Rem. Supp. 1947 § 45.02.05.]

**48.02.060 General powers and duties—State of emergency.** (1) The commissioner has the authority expressly conferred upon him or her by or reasonably implied from the provisions of this code.

(2) The commissioner must execute his or her duties and must enforce the provisions of this code.

(3) The commissioner may:

(a) Make reasonable rules for effectuating any provision of this code, except those relating to his or her election, qualifications, or compensation. Rules are not effective prior to their being filed for public inspection in the commissioner's office.

(b) Conduct investigations to determine whether any person has violated any provision of this code.

(c) Conduct examinations, investigations, hearings, in addition to those specifically provided for, useful and proper for the efficient administration of any provision of this code.

(4) When the governor proclaims a state of emergency under RCW 43.06.010(12), the commissioner may issue an order that addresses any or all of the following matters related to insurance policies issued in this state:

(a) Reporting requirements for claims;

(b) Grace periods for payment of insurance premiums and performance of other duties by insureds;

(c) Temporary postponement of cancellations and nonrenewals; and

(d) Medical coverage to ensure access to care.

(5) An order by the commissioner under subsection (4) of this section may remain effective for not more than sixty days unless the commissioner extends the termination date for the order for an additional period of not more than thirty days. The commissioner may extend the order if, in the commissioner's judgment, the circumstances warrant an extension. An order of the commissioner under subsection (4) of this section is not effective after the related state of emergency is terminated by proclamation of the governor under RCW 43.06.210. The order must specify, by line of insurance:

(a) The geographic areas in which the order applies, which must be within but may be less extensive than the geographic area specified in the governor's proclamation of a state of emergency and must be specific according to an appropriate means of delineation, such as the United States postal service zip codes or other appropriate means; and

(b) The date on which the order becomes effective and the date on which the order terminates.

(6) The commissioner may adopt rules that establish general criteria for orders issued under subsection (4) of this section and may adopt emergency rules applicable to a specific proclamation of a state of emergency by the governor.

(7) The rule-making authority set forth in subsection (6) of this section does not limit or affect the rule-making authority otherwise granted to the commissioner by law. [2010 c 27 § 1; 2009 c 335 § 1; 1947 c 79 § .02.06; Rem. Supp. 1947 § 45.02.06.]

**48.02.062 Mental health services—Rules.** The insurance commissioner may adopt rules to implement RCW 48.21.241, 48.44.341, and 48.46.291, except that the rules do not apply to health benefit plans administered or operated under chapter 41.05 or 70.47 RCW. [2005 c 6 § 10.]

**Findings—Intent—Severability—2005 c 6:** See notes following RCW 41.05.600.

**48.02.065 Confidentiality of documents, materials, or other information—Public disclosure.** (1) Documents, materials, or other information as described in either subsection (5) or (6), or both, of this section are confidential by law and privileged, are not subject to public disclosure under chapter 42.56 RCW, and are not subject to subpoena directed to the commissioner or any person who received documents, materials, or other information while acting under the authority of the commissioner. The commissioner is authorized to use such documents, materials, or other information in the furtherance of any regulatory or legal action brought as a part of the commissioner's official duties. The confidentiality and privilege created by this section and \*RCW 42.56.400(9) applies only to the commissioner, any person acting under the authority of the commissioner, the national association of insurance commissioners and its affiliates and subsidiaries, regulatory and law enforcement officials of other states and nations, the federal government, and international authorities.

(2) Neither the commissioner nor any person who received documents, materials, or other information while acting under the authority of the commissioner is permitted or required to testify in any private civil action concerning any confidential and privileged documents, materials, or information subject to subsection (1) of this section.

(3) The commissioner:

(a) May share documents, materials, or other information, including the confidential and privileged documents, materials, or information subject to subsection (1) of this section, with (i) the national association of insurance commissioners and its affiliates and subsidiaries, and (ii) regulatory and law enforcement officials of other states and nations, the federal government, and international authorities, if the recipient agrees to maintain the confidentiality and privileged status of the document, material, or other information;

(b) May receive documents, materials, or information, including otherwise either confidential or privileged, or both, documents, materials, or information, from (i) the national association of insurance commissioners and its affiliates and subsidiaries, and (ii) regulatory and law enforcement officials of other states and nations, the federal government, and international authorities and shall maintain as confidential and privileged any document, material, or information received that is either confidential or privileged, or both, under the laws of the jurisdiction that is the source of the document, material, or information; and

(c) May enter into agreements governing the sharing and use of information consistent with this subsection.

(4) No waiver of an existing privilege or claim of confidentiality in the documents, materials, or information may occur as a result of disclosure to the commissioner under this section or as a result of sharing as authorized in subsection (3) of this section.

(5) Documents, materials, or information, which is either confidential or privileged, or both, which has been provided to the commissioner by (a) the national association of insurance commissioners and its affiliates and subsidiaries, (b) regulatory or law enforcement officials of other states and nations, the federal government, or international authorities, or (c) agencies of this state, is confidential and privileged only if the documents, materials, or information is protected from disclosure by the applicable laws of the jurisdiction that is the source of the document, material, or information.

(6) Working papers, documents, materials, or information produced by, obtained by, or disclosed to the commissioner or any other person in the course of a financial or market conduct examination, or in the course of financial analysis or market conduct desk audit, are not required to be disclosed by the commissioner unless cited by the commissioner in connection with an agency action as defined in RCW 34.05.010(3). The commissioner shall notify a party that produced the documents, materials, or information five business days before disclosure in connection with an agency action. The notified party may seek injunctive relief in any Washington state superior court to prevent disclosure of any documents, materials, or information it believes is confidential or privileged. In civil actions between private parties or in criminal actions, disclosure to the commissioner under this section does not create any privilege or claim of confidentiality or waive any existing privilege or claim of confidentiality.

(7)(a) After receipt of a public disclosure request, the commissioner shall disclose the documents, materials, or information under subsection (6) of this section that relate to a financial or market conduct examination undertaken as a result of a proposed change of control of a nonprofit or mutual health insurer governed in whole or in part by chapter 48.31B or 48.31C RCW.

(b) The commissioner is not required to disclose the documents, materials, or information in (a) of this subsection if:

(i) The documents, materials, or information are otherwise privileged or exempted from public disclosure; or

(ii) The commissioner finds that the public interest in disclosure of the documents, materials, or information is outweighed by the public interest in nondisclosure in that particular instance.

(8) Any person may petition a Washington state superior court to allow inspection of information exempt from public disclosure under subsection (6) of this section when the information is connected to allegations of negligence or malfeasance by the commissioner related to a financial or market conduct examination. The court shall conduct an in-camera review after notifying the commissioner and every party that produced the information. The court may order the commissioner to allow the petitioner to have access to the information provided the petitioner maintains the confidentiality of the information. The petitioner must not disclose the information to any other person, except upon further order of the court. After conducting a regular hearing, the court may order that the information can be disclosed publicly if the

court finds that there is a public interest in the disclosure of the information and the exemption of the information from public disclosure is clearly unnecessary to protect any individual's right of privacy or any vital governmental function. [2007 c 126 § 1. Prior: 2005 c 274 § 309; 2005 c 126 § 1; 2001 c 57 § 1.]

\*Reviser's note: RCW 42.56.400 was amended by 2007 c 197 § 7, changing subsection (9) to subsection (8).

**Part headings not law—Effective date—2005 c 274:** See RCW 42.56.901 and 42.56.902.

**48.02.080 Enforcement.** (1) The commissioner may prosecute an action in any court of competent jurisdiction to enforce any order made by him or her pursuant to any provision of this code.

(2) If the commissioner has cause to believe that any person has violated any penal provision of this code or of other laws relating to insurance he or she shall certify the facts of the violation to the public prosecutor of the jurisdiction in which the offense was committed.

(3) If the commissioner has cause to believe that any person is violating or is about to violate any provision of this code or any regulation or order of the commissioner, he or she may:

- (a) issue a cease and desist order; and/or
- (b) bring an action in any court of competent jurisdiction to enjoin the person from continuing the violation or doing any action in furtherance thereof.

(4) The attorney general and the several prosecuting attorneys throughout the state shall prosecute or defend all proceedings brought pursuant to the provisions of this code when requested by the commissioner. [2009 c 549 § 7005; 1967 c 150 § 1; 1947 c 79 § .02.08; Rem. Supp. 1947 § 45.02.08.]

**48.02.090 Deputies—Employees.** (1) The commissioner may appoint a chief deputy commissioner, who shall have power to perform any act or duty conferred upon the commissioner. The chief deputy commissioner shall take and subscribe the same oath of office as the commissioner, which oath shall be endorsed upon the certificate of his or her appointment and filed in the office of the secretary of state.

(2) The commissioner may appoint additional deputy commissioners for such purposes as he or she may designate.

(3) The commissioner shall be responsible for the official acts of his or her deputies, and may revoke at will the appointment of any deputy.

(4) The commissioner may employ examiners, and such actuarial, technical, and administrative assistants and clerks as he or she may need for proper discharge of his or her duties.

(5) The commissioner, or any deputy or employee of the commissioner, shall not be interested, directly or indirectly, in any insurer except as a policyholder; except, that as to such matters wherein a conflict of interests does not exist on the part of any such person, the commissioner may employ insurance actuaries or other technicians who are independently practicing their professions even though such persons are similarly employed by insurers.

(6) The commissioner may require any deputy or employee to be bonded as he or she shall deem proper but not

to exceed in amount the sum of twenty-five thousand dollars. The cost of any such bond shall be borne by the state. [2009 c 549 § 7006; 1949 c 190 § 1; 1947 c 79 § .02.09; Rem. Supp. 1949 § 45.02.09.]

**48.02.100 Commissioner may delegate authority.** Any power or duty vested in the commissioner by any provision of this code may be exercised or discharged by any deputy, assistant, examiner, or employee of the commissioner acting in his or her name and by his or her authority. [2009 c 549 § 7007; 1947 c 79 § .02.10; Rem. Supp. 1947 § 45.02.10.]

**48.02.110 Office.** The commissioner shall have an office at the state capital, and may maintain such offices elsewhere in this state as he or she may deem necessary. [2009 c 549 § 7008; 1947 c 79 § .02.11; Rem. Supp. 1947 § 45.02.11.]

**48.02.120 Records.** (1) The commissioner shall preserve in permanent form records of his or her proceedings, hearings, investigations, and examinations, and shall file such records in his or her office.

(2) The records of the commissioner and insurance filings in his or her office shall be open to public inspection, except as otherwise provided by this code.

(3) Actuarial formulas, statistics, and assumptions submitted in support of a rate or form filing by an insurer, health care service contractor, or health maintenance organization or submitted to the commissioner upon his or her request shall be withheld from public inspection in order to preserve trade secrets or prevent unfair competition. [1985 c 264 § 2; 1979 ex.s. c 130 § 1; 1947 c 79 § .02.12; Rem. Supp. 1947 § 45.02.12.]

**48.02.122 Filings or actions affecting corporate or company name—Notice to secretary of state.** Whenever any documents are filed with the insurance commissioner which affect a corporate or company name, the insurance commissioner shall immediately notify the secretary of state of the filing. If any other action is taken by the insurance commissioner which affects a corporate or company name, the insurance commissioner shall immediately notify the secretary of state of the action. The insurance commissioner shall cooperate with the secretary of state to ascertain that there is no duplication of corporate or company names. [1998 c 23 § 19.]

**48.02.130 Certificates—Copies—Evidentiary effect.** (1) Any certificate or license issued by the commissioner shall bear the seal of his or her office.

(2) Copies of records or documents in his or her office certified to by the commissioner shall be received as evidence in all courts in the same manner and to the same effect as if they were the originals.

(3) When required for evidence in court, the commissioner shall furnish his or her certificate as to the authority of an insurer or other licensee in this state on any particular date, and the court shall receive the certificate in lieu of the com-

missioner's testimony. [2009 c 549 § 7009; 1947 c 79 § .02.13; Rem. Supp. 1947 § 45.02.13.]

**48.02.140 Interstate cooperation.** (1) The commissioner shall to the extent he or she deems useful for the proper discharge of his or her responsibilities under the provisions of this code:

(a) Consult and cooperate with the public officials having supervision over insurance in other states.

(b) Share jointly with other states in the employment of actuaries, statisticians, and other insurance technicians whose services or the products thereof are made available and are useful to the participating states and to the commissioner.

(c) Share jointly with other states in establishing and maintaining offices and clerical facilities for purposes useful to the participating states and to the commissioner.

(2) All arrangements made jointly with other states under items (b) and (c) of subsection (1) of this section shall be in writing executed on behalf of this state by the commissioner. Any such arrangement, as to participation of this state therein, shall be subject to termination by the commissioner at any time upon reasonable notice.

(3) For the purposes of this code "National Association of Insurance Commissioners" means that voluntary organization of the public officials having supervision of insurance in the respective states, districts, and territories of the United States, whatever other name such organization may hereafter adopt, and in the affairs of which each of such public officials is entitled to participate subject to the constitution and bylaws of such organization. [2009 c 549 § 7010; 1947 c 79 § .02.14; Rem. Supp. 1947 § 45.02.14.]

**48.02.150 Supplies—"Convention blanks."** The commissioner shall purchase at the expense of the state and in the manner provided by law:

(1) Printing, books, reports, furniture, equipment, and supplies as he or she deems necessary to the proper discharge of his or her duties under this code.

(2) "Convention form" insurers' annual statement blanks, which he or she may purchase from any printer manufacturing the forms for the various states. [2009 c 549 § 7011; 1947 c 79 § .02.15; Rem. Supp. 1947 § 45.02.15.]

**48.02.160 Special duties.** The commissioner shall:

(1) Obtain and publish for the use of courts and appraisers throughout the state, tables showing the average expectancy of life and values of annuities and of life and term estates.

(2) Disseminate information concerning the insurance laws of this state.

(3) Provide assistance to members of the public in obtaining information about insurance products and in resolving complaints involving insurers and other licensees. [1988 c 248 § 1; 1947 c 79 § .02.16; Rem. Supp. 1947 § 45.02.16.]

**48.02.170 Annual report.** The commissioner shall, as soon as accurate preparation enables, prepare a report of his or her official transactions during the preceding fiscal year, containing information relative to insurance as the commis-

sioner deems proper. [2009 c 549 § 7012; 1987 c 505 § 53; 1977 c 75 § 69; 1947 c 79 § .02.17; Rem. Supp. 1947 § 45.02.17.]

**48.02.180 Publication of insurance code and related statutes, manuals, etc.—Distribution—Sale.** (1) The commissioner may periodically prepare and publish:

(a) Title 48 RCW, Title 284 WAC, insurance bulletins and technical assistance advisories, and other laws, rules, or regulations relevant to the regulation of insurance;

(b) Manuals and other material relating to examinations for licensure; and

(c) Any other publications authorized under Title 48 RCW.

(2) The commissioner may provide copies of the publications referred to in subsection (1)(a) of this section free of charge to:

(a) Public offices and officers in this state;

(b) Public officials of other states and jurisdictions that regulate insurance;

(c) The library of congress; and

(d) Officers of the armed forces of the United States of America located at military installations in this state who are concerned with insurance transactions at or involving the military installations.

(3) Except as provided in subsection (2) of this section, the commissioner shall sell the publications referred to in subsection (1) of this section. The commissioner may charge a reasonable price that is not less than the cost of publication, handling, and distribution. The commissioner shall promptly deposit all funds received under this subsection with the state treasurer to the credit of the insurance commissioner's regulatory account. For appropriation purposes, the funds received and deposited by the commissioner are a recovery of a previous expenditure. [2005 c 223 § 1; 1981 c 339 § 1; 1977 c 75 § 70; 1959 c 225 § 1.]

**48.02.190 Operating costs of office—Insurance commissioner's regulatory account—Regulatory surcharge.**

(1) As used in this section:

(a) "Organization" means every insurer, as defined in RCW 48.01.050, having a certificate of authority to do business in this state, every health care service contractor, as defined in RCW 48.44.010, every health maintenance organization, as defined in RCW 48.46.020, or self-funded multiple employer welfare arrangement, as defined in RCW 48.125.010, registered to do business in this state. "Class one" organizations shall consist of all insurers as defined in RCW 48.01.050. "Class two" organizations shall consist of all organizations registered under provisions of chapters 48.44 and 48.46 RCW. "Class three" organizations shall consist of self-funded multiple employer welfare arrangements as defined in RCW 48.125.010.

(b)(i) "Receipts" means (A) net direct premiums consisting of direct gross premiums, as defined in RCW 48.18.170, paid for insurance written or renewed upon risks or property resident, situated, or to be performed in this state, less return premiums and premiums on policies not taken, dividends paid or credited to policyholders on direct business, and premiums received from policies or contracts issued in connec-

tion with qualified plans as defined in RCW 48.14.021, and (B) prepayments to health care service contractors, as defined in RCW 48.44.010, health maintenance organizations, as defined in RCW 48.46.020, or participant contributions to self-funded multiple employer welfare arrangements, as defined in RCW 48.125.010, less experience rating credits, dividends, prepayments returned to subscribers, and payments for contracts not taken.

(ii) Participant contributions, under chapter 48.125 RCW, used to determine the receipts in this state under this section shall be determined in the same manner as premiums taxable in this state are determined under RCW 48.14.090.

(c) "Regulatory surcharge" means the fees imposed by this section.

(2) The annual cost of operating the office of insurance commissioner shall be determined by legislative appropriation. A pro rata share of the cost shall be charged to all organizations as a regulatory surcharge. Each class of organization shall contribute a sufficient amount to the insurance commissioner's regulatory account to pay the reasonable costs, including overhead, of regulating that class of organization.

(3) The regulatory surcharge shall be calculated separately for each class of organization. The regulatory surcharge collected from each organization shall be that portion of the cost of operating the insurance commissioner's office, for that class of organization, for the ensuing fiscal year that is represented by the organization's portion of the receipts collected or received by all organizations within that class on business in this state during the previous calendar year. However, the regulatory surcharge must not exceed one-eighth of one percent of receipts and the minimum regulatory surcharge shall be one thousand dollars.

(4) The commissioner shall annually, on or before June 1st, calculate and bill each organization for the amount of the regulatory surcharge. The regulatory surcharge shall be due and payable no later than June 15th of each year. However, if the necessary financial records are not available or if the amount of the legislative appropriation is not determined in time to carry out such calculations and bill such regulatory surcharge within the time specified, the commissioner may use the regulatory surcharge factors for the prior year as the basis for the regulatory surcharge and, if necessary, the commissioner may impose supplemental fees to fully and properly charge the organizations. Any organization failing to pay the regulatory surcharges by June 30th shall pay the same penalties as the penalties for failure to pay taxes when due under RCW 48.14.060. The regulatory surcharge required by this section is in addition to all other taxes and fees now imposed or that may be subsequently imposed.

(5) All moneys collected shall be deposited in the insurance commissioner's regulatory account in the state treasury which is hereby created.

(6) Unexpended funds in the insurance commissioner's regulatory account at the close of a fiscal year shall be carried forward in the insurance commissioner's regulatory account to the succeeding fiscal year and shall be used to reduce future regulatory surcharges.

(7)(a) Each insurer may annually collect regulatory surcharges remitted in preceding years by means of a policyholder surcharge on premiums charged for all kinds of insur-

ance. The recoupment shall be at a uniform rate reasonably calculated to collect the regulatory surcharge remitted by the insurer.

(b) If an insurer fails to collect the entire amount of the recoupment in the first year under this section, it may repeat the recoupment procedure provided for in this subsection (7) in succeeding years until the regulatory surcharge is fully collected or a de minimis amount remains uncollected. Any such de minimis amount may be collected as provided in (d) of this subsection.

(c) The amount and nature of any recoupment shall be separately stated on either a billing or policy declaration sent to an insured. The amount of the recoupment must not be considered a premium for any purpose, including the premium tax or agents' commissions.

(d) An insurer may elect not to collect the regulatory surcharge from its insured. In such a case, the insurer may recoup the regulatory surcharge through its rates, if the following requirements are met:

(i) The insurer remits the amount of surcharge not collected by election under this subsection; and

(ii) The surcharge is not considered a premium for any purpose, including the premium tax or agents' commission. [2009 c 161 § 1; 2008 c 328 § 6003. Prior: 2007 c 468 § 1; 2007 c 153 § 3; 2004 c 260 § 22; 2003 1st sp.s. c 25 § 923; 2002 c 371 § 913; 1987 c 505 § 54; 1986 c 296 § 7.]

**Part headings not law—Severability—Effective date—2008 c 328:** See notes following RCW 43.155.050.

**Severability—Effective date—2004 c 260:** See RCW 48.125.900 and 48.125.901.

**Severability—Effective date—2003 1st sp.s. c 25:** See notes following RCW 19.28.351.

**Severability—Effective date—2002 c 371:** See notes following RCW 9.46.100.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.02.200 When legal process against a person is served on the commission.** (1) Legal process against a person (a) for whom the commissioner has been appointed attorney for service of process, or (b) who may be served by service of process upon the commissioner, must be served upon the commissioner either by a person competent to serve a summons or by registered mail. At the time of service, the plaintiff must pay to the commissioner ten dollars, taxable as costs in the action.

(2) As soon as practicable, the commissioner must send or make available a copy of the process to the person on whose behalf he or she has been served by mail, electronic means, or other means reasonably calculated to give notice. The copy must be sent or made available in a manner that is secure and with a receipt that is verifiable.

(3) The commissioner must keep a record of the day and hour of service upon him or her of all legal process.

(4) Proceedings must not be had against the person, and the person must not be required to appear, plead, or answer until the expiration of forty days after the date of service upon the commissioner.

(5) The commissioner may adopt rules to implement this section. [2010 c 18 § 5.]

**Effective date—2010 c 18:** See note following RCW 48.15.070.

**Chapter 48.03 RCW****EXAMINATIONS**

## Sections

48.03.005	Application.
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48.03.020	Examination of producers, surplus line brokers, adjusters, title insurance agents, managers, or promoters.
48.03.025	Examiners—Scope of examination—Examiners' handbook.
48.03.030	Access to records on examination—Correction of accounts.
48.03.040	Examination reports—Consideration by commissioner—Orders—Confidentiality.
48.03.050	Reports withheld.
48.03.060	Examination expense.
48.03.065	Appointments by commissioner—Examiners—Exceptions.
48.03.070	Witnesses—Subpoenas—Depositions—Oaths.
48.03.075	Legal protection for commissioner, authorized representatives, and examiners—Good faith—Attorneys' fees—Payment by commissioner.

**48.03.005 Application.** This chapter applies to the financial analysis and examination of insurers and other regulated entities. [2007 c 82 § 1.]

**48.03.010 Examination of insurers, bureaus.** (1) The commissioner shall examine the affairs, transactions, accounts, records, documents, and assets of each authorized insurer as often as he or she deems advisable. The commissioner shall so examine each insurer holding a certificate of authority or certificate of registration not less frequently than every five years. Examination of an alien insurer may be limited to its insurance transactions in the United States. In scheduling and determining the nature, scope, and frequency of an examination, the commissioner shall consider such matters as the results of financial statement analyses and ratios, changes in management or ownership, actuarial opinions, reports of independent certified public accountants, and other criteria as set forth in the examiner's handbook adopted by the National Association of Insurance Commissioners and in effect when the commissioner exercises discretion under this section.

(2) As often as the commissioner deems advisable and at least once in five years, the commissioner shall fully examine each rating organization and examining bureau licensed in this state. As often as he or she deems it advisable the commissioner may examine each advisory organization and each joint underwriting or joint reinsurance group, association, or organization.

(3) The commissioner shall in like manner examine each insurer or rating organization applying for authority to do business in this state.

(4) In lieu of making an examination under this chapter, the commissioner may accept a full report of the last recent examination of a nondomestic rating or advisory organization, or joint underwriting or joint reinsurance group, association or organization, as prepared by the insurance supervisory official of the state of domicile or of entry. In lieu of an examination under this chapter of a foreign or alien insurer licensed in this state, the commissioner may accept an examination report on the company as prepared by the insurance department for the company's state of domicile or port-of-entry state until January 1, 1994. Thereafter, an examination report may be accepted only if: (a) That insurance department was at the time of the examination accredited under the National Association of Insurance Commissioners' financial

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regulation standards and accreditation program; or (b) the examination was performed either under the supervision of an accredited insurance department or with the participation of one or more examiners employed by an accredited state insurance department who, after a review of the examination work papers and report, state under oath that the examination was performed in a manner consistent with the standards and procedures required by their insurance department.

(5) The commissioner may elect to accept and rely on an audit report made by an independent certified public accountant for the insurer in the course of that part of the commissioner's examination covering the same general subject matter as the audit. The commissioner may incorporate the audit report in his or her report of the examination.

(6) For the purposes of completing an examination of any company under this chapter, the commissioner may examine or investigate any managing general agent or any other person, or the business of any managing general agent or other person, insofar as that examination or investigation is, in the sole discretion of the commissioner, necessary or material to the examination of the company. [1993 c 462 § 43; 1982 c 181 § 1; 1979 c 139 § 1; 1947 c 79 § .03.01; Rem. Supp. 1947 § 45.03.01.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.03.020 Examination of producers, surplus line brokers, adjusters, title insurance agents, managers, or promoters.** For the purpose of ascertaining its condition, or compliance with this code, the commissioner may as often as he or she deems advisable examine the accounts, records, documents, and transactions of:

(1) Any insurance producer, surplus line broker, adjuster, or title insurance agent.

(2) Any person having a contract under which he or she enjoys in fact the exclusive or dominant right to manage or control a stock or mutual insurer.

(3) Any person holding the shares of capital stock or policyholder proxies of a domestic insurer for the purpose of control of its management either as voting trustee or otherwise.

(4) Any person engaged in or proposing to be engaged in or assisting in the promotion or formation of a domestic insurer, or an insurance holding corporation, or a stock corporation to finance a domestic mutual insurer or the production of its business, or a corporation to be attorney-in-fact for a domestic reciprocal insurer. [2009 c 162 § 1; 2008 c 217 § 1; 1947 c 79 § .03.02; Rem. Supp. 1947 § 45.03.02.]

**Effective date—2009 c 162:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2009." [2009 c 162 § 36.]

**Severability—2008 c 217:** "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [2008 c 217 § 101.]

**Effective date—2008 c 217:** "This act takes effect July 1, 2009." [2008 c 217 § 102.]

**48.03.025 Examiners—Scope of examination—Examiners' handbook.** Upon determining that an examination should be conducted, the commissioner or the commissioner's designee shall appoint one or more examiners to per-

form the examination and instruct them as to the scope of the examination. In conducting the examination, the examiner shall observe those guidelines and procedures set forth in the examiners' handbook adopted by the National Association of Insurance Commissioners. The commissioner may also employ such other guidelines or procedures as the commissioner may deem appropriate. [1993 c 462 § 44.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.03.030 Access to records on examination—Correction of accounts.** (1) Every person being examined, its officers, employees, and representatives shall produce and make freely accessible to the commissioner the accounts, records, documents, and files in his or her possession or control relating to the subject of the examination, and shall otherwise facilitate the examination.

(2) If the commissioner finds the accounts to be inadequate, or improperly kept or posted, he or she may employ experts to rewrite, post or balance them at the expense of the person being examined. [2009 c 549 § 7013; 1947 c 79 § .03.03; Rem. Supp. 1947 § 45.03.03.]

**48.03.040 Examination reports—Consideration by commissioner—Orders—Confidentiality.** (1) No later than sixty days after completion of each examination, the commissioner shall make a full written report of each examination made by him or her containing only facts ascertained from the accounts, records, and documents examined and from the sworn testimony of individuals, and such conclusions and recommendations as may reasonably be warranted from such facts.

(2) The report shall be certified by the commissioner or by his or her examiner in charge of the examination, and shall be filed in the commissioner's office subject to subsection (3) of this section.

(3) The commissioner shall furnish a copy of the examination report to the person examined not less than ten days and, unless the time is extended by the commissioner, not more than thirty days prior to the filing of the report for public inspection in the commissioner's office. If such person so requests in writing within such period, the commissioner shall hold a hearing to consider objections of such person to the report as proposed, and shall not so file the report until after such hearing and until after any modifications in the report deemed necessary by the commissioner have been made.

(4) Within thirty days of the end of the period described in subsection (3) of this section, unless extended by order of the commissioner, the commissioner shall consider the report, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers and enter an order:

(a) Adopting the examination report as filed or with modification or corrections. If the examination report reveals that the company is operating in violation of any law, rule, or order of the commissioner, the commissioner may order the company to take any action the commissioner considers necessary and appropriate to cure that violation;

(b) Rejecting the examination report with directions to the examiners to reopen the examination for purposes of

obtaining additional data, documentation, or information, and refiling under this section; or

(c) Calling for an investigatory hearing with no less than twenty days' notice to the company for purposes of obtaining additional documentation, data, information, and testimony.

(5) All orders entered under subsection (4) of this section must be accompanied by findings and conclusions resulting from the commissioner's consideration and review of the examination report, relevant examiner workpapers, and any written submissions or rebuttals. Such an order is considered a final administrative decision and may be appealed under the Administrative Procedure Act, chapter 34.05 RCW, and must be served upon the company by certified mail or certifiable electronic means, together with a copy of the adopted examination report. A copy of the adopted examination report must be sent by certified mail or certifiable electronic means to each director at the director's residence address or to a personal e-mail account.

(6)(a) Upon the adoption of the examination report under subsection (4) of this section, the commissioner shall continue to hold the content of the examination report as private and confidential information for a period of five days except that the order may be disclosed to the person examined. Thereafter, the commissioner may open the report for public inspection so long as no court of competent jurisdiction has stayed its publication.

(b) Nothing in this title prohibits the commissioner from disclosing the content of an examination report, preliminary examination report or results, or any matter relating thereto, to the insurance department of any other state or country, or to law enforcement officials of this or any other state or agency of the federal government at any time, so long as the agency or office receiving the report or matters relating thereto agrees in writing to hold it confidential and in a manner consistent with this chapter.

(c) If the commissioner determines that regulatory action is appropriate as a result of any examination, he or she may initiate any proceedings or actions as provided by law.

(d) Nothing contained in this section requires the commissioner to disclose any information or records that would indicate or show the existence or content of any investigation or activity of a criminal justice agency. [2008 c 100 § 1; 1993 c 462 § 45; 1965 ex.s. c 70 § 1; 1947 c 79 § .03.04; Rem. Supp. 1947 § 45.03.04.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.03.050 Reports withheld.** The commissioner may withhold from public inspection any examination or investigation report for so long as he or she deems it advisable, subject to RCW 48.32.080. [1993 c 462 § 46; 1947 c 79 § .03.05; Rem. Supp. 1947 § 45.03.05.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.03.060 Examination expense.** (1) Examinations within this state of any insurer or self-funded multiple employer welfare arrangement as defined in RCW 48.125.010 domiciled or having its home offices in this state, other than a title insurer, made by the commissioner or the commissioner's examiners and employees shall, except as to

fees, mileage, and expense incurred as to witnesses, be at the expense of the state.

(2) Every other examination, whatsoever, or any part of the examination of any person domiciled or having its home offices in this state requiring travel and services outside this state, shall be made by the commissioner or by examiners designated by the commissioner and shall be at the expense of the person examined; but a domestic insurer shall not be liable for the compensation of examiners employed by the commissioner for such services outside this state.

(3) When making an examination under this chapter, the commissioner may retain attorneys, appraisers, independent actuaries, independent certified public accountants, or other professionals and specialists as examiners, the cost of which shall be borne by the person who is the subject of the examination, except as provided in subsection (1) of this section.

(4) The person examined and liable therefor shall reimburse the state upon presentation of an itemized statement thereof, for the actual travel expenses of the commissioner's examiners, their reasonable living expense allowance, and their per diem compensation, including salary and the employer's cost of employee benefits, at a reasonable rate approved by the commissioner, incurred on account of the examination. Per diem salary and expenses for employees examining insurers domiciled outside the state of Washington shall be established by the commissioner on the basis of the National Association of Insurance Commissioner's recommended salary and expense schedule for zone examiners, or the salary schedule established by the Washington personnel resources board and the expense schedule established by the office of financial management, whichever is higher. A domestic title insurer shall pay the examination expense and costs to the commissioner as itemized and billed by the commissioner.

The commissioner or the commissioner's examiners shall not receive or accept any additional emolument on account of any examination.

(5) Nothing contained in this chapter limits the commissioner's authority to terminate or suspend any examination in order to pursue other legal or regulatory action under the insurance laws of this state. Findings of fact and conclusions made pursuant to any examination are prima facie evidence in any legal or regulatory action. [2004 c 260 § 23; 1995 c 152 § 2. Prior: 1993 c 462 § 47; 1993 c 281 § 55; 1981 c 339 § 2; 1979 ex.s. c 35 § 1; 1947 c 79 § .03.06; Rem. Supp. 1947 § 45.03.06.]

**Severability—Effective date—2004 c 260:** See RCW 48.125.900 and 48.125.901.

**Intent—1995 c 152:** "The only intent of the legislature in chapter 152, Laws of 1995 is to correct double amendments. It is not the intent of the legislature to change the substance or effect of any statute previously enacted." [1995 c 152 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.03.065 Appointments by commissioner—Examiners—Exceptions.** (1) No examiner may be appointed by the commissioner if the examiner, either directly or indirectly, has a conflict of interest or is affiliated with the management of or owns a pecuniary interest in a person subject to examination under this chapter. This section does not automatically preclude an examiner from being:

(a) A policyholder or claimant under an insurance policy;

(b) A grantor of a mortgage or similar instrument on the examiner's residence to a regulated entity if done under customary terms and in the ordinary course of business;

(c) An investment owner in shares of regulated diversified investment companies; or

(d) A settlor or beneficiary of a blind trust into which any otherwise impermissible holdings have been placed.

(2) Notwithstanding the requirements of subsection (1) of this section, the commissioner may retain from time to time, on an individual basis, qualified actuaries, certified public accountants, or other similar individuals who are independently practicing their professions, even though those persons may from time to time be similarly employed or retained by persons subject to examination under this chapter. [1993 c 462 § 48.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.03.070 Witnesses—Subpoenas—Depositions—Oaths.** (1) The commissioner may take depositions, may subpoena witnesses or documentary evidence, administer oaths, and examine under oath any individual relative to the affairs of any person being examined, or relative to the subject of any hearing or investigation: PROVIDED, That the provisions of RCW 34.05.446 shall apply in lieu of the provisions of this section as to subpoenas relative to hearings in rule-making and adjudicative proceedings.

(2) The subpoena shall be effective if served within the state of Washington and shall be served in the same manner as if issued from a court of record.

(3) Witness fees and mileage, if claimed, shall be allowed the same as for testimony in a court of record. Witness fees, mileage, and the actual expense necessarily incurred in securing attendance of witnesses and their testimony shall be itemized, and shall be paid by the person as to whom the examination is being made, or by the person if other than the commissioner, at whose request the hearing is held.

(4) Enforcement of subpoenas shall be in accord with RCW 34.05.588. [1989 c 175 § 112; 1967 c 237 § 15; 1963 c 195 § 1; 1949 c 190 § 2; 1947 c 79 § .03.07; Rem. Supp. 1949 § 45.03.07.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.03.075 Legal protection for commissioner, authorized representatives, and examiners—Good faith—Attorneys' fees—Payment by commissioner.** (1) No cause of action may arise nor may any liability be imposed against the commissioner, the commissioner's authorized representatives, or an examiner appointed by the commissioner for statements made or conduct performed in good faith while carrying out this chapter.

(2) No cause of action may arise nor may any liability be imposed against any person for the act of communicating or delivering information or data to the commissioner or the commissioner's authorized representative or examiner pursuant to an examination made under this chapter, if that act of communication or delivery was performed in good faith and without fraudulent intent or the intent to deceive.

(3) This section does not modify a privilege or immunity previously enjoyed by a person identified in subsection (1) of this section.

(4) A person identified in subsection (1) of this section is entitled to an award of attorneys' fees and costs if he or she is the prevailing party in a civil cause of action for libel, slander, or any other tort arising out of activities in carrying out this chapter and the party bringing the action was not substantially justified in doing so. For purposes of this section a proceeding is "substantially justified" if it had a reasonable basis in law or fact at the time that it was initiated.

(5) If a claim is made or threatened of the sort described in subsection (1) of this section, the commissioner shall provide or pay for the defense of himself or herself, the examiner or representative, and shall pay a judgment or settlement, until it is determined that the person did not act in good faith or did act with fraudulent intent or the intent to deceive.

(6) The immunity, indemnification, and other protections under this section are in addition to those now or hereafter existing under other law. [1993 c 462 § 49.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

## Chapter 48.04 RCW HEARINGS AND APPEALS

### Sections

48.04.010	Hearings—Waiver—Administrative law judge.
48.04.020	Stay of action.
48.04.030	Place of hearing.
48.04.050	Show cause notice.
48.04.060	Adjourned hearings.
48.04.070	Nonattendance, effect of.
48.04.140	Stay of action on appeal.

**48.04.010 Hearings—Waiver—Administrative law judge.** (1) The commissioner may hold a hearing for any purpose within the scope of this code as he or she may deem necessary. The commissioner shall hold a hearing:

(a) If required by any provision of this code; or

(b) Except under RCW 48.13.475, upon written demand for a hearing made by any person aggrieved by any act, threatened act, or failure of the commissioner to act, if such failure is deemed an act under any provision of this code, or by any report, promulgation, or order of the commissioner other than an order on a hearing of which such person was given actual notice or at which such person appeared as a party, or order pursuant to the order on such hearing.

(2) Any such demand for a hearing shall specify in what respects such person is so aggrieved and the grounds to be relied upon as basis for the relief to be demanded at the hearing.

(3) Unless a person aggrieved by a written order of the commissioner demands a hearing thereon within ninety days after receiving notice of such order, or in the case of a licensee under Title 48 RCW within ninety days after the commissioner has mailed the order to the licensee at the most recent address shown in the commissioner's licensing records for the licensee, the right to such hearing shall conclusively be deemed to have been waived.

(4) If a hearing is demanded by a licensee whose license has been temporarily suspended pursuant to RCW 48.17.540, the commissioner shall hold such hearing demanded within

thirty days after receipt of the demand or within thirty days of the effective date of a temporary license suspension issued after such demand, unless postponed by mutual consent.

(5) A licensee under this title may request that a hearing authorized under this section be presided over by an administrative law judge assigned under chapter 34.12 RCW. Any such request shall not be denied.

(6) Any hearing held relating to RCW 48.20.025, 48.44.017, or 48.46.062 shall be presided over by an administrative law judge assigned under chapter 34.12 RCW. [2000 c 221 § 8; 2000 c 79 § 1; 1990 1st ex.s. c 3 § 1; 1988 c 248 § 2; 1967 c 237 § 16; 1963 c 195 § 2; 1947 c 79 § .04.01; Rem. Supp. 1947 § 45.04.01.]

**Reviser's note:** This section was amended by 2000 c 79 § 1 and by 2000 c 221 § 8, each without reference to the other. Both amendments are incorporated in the publication of this section under RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

**Effective date—2000 c 79:** "Except for sections 26, 38, and 39 of this act, this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [March 23, 2000]." [2000 c 79 § 51.]

**Severability—2000 c 79:** "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [2000 c 79 § 48.]

**48.04.020 Stay of action.** (1) Such demand for a hearing received by the commissioner prior to the effective date of action taken or proposed to be taken by him or her shall stay such action pending the hearing, except as to action taken or proposed

(a) under an order on hearing, or

(b) under an order pursuant to an order on hearing, or

(c) under an order to make good an impairment of the assets of an insurer, or

(d) under an order of temporary suspension of license issued pursuant to RCW 48.17.540 as now or hereafter amended.

(2) In any case where an automatic stay is not provided for, and if the commissioner after written request therefor fails to grant a stay, the person aggrieved thereby may apply to the superior court for Thurston county for a stay of the commissioner's action.

(3) A stay of action is not available for actions taken by the commissioner under RCW 48.13.475. [2000 c 221 § 9; 1982 c 181 § 2; 1949 c 190 § 3; 1947 c 79 § .04.02; Rem. Supp. 1949 § 45.04.02.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.04.030 Place of hearing.** The hearing shall be held at the place designated by the commissioner, and at his or her discretion it may be open to the public. [2009 c 549 § 7014; 1947 c 79 § .04.03; Rem. Supp. 1947 § 45.04.03.]

**48.04.050 Show cause notice.** If any person is entitled to a hearing by any provision of this code before any proposed action is taken, the notice of the proposed action may be in the form of a notice to show cause stating that the proposed action may be taken unless such person shows cause at a hearing to be held as specified in the notice, why the proposed action should not be taken, and stating the basis of the

proposed action. [1947 c 79 § .04.05; Rem. Supp. 1947 § 45.04.05.]

**48.04.060 Adjourned hearings.** The commissioner may adjourn any hearing from time to time and from place to place without other notice of the adjourned hearing than announcement thereof at the hearing. [1947 c 79 § .04.06; Rem. Supp. 1947 § 45.04.06.]

**48.04.070 Nonattendance, effect of.** The validity of any hearing held in accordance with the notice thereof shall not be affected by failure of any person to attend or to remain in attendance. [1947 c 79 § .04.07; Rem. Supp. 1947 § 45.04.07.]

**48.04.140 Stay of action on appeal.** (1) The taking of an appeal shall not stay any action taken or proposed to be taken by the commissioner under the order appealed from unless a stay is granted by the court at a hearing held as part of the proceedings on appeal.

(2) A stay shall not be granted by the court in any case where the granting of a stay would tend to injure the public interest. In granting a stay, the court may require of the person taking the appeal such security or other conditions as it deems proper. [1988 c 248 § 3; 1947 c 79 § .04.14; Rem. Supp. 1947 § 45.04.14.]

**Chapter 48.05 RCW**

**INSURERS—GENERAL REQUIREMENTS**

Sections

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- 48.05.030 Certificate of authority required.
- 48.05.040 Certificate of authority—Qualifications.
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- 48.05.900 Severability—1995 c 83.

*Deposit of insurers: Chapter 48.16 RCW.*

*Federal home loan bank as depository: RCW 30.32.040.*

*Fees and taxes: Chapter 48.14 RCW.*

*Health care services: Chapter 48.44 RCW.*

*Insurance producers, title insurance agents, and adjusters: Chapter 48.17 RCW.*

*Insuring powers and capital funds required: Chapter 48.11 RCW.*

*Interlocking ownership, management: RCW 48.30.250.*

*Policy forms, execution, filing, etc.: Chapter 48.18 RCW.*

*Rates and rating organizations: Chapter 48.19 RCW.*

*Stamping bureau: RCW 48.19.410.*

*Unauthorized insurers: Chapter 48.15 RCW.*

*Unfair practices: Chapter 48.30 RCW.*

**48.05.010 "Domestic," "foreign," "alien" insurers defined.** (1) A "domestic" insurer is one formed under the laws of this state.

(2) A "foreign" insurer is one formed under the laws of the United States, of a state or territory of the United States other than this state, or of the District of Columbia.

(3) An "alien" insurer is one formed under the laws of a nation other than the United States.

(4) For the purposes of this code, "United States," when used to signify place, means only the states of the United States, the government of Puerto Rico and the District of Columbia. [1961 c 194 § 1; 1947 c 79 § .05.01; Rem. Supp. 1947 § 45.05.01.]

*"Insurer" defined: RCW 48.01.050.*

**48.05.030 Certificate of authority required.** (1) No person shall act as an insurer and no insurer shall transact insurance in this state other than as authorized by a certificate of authority issued to it by the commissioner and then in force; except, as to such transactions as are expressly otherwise provided for in this code.

(2) Every certificate of authority shall specify the name of the insurer, the location of its principal office, the name and location of the principal office of its attorney-in-fact if a reciprocal insurer, and the kind or kinds of insurance it is authorized to transact in this state.

(3) The investigation and adjustment of any claim in this state arising under an insurance contract issued by an unauthorized insurer, shall not be deemed to constitute the transacting of insurance in this state. [1947 c 79 § .05.03; Rem. Supp. 1947 § 45.05.03.]

**48.05.040 Certificate of authority—Qualifications.** To qualify for and hold a certificate of authority an insurer must:

(1) Be a stock, mutual, or reciprocal insurer of the same general type as may be formed as a domestic insurer under the provisions of chapter 48.06 RCW of this code, but this requirement shall not apply as to domestic mutual property insurers which, as of January 1, 1957, were lawfully transacting insurance on the assessment plan; and

(2) Have capital funds as required by this code, based upon the type and domicile of the insurer and the kinds of insurance proposed to be transacted; and

(3) Transact or propose to transact in this state insurances authorized by its charter, and only such insurance as meets the standards and requirements of this code; and

(4) Fully comply with, and qualify according to, the other provisions of this code. [1957 c 193 § 1; 1947 c 79 § .05.04; Rem. Supp. 1947 § 45.05.04.]

**48.05.045 Certificate of authority not to be issued to governmentally owned insurer.** No certificate of authority shall be issued to or exist with respect to any insurer which is owned and controlled, in whole or in substantial part, by any government or governmental agency. [1957 c 193 § 2.]

**48.05.050 "Charter" defined.** "Charter" means articles of incorporation, articles of agreement, articles of association of a corporation, or other basic constituent document of a corporation, or subscribers' agreement and attorney-in-fact agreement of a reciprocal insurer. [1947 c 79 § .05.05; Rem. Supp. 1947 § 45.05.05.]

**48.05.060 "Capital funds" defined.** "Capital funds" means the excess of the assets of an insurer over its liabilities. Capital stock, if any, shall not be deemed to be a liability for the purposes of this section. [1947 c 79 § .05.06; Rem. Supp. 1947 § 45.05.06.]

**48.05.070 Application for certificate of authority.** To apply for an original certificate of authority an insurer shall:

(1) File with the commissioner its request therefor showing:

(a) Its name, home office location, type of insurer, organization date, and state or country of its domicile.

(b) The kinds of insurance it proposes to transact.

(c) Additional information as the commissioner may reasonably require.

(2) File with the commissioner:

(a) A copy of its charter as amended, certified, if a foreign or alien insurer, by the proper public officer of the state or country of domicile.

(b) A copy of its bylaws, certified by its proper officer.

(c) A statement of its financial condition, management, and affairs on a form satisfactory to or furnished by the commissioner.

(d) If a foreign or alien insurer, or a domestic reciprocal insurer, an appointment of the commissioner as its attorney to receive service of legal process.

(e) If an alien insurer, a copy of the appointment and authority of its United States manager, certified by its proper officer.

(f) If a foreign or alien insurer, a certificate from the proper public official of its state or country of domicile showing that it is duly organized and is authorized to transact the kinds of insurance proposed to be transacted.

(g) If a domestic reciprocal insurer, the declaration required by RCW 48.10.090 of this code.

(h) Other documents or stipulations as the commissioner may reasonably require to evidence compliance with the provisions of this code.

(3) Deposit with the commissioner the fees required by this code to be paid for filing the accompanying documents, and for the certificate of authority, if granted. [1947 c 79 § .05.07; Rem. Supp. 1947 § 45.05.07.]

**48.05.073 Filing of financial statements.** Every insurer holding a certificate of authority from the commissioner shall file its financial statements as required by this code and by the commissioner in accordance with the accounting practices and procedures manuals as adopted by the national association of insurance commissioners, unless otherwise provided by law. [1999 c 33 § 1.]

**48.05.080 Foreign insurers—Deposit.** (1) Prior to the issuance of a certificate of authority to a foreign insurer, it shall make a deposit of assets with the commissioner for the protection of all its policyholders, or of all of its policyholders and obligees or its policyholders and obligees within the United States, in amount and kind, subject to RCW 48.14.040, the same as is required of a like domestic insurer transacting like kinds of insurance.

(2) In lieu of such deposit or part thereof the commissioner may accept the certificate of the public official having supervision over insurers in any other state to the effect that a like deposit by such insurer or like part thereof in equal or greater amount is held in public custody in such state. [1955 c 86 § 1; 1947 c 79 § .05.08; Rem. Supp. 1947 § 45.05.08.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.05.090 Alien insurers—Assets required—Trust deposit.** (1) An alien insurer shall not be authorized to transact insurance in this state unless it maintains within the United States assets in amount not less than its outstanding liabilities arising out of its insurance transactions in the United States, nor unless it maintains a trust deposit in an amount not less than the required reserves under its policies resulting from such transactions (after deducting, in the case of a life insurer, the amount of outstanding policy loans on such policies) plus assets equal to the larger of the following sums:

(a) The largest amount of deposit required under this title to be made in this state by any type of domestic insurer transacting like kinds of insurance; or

(b) Two hundred thousand dollars.

(2) The trust deposit shall be for the security of all policyholders or policyholders and obligees of the insurer in the United States. It shall not be subject to diminution below the amount currently determined in accordance with subsection (1) of this section so long as the insurer has outstanding any liabilities arising out of its business transacted in the United States.

(3) The trust deposit shall be maintained with public depositories or trust institutions within the United States approved by the commissioner. [1949 c 190 § 4; 1947 c 79 § .05.09; Rem. Supp. 1949 § 45.05.09.]

**48.05.100 Alien insurers—Deposit resolution.** An alien insurer shall file with the commissioner a certified copy of the resolution of its governing board by which the trust deposit was established, together with a certified copy of any trust agreement under which the deposit is held. [1947 c 79 § .05.10; Rem. Supp. 1947 § 45.05.10.]

**48.05.105 Foreign or alien insurers—Three years active transacting required—Exception.** (1) No certificate of authority shall be granted to a foreign or alien applicant that has not actively transacted for three years the classes of insurance for which it seeks to be admitted.

(2) Subsection (1) of this section does not apply to the following:

(a) Any subsidiary of a seasoned, reputable insurer that has held a certificate of authority in this state for at least three years; or

(b) Any applicant that:

(i) Has surplus of not less than twenty-five million dollars; and

(ii) Has made a deposit with the commissioner in the amount of one million dollars for the sole benefit of the applicant's Washington policyholders.

(3) The commissioner shall release the deposit to an authorized insurer who originally met the requirement in subsection (2)(b)(ii) of this section, in accordance with chapter 48.16 RCW, if:

(a) The certificate of authority was issued at least three years prior to application for release of the deposit; and

(b) The insurer is in good standing with the commissioner. [2010 c 93 § 1; 1967 c 150 § 2.]

**48.05.110 Issuance of certificate of authority.** If the commissioner finds that an insurer has met the requirements

for and is fully entitled thereto under this code, he or she shall issue to it a proper certificate of authority. If the commissioner does not so find, the authority shall be refused within a reasonable length of time following completion by the insurer of the application therefor. [2009 c 549 § 7015; 1947 c 79 § .05.11; Rem. Supp. 1947 § 45.05.11.]

**48.05.120 Certificate of authority—Duration, renewal, amendment.** (1) All certificates of authority shall continue in force until suspended, revoked, or not renewed. A certificate shall be subject to renewal annually on the first day of July upon application of the insurer and payment of the fee therefor. If not so renewed, the certificate shall expire as of the thirtieth day of June next preceding.

(2) The commissioner may amend a certificate of authority at any time in accordance with changes in the insurer's charter or insuring powers. [1957 c 193 § 3; 1955 c 31 § 1; 1947 c 79 § .05.12; Rem. Supp. 1947 § 45.05.12.]

**48.05.130 Certificate of authority—Mandatory refusal, revocation, suspension.** The commissioner shall refuse to renew or shall revoke or suspend an insurer's certificate of authority, in addition to other grounds therefor in this code, if the insurer:

(1) Is a foreign or alien insurer and no longer qualifies or meets the requirements for the authority; or, is a domestic mutual or domestic reciprocal insurer, and fails to make good a deficiency of assets as required by the commissioner.

(2) Is a domestic stock insurer and has assets less in amount than its liabilities, including its capital stock as a liability, and has failed to make good such deficiency as required by the commissioner.

(3) Knowingly exceeds its charter powers or its certificate of authority. [1947 c 79 § .05.13; Rem. Supp. 1947 § 45.05.13.]

**48.05.140 Certificate of authority—Discretionary refusal, revocation, suspension.** The commissioner may refuse, suspend, or revoke an insurer's certificate of authority, in addition to other grounds therefor in this code, if the insurer:

(1) Fails to comply with any provision of this code other than those for violation of which refusal, suspension, or revocation is mandatory, or fails to comply with any proper order or regulation of the commissioner.

(2) Is found by the commissioner to be in such condition that its further transaction of insurance in this state would be hazardous to policyholders and the people in this state.

(3) Refuses to remove or discharge a director or officer who has been convicted of any crime involving fraud, dishonesty, or like moral turpitude.

(4) Usually compels claimants under policies either to accept less than the amount due them or to bring suit against it to secure full payment of the amount due.

(5) Is affiliated with and under the same general management, or interlocking directorate, or ownership as another insurer which transacts insurance in this state without having a certificate of authority therefor, except as is permitted by this code.

(6) Refuses to be examined, or if its directors, officers, employees or representatives refuse to submit to examination or to produce its accounts, records, and files for examination by the commissioner when required, or refuse to perform any legal obligation relative to the examination.

(7) Fails to pay any final judgment rendered against it in this state upon any policy, bond, recognizance, or undertaking issued or guaranteed by it, within thirty days after the judgment became final or within thirty days after time for taking an appeal has expired, or within thirty days after dismissal of an appeal before final determination, whichever date is the later.

(8) Is found by the commissioner, after investigation or upon receipt of reliable information, to be managed by persons, whether by its directors, officers, or by any other means, who are incompetent or untrustworthy or so lacking in insurance company managerial experience as to make a proposed operation hazardous to the insurance-buying public; or that there is good reason to believe it is affiliated directly or indirectly through ownership, control, reinsurance or other insurance or business relations, with any person or persons whose business operations are or have been marked, to the detriment of policyholders or stockholders or investors or creditors or of the public, by bad faith or by manipulation of assets, or of accounts, or of reinsurance.

(9) Does business through insurance producers or title insurance agents in this state or in any other state who are not properly licensed under applicable laws and duly enacted regulations adopted pursuant thereto. [2008 c 217 § 2; 1973 1st ex.s. c 152 § 1; 1969 ex.s. c 241 § 3; 1967 c 150 § 4; 1947 c 79 § .05.14; Rem. Supp. 1947 § 45.04.14.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.05.150 Notice of intention to refuse, revoke, or suspend.** The commissioner shall give an insurer notice of his or her intention to suspend, revoke, or refuse to renew its certificate of authority not less than ten days before the order of suspension, revocation or refusal is to become effective; except that no advance notice of intention is required where the order results from a domestic insurer's failure to make good a deficiency of assets as required by the commissioner. [2009 c 549 § 7016; 1947 c 79 § .05.15; Rem. Supp. 1947 § 45.05.15.]

**48.05.160 Period of suspension.** The commissioner shall not suspend an insurer's certificate of authority for a period in excess of one year, and he or she shall state in his or her order of suspension the period during which it shall be effective. [2009 c 549 § 7017; 1947 c 79 § .05.16; Rem. Supp. 1947 § 45.05.16.]

**48.05.170 Reauthorization, limitation upon.** No insurer whose certificate of authority has been suspended, revoked, or refused shall subsequently be authorized unless the grounds for such suspension, revocation, or refusal no longer exist and the insurer is otherwise fully qualified. [1947 c 79 § .05.17; Rem. Supp. 1947 § 45.05.17.]

**48.05.180 Notice of refusal, revocation, suspension—Effect upon insurance producers' or title insurance agents' authority.** Upon the suspension, revocation or refusal of an insurer's certificate of authority, the commissioner shall give notice thereof to the insurer and shall likewise suspend, revoke or refuse the authority of its appointed insurance producers or title insurance agents to represent it in this state and give notice thereof to these insurance producers or title insurance agents. [2008 c 217 § 3; 1947 c 79 § .05.18; Rem. Supp. 1947 § 45.05.18.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.05.185 Fine in addition or in lieu of suspension, revocation, or refusal.** After hearing or with the consent of the insurer and in addition to or in lieu of the suspension, revocation, or refusal to renew any certificate of authority the commissioner may levy a fine upon the insurer in an amount not less than two hundred fifty dollars and not more than ten thousand dollars. The order levying such fine shall specify the period within which the fine shall be fully paid and which period shall not be less than fifteen nor more than thirty days from the date of such order. Upon failure to pay any such fine when due the commissioner shall revoke the certificate of authority of the insurer if not already revoked, and the fine shall be recovered in a civil action brought in behalf of the commissioner by the attorney general. Any fine so collected shall be paid by the commissioner to the state treasurer for the account of the general fund. [1980 c 102 § 1; 1975 1st ex.s. c 266 § 3; 1965 ex.s. c 70 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.05.190 Name of insurer.** (1) Every insurer shall conduct its business in its own legal name.

(2) No insurer shall assume or use a name deceptively similar to that of any other authorized insurer. [1947 c 79 § .05.19; Rem. Supp. 1947 § 45.05.19.]

**48.05.200 Commissioner as attorney for service of process—Exception.** (1) Each authorized foreign or alien insurer shall appoint the commissioner as its attorney to receive service of, and upon whom shall be served, all legal process issued against it in this state upon causes of action arising within this state. Service upon the commissioner as attorney shall constitute service upon the insurer. Service of legal process against such insurer can be had only by service upon the commissioner, except actions upon contractor bonds pursuant to RCW 18.27.040, where service may be upon the department of labor and industries.

(2) With the appointment the insurer shall designate by name and address the person to whom the commissioner shall forward legal process so served upon him or her. The insurer may change such person by filing a new designation.

(3) The appointment of the commissioner as attorney shall be irrevocable, shall bind any successor in interest or to the assets or liabilities of the insurer, and shall remain in effect as long as there is in force in this state any contract made by the insurer or liabilities or duties arising therefrom. [1985 c 264 § 3; 1947 c 79 § .05.20; Rem. Supp. 1947 § 45.05.20.]

**48.05.210 Service of process—Procedure.** (1) Duplicate copies of legal process against an insurer for whom the commissioner is attorney shall be served upon him or her either by a person competent to serve a summons, or by registered mail. At the time of service the plaintiff shall pay to the commissioner ten dollars, taxable as costs in the action.

(2) The commissioner shall forthwith send one of the copies of the process, by registered mail with return receipt requested, to the person designated for the purpose by the insurer in its most recent such designation filed with the commissioner.

(3) The commissioner shall keep a record of the day and hour of service upon him or her of all legal process. No proceedings shall be had against the insurer, and the insurer shall not be required to appear, plead, or answer until the expiration of forty days after the date of service upon the commissioner. [2009 c 549 § 7018; 1981 c 339 § 3; 1947 c 79 § .05.21; Rem. Supp. 1947 § 45.05.21.]

**48.05.215 Unauthorized foreign or alien insurers—Jurisdiction of state courts—Service of process—Procedure.** (1) Any foreign or alien insurer not thereunto authorized by the commissioner, whether it be a surplus lines insurer operating under chapter 48.15 RCW or not, who, by mail or otherwise, solicits insurance business in this state or transacts insurance business in this state as defined by RCW 48.01.060, thereby submits itself to the jurisdiction of the courts of this state in any action, suit or proceeding instituted by or on behalf of an insured, beneficiary or the commissioner arising out of such unauthorized solicitation of insurance business, including, but not limited to, an action for injunctive relief by the commissioner.

(2) In any such action, suit or proceeding instituted by or on behalf of an insured or beneficiary, service of legal process against such unauthorized foreign or alien insurer may be made by service of duplicate copies of legal process on the commissioner by a person competent to serve a summons or by registered mail. At the time of service the plaintiff shall pay to the commissioner ten dollars, taxable as costs in the action. The commissioner shall forthwith mail one of the copies of the process, by registered mail with return receipt requested, to the defendant at its last known principal place of business. The defendant insurer shall have forty days from the date of the service on the commissioner within which to plead, answer or otherwise defend the action.

(3) In any such action, suit or proceeding by the commissioner, service of legal process against such unauthorized foreign or alien insurer may be made by personal service of legal process upon any officer of such insurer at its last known principal place of business outside the state of Washington. The summons upon such unauthorized foreign or alien insurer shall contain the same requisites and be served in like manner as personal summons within the state of Washington; except, the insurer shall have forty days from the date of such personal service within which to plead, answer or otherwise defend the action. [1981 c 339 § 4; 1967 c 150 § 3.]

**48.05.220 Venue of actions against insurer.** Suit upon causes of action arising within this state against an insurer upon an insurance contract shall be brought in the county

where the cause of action arose. [1947 c 79 § .05.22; Rem. Supp. 1947 § 45.05.22.]

**48.05.250 Annual statement.** (1) Each domestic insurer shall annually, on or before the first day of March, file with the commissioner a true statement of its financial condition, transactions, and affairs as of the thirty-first day of December preceding. The statement forms shall be in general form and context as approved by the National Association of Insurance Commissioners for the kinds of insurance to be reported upon, and as supplemented for additional information required by this code and by the commissioner. The statement shall be verified by the oaths of at least two of the insurer's officers.

(2) The annual statement of an alien insurer shall relate only to its transactions and affairs in the United States unless the commissioner requires otherwise. The statement shall be verified by the insurer's United States manager or by its officers duly authorized.

(3) The commissioner shall suspend or revoke the certificate of authority of any insurer failing to file its annual statement when due or during any extension of time therefor which the commissioner, for good cause, may grant. [2006 c 25 § 5; 1983 c 85 § 1; 1947 c 79 § .05.25; Rem. Supp. 1947 § 45.05.25.]

*Advertising of financial condition: RCW 48.30.070.*

*Assets and liabilities: Chapter 48.12 RCW.*

*False financial statements: RCW 48.30.030.*

**48.05.270 Alien insurer—Capital funds, determination.** (1) The capital funds of an alien insurer shall be deemed to be the amount by which its assets, deposited and otherwise held as provided in RCW 48.05.090 exceed its liabilities with respect to its business transacted in the United States.

(2) Assets of such insurer held in any state for the special protection of policyholders and obligees in such state shall not constitute assets of the insurer for the purposes of this code. Liabilities of the insurer so secured by such assets, but not exceeding the amount of such assets, may be deducted in computing the insurer's liabilities for the purpose of this section. [1947 c 79 § .05.27; Rem. Supp. 1947 § 45.05.27.]

**48.05.280 Records and accounts of insurers.** Every insurer shall keep full and adequate accounts and records of its assets, obligations, transactions, and affairs. [1947 c 79 § .05.28; Rem. Supp. 1947 § 45.05.28.]

**48.05.290 Withdrawal of insurer—Reinsurance.** (1) No insurer shall withdraw from this state until its direct liability to its policyholders and obligees under all its insurance contracts then in force in this state has been assumed by another authorized insurer under an agreement approved by the commissioner. In the case of a life insurer, its liability pursuant to contracts issued in this state in settlement of proceeds under its policies shall likewise be so assumed.

(2) The commissioner may waive this requirement if he or she finds upon examination that a withdrawing insurer is then fully solvent and that the protection to be given its policyholders in this state will not be impaired by the waiver.

(3) The assuming insurer shall within a reasonable time replace the assumed insurance contracts with its own, or by endorsement thereon acknowledge its liability thereunder. [2009 c 549 § 7019; 1947 c 79 § .05.29; Rem. Supp. 1947 § 45.05.29.]

**48.05.320 Reports of fire losses.** (1) Each authorized insurer shall promptly report to the chief of the Washington state patrol, through the director of fire protection, upon forms as prescribed and furnished by him or her, each fire loss of property in this state reported to it and whether the loss is due to criminal activity or to undetermined causes.

(2) Each such insurer shall likewise report to the chief of the Washington state patrol, through the director of fire protection, upon claims paid by it for loss or damage by fire in this state. Copies of all reports required by this section shall be promptly transmitted to the state insurance commissioner. [1995 c 369 § 24; 1986 c 266 § 66; 1985 c 470 § 16; 1947 c 79 § .05.32; Rem. Supp. 1947 § 45.05.32.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.05.330 Insurers—Combination of kinds of insurance authorized—Exceptions.** An insurer which otherwise qualifies therefor may be authorized to transact any one kind or combinations of kinds of insurance as defined in chapter 48.11 RCW, except:

(1) A life insurer may grant annuities and may be authorized to transact in addition only disability insurance; except, that the commissioner may, if the insurer otherwise qualifies therefor, continue so to authorize any life insurer which immediately prior to June 13, 1963 was lawfully authorized to transact in this state a kind or kinds of insurance in addition to life and disability insurances and annuity business.

(2) A reciprocal insurer shall not transact life insurance.

(3) A title insurer shall be a stock insurer and shall not transact any other kind of insurance. This provision shall not prohibit the ceding of reinsurance by a title insurer to insurers other than mutual or reciprocal insurers. [1963 c 195 § 6.]

**48.05.340 Capital and surplus requirements.** (1) Subject to RCW 48.05.350 to qualify for authority to transact any one kind of insurance as defined in chapter 48.11 RCW or combination of kinds of insurance as set forth in this subsection, a foreign or alien insurer, whether stock or mutual, or a domestic insurer must possess unimpaired paid-in capital stock, if a stock insurer, or unimpaired surplus if a mutual insurer, and additional funds in surplus, as follows, and must thereafter maintain unimpaired a combined total of: (a) The paid-in capital stock if a stock insurer or surplus if a mutual insurer, plus (b) additional funds in surplus equal to the total of the following initial requirements:

Kind or kinds of insurance	Paid-in capital stock or basic surplus	Additional surplus
Life . . . . .	\$2,000,000	\$2,000,000
Disability . . . . .	2,000,000	2,000,000
Life and disability . . .	2,400,000	2,400,000
Property . . . . .	2,000,000	2,000,000
Marine & transportation . . .	2,000,000	2,000,000

General casualty . . . . .	2,400,000	2,400,000
Vehicle . . . . .	2,000,000	2,000,000
Surety . . . . .	2,000,000	2,000,000
Ocean marine and foreign trade . . . . .	2,000,000	2,000,000
Any two of the following kinds of insurance: Property, marine & transportation, general casualty, vehicle, surety, ocean marine and foreign trade, disability	3,000,000	3,000,000
Multiple lines (all insurances except life and title insurance) . . . . .	3,000,000	3,000,000
Title	2,000,000	2,000,000

(2) Capital and surplus requirements are based upon all the kinds of insurance transacted by the insurer wherever it operates or proposes to operate, whether or not only a portion of the kinds are to be transacted in this state.

(3) Until December 31, 1996, a foreign or alien insurer holding a certificate of authority to transact insurance in this state immediately prior to June 9, 1994, may continue to be authorized to transact the same kinds of insurance as long as it is otherwise qualified for that authority. A domestic insurer, except a title insurer, holding a certificate of authority to transact insurance in this state immediately prior to June 9, 1994, may continue to be authorized to transact the same kinds of insurance as long as it is otherwise qualified for such an authority and thereafter maintains unimpaired the amount of paid-in capital stock, if a stock insurer, or basic surplus, if a mutual or reciprocal insurer, and special or additional surplus as required of it under laws in force immediately prior to June 9, 1994. A domestic insurer that is acquired or merged must, immediately after completion of an acquisition or merger, meet the capital and surplus requirements of subsection (1) of this section. A domestic insurer, upon attaining the capital and surplus requirements of subsection (1) of this section, may not return to the capital and surplus requirements existing before June 9, 1994. [2007 c 127 § 1; 2005 c 223 § 2; 1995 c 83 § 14; 1994 c 171 § 1; 1993 c 462 § 50; 1991 sp.s. c 5 § 1; 1982 c 181 § 3; 1980 c 135 § 1; 1967 c 150 § 5; 1963 c 195 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.05.350 General casualty insurer combining disability, fidelity, insurance.** An insurer authorized to transact general casualty insurance shall be authorized to transact disability insurance and fidelity insurance without requiring additional financial qualifications. [1963 c 195 § 8.]

**48.05.370 Fiduciary relationship to insurer of officers, directors or corporation holding controlling interest.** Officers and directors of an insurer or a corporation holding a controlling interest in an insurer shall be deemed to stand in a fiduciary relation to the insurer, and shall discharge the duties

of their respective positions in good faith, and with that diligence, care and skill which ordinary prudent persons would exercise under similar circumstances in like positions. [2009 c 549 § 7020; 1969 ex.s. c 241 § 1.]

**48.05.380 Reports by property and casualty insurers—Rules.** The insurance commissioner shall adopt rules requiring insurers who are authorized to write property and casualty insurance in the state of Washington to record and report their Washington state loss and expense experiences and other data, as required by RCW 48.05.390. These rules may not require a report to be submitted by any insurer that has no data or experience to report. [2002 c 22 § 1; 1986 c 148 § 1; 1985 c 238 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.05.383 Statement of actuarial opinion—Property and casualty insurance.** (1) Every property and casualty insurance company doing business in this state, unless otherwise exempted by the domiciliary commissioner, shall annually submit the opinion of an appointed actuary entitled "Statement of Actuarial Opinion." This opinion shall be filed in accordance with the property and casualty annual statement instructions as adopted by the national association of insurance commissioners.

(2) Every property and casualty insurance company domiciled in this state that is required to submit a statement of actuarial opinion shall annually submit an actuarial opinion summary, written by the company's appointed actuary. This actuarial opinion summary shall be filed in accordance with the property and casualty annual statement instructions as adopted by the national association of insurance commissioners and shall be considered as a document supporting the actuarial opinion required in subsection (1) of this section.

(3) An insurance company authorized but not domiciled in this state shall provide the actuarial opinion summary upon request.

(4) An actuarial report and underlying work papers as required by the property and casualty annual statement instructions as adopted by the national association of insurance commissioners shall be prepared to support each actuarial opinion.

(5) If the insurance company fails to provide either a supporting actuarial report or work papers, or both, at the request of the commissioner or the commissioner determines that the supporting actuarial report or work papers provided by the insurance company is otherwise unacceptable to the commissioner, the commissioner may engage a qualified actuary at the expense of the company to review the opinion and the basis for the opinion and prepare the supporting actuarial report or work papers.

(6) The appointed actuary is not liable for damages to any person, other than the insurance company, the commissioner, or both, for any act, error, omission, decision, or conduct with respect to the actuary's opinion, except in cases of fraud or willful misconduct on the part of the appointed actuary. [2006 c 25 § 1.]

**Short title—2006 c 25 §§ 1-3:** "Sections 1 through 3 of this act may be known and cited as the property and casualty actuarial opinion law." [2006 c 25 § 4.]

(2010 Ed.)

**Effective date—2006 c 25 §§ 1-4:** "Sections 1 through 4 of this act take effect December 31, 2007." [2006 c 25 § 18.]

**48.05.385 Statement of actuarial opinion—Property and casualty insurance—Confidentiality.** (1) The statement of actuarial opinion shall be provided with the annual statement in accordance with the property and casualty annual statement instructions as adopted by the national association of insurance commissioners and shall be treated as a public document.

(2) Documents, materials or other information in the possession or control of the commissioner that are considered an actuarial report, work papers, or actuarial opinion summary provided in support of the opinion, and any other material provided by the insurance company to the commissioner in connection with the actuarial report, work papers, or actuarial opinion summary, is confidential by law and privileged, is not subject to chapter \*42.17 or 42.56 RCW, is not subject to subpoena, and is not subject to discovery or admissible in evidence in any private civil action.

(3) Subsection (2) of this section does not limit the commissioner's authority to release the documents to the actuarial board for counseling and discipline so long as the material is required for the purpose of professional disciplinary proceedings and the board establishes procedures satisfactory to the commissioner for preserving the confidentiality of the documents. Subsection (2) of this section does not limit the commissioner's authority to use the documents, materials, or other information in furtherance of any regulatory or legal action brought as part of the commissioner's official duties.

(4) Neither the commissioner nor any person who received documents, materials, or other information while acting under the authority of the commissioner is permitted or required to testify in any private civil action concerning any confidential documents, materials, or information subject to subsection (2) of this section.

(5) In order to assist in the performance of the commissioner's duties, the commissioner:

(a) May share documents, materials, or other information, including the confidential and privileged documents, materials, or information subject to subsection (2) of this section with other state, federal, and international regulatory agencies, with the national association of insurance commissioners and its affiliates and subsidiaries, and with state, federal, and international law enforcement authorities, provided that the recipient agrees to maintain the confidentiality and privileged status of the document, material, or other information and has the legal authority to maintain confidentiality;

(b) May receive documents, materials, or information, including otherwise confidential and privileged documents, materials, or information, from the national association of insurance commissioners and its affiliates and subsidiaries, and from regulatory and law enforcement officials of other foreign or domestic jurisdictions, and shall maintain as confidential or privileged any document, material, or information received with notice or the understanding that it is confidential or privileged under the laws of the jurisdiction that is the source of the document, material, or information; and

(c) May enter into agreements governing the sharing and use of information consistent with this subsection.

(6) A waiver of any applicable privilege or claim of confidentiality in the documents, materials, or information may not occur as a result of disclosure to the commissioner under this section or as a result of sharing as authorized in subsection (5) of this section. [2006 c 25 § 2.]

**\*Reviser's note:** Provisions in chapter 42.17 RCW relating to public disclosure were recodified in chapter 42.56 RCW by 2005 c 274.

**Short title—2006 c 25 §§ 1-3:** See note following RCW 48.05.383.

**Effective date—2006 c 25 §§ 1-4:** See note following RCW 48.05.383.

#### **48.05.390 Reports by various insurers—Contents.**

(1) The report required by RCW 48.05.380 shall include the types of insurance written by the insurer for policies pertaining to:

(a) Medical malpractice for physicians and surgeons, hospitals, other health care professions, and other health care facilities individually;

(b) Products liability. However, if comparable information is included in the annual statement required by RCW 48.05.250, products liability data must not be reported under RCW 48.05.380;

(c) Attorneys' malpractice;

(d) Architects' and engineers' malpractice;

(e) Municipal liability; and

(f) Day care center liability.

(2) The report shall include the following data by the type of insurance for the previous year ending on the thirty-first day of December:

(a) Direct premiums written;

(b) Direct premiums earned;

(c) Net investment income, including net realized capital gain and losses, using appropriate estimates where necessary;

(d) Incurred claims, development as the sum of the following:

(i) Dollar amount of claims closed with payments; plus

(ii) Reserves for reported claims at the end of the current year; minus

(iii) Reserves for reported claims at the end of the previous year; plus

(iv) Reserves for incurred but not reported claims at the end of the current year; minus

(v) Reserves for incurred but not reported claims at the end of the previous year; plus

(vi) Reserves for loss adjustment expense at the end of the current year; minus

(vii) Reserves for loss adjustment expense at the end of the previous year.

(e) Actual incurred expenses allocated separately to loss adjustment, commissions, other acquisition costs, advertising, general office expenses, taxes, licenses and fees, and all other expenses;

(f) Net underwriting gain or loss;

(g) Net operation gain or loss, including net investment income; and

(h) Other information requested by the insurance commissioner.

(3) The report shall be filed annually with the commissioner, no later than the first day of May. [1994 c 131 § 7; 1988 c 248 § 6; 1986 c 148 § 2; 1985 c 238 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.05.400 Annual filing and fee to National Association of Insurance Commissioners—Penalty.** (1) Each domestic, foreign, and alien insurer that is authorized to transact insurance in this state shall annually, on or before March 1 of each year, file with the National Association of Insurance Commissioners a copy of its annual statement convention blank, along with such additional filings as prescribed by the commissioner for the preceding year. The information filed with the National Association of Insurance Commissioners shall be in the same format and scope as that required by the commissioner and shall include the signed jurate page and the actuarial certification. Any amendments and addendums to the annual statement filing subsequently filed with the commissioner shall also be filed with the National Association of Insurance Commissioners.

(2) Coincident with the filing of its annual statement convention blank and other filings, each such insurer shall pay a reasonable fee directly to the National Association of Insurance Commissioners in an amount approved by the commissioner to cover the costs associated with the analysis of the annual statement convention blank.

(3) Foreign insurers that are domiciled in a state which has a law substantially similar to subsection (1) of this section shall be considered to be in compliance with this section.

(4) In the absence of actual malice, members of the National Association of Insurance Commissioners, their duly authorized committees, subcommittees, and task forces, their delegates, National Association of Insurance Commissioners employees, and all other persons charged with the responsibility of collecting, reviewing, analyzing, and disseminating the information developed from the filing of the annual statement convention blanks shall be acting as agents of the commissioner under the authority of this section and shall not be subject to civil liability for libel, slander, or any other cause of action by virtue of their collection, review, and analysis or dissemination of the data and information collected for the filings required under this section.

(5) The commissioner may suspend, revoke, or refuse to renew the certificate of authority of any insurer failing to file its annual statement or pay the fees when due or within any extension of time which the commissioner, for good cause, may have granted. [1987 c 132 § 1.]

**48.05.410 Health care practitioner risk management training.** Effective July 1, 1994, each health care provider, facility, or health maintenance organization that self-insures for liability risks related to medical malpractice and employs physicians or other independent health care practitioners in Washington state shall condition each physician's and practitioner's liability coverage by that entity upon that physician's or practitioner's participation in risk management training offered by the provider, facility, or health maintenance organization to its employees. The risk management training shall provide information related to avoiding adverse health outcomes resulting from substandard practice and minimizing damages associated with those adverse health outcomes that do occur. For purposes of this section, "independent health care practitioner" means those health care practitioner licensing classifications designated by the department of health in rule pursuant to \*RCW 18.130.330. [1993 c 492 § 414.]

\*Reviser's note: RCW 18.130.330 was repealed by 1995 c 265 § 27, effective July 1, 1995.

**Findings—Intent—1993 c 492:** See notes following RCW 43.20.050. Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.05.430 Definitions.** As used in RCW 48.05.430 through \*48.05.490, these terms have the following meanings:

- (1) "RBC" means risk-based capital.
- (2) "NAIC" means the national association of insurance commissioners.
- (3) "Domestic insurer" means any insurance company domiciled in this state.
- (4) "Foreign or alien insurer" means any insurance company that is licensed to do business in this state under this chapter but is not domiciled in this state.
- (5) "Life and disability insurer" means any insurance company authorized to write only life insurance, disability insurance, or both, as defined in chapter 48.11 RCW.
- (6) "Property and casualty insurer" means any insurance company authorized to write only property insurance, marine and transportation insurance, general casualty insurance, vehicle insurance, or any combination thereof, including disability insurance, as defined in chapter 48.11 RCW.
- (7) "Corrective order" means an order issued by the commissioner specifying corrective actions that the commissioner has determined are required.
- (8) "Negative trend" means, with respect to a life insurer, a disability insurer, or a life and disability insurer, the negative trend over a period of time, as determined in accordance with the trend test calculation included in the RBC instructions.
- (9) "Adjusted RBC report" means an RBC report that has been adjusted by the commissioner in accordance with RCW 48.05.435(5).
- (10) "RBC instructions" means the RBC report including risk-based capital instructions adopted by the NAIC.
- (11) "RBC level" means an insurer's company action level RBC, regulatory action level RBC, authorized control level RBC, or mandatory control level RBC where:
  - (a) "Company action level RBC" means, with respect to any insurer, the product of 2.0 and its authorized control level RBC;
  - (b) "Regulatory action level RBC" means the product [of] 1.5 and its authorized control level RBC;
  - (c) "Authorized control level RBC" means the number determined under the risk-based capital formula in accordance with the RBC instructions; and
  - (d) "Mandatory control level RBC" means the product of .70 and the authorized control level RBC.
- (12) "RBC plan" means a comprehensive financial plan containing the elements specified in RCW 48.05.440(2). If the commissioner rejects the RBC plan, and it is revised by the insurer, with or without the commissioner's recommendation, the plan shall be called the "revised RBC plan."
- (13) "RBC report" means the report required in RCW 48.05.435.
- (14) "Total adjusted capital" means the sum of:
  - (a) An insurer's statutory capital and surplus as determined in accordance with statutory accounting applicable to

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the annual financial statements required to be filed under RCW 48.05.250; and

(b) Other items, if any, as the RBC instructions may provide. [1995 c 83 § 1.]

\*Reviser's note: RCW 48.05.490 was repealed by 2006 c 25 § 11.

**48.05.435 Report of RBC levels—Formula for determining levels—Inaccurate reports adjusted by commissioner.** (1) Every domestic insurer shall, on or prior to the filing date, which is hereby established as March 1, prepare and submit to the commissioner a report of its RBC levels as of the end of the calendar year just ended, in a form and containing that information required by the RBC instructions. In addition, every domestic insurer shall file its RBC report:

(a) With the NAIC in accordance with the RBC instructions; and

(b) With the insurance commissioner in any state in which the insurer is authorized to do business, if the insurance commissioner has notified the insurer of its request in writing, in which case the insurer shall file its RBC report not later than the later of:

(i) Fifteen days from the receipt of notice to file its RBC report with that state; or

(ii) The filing date.

(2) A life and disability insurer's RBC shall be determined in accordance with the formula set forth in the RBC instructions. The formula shall take into account and may adjust for the covariance between:

(a) The risk with respect to the insurer's assets;

(b) The risk of adverse insurance experience with respect to the insurer's liabilities and obligations;

(c) The interest rate risk with respect to the insurer's business; and

(d) All other business risks and other relevant risks as are set forth in the RBC instructions; determined in each case by applying the factors in the manner set forth in the RBC instructions.

(3) A property and casualty insurer's RBC shall be determined in accordance with the formula set forth in the RBC instructions. The formula shall take into account and may adjust for the covariance between:

(a) Asset risk;

(b) Credit risk;

(c) Underwriting risk; and

(d) All other business risks and other relevant risks as are set forth in the RBC instructions; determined in each case by applying the factors in the manner set forth in the RBC instructions.

(4) An excess of capital over the amount produced by the RBC requirements and the formulas, schedules, and instructions under RCW 48.05.430 through \*48.05.490 is desirable in the business of insurance. Accordingly, insurers should seek to maintain capital above the RBC levels required. Additional capital is used and useful in the insurance business and helps to secure an insurer against various risks inherent in, or affecting, the business of insurance and not accounted for or only partially measured by the RBC requirements.

(5) If a domestic insurer files an RBC report that in the judgment of the commissioner is inaccurate, then the com-

missioner shall adjust the RBC report to correct the inaccuracy and shall notify the insurer of the adjustment. The notice shall contain a statement of the reason for the adjustment. [1995 c 83 § 2.]

\*Reviser's note: RCW 48.05.490 was repealed by 2006 c 25 § 11.

**48.05.440 Company action level event—Definition—RBC plan—Commissioner's review.** (1) "Company action level event" means any of the following events:

(a) The filing of an RBC report by an insurer indicating that:

(i) The insurer's total adjusted capital is greater than or equal to its regulatory action level RBC, but less than its company action level RBC;

(ii) If a life and disability insurer, the insurer has total adjusted capital that is greater than or equal to its company action level RBC, but less than the product of its authorized control level RBC and 2.5 and has a negative trend; or

(iii) If a property and casualty insurer, the insurer has total adjusted capital that is greater than or equal to its company action level RBC but less than the product of its authorized control level RBC and 3.0 and met the trend test determined in accordance with the trend test calculation included in the RBC instructions;

(b) The notification by the commissioner to the insurer of an adjusted RBC report that indicates an event in (a) of this subsection, provided the insurer does not challenge the adjusted RBC report under RCW 48.05.460; or

(c) If, under RCW 48.05.460, an insurer challenges an adjusted RBC report that indicates an event in (a) of this subsection, the notification by the commissioner to the insurer that the commissioner has, after a hearing, rejected the insurer's challenge.

(2) In the event of a company action level event, the insurer shall prepare and submit to the commissioner an RBC plan that:

(a) Identifies the conditions that contribute to the company action level event;

(b) Contains proposals of corrective actions that the insurer intends to take and would be expected to result in the elimination of the company action level event;

(c) Provides projections of the insurer's financial results in the current year and at least the four succeeding years, both in the absence of proposed corrective actions and giving effect to the proposed corrective actions, including projections of statutory operating income, net income, capital, and surplus. The projections for both new and renewal business might include separate projections for each major line of business and separately identify each significant income, expense, and benefit component;

(d) Identifies the key assumptions impacting the insurer's projections and the sensitivity of the projections to the assumptions; and

(e) Identifies the quality of, and problems associated with, the insurer's business, including but not limited to its assets, anticipated business growth and associated surplus strain, extraordinary exposure to risk, mix of business, and use of reinsurance, if any, in each case.

(3) The RBC plan shall be submitted:

(a) Within forty-five days of the company action level event; or

(b) If the insurer challenges an adjusted RBC report under RCW 48.05.460, within forty-five days after notification to the insurer that the commissioner has, after a hearing, rejected the insurer's challenge.

(4) Within sixty days after the submission by an insurer of an RBC plan to the commissioner, the commissioner shall notify the insurer whether the RBC plan may be implemented or is, in the judgment of the commissioner, unsatisfactory. If the commissioner determines the RBC plan is unsatisfactory, the notification to the insurer shall set forth the reasons for the determination, and may set forth proposed revisions that will render the RBC plan satisfactory. Upon notification from the commissioner, the insurer shall prepare a revised RBC plan, that may incorporate by reference any revisions proposed by the commissioner, and shall submit the revised RBC plan to the commissioner:

(a) Within forty-five days after the notification from the commissioner; or

(b) If the insurer challenges the notification from the commissioner under RCW 48.05.460, within forty-five days after a notification to the insurer that the commissioner has, after a hearing, rejected the insurer's challenge.

(5) In the event of a notification by the commissioner to an insurer that the insurer's RBC plan or revised RBC plan is unsatisfactory, the commissioner may, subject to the insurer's rights to a hearing under RCW 48.05.460, specify in the notification that the notification constitutes a regulatory action level event.

(6) Every domestic insurer that files an RBC plan or revised RBC plan with the commissioner shall file a copy of the RBC plan or revised RBC plan with the insurance commissioner in any state in which the insurer is authorized to do business if:

(a) The state has an RBC provision substantially similar to RCW 48.05.465(1); and

(b) The insurance commissioner of that state has notified the insurer of its request for the filing in writing, in which case the insurer shall file a copy of the RBC plan or revised RBC plan in that state no later than the later of:

(i) Fifteen days after the receipt of notice to file a copy of its RBC plan or revised plan with the state; or

(ii) The date on which the RBC plan or revised RBC plan is filed under subsections (3) and (4) of this section. [2006 c 25 § 6; 1995 c 83 § 3.]

**48.05.445 Regulatory action level event—Definition—Commissioner's duties—Corrective actions.** (1) "Regulatory action level event" means, with respect to any insurer, any of the following events:

(a) The filing of an RBC report by the insurer indicating that the insurer's total adjusted capital is greater than or equal to its authorized control level RBC but less than its regulatory action level RBC;

(b) The notification by the commissioner to an insurer of an adjusted RBC report that indicates the event in (a) of this subsection, provided the insurer does not challenge the adjusted RBC report under RCW 48.05.460;

(c) If, under RCW 48.05.460, the insurer challenges an adjusted RBC report that indicates the event in (a) of this sub-

section, the notification by the commissioner to the insurer that the commissioner has, after a hearing, rejected the insurer's challenge;

(d) The failure of the insurer to file an RBC report by the filing date, unless the insurer has provided an explanation for such failure that is satisfactory to the commissioner and has cured the failure within ten days after the filing date;

(e) The failure of the insurer to submit an RBC plan to the commissioner within the time period set forth in RCW 48.05.440(3);

(f) Notification by the commissioner to the insurer that:

(i) The RBC plan or revised RBC plan submitted by the insurer is, in the judgment of the commissioner, unsatisfactory; and

(ii) The notification constitutes a regulatory action level event with respect to the insurer, provided the insurer has not challenged the determination under RCW 48.05.460;

(g) If, under RCW 48.05.460, the insurer challenges a determination by the commissioner under (f) of this subsection, the notification by the commissioner to the insurer that the commissioner has, after a hearing, rejected the challenge;

(h) Notification by the commissioner to the insurer that the insurer has failed to adhere to its RBC plan or revised RBC plan, but only if the failure has a substantial adverse effect on the ability of the insurer to eliminate the company action level event in accordance with its RBC plan or revised RBC plan and the commissioner has so stated in the notification, provided the insurer has not challenged the determination under RCW 48.05.460; or

(i) If, under RCW 48.05.460, the insurer challenges a determination by the commissioner under (h) of this subsection, the notification by the commissioner to the insurer that the commissioner has, after a hearing, rejected the challenge.

(2) In the event of a regulatory action level event the commissioner shall:

(a) Require the insurer to prepare and submit an RBC plan or, if applicable, a revised RBC plan;

(b) Perform the examination or analysis the commissioner deems necessary of the assets, liabilities, and operations of the insurer including a review of its RBC plan or revised RBC plan; and

(c) Subsequent to the examination or analysis, issue an order specifying those corrective actions the commissioner determines are required.

(3) In determining corrective actions, the commissioner may take into account those factors deemed relevant with respect to the insurer based upon the commissioner's examination or analysis of the assets, liabilities, and operations of the insurer, including, but not limited to, the results of any sensitivity tests undertaken under the RBC instructions. The RBC plan or revised RBC plan shall be submitted:

(a) Within forty-five days after the occurrence of the regulatory action level event;

(b) If the insurer challenges an adjusted RBC report under RCW 48.05.460, and the challenge is not frivolous in the judgment of the commissioner, within forty-five days after the notification to the insurer that the commissioner has, after a hearing, rejected the insurer's challenge; or

(c) If the insurer challenges a revised RBC plan under RCW 48.05.460, and the challenge is not frivolous in the judgment of the commissioner, within forty-five days after

the notification to the insurer that the commissioner has, after a hearing, rejected the insurer's challenge.

(4) The commissioner may retain actuaries and investment experts and other consultants as may be necessary in the judgment of the commissioner to review the insurer's RBC plan or revised RBC plan, examine or analyze the assets, liabilities, and operations of the insurer and formulate the corrective order with respect to the insurer. The fees, costs, and expenses relating to consultants shall be borne by the affected insurer or other party as directed by the commissioner. [1995 c 83 § 4.]

**48.05.450 Authorized control level event—Definition—Commissioner's duties.** (1) "Authorized control level event" means any of the following events:

(a) The filing of an RBC report by the insurer indicating that the insurer's total adjusted capital is greater than or equal to its mandatory control level RBC but less than its authorized control level RBC;

(b) The notification by the commissioner to the insurer of an adjusted RBC report that indicates the event in (a) of this subsection, provided the insurer does not challenge the adjusted RBC report under RCW 48.05.460;

(c) If, under RCW 48.05.460, the insurer challenges an adjusted RBC report that indicates the event in (a) of this subsection, notification by the commissioner to the insurer that the commissioner has, after a hearing, rejected the insurer's challenge;

(d) The failure of the insurer to respond, in a manner satisfactory to the commissioner, to a corrective order, provided the insurer has not challenged the corrective order under RCW 48.05.460; or

(e) If the insurer has challenged a corrective order under RCW 48.05.460 and the commissioner has, after a hearing, rejected the challenge or modified the corrective order, the failure of the insurer to respond, in a manner satisfactory to the commissioner, to the corrective order subsequent to rejection or modification by the commissioner.

(2) In the event of an authorized control level event with respect to an insurer, the commissioner shall:

(a) Take those actions required under RCW 48.05.445 regarding an insurer with respect to which a regulatory action level event has occurred; or

(b) If the commissioner deems it to be in the best interests of the policyholders and creditors of the insurer and of the public, take those actions necessary to cause the insurer to be placed under regulatory control under chapter 48.31 RCW. In the event the commissioner takes these actions, the authorized control level event is sufficient grounds for the commissioner to take action under chapter 48.31 RCW, and the commissioner has the rights, powers, and duties with respect to the insurer as are set forth in chapter 48.31 RCW. In the event the commissioner takes actions under this subsection pursuant to an adjusted RBC report, the insurer is entitled to those protections afforded to insurers under RCW 48.31.121 pertaining to summary proceedings. [1995 c 83 § 5.]

**48.05.455 Mandatory control level event—Definition—Commissioner’s duties.** (1) "Mandatory control level event" means any of the following events:

(a) The filing of an RBC report indicating that the insurer’s total adjusted capital is less than its mandatory control level RBC;

(b) Notification by the commissioner to the insurer of an adjusted RBC report that indicates the event in (a) of this subsection, provided the insurer does not challenge the adjusted RBC report under RCW 48.05.460; or

(c) If, under RCW 48.05.460, the insurer challenges an adjusted RBC report that indicates the event in (a) of this subsection, notification by the commissioner to the insurer that the commissioner has, after a hearing, rejected the insurer’s challenge.

(2) In the event of a mandatory control level event:

(a) With respect to a life and disability insurer, the commissioner shall take those actions necessary to place the insurer under regulatory control under chapter 48.31 RCW. In that event, the mandatory control level event is sufficient grounds for the commissioner to take action under chapter 48.31 RCW, and the commissioner has the rights, powers, and duties with respect to the insurer as are set forth in chapter 48.31 RCW. If the commissioner takes actions pursuant to an adjusted RBC report, the insurer is entitled to the protections of RCW 48.31.121 pertaining to summary proceedings. However, the commissioner may forego action for up to ninety days after the mandatory control level event if the commissioner finds there is a reasonable expectation that the mandatory control level event may be eliminated within the ninety-day period.

(b) With respect to a property and casualty insurer, the commissioner shall take those actions necessary to place the insurer under regulatory control under chapter 48.31 RCW, or, in the case of an insurer that is writing no business and that is running-off its existing business, may allow the insurer to continue its run-off under the supervision of the commissioner. In either event, the mandatory control level event is sufficient grounds for the commissioner to take action under chapter 48.31 RCW and the commissioner has the rights, powers, and duties with respect to the insurer as are set forth in chapter 48.31 RCW. If the commissioner takes actions pursuant to an adjusted RBC report, the insurer is entitled to the protections of RCW 48.31.121 pertaining to summary proceedings. However, the commissioner may forego action for up to ninety days after the mandatory control level event if the commissioner finds there is a reasonable expectation that the mandatory control level event may be eliminated within the ninety-day period. [1995 c 83 § 6.]

**48.05.460 Insurer’s right to a hearing—Request—Commissioner sets date.** (1) Upon notification to an insurer by the commissioner of any of the following, the insurer shall have the right to a hearing, in accordance with chapters 48.04 and 34.05 RCW, at which the insurer may challenge any determination or action by the commissioner:

(a) Of an adjusted RBC report; or

(b)(i) That the insurer’s RBC plan or revised RBC plan is unsatisfactory; and

(ii) The notification constitutes a regulatory action level event with respect to such insurer; or

(c) That the insurer has failed to adhere to its RBC plan or revised RBC plan and that such failure has a substantial adverse effect on the ability of the insurer to eliminate the company action level event with respect to the insurer in accordance with its RBC plan or revised RBC plan; or

(d) Of a corrective order with respect to the insurer.

(2) The insurer shall notify the commissioner of its request for a hearing within five days after the notification by the commissioner under this section. Upon receipt of the insurer’s request for a hearing, the commissioner shall set a date for the hearing. The date shall be no less than ten nor more than thirty days after the date of the insurer’s request. [1995 c 83 § 7.]

**48.05.465 Confidentiality of RBC reports and plans—Use of information for comparative purposes—Use of information to monitor solvency.** (1) All RBC reports, to the extent the information is not required to be set forth in a publicly available annual statement schedule, and RBC plans, including the results or report of any examination or analysis of an insurer and any corrective order issued by the commissioner, with respect to any domestic insurer or foreign insurer that are filed with the commissioner constitute information that might be damaging to the insurer if made available to its competitors, and therefore shall be kept confidential by the commissioner. This information shall not be made public or be subject to subpoena, other than by the commissioner and then only for the purpose of enforcement actions taken by the commissioner.

(2) The comparison of an insurer’s total adjusted capital to any of its RBC levels is a regulatory tool that may indicate the need for possible corrective action with respect to the insurer, and is not a means to rank insurers generally. Therefore, except as otherwise required under the provisions of RCW 48.05.430 through 48.05.485, the making, publishing, disseminating, circulating, or placing before the public, or causing, directly or indirectly to be made, published, disseminated, circulated, or placed before the public, in a newspaper, magazine, or other publication, or in the form of a notice, circular, pamphlet, letter, or poster, or over any radio or television station, or in any other way, an advertisement, announcement, or statement containing an assertion, representation, or statement with regard to the RBC levels of any insurer, or of any component derived in the calculation, by any insurer, insurance producer, title insurance agent, or other person engaged in any manner in the insurance business would be misleading and is therefore prohibited. However, if any materially false statement with respect to the comparison regarding an insurer’s total adjusted capital to its RBC levels, or any of them, or an inappropriate comparison of any other amount to the insurer’s RBC levels is published in any written publication and the insurer is able to demonstrate to the commissioner with substantial proof the falsity of such statement, or the inappropriateness, as the case may be, then the insurer may publish an announcement in a written publication if the sole purpose of the announcement is to rebut the materially false statement.

(3) The RBC instructions, RBC reports, adjusted RBC reports, RBC plans, and revised RBC plans are solely for use by the commissioner in monitoring the solvency of insurers and the need for possible corrective action with respect to

insurers and shall not be used by the commissioner for rate-making nor considered or introduced as evidence in any rate proceeding nor used by the commissioner to calculate or derive any elements of an appropriate premium level or rate of return for any line of insurance that an insurer or any affiliate is authorized to write. [2008 c 217 § 4; 1995 c 83 § 8.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.05.470 Regulation of capital and surplus requirements is supplemental—Commissioner may grant exemptions.** (1) The provisions of RCW 48.05.430 through \*48.05.490 are supplemental to any other provisions of the laws of this state, and shall not preclude or limit any other powers or duties of the commissioner under those laws, including, but not limited to, chapter 48.31 RCW.

(2) The commissioner may exempt any domestic property and casualty insurer from RCW 48.05.430 through \*48.05.490, if the insurer:

(a) Writes direct business only in this state;

(b) Writes direct annual premiums of two million dollars or less; and

(c) Assumes no reinsurance in excess of five percent of direct premiums written. [1995 c 83 § 9.]

\*Reviser's note: RCW 48.05.490 was repealed by 2006 c 25 § 11.

**48.05.475 RBC report from foreign or alien insurers—Request of commissioner—Commissioner's options.**

(1) Any foreign or alien insurer shall, upon the written request of the commissioner, submit to the commissioner an RBC report as of the end of the calendar year just ended by the later of:

(a) The date an RBC report would be required to be filed by a domestic insurer under RCW 48.05.435; or

(b) Fifteen days after the request is received by the foreign or alien insurer. Any foreign or alien insurer shall, at the written request of the commissioner, promptly submit to the commissioner a copy of any RBC plan that is filed with the insurance commissioner of any other state.

(2) In the event of a company action level event, regulatory action level event, or authorized control level event with respect to any foreign or alien insurer as determined under the RBC statute applicable in the state of domicile of the insurer or, if no RBC statute is in force in that state, under the provisions of RCW 48.05.430 through \*48.05.490, if the insurance commissioner of the state of domicile of the foreign or alien insurer fails to require the foreign or alien insurer to file an RBC plan in the manner specified under that state's RBC statute, the commissioner may require the foreign or alien insurer to file an RBC plan. In this event, the failure of the foreign or alien insurer to file an RBC plan is grounds to order the insurer to cease and desist from writing new insurance business in this state.

(3) In the event of a mandatory control level event with respect to any foreign or alien insurer, if no domiciliary receiver has been appointed with respect to the foreign or alien insurer under the rehabilitation and liquidation statute applicable in the state of domicile of the foreign or alien insurer, the commissioner may apply for an order under RCW 48.31.080 or 48.31.090 to conserve the assets within this state of foreign or alien insurers, and the occurrence of

the mandatory control level event is considered adequate grounds for the application. [1995 c 83 § 10.]

\*Reviser's note: RCW 48.05.490 was repealed by 2006 c 25 § 11.

**48.05.480 No liability for regulation of capital and surplus requirements.** There is no liability on the part of, and no cause of action may arise against, the commissioner or insurance department or its employees or agents for any action taken by them in the performance of their powers and duties under RCW 48.05.430 through \*48.05.490. [1995 c 83 § 11.]

\*Reviser's note: RCW 48.05.490 was repealed by 2006 c 25 § 11.

**48.05.485 Notices by commissioner—When effective.**

All notices by the commissioner to an insurer that may result in regulatory action are effective upon dispatch if transmitted by registered or certified mail, or in the case of any other transmission are effective upon the insurer's receipt of the notice. [1995 c 83 § 12.]

**48.05.510 Disclosure of certain material transactions—Insurer's report—Information is confidential.** (1)

Every insurer domiciled in this state shall file a report with the commissioner disclosing material acquisitions and dispositions of assets or material nonrenewals, cancellations, or revisions of ceded reinsurance agreements unless these acquisitions and dispositions of assets or material nonrenewals, cancellations, or revisions of ceded reinsurance agreements have been submitted to the commissioner for review, approval, or information purposes under other provisions of this title or other requirements.

(2) The report required in subsection (1) of this section is due within fifteen days after the end of the calendar month in which any of the transactions occur.

(3) One complete copy of the report, including any exhibits or other attachments filed as part of the report, shall be filed with the:

(a) Commissioner; and

(b) National association of insurance commissioners.

(4) All reports obtained by or disclosed to the commissioner under this section and RCW 48.05.515 through 48.05.535 are exempt from public inspection and copying and are not subject to subpoena. These reports shall not be made public by the commissioner, the national association of insurance commissioners, or any other person, except to insurance departments of other states, without the prior written consent of the insurer to which it pertains unless the commissioner, after giving the insurer that would be affected by disclosure notice and a hearing under chapter 48.04 RCW, determines that the interest of policyholders, shareholders, or the public will be served by the publication, in which event the commissioner may publish all or any part of the report in the manner he or she deems appropriate. [1995 c 86 § 1.]

**48.05.515 Material acquisitions or dispositions.** No acquisitions or dispositions of assets need be reported under RCW 48.05.510 if the acquisitions or dispositions are not material. For purposes of RCW 48.05.510 through 48.05.535, a material acquisition, or the aggregate of any series of related acquisitions during any thirty-day period; or disposi-

tion, or the aggregate of any series of related dispositions during any thirty-day period is an acquisition or disposition that is nonrecurring and not in the ordinary course of business and involves more than five percent of the reporting insurer's total assets as reported in its most recent statutory statement filed with the commissioner. [1995 c 86 § 2.]

**48.05.520 Asset acquisitions—Asset dispositions.** (1) Asset acquisitions subject to RCW 48.05.510 through 48.05.535 include every purchase, lease, exchange, merger, consolidation, succession, or other acquisition other than the construction or development of real property by or for the reporting insurer or the acquisition of materials for such a purpose.

(2) Asset dispositions subject to RCW 48.05.510 through 48.05.535 include every sale, lease, exchange, merger, consolidation, mortgage, hypothecation, abandonment, destruction, other disposition, or assignment, whether the assignment is for the benefit of creditors or otherwise. [1995 c 86 § 3.]

**48.05.525 Report of a material acquisition or disposition of assets—Information required.** (1) The following information is required to be disclosed in any report of a material acquisition or disposition of assets:

- (a) Date of the transaction;
- (b) Manner of acquisition or disposition;
- (c) Description of the assets involved;
- (d) Nature and amount of the consideration given or received;
- (e) Purpose of or reason for the transaction;
- (f) Manner by which the amount of consideration was determined;
- (g) Gain or loss recognized or realized as a result of the transaction; and
- (h) Names of the persons from whom the assets were acquired or to whom they were disposed.

(2) Insurers are required to report material acquisitions and dispositions on a nonconsolidated basis unless the insurer is part of a consolidated group of insurers that utilizes a pooling arrangement or one hundred percent reinsurance agreement that affects the solvency and integrity of the insurer's reserves and such an insurer ceded substantially all of its direct and assumed business to the pool. An insurer has ceded substantially all of its direct and assumed business to a pool if the insurer has less than one million dollars total direct plus assumed written premiums during a calendar year that are not subject to a pooling arrangement and the net income of the business not subject to the pooling arrangement represents less than five percent of the insurer's capital and surplus. [1995 c 86 § 4.]

**48.05.530 Material nonrenewals, cancellations, or revisions of ceded reinsurance agreements.** (1) No nonrenewals, cancellations, or revisions of ceded reinsurance agreements need be reported under RCW 48.05.510 if the nonrenewals, cancellations, or revisions are not material. For purposes of RCW 48.05.510 through 48.05.535, a material nonrenewal, cancellation, or revision is one that affects:

(a) More than fifty percent of a property and casualty insurer's total ceded written premium;

(b) More than fifty percent of the property and casualty insurer's total ceded indemnity and loss adjustment reserves;

(c) More than fifty percent of a nonproperty and casualty insurer's total reserve credit taken for business ceded, on an annualized basis, as indicated in the insurer's most recent annual statement;

(d) More than ten percent of an insurer's total cession when it is replaced by one or more unauthorized reinsurers; or

(e) Previously established collateral requirements, when they have been reduced or waived as respects one or more unauthorized reinsurers representing collectively more than ten percent of a total cession.

(2) However, a filing is not required if:

(a) A property and casualty insurer's total ceded written premium represents, on an annualized basis, less than ten percent of its total written premium for direct and assumed business; or

(b) A nonproperty and casualty insurer's total reserve credit taken for business ceded represents, on an annualized basis, less than ten percent of the statutory reserve requirement prior to any cession. [1995 c 86 § 5.]

**48.05.535 Report of a material nonrenewal, cancellation, or revision of ceded reinsurance agreements—Information required.** (1) The following is required to be disclosed in any report of a material nonrenewal, cancellation, or revision of ceded reinsurance agreements:

(a) The effective date of the nonrenewal, cancellation, or revision;

(b) The description of the transaction with an identification of the initiator;

(c) The purpose of or reason for the transaction; and

(d) If applicable, the identity of the replacement reinsurers.

(2) Insurers are required to report all material nonrenewals, cancellations, or revisions of ceded reinsurance agreements on a nonconsolidated basis unless the insurer is part of a consolidated group of insurers that utilizes a pooling arrangement or one hundred percent reinsurance agreement that affects the solvency and integrity of the insurer's reserves and the insurer ceded substantially all of its direct and assumed business to the pool. An insurer has ceded substantially all of its direct and assumed business to a pool if the insurer has less than one million dollars total direct plus assumed written premiums during a calendar year that are not subject to a pooling arrangement and the net income of the business not subject to the pooling arrangement represents less than five percent of the insurer's capital and surplus. [1995 c 86 § 6.]

**48.05.900 Severability—1995 c 83.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1995 c 83 § 15.]

Chapter 48.06 RCW

ORGANIZATION OF DOMESTIC INSURERS

Sections

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**48.06.010 Types of domestic insurers permitted.** An insurer formed in this state shall be either

- (1) An incorporated stock insurer, or
- (2) An incorporated mutual insurer, or
- (3) An incorporated specific risks mutual property insurer, or
- (4) An incorporated mutual assessment property insurer only, or
- (5) An incorporated farm mutual assessment property insurer only, or
- (6) A reciprocal insurer, with respective powers, duties, and restrictions as provided in this code. [1947 c 79 § .06.01; Rem. Supp. 1947 § 45.06.01.]

**48.06.020 Assessment mutuals prohibited—Exceptions.** No insurer shall be formed or be authorized in this state to issue contracts of insurance the performance of which is contingent upon the payment of assessments, assessment premiums, or calls made upon its members. Mutual assessment property insurers and farm mutual assessment property insurers shall be the only exception to this provision. [1947 c 79 § .06.02; Rem. Supp. 1947 § 45.06.02.]

**48.06.030 Solicitation permit.** (1) No person forming or proposing to form in this state an insurer, or insurance holding corporation, or stock corporation to finance an insurer or insurance production therefor, or corporation to manage an insurer, or corporation to be attorney-in-fact for a reciprocal insurer, or a syndicate for any of such purposes, shall advertise, or solicit or receive any funds, agreement, stock subscription, or membership on account thereof unless he or she has applied for and has received from the commissioner a solicitation permit.

(2) Any person violating this section is guilty of a class B felony and shall be subject to a fine of not more than ten thousand dollars or imprisonment for not more than ten years, or by both fine and imprisonment. [2003 c 53 § 267; 1947 c 79 § .06.03; Rem. Supp. 1947 § 45.06.03.]

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

(2010 Ed.)

**48.06.040 Application for solicitation permit.** To apply for a solicitation permit the person shall:

- (1) File with the commissioner a request showing:
  - (a) Name, type, and purpose of insurer, corporation, or syndicate proposed to be formed;
  - (b) Names, addresses, fingerprints for submission to the Washington state patrol, the federal bureau of investigation, and any governmental agency or entity authorized to receive this information for a state and national criminal history background check, and business records of each person associated or to be associated in the formation of the proposed insurer, corporation, or syndicate;
  - (c) Full disclosure of the terms of all understandings and agreements existing or proposed among persons so associated relative to the proposed insurer, corporation, or syndicate, or the formation thereof;
  - (d) The plan according to which solicitations are to be made; and
  - (e) Additional information as the commissioner may reasonably require.

- (2) File with the commissioner:
  - (a) Original and copies in triplicate of proposed articles of incorporation, or syndicate agreement; or, if the proposed insurer is a reciprocal, original and duplicate of the proposed subscribers' agreement and attorney-in-fact agreement;
  - (b) Original and duplicate copy of any proposed bylaws;
  - (c) Copy of any security proposed to be issued and copy of application or subscription agreement for that security;
  - (d) Copy of any insurance contract proposed to be offered and copy of application for that contract;
  - (e) Copy of any prospectus, advertising, or literature proposed to be used; and
  - (f) Copy of proposed form of any escrow agreement required.

(3) Deposit with the commissioner the fees required by law to be paid for the application including fees associated with the state and national criminal history background check, for filing of the articles of incorporation of an insurer, for filing the subscribers' agreement and attorney-in-fact agreement if the proposed insurer is a reciprocal, for the solicitation permit, if granted, and for filing articles of incorporation with the secretary of state. [2002 c 227 § 1; 1967 c 150 § 6; 1947 c 79 § .06.04; Rem. Supp. 1947 § 45.06.04.]

**Effective date—2002 c 227:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [March 28, 2002]." [2002 c 227 § 6.]

**48.06.050 Procedure upon application.** The commissioner shall expeditiously examine the application for a solicitation permit and make any investigation relative thereto deemed necessary. If the commissioner finds that

- (1) the application is complete; and
- (2) the documents therewith filed are equitable in terms and proper in form; and
- (3) the management of the company, whether by its directors, officers, or by any other means is competent and trustworthy and not so lacking in managerial experience as to make a proposed operation hazardous to the insurance-buying public; and that there is no reason to believe the company is affiliated, directly or indirectly, through ownership, con-

trol, reinsurance, or other insurance or business relations, with any other person or persons whose business operations are or have been marked, to the detriment of the policyholders or stockholders or investors or creditors or of the public, by bad faith or by manipulation of assets, or of accounts, or of reinsurance; and

(4) the agreements made or proposed are equitable to present and future shareholders, subscribers, members or policyholders, he or she shall give notice to the applicant that he or she will issue a solicitation permit, stating the terms to be contained therein, upon the filing of the bond required by RCW 48.06.110 of this code.

If the commissioner does not so find, he or she shall give notice to the applicant that the permit will not be granted, stating the grounds therefor, and shall refund to the applicant all sums so deposited except the application fee. [2009 c 549 § 7021; 1967 c 150 § 7; 1947 c 79 § .06.05; Rem. Supp. 1947 § 45.06.05.]

**48.06.060 Issuance of permit—Bond.** Upon the filing of the bond required by RCW 48.06.110 after notice by the commissioner, the commissioner shall:

(1) File the articles of incorporation of the proposed incorporated insurer or other corporation; and

(2) Issue to the applicant a solicitation permit. [1998 c 23 § 1; 1947 c 79 § .06.06; Rem. Supp. 1947 § 45.06.06.]

**48.06.070 Duration of permit—Contents.** Every solicitation permit issued by the commissioner shall:

(1) Be for a period of not over two years, subject to the right of the commissioner to grant a reasonable extension for good cause.

(2) State the securities for which subscriptions are to be solicited, the number, classes, par value, and selling price thereof, or identify the insurance contract for which applications and advance premiums or deposits are to be solicited.

(3) Limit the portion of funds received on account of stock or syndicate subscriptions, if any are proposed to be taken, which may be used for promotion and organization expenses to such amount as he or she deems adequate, but in no event to exceed fifteen percent of such funds as and when actually received.

(4) If to be a mutual or reciprocal insurer, limit the portion of funds received on account of applications for insurance which may be used for promotion or organization expenses to a reasonable commission upon such funds, giving consideration to the kind of insurance and policy involved and to the costs incurred by insurers generally in the production of similar business, and provide that no such commission shall be deemed to be earned nor be paid until the insurer has received its certificate of authority and the policies applied for and upon which such commission is to be based, have been actually issued and delivered.

(5) Contain such other information required by this chapter or reasonable conditions relative to accounting and reports or otherwise as the commissioner deems necessary. [2009 c 549 § 7022; 1953 c 197 § 1; 1947 c 79 § .06.07; Rem. Supp. 1947 § 45.06.07.]

**48.06.080 Permit as inducement.** The granting of a solicitation permit is permissive only and shall not constitute an endorsement by the commissioner of any person or thing related to the proposed insurer, corporation, or syndicate and the existence of the permit shall not be advertised or used as an inducement in any solicitation. The substance of this section in bold faced type not less than ten point shall be printed at the top of each solicitation permit. [1947 c 79 § .06.08; Rem. Supp. 1947 § 45.06.08.]

**48.06.090 Solicitors' licenses.** Solicitation for sale of securities to members of the public under a solicitation permit shall be made only by individuals licensed therefor pursuant to the provisions of the securities act. [1949 c 190 § 5; 1947 c 79 § .06.09; Rem. Supp. 1949 § 45.06.09.]

**48.06.100 Modification, revocation of permit.** (1) The commissioner may, for cause, modify a solicitation permit, or may, after a hearing, revoke any solicitation permit for violation of any provision of this code, or of the terms of the permit, or of any proper order of the commissioner, or for misrepresentation.

(2) The commissioner shall revoke a solicitation permit if requested in writing by a majority of the syndicate members, or by a majority of the incorporators and two-thirds of the subscribers to stock or applicants for insurance in the proposed incorporated insurer or corporation, or if he or she is so requested by a majority of the subscribers of a proposed reciprocal insurer. [2009 c 549 § 7023; 1947 c 79 § .06.10; Rem. Supp. 1947 § 45.06.10.]

**48.06.110 Bond—Cash deposit.** (1) The commissioner shall not issue a solicitation permit until the person applying therefor files with him or her a corporate surety bond in the penalty of fifty thousand dollars, in favor of the state and for the use and benefit of the state and of subscribers and creditors of the proposed organization.

The bond shall be conditioned upon the payment of costs incurred by the state in event of any legal proceedings for liquidation or dissolution of the proposed organization before completion of organization or in event a certificate of authority is not granted; and upon a full accounting for funds received until the proposed insurer has been granted its certificate of authority, or until the proposed corporation or syndicate has completed its organization as defined in the solicitation permit.

(2) In lieu of filing such bond, the person may deposit with the commissioner fifty thousand dollars in cash or in United States government bonds at par value, to be held in trust upon the same conditions as required for the bond.

(3) The commissioner may waive the requirement for a bond or deposit in lieu thereof if the permit provides that:

(a) The proposed securities are to be distributed solely and finally to those few persons who are the active promotors intimate to the formation of the insurer, or other corporation or syndicate, or

(b) The securities are to be issued in connection with subsequent financing as provided in RCW 48.06.180.

(4) Any bond filed or deposit or remaining portion thereof held under this section shall be released and discharged upon settlement or termination of all liabilities

against it. [2009 c 549 § 7024; 1969 ex.s. c 241 § 2; 1955 c 86 § 2; 1953 c 197 § 2; 1947 c 79 § .06.11; Rem. Supp 1947 § 45.06.11.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.06.120 Escrow of funds.** (1) All funds received pursuant to a solicitation permit shall be deposited and held in escrow in a bank or trust company under an agreement approved by the commissioner. No part of any such deposit shall be withdrawn, except:

(a) For the payment of promotion and organization expenses as authorized by the solicitation permit; or

(b) for the purpose of making any deposit with the commissioner required for the issuance of a certificate of authority to an insurer; or

(c) if the proposed organization is not to be an insurer, upon completion of payments on stock or syndicate subscriptions made under the solicitation permit and deposit or appropriation of such funds to the purposes specified in the solicitation permit; or

(d) for making of refunds as provided in RCW 48.06.170.

(2) When the commissioner has issued a certificate of authority to an insurer any such funds remaining in escrow for its account shall be released to the insurer. [1947 c 79 § .06.12; Rem. Supp. 1947 § 45.06.12.]

**48.06.130 Liability of organizers—Organization expense.** (1) The incorporators of any insurer or other corporation, or the persons proposing to form a reciprocal insurer, or a syndicate, shall be jointly and severally liable for its debts or liabilities until it has secured a certificate of authority, if an insurer, or has completed its organization if a corporation other than an insurer or a syndicate.

(2) Any portion of funds received on account of stock or syndicate subscriptions which is allowed therefor under the solicitation permit, may be applied concurrently toward the payment of promotion and organization expense theretofore incurred. [1947 c 79 § .06.13; Rem. Supp. 1947 § 45.06.13.]

**48.06.150 Payment for subscriptions—Forfeiture.**

(1) No such proposed stock insurer, corporation, or syndicate shall issue any share of stock or participation agreement except for payment in cash or in securities eligible for investment of funds of insurers. No such shares or agreement shall be issued until all subscriptions received under the solicitation permit have been so fully paid, nor, if an insurer, until a certificate of authority has been issued to it.

(2) Every subscription contract to shares of a stock insurer or other corporation calling for payment in installments, together with all amounts paid thereon may be forfeited at the option of the corporation, upon failure to make good a delinquency in any installment upon not less than forty-five days' notice in writing, and every such contract shall so provide. [1947 c 79 § .06.15; Rem. Supp. 1947 § 45.06.15.]

**48.06.160 Insurance applications—Mutual and reciprocal insurers.** All applications for insurance obtained in forming a mutual or reciprocal insurer shall provide that:

(1) Issuance of the policy is contingent upon completion of organization of the insurer and issuance to it of a certificate of authority; and

(2) the prepaid premium or deposit will be refunded in full to the applicant if the organization is not completed and certificate of authority issued prior to the solicitation permit's date of expiration; and

(3) the agreement for insurance is not effective until a policy has been issued under it. [1947 c 79 § .06.16; Rem. Supp. 1947 § 45.06.16.]

**48.06.170 Procedure on failure to complete organization or to qualify.**

The commissioner shall withdraw all funds held in escrow and refund to subscribers or applicants all sums paid in on stock or syndicate subscriptions, less that part of such sums paid in on subscriptions as has been allowed and used for promotion and organization expenses, and all sums paid in on insurance applications, and shall dissolve the proposed insurer, corporation or syndicate if

(1) the proposed insurer, corporation or syndicate fails to complete its organization and obtain full payment for subscriptions and applications, and, if an insurer, it fails to secure its certificate of authority, all before expiration of the solicitation permit; or

(2) the commissioner revokes the solicitation permit. [1947 c 79 § .06.17; Rem. Supp. 1947 § 45.06.17.]

**48.06.180 Subsequent financing.** (1) No domestic insurer, or insurance holding corporation, or stock corporation for financing operations of a mutual insurer, or attorney-in-fact corporation of a reciprocal insurer, after

(a) it has received a certificate of authority, if an insurer, or

(b) it has completed its initial organization and financing if a corporation other than an insurer, shall solicit or receive funds in exchange for any new issue of its corporate securities, other than through a stock dividend, until it has applied to the commissioner for, and has been granted, a solicitation permit.

(2) The commissioner shall issue such a permit unless he or she finds that:

(a) The funds proposed to be secured are excessive in amount for the purpose intended, or

(b) the proposed securities or the manner of their distribution are inequitable, or

(c) the issuance of the securities would jeopardize the interests of policyholders or the holders of other securities of the insurer or corporation.

(3) Any such solicitation permit granted by the commissioner shall be for such duration, and shall contain such terms and be issued upon such conditions as the commissioner may reasonably specify or require. [2009 c 549 § 7025; 1949 c 190 § 6; 1947 c 79 § .06.18; Rem. Supp. 1949 § 45.06.18.]

**48.06.190 Penalty for exhibiting false accounts, etc.**

Every person who, with intent to deceive, knowingly exhibits any false account, or document, or advertisement, relative to the affairs of any insurer, or of any corporation or syndicate of the kind enumerated in RCW 48.06.030, formed or proposed to be formed, is guilty of a class B felony punishable

according to chapter 9A.20 RCW. [2003 c 53 § 268; 1947 c 79 § .06.19; Rem. Supp. 1947 § 45.06.19.]

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

#### **48.06.200 Incorporation, articles of—Contents.** (1)

This section applies to insurers incorporated in this state, but no insurer heretofore lawfully incorporated in this state is required to reincorporate or change its articles of incorporation by reason of any provisions of this section.

(2) The incorporators shall be individuals who are United States citizens, of whom two-thirds shall be residents of this state. The number of incorporators shall be not less than five if a stock insurer, nor less than ten if a mutual insurer.

(3) The incorporators shall execute articles of incorporation in duplicate, acknowledge their signatures thereunto before an officer authorized to take acknowledgments of deeds, and file both copies with the commissioner.

(4) After approval of the articles by the commissioner, one copy shall be filed in the office of the commissioner and the other copy shall be returned to the insurer.

(5) The articles of incorporation shall state:

First: The names and addresses of the incorporators.

Second: The name of the insurer. If a mutual insurer the name shall include the word "mutual."

Third: (a) The objects for which the insurer is formed;

(b) whether it is a stock or mutual insurer, and if a mutual property insurer only, whether it will insure on the cash premium or assessment plan;

(c) the kinds of insurance it will issue, according to the designations made in this code.

Fourth: If a stock insurer, the amount of its capital, the aggregate number of shares, and the par value of each share, which par value shall be not less than ten dollars, except that after the corporation has transacted business as an authorized insurer in the state for five years or more, its articles of incorporation may be amended, at the option of its stockholders, to provide for a par value of not less than one dollar per share. If a mutual insurer, the maximum contingent liability of its policyholders for the payment of its expenses and losses occurring under its policies.

Fifth: The duration of its existence, which may be perpetual.

Sixth: The names and addresses of the directors, not less than five in number, who shall constitute the board of directors of the insurer for the initial term, not less than two nor more than six months, as designated in the articles of incorporation.

Seventh: The name of the city or town of this state in which the insurer's principal place of business is to be located.

Eighth: Other provisions not inconsistent with law as may be deemed proper by the incorporators. [1998 c 23 § 2; 1981 c 302 § 37; 1963 c 60 § 1; 1949 c 190 § 7; 1947 c 79 § .06.20; Rem. Supp. 1949 § 45.06.20.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

## **Chapter 48.07 RCW**

### **DOMESTIC INSURERS—POWERS**

#### Sections

48.07.010	Application of code to existing insurers.
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48.07.200	Continuing operation in event of national emergency—Principal office and place of business.
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48.07.210	Conversion to domestic insurer.

*Business corporations: Title 23B RCW.*

*Dissolution and winding up business corporation: Chapter 23B.14 RCW.*

*Interlocking ownership, management: RCW 48.30.250.*

*Merger or consolidation: RCW 48.31.010.*

*Organization of domestic insurers: Chapter 48.06 RCW.*

#### **48.07.010 Application of code to existing insurers.**

Existing authorized domestic insurers shall continue to insure only in accordance with the provisions of this code. [1947 c 79 § .07.01; Rem. Supp. 1947 § 45.07.01.]

**48.07.020 Principal office.** Every domestic insurer shall establish and maintain in this state its principal office and place of business. [1947 c 79 § .07.02; Rem. Supp. 1947 § 45.07.02.]

#### **48.07.030 Application of general corporation laws.**

The laws of this state relating to private corporations, except where inconsistent with the express provisions of this code, shall govern the corporate powers, duties, and relationships of incorporated domestic insurers and insurance holding corporations formed under the laws of the state of Washington. [1985 c 364 § 1; 1947 c 79 § .07.03; Rem. Supp. 1947 § 45.07.03.]

*Provisions as to general business corporations: Title 23B RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.07.040 Annual, special meetings.** Each incorporated domestic insurer shall hold an annual meeting of its shareholders or members at such time and place as may be stated in or fixed in accordance with its bylaws for the purpose of receiving reports of its affairs and to elect directors. Each domestic insurance holding corporation shall hold an annual meeting of its shareholders at such time and place as may be stated in or fixed in accordance with its bylaws. Special meetings of the shareholders of an incorporated domestic

insurer or domestic insurance holding corporation shall be called and held by such persons and in such a manner as stated in the articles of incorporation or bylaws. [2002 c 300 § 5; 1985 c 364 § 2; 1965 ex.s. c 70 § 4; 1947 c 79 § .07.04; Rem. Supp. 1947 § 45.07.04.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.07.050 Directors—Qualifications—Removal.** Not less than three-fourths of the directors of an incorporated domestic insurer shall be United States or Canadian citizens, and a majority of the board of directors of a mutual life insurer shall be residents of this state. The directors of a domestic insurer or domestic insurance holding corporation may be removed with cause by a vote of a majority of its voting capital stock or members (if a mutual insurer) at a valid meeting and said directors may be removed without cause by a vote of sixty-seven percent of its voting capital stock or members (if a mutual insurer) at a valid meeting. [1989 c 24 § 1; 1985 c 364 § 3; 1957 c 193 § 21; 1947 c 79 § .07.05; Rem. Supp. 1947 § 45.07.05.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.07.060 Corrupt practices—Penalty.** No person shall buy or sell or barter a vote or proxy, relative to any meeting of shareholders or members of an incorporated domestic insurer, or engage in any corrupt or dishonest practice in or relative to the conduct of any such meeting. Violation of this section shall constitute a gross misdemeanor. [1947 c 79 § .07.06; Rem. Supp. 1947 § 45.07.06.]

**48.07.070 Amendment of articles of incorporation.** (1) Unless a vote of a greater proportion of directors or shares is required by its articles of incorporation, amendments to the articles of incorporation of a domestic insurer or a domestic insurance holding corporation shall be made by a majority vote of its board of directors and the vote or written assent of a majority of its voting capital stock, or two-thirds of the members (if a mutual insurer) voting at a valid meeting of members.

(2) The president and secretary of the insurer shall, under the corporate seal, certify the amendment in duplicate, and file both copies in the office of the commissioner as required under this code for original articles of incorporation. Thereupon, subject to the requirements of RCW 48.08.010 relative to increase of capital stock of a stock insurer, the amendment shall become effective. [1998 c 23 § 3; 1985 c 364 § 4; 1981 c 302 § 38; 1947 c 79 § .07.07; Rem. Supp. 1947 § 45.07.07.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.07.080 Guarantee of officers' obligations prohibited.** No domestic insurer or its affiliates or subsidiaries shall guarantee the financial obligation of any director or officer of such insurer or affiliate or subsidiary in his or her personal capacity, and any such guaranty attempted shall be void.

This prohibition shall not apply to obligations of the insurer under surety bonds or insurance contracts issued in the regular course of business. [2009 c 549 § 7026; 1947 c 79 § .07.08; Rem. Supp. 1947 § 45.07.08.]

(2010 Ed.)

**48.07.100 Vouchers for expenditures.** (1) No domestic insurer shall make any disbursement of twenty-five dollars or more, unless evidenced by a voucher correctly describing the consideration for the payment and supported by a check or receipt endorsed or signed by or on behalf of the person receiving the money.

(2) If the disbursement is for services and reimbursement, the voucher shall describe the services and itemize the expenditures.

(3) If the disbursement is in connection with any matter pending before any legislature or public body or before any public official, the voucher shall also correctly describe the nature of the matter and of the insurer's interest therein. [1947 c 79 § .07.10; Rem. Supp. 1947 § 45.07.10.]

**48.07.110 Depositaries.** The funds of a domestic insurer shall not be deposited in any bank or banking institution which has not first been approved as a depositary by the insurer's board of directors or by a committee thereof designated for the purpose. [1947 c 79 § .07.11; Rem. Supp. 1947 § 45.07.11.]

**48.07.130 Pecuniary interest of officer or director, restrictions upon.** (1) No person having any authority in the investment or disposition of the funds of a domestic insurer and no officer or director of an insurer shall accept, except for the insurer, or be the beneficiary of any fee, brokerage, gift, commission, or other emolument because of any sale of insurance or of any investment, loan, deposit, purchase, sale, payment, or exchange made by or for the insurer, or be pecuniarily interested therein in any capacity; except, that such a person may procure a loan from the insurer direct upon approval by two-thirds of its directors and upon the pledge of securities eligible for the investment of the insurer's funds under this code.

(2) This section does not prohibit a life insurer from making a policy loan to such person on a life insurance contract issued by it and in accordance with the terms thereof.

(3) The commissioner may permit additional exceptions to the prohibition contained in subsection (1) of this section to enable payment of reasonable compensation to a director who is not otherwise an officer or employee of the insurer, or to a corporation or firm in which the director is interested, for necessary services performed or sales or purchases made to or for the insurer in the ordinary course of the insurer's business and in the usual private professional or business capacity of such director or such corporation or firm.

In addition, the commissioner may permit exceptions to the prohibitions contained in subsection (1) of this section where the payment of a fee, brokerage, gift, commission, or other emolument is fully disclosed to the insurer's officers and directors and is reasonable in relation to the service performed. [1989 c 228 § 1; 1981 c 339 § 5; 1947 c 79 § .07.13; Rem. Supp. 1947 § 45.07.13.]

**48.07.140 Compliance with foreign laws.** Any domestic insurer doing business in another state, territory or sovereignty may design and issue insurance contracts and transact insurance in such state, territory or sovereignty as required or permitted by the laws thereof, any provision of the insurer's

articles of incorporation or bylaws notwithstanding. [1947 c 79 § .07.14; Rem. Supp. 1947 § 45.07.14.]

**48.07.150 Solicitations in other states.** (1) No domestic insurer shall knowingly solicit insurance business in any reciprocating state in which it is not then licensed as an authorized insurer.

(2) This section shall not prohibit advertising through publications and radio broadcasts originating outside such reciprocating state, if the insurer is licensed in a majority of the states in which such advertising is disseminated, and if such advertising is not specifically directed to residents of such reciprocating state.

(3) This section shall not prohibit insurance, covering persons or risks located in a reciprocating state, under contracts solicited and issued in states in which the insurer is then licensed. Nor shall it prohibit insurance effectuated by the insurer as an unauthorized insurer in accordance with the laws of the reciprocating state. Nor shall it prohibit renewal or continuance in force, with or without modification, of contracts otherwise lawful and which were not originally executed in violation of this section.

(4) A "reciprocating" state, as used herein, is one under the laws of which a similar prohibition is imposed upon and is enforced against insurers domiciled in that state.

(5) The commissioner shall suspend or revoke the certificate of authority of a domestic insurer found by him or her, after a hearing, to have violated this section. [2009 c 549 § 7027; 1988 c 248 § 4; 1947 c 79 § .07.15; Rem. Supp. 1947 § 45.07.15.]

**48.07.160 Continuing operation in event of national emergency—Declaration of purpose—"Insurer" defined. (Effective until January 1, 2011.)** It is desirable for the general welfare and in particular for the welfare of insurance beneficiaries, policyholders, claimants and others that the business of domestic insurers be continued notwithstanding the event of a national emergency. The purpose of this section and RCW 48.07.170 through 48.07.200 is to facilitate the continued operation of domestic insurers in the event that a national emergency is caused by an attack on the United States which is so disruptive of normal business and commerce in this state as to make it impossible or impracticable for a domestic insurer to conduct its business in accord with applicable provisions of law, its bylaws, or its charter. When used in this section and RCW 48.07.170 through 48.07.200 the word "insurer" includes a fraternal benefit society. [1963 c 195 § 25.]

**48.07.160 Continuing operation in event of emergency—Declaration of purpose—"Insurer" defined. (Effective January 1, 2011.)** It is desirable for the general welfare and in particular for the welfare of insurance beneficiaries, policyholders, claimants, subscribers, and others that the business of domestic insurers be continued notwithstanding the event of a local, state, or national emergency. The purpose of this section, RCW 48.07.170 through 48.07.200, and 48.07.203 is to facilitate the continued operation of domestic insurers in the event that a local, state, or national emergency is so disruptive of normal business and commerce

as to make it impossible or impracticable for a domestic insurer to conduct its business in accord with applicable provisions of law, its bylaws, or its charter. When used in this section, RCW 48.07.170 through 48.07.200, and 48.07.203 the word "insurer" means the same as defined in RCW 48.01.053 [48.01.050]. [2009 c 150 § 1; 1963 c 195 § 25.]

**Effective date—2009 c 150:** "This act takes effect January 1, 2011." [2009 c 150 § 8.]

**48.07.170 Continuing operation in event of national emergency—Emergency bylaws. (Effective until January 1, 2011.)** The board of directors of any domestic insurer may at any time adopt emergency bylaws, subject to repeal or change by action of those having power to adopt regular bylaws for such insurer, which shall be operative during such a national emergency and which may, notwithstanding any different provisions of the regular bylaws, or of the applicable statutes, or of such insurer's charter, make any provision that may be reasonably necessary for the operation of such insurer during the period of such emergency. [1963 c 195 § 26.]

**48.07.170 Continuing operation in event of emergency—Emergency bylaws. (Effective January 1, 2011.)** The board of directors of any domestic insurer may at any time adopt emergency bylaws, subject to repeal or change by action of those having power to adopt regular bylaws for such insurer, which shall be operative during such a local, state, or national emergency and which may, notwithstanding any different provisions of the regular bylaws, or of the applicable statutes, or of such insurer's charter, make any provision that may be reasonably necessary for the operation of such insurer during the period of such emergency. [2009 c 150 § 2; 1963 c 195 § 26.]

**Effective date—2009 c 150:** See note following RCW 48.07.160.

**48.07.180 Continuing operation in event of national emergency—Directors. (Effective until January 1, 2011.)** In the event that the board of directors of a domestic insurer has not adopted emergency bylaws, the following provisions shall become effective upon the occurrence of such a national emergency as above described:

(1) Three directors shall constitute a quorum for the transaction of business at all meetings of the board.

(2) Any vacancy in the board may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director.

(3) If there are no surviving directors, but at least three vice presidents of such insurer survive, the three vice presidents with the longest term of service shall be the directors and shall possess all of the powers of the previous board of directors and such powers as are granted herein or by subsequently enacted legislation. By majority vote, such emergency board of directors may elect other directors. If there are not at least three surviving vice presidents, the commissioner or duly designated person exercising the powers of the commissioner shall appoint three persons as directors who shall include any surviving vice presidents and who shall possess all of the powers of the previous board of directors and such powers as are granted herein or by subsequently enacted leg-

isolation, and these persons by majority vote may elect other directors. [1963 c 195 § 27.]

**48.07.180 Continuing operation in event of emergency—Directors.** (*Effective January 1, 2011.*) In the event that the board of directors of a domestic insurer has not adopted emergency bylaws, the following provisions shall become effective upon the occurrence of such a local, state, or national emergency as described in this chapter:

(1) Three directors shall constitute a quorum for the transaction of business at all meetings of the board.

(2) Any vacancy in the board may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director.

(3) If there are no surviving directors, but at least three vice presidents of such insurer survive, the three vice presidents with the longest term of service shall be the directors and shall possess all of the powers of the previous board of directors and such powers as are granted in this chapter or by subsequently enacted legislation. By majority vote, such emergency board of directors may elect other directors. If there are not at least three surviving vice presidents, the commissioner or duly designated person exercising the powers of the commissioner shall appoint three persons as directors who shall include any surviving vice presidents and who shall possess all of the powers of the previous board of directors and such powers as are granted in this chapter or by subsequently enacted legislation, and these persons by majority vote may elect other directors. [2009 c 150 § 3; 1963 c 195 § 27.]

**Effective date—2009 c 150:** See note following RCW 48.07.160.

**48.07.190 Continuing operation in event of national emergency—Officers.** (*Effective until January 1, 2011.*) At any time the board of directors of a domestic insurer may, by resolution, provide that in the event of such a national emergency and in the event of the death or incapacity of the president, the secretary, or the treasurer of such insurer, such officers, or any of them, shall be succeeded in the office by the person named or described in a succession list adopted by the board of directors. Such list may be on the basis of named persons or position titles, shall establish the order of priority and may prescribe the conditions under which the powers of the office shall be exercised. [1963 c 195 § 28.]

**48.07.190 Continuing operation in event of emergency—Officers.** (*Effective January 1, 2011.*) At any time the board of directors of a domestic insurer may, by resolution, provide that in the event of such a local, state, or national emergency and in the event of the death or incapacity of the president, the secretary, or the treasurer of such insurer, such officers, or any of them, shall be succeeded in the office by the person named or described in a succession list adopted by the board of directors. Such list may be on the basis of named persons or position titles, shall establish the order of priority and may prescribe the conditions under which the powers of the office shall be exercised. [2009 c 150 § 4; 1963 c 195 § 28.]

**Effective date—2009 c 150:** See note following RCW 48.07.160.

(2010 Ed.)

**48.07.200 Continuing operation in event of national emergency—Principal office and place of business.** (*Effective until January 1, 2011.*) At any time the board of directors of a domestic insurer may, by resolution, provide that in the event of such a national emergency the principal office and place of business of such insurer shall be at such location as is named or described in the resolution. Such resolution may provide for alternate locations and establish an order of preference. [1963 c 195 § 29.]

**48.07.200 Continuing operation in event of emergency—Principal office and place of business.** (*Effective January 1, 2011.*) At any time the board of directors of a domestic insurer may, by resolution, provide that in the event of such a local, state, or national emergency the principal office and place of business of such insurer shall be at such location as is named or described in the resolution. Such resolution may provide for alternate locations and establish an order of preference. [2009 c 150 § 5; 1963 c 195 § 29.]

**Effective date—2009 c 150:** See note following RCW 48.07.160.

**48.07.203 Continuing operation in event of emergency—Written plan required.** (*Effective January 1, 2011.*) Each domestic insurer must create and maintain a written business continuity plan identifying procedures relating to a local, state, or national emergency or significant business disruption. [2009 c 150 § 6.]

**Effective date—2009 c 150:** See note following RCW 48.07.160.

**48.07.205 Continuing operation in event of emergency—Planning standards—Rules.** (*Effective January 1, 2011.*) After considering relevant standards adopted by the national association of insurance commissioners, other states, and other regulatory authorities that regulate financial institutions, the commissioner shall adopt, by rule, standards for insurers and insurance producers to follow for business continuity planning. [2009 c 150 § 7.]

**Effective date—2009 c 150:** See note following RCW 48.07.160.

**48.07.210 Conversion to domestic insurer.** (1)(a) Any insurer duly organized under the laws of any other state and admitted to transact insurance business in this state may become a domestic insurer upon complying with all requirements of law for the organization of a domestic insurer in this state and by designating its principal place of business at a location in this state. Such domestic insurer is entitled to a certificate of authority to transact insurance in this state, subject to the conditions set forth in (b) of this subsection, and is subject to the authority and the jurisdiction of this state.

(b) Before being eligible to become a domestic insurer under this section, an admitted insurer shall advise the commissioner, in writing, thirty days in advance of the proposed date of its plan to become a domestic insurer. The commissioner must approve the plan in advance of the proposed date. The commissioner shall not approve any such plan unless, after a hearing, pursuant to such notice as the commissioner may require, the commissioner finds that the plan is consistent with law, and that no reasonable objection to the plan exists. If the commissioner fails to approve the plan, the com-

missioner shall state his or her reasons for failure to approve the plan in an order issued at the hearing.

(2) After providing thirty days' advance written notice of its plan to the commissioner and upon the written approval of the commissioner in advance of the proposed transfer date, any domestic insurer of this state may transfer its domicile to any other state in which it is admitted to transact the business of insurance. Upon transfer of domicile, the insurer ceases to be a domestic insurer of this state. If otherwise qualified under the laws of this state, the commissioner shall admit the insurer to do business in this state as a foreign insurer. The commissioner shall approve any proposed transfer of domicile unless the commissioner determines after a hearing, pursuant to such notice as the commissioner may require, that the transfer is not in the best interests of the public or the insurer's policyholders in this state. If the commissioner fails to approve a proposed transfer of domicile, the commissioner shall state his or her reasons for failure to approve the transfer in an order issued at the hearing.

(3) When a foreign insurer, admitted to transact business in this state, transfers its corporate domicile to this state or to any other state, the certificate of authority, appointment of statutory agent, and all approved licenses, policy forms, rates, filings, and other authorizations and approvals in existence at the time the foreign insurer transfers its corporate domicile shall continue in effect.

(4) Any insurer transferring its corporate domicile under this section shall file any amendments to articles of incorporation, bylaws, or other corporate documents that are required to be filed in this state before the insurer may receive approval of its proposed plan by the commissioner. [1988 c 248 § 5.]

### Chapter 48.08 RCW

#### DOMESTIC STOCK INSURERS

##### Sections

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48.08.020	Reduction of capital stock.
48.08.030	Dividends to stockholders.
48.08.040	Illegal dividends, reductions—Penalty against directors.
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48.08.160	Equity security—Exemptions—Securities registered or required to be, or no class held by one hundred or more persons.
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*Merger or consolidation:* RCW 48.31.010.

*Organization of domestic insurers:* Chapter 48.06 RCW.

*Superadded liability of shareholders of domestic stock insurance companies:* State Constitution Art. 12 § 11.

**48.08.010 Increase of capital stock.** (1) Increase of the capital stock of a domestic stock insurer shall be by amendment to its articles of incorporation.

(2) If the increased capital stock is to be distributed as a stock dividend, such increased capital stock may be fully paid in out of any available surplus funds as is provided in RCW 48.08.030, and such payment shall be effected by a transfer on the insurer's books from its surplus account to its capital account.

(3) When the increased capital has been fully paid in, a certificate to such effect shall be made in quadruplicate under oath and the corporate seal by the insurer's president and secretary and filed in the public offices named in RCW 48.07.070. [1953 c 197 § 4; 1947 c 79 § .08.01; Rem. Supp. 1947 § 45.08.01.]

**48.08.020 Reduction of capital stock.** (1) Reduction of the capital stock of a domestic stock insurer shall be by amendment of its articles of incorporation. No such reduction shall be made which results in capital stock less in amount than the minimum required by this code for the kinds of insurance thereafter to be transacted by the insurer.

(2) No surplus funds of the insurer resulting from a reduction of its capital stock shall be distributed to stockholders, except as a stock dividend on a subsequent increase of capital stock, or upon dissolution of the insurer, or upon approval of the commissioner of a distribution upon proof satisfactory to him or her that the distribution will not impair the interests of policyholders or the insurer's solvency.

(3) Upon such reduction of capital stock, the insurer's directors shall call in any outstanding stock certificates required to be changed pursuant thereto, and issue proper certificates in their stead. [2009 c 549 § 7028; 1947 c 79 § .08.02; Rem. Supp. 1947 § 45.08.02.]

**48.08.030 Dividends to stockholders.** (1) No domestic stock insurer shall pay any cash dividend to stockholders except out of earned surplus. For the purpose of this section, "earned surplus" means that part of its available surplus funds which is derived from any realized net profits on its business, and does not include unrealized capital gains or reevaluation of assets.

(2) Such an insurer may pay a stock dividend out of any available surplus funds.

(3) Payment of any dividend to stockholders of a domestic stock insurer shall also be subject to all the limitations and requirements governing the payment of dividends by other private corporations.

(4) No dividend shall be declared or paid which would reduce the insurer's surplus to an amount less than the minimum required for the kinds of insurance thereafter to be transacted.

(5) For the purposes of this chapter "surplus funds" means the excess of the insurer's assets over its liabilities, including its capital stock as a liability.

(6) Available surplus means the excess over the minimum amount of surplus required for the kinds of insurance the insurer is authorized to transact. [1993 c 462 § 52; 1947 c 79 § .08.03; Rem. Supp. 1947 § 45.08.03.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.08.040 Illegal dividends, reductions—Penalty against directors.** Any director of a domestic stock insurer who votes for or concurs in the declaration or payment of any dividend to stockholders or a reduction of capital stock not authorized by law shall, in addition to any other liability imposed by law, be guilty of a gross misdemeanor. [1947 c 79 § .08.04; Rem. Supp. 1947 § 45.08.04.]

**48.08.050 Impairment of capital.** (1) If the capital stock of a domestic stock insurer becomes impaired, the commissioner shall at once determine the amount of the deficiency and serve notice upon the insurer to require its stockholders to make good the deficiency within ninety days after service of such notice.

(2) The deficiency shall be made good in cash, or in assets eligible under this code for the investment of the insurer's funds, or by reduction of the insurer's capital stock to an amount not below the minimum required for the kinds of insurance to be thereafter transacted.

(3) If the deficiency is not made good and proof thereof filed with the commissioner within such ninety-day period, the insurer shall be deemed insolvent and shall be proceeded against as authorized by this code.

(4) If the deficiency is not made good the insurer shall not issue or deliver any policy after the expiration of such ninety-day period. Any officer or director who violates or knowingly permits the violation of this provision shall be subject to a fine of from fifty dollars to one thousand dollars for each violation. [1947 c 79 § .08.05; Rem. Supp. 1947 § 45.08.05.]

**48.08.060 Repayment of contributions to surplus.** Contributions to the surplus of a domestic stock insurer other than resulting from sale of its capital stock, shall not be subject to repayment except out of surplus in excess of the minimum surplus initially required of such an insurer transacting like kinds of insurance. [1947 c 79 § .08.06; Rem. Supp. 1947 § 45.08.06.]

**48.08.070 Participating policies.** (1) Any domestic stock insurer may, if its charter so provides, issue policies entitled to participate from time to time in the earnings of the insurer through dividends.

(2) Any classification of its participating policies and of risks assumed thereunder which the insurer may make shall be reasonable. No dividend shall be paid which is inequitable or which unfairly discriminates as between such classifications or as between policies within the same classification.

(3) No such insurer shall issue in this state both participating and nonparticipating policies for the same class of risks; except, that both participating and nonparticipating life insurance policies may be issued if the right or absence of the right to participate is reasonably related to the premium charged.

(4) Dividends to participating life insurance policies issued by such insurer shall be paid only out of its surplus funds as defined in subsection (5) of RCW 48.08.030. Dividends to participating policies for other kinds of insurance shall be paid only out of that part of such surplus funds which is derived from any realized net profits from the insurer's business.

(5) No dividend, otherwise earned, shall be made contingent upon the payment of renewal premium on any policy. [1947 c 79 § .08.07; Rem. Supp. 1947 § 45.08.07.]

**48.08.080 Mutualization of stock insurers.** (1) Any domestic stock insurer may become a domestic mutual insurer pursuant to such plan and procedure as are approved by the commissioner in advance of such mutualization.

(2) The commissioner shall not approve any such plan, procedure, or mutualization unless:

(a) It is equitable to both shareholders and policyholders.

(b) It is approved by vote of the holders of not less than three-fourths of the insurer's capital stock having voting rights, and by vote of not less than two-thirds of the insurer's policyholders who vote on such plan, pursuant to such notice and procedure as may be approved by the commissioner. Such vote may be registered in person, by proxy, or by mail.

(c) If a life insurer, the right to vote thereon is limited to those policyholders whose policies have face amounts of not less than one thousand dollars and have been in force one year or more.

(d) Mutualization will result in retirement of shares of the insurer's capital stock at a price not in excess of the fair value thereof as determined by competent disinterested appraisers.

(e) The plan provides for appraisal and purchase of the shares of any nonconsenting stockholder in accordance with the laws of this state relating to the sale or exchange of all the assets of a private corporation.

(f) The plan provides for definite conditions to be fulfilled by a designated early date upon which such mutualization will be deemed effective.

(g) The mutualization leaves the insurer with surplus funds reasonably adequate to preserve the security of its policyholders and its ability to continue successfully in business in the states in which it is then authorized, and in the kinds of insurance it is then authorized to transact. [1947 c 79 § .08.08; Rem. Supp. 1947 § 45.08.08.]

**48.08.090 Stockholder meetings—Duty to inform stockholders of matters to be presented—Proxies.** (1) This section shall apply to all domestic stock insurers except:

(a) A domestic stock insurer having less than one hundred stockholders; except, that if ninety-five percent or more of the insurer's stock is owned or controlled by a parent or affiliated insurer, this section shall not apply to such insurer unless its remaining shares are held by five hundred or more stockholders.

(b) Domestic stock insurers which file with the Securities and Exchange Commission forms of proxies, consents and authorizations pursuant to the Securities and Exchange Act of 1934, as amended.

(2) Every such insurer shall seasonably furnish its stockholders in advance of stockholder meetings, information in writing reasonably adequate to inform them relative to all matters to be presented by the insurer's management for consideration of stockholders at such meeting.

(3) No person shall solicit a proxy, consent, or authorization in respect of any stock of such an insurer unless he or she

furnishes the person so solicited with written information reasonably adequate as to

(a) The material matters in regard to which the powers so solicited are proposed to be used, and

(b) The person or persons on whose behalf the solicitation is made, and the interest of such person or persons in relation to such matters.

(4) No person shall so furnish to another, information which the informer knows or has reason to believe, is false or misleading as to any material fact, or which fails to state any material fact reasonably necessary to prevent any other statement made from being misleading.

(5) The form of all such proxies shall:

(a) Conspicuously state on whose behalf the proxy is solicited;

(b) Provide for dating the proxy;

(c) Impartially identify each matter or group of related matters intended to be acted upon;

(d) Provide means for the principal to instruct the vote of his or her shares as to approval or disapproval of each matter or group, other than election to office; and

(e) Be legibly printed, with context suitably organized.

Except, that a proxy may confer discretionary authority as to matters as to which choice is not specified pursuant to (d) of this subsection, if the form conspicuously states how it is intended to vote the proxy or authorization in each such case; and may confer discretionary authority as to other matters which may come before the meeting but unknown for a reasonable time prior to the solicitation by the persons on whose behalf the solicitation is made.

(6) No proxy shall confer authority (a) to vote for election of any person to any office for which a bona fide nominee is not named in the proxy statement, or (b) to vote at any annual meeting (or adjournment thereof) other than the annual meeting next following the date on which the proxy statement and form were furnished stockholders.

(7) The commissioner shall have authority to make and promulgate reasonable rules and regulations for the effectuation of this section, and in so doing shall give due consideration to rules and regulations promulgated for similar purposes by the insurance supervisory officials of other states. [2010 c 8 § 11001; 2009 c 549 § 7029; 1965 ex.s. c 70 § 5.]

*Exemption from federal registration: 15 U.S.C. § 78 l(g)(2)(G).*

**48.08.100 Equity security—Defined.** The term "equity security" when used in RCW 48.08.100 through 48.08.160 means any stock or similar security; or any security convertible, with or without consideration, into such a security, or carrying any warrant or right to subscribe to or purchase such a security; or any such warrant or right; or any other security which the commissioner shall deem to be of similar nature and consider necessary or appropriate, by such rules and regulations as he or she may prescribe in the public interest or for the protection of investors, to treat as an equity security. [2009 c 549 § 7030; 1965 ex.s. c 70 § 11.]

**48.08.110 Equity security—Duty to file statement of ownership.** Every person who is directly or indirectly the beneficial owner of more than ten percent of any class of any equity security of a domestic stock insurer, or who is a direc-

tor or an officer of such insurer, shall file with the commissioner on or before the 30th day of September, 1965, or within ten days after he or she becomes such beneficial owner, director or officer, a statement, in such form as the commissioner may prescribe, of the amount of all equity securities of such insurer of which he or she is the beneficial owner, and within ten days after the close of each calendar month thereafter, if there has been a change in such ownership during such month, shall file with the commissioner a statement, in such form as the commissioner may prescribe, indicating his or her ownership at the close of the calendar month and such changes in his or her ownership as have occurred during such calendar month. [2009 c 549 § 7031; 1965 ex.s. c 70 § 6.]

**48.08.120 Equity security—Profits from short term transactions—Remedies—Limitation of actions.** For the purpose of preventing the unfair use of information which may have been obtained by such beneficial owner, director or officer by reason of his or her relationship to such insurer, any profit realized by him from any purchase and sale, or any sale and purchase, of any equity security of such insurer within any period of less than six months, unless such security was acquired in good faith in connection with a debt previously contracted, shall inure to and be recoverable by the insurer, irrespective of any intention on the part of such beneficial owner, director or officer in entering into such transaction of holding the security purchased or of not repurchasing the security sold for a period exceeding six months. Suit to recover such profit may be instituted at law or in equity in any court of competent jurisdiction by the insurer, or by the owner of any security of the insurer in the name and in behalf of the insurer if the insurer shall fail or refuse to bring such suit within sixty days after request or shall fail diligently to prosecute the same thereafter: PROVIDED, That no such suit shall be brought more than two years after the date such profit was realized. This section shall not be construed to cover any transaction where such beneficial owner was not such both at the time of the purchase and sale, or the sale and purchase, of the security involved, or any transaction or transactions which the commissioner by rules and regulations may exempt as not comprehended within the purpose of this section. [2009 c 549 § 7032; 1965 ex.s. c 70 § 7.]

*Exemption from federal registration: 15 U.S.C. § 78 l(g)(2)(G).*

**48.08.130 Equity security—Sales, unlawful practices.** It shall be unlawful for any such beneficial owner, director or officer, directly or indirectly, to sell any equity security of such insurer if the person selling the security or his or her principal (1) does not own the security sold, or (2) if owning the security, does not deliver it against such sale within twenty days thereafter, or does not within five days after such sale deposit it in the mails or other usual channels of transportation: PROVIDED, That no person shall be deemed to have violated this section if he or she proves that notwithstanding the exercise of good faith he or she was unable to make such delivery or deposit within such time, or that to do so would cause undue inconvenience or expense. [2010 c 8 § 11002; 2009 c 549 § 7033; 1965 ex.s. c 70 § 8.]

**48.08.140 Equity security—Exemptions—Sales by dealer.** The provisions of RCW 48.08.120 shall not apply to any purchase and sale, or sale and purchase, and the provisions of RCW 48.08.130 shall not apply to any sale of an equity security of a domestic stock insurer not then or theretofore held by him or her in an investment account, by a dealer in the ordinary course of his or her business and incident to the establishment or maintenance by him or her of a primary or secondary market (otherwise than on an exchange as defined in the Securities Exchange Act of 1934) for such security. The commissioner may, by such rules and regulations as he or she deems necessary or appropriate in the public interest, define and prescribe terms and conditions with respect to securities held in an investment account and transactions made in the ordinary course of business and incident to the establishment or maintenance of a primary or secondary market. [2009 c 549 § 7034; 1965 ex.s. c 70 § 9.]

**48.08.150 Equity security—Exemptions—Foreign or domestic arbitrage transactions.** The provisions of RCW 48.08.110, 48.08.120 and 48.08.130 shall not apply to foreign or domestic arbitrage transactions unless made in contravention of such rules and regulations as the commissioner may adopt in order to carry out the purposes of RCW 48.08.100 through 48.08.160. [1965 ex.s. c 70 § 10.]

**48.08.160 Equity security—Exemptions—Securities registered or required to be, or no class held by one hundred or more persons.** The provisions of RCW 48.08.110, 48.08.120, and 48.08.130 shall not apply to equity securities of a domestic stock insurer if (1) such securities shall be registered, or shall be required to be registered, pursuant to section 12 of the Securities Exchange Act of 1934, as amended, or if (2) such domestic stock insurer shall not have any class of its equity securities held of record by one hundred or more persons on the last business day of the year next preceding the year in which equity securities of the insurer would be subject to the provisions of RCW 48.08.110, 48.08.120, and 48.08.130 except for the provisions of this subsection (2). [1965 ex.s. c 70 § 12.]

**48.08.170 Equity security—Rules and regulations.** The commissioner shall have the power to make such rules and regulations as may be necessary for the execution of the functions vested in him or her by RCW 48.08.100 through 48.08.160, and may for such purpose classify domestic stock insurers, securities, and other persons or matters within his jurisdiction. No provision of RCW 48.08.110, 48.08.120, and 48.08.130 imposing any liability shall apply to any act done or omitted in good faith in conformity with any rule or regulation of the commissioner, notwithstanding that such rule or regulation may, after such act or omission, be amended or rescinded or determined by judicial or other authority to be invalid for any reason. [2009 c 549 § 7035; 1965 ex.s. c 70 § 13.]

**48.08.190 Failure to file required information, documents, or reports—Forfeiture.** Any person who fails to file information, documents, or reports required to be filed under chapter 241, Laws of 1969 ex. sess. or any rule or regulation

thereunder shall forfeit to the state of Washington the sum of one hundred dollars for each and every day such failure to file shall continue. Such forfeiture, which shall be in lieu of any criminal penalty for such failure to file which might be deemed to arise under this title, shall be payable to the treasurer of the state of Washington and shall be recoverable in a civil suit in the name of the state of Washington. [1969 ex.s. c 241 § 18.]

## Chapter 48.09 RCW MUTUAL INSURERS

### Sections

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*Dividends not to be guaranteed: RCW 48.30.100.*

*Merger or consolidation: RCW 48.31.010.*

*Organization of domestic insurers: Chapter 48.06 RCW.*

*Policy dividends are payable to real party in interest: RCW 48.18.340.*

**48.09.010 Initial qualifications.** (1) The commissioner shall not issue a certificate of authority to a domestic mutual insurer unless it has fully qualified therefor under this code, and unless it has met the minimum requirements for the kind of insurance it proposes to transact as provided in this chapter.

(2) All applications for insurance submitted by such an insurer as fulfilling qualification requirements shall be bona fide applications from persons resident in this state covering lives, property, or risks resident or located in this state.

(3) All qualifying premiums collected and initial surplus funds of such an insurer shall be in cash. Any deposit made by such an insurer in lieu of applications, premiums, and initial surplus funds, shall be in cash or in securities eligible for the investment of the capital of a domestic stock insurer transacting the same kind of insurance. [1947 c 79 § .09.01; Rem. Supp. 1947 § 45.09.01.]

**48.09.090 Additional kinds of insurance.** A domestic mutual insurer may be authorized to transact kinds of insurance in addition to that for which it was originally authorized,

if it has otherwise complied with the provisions of this code therefor, and while it possesses and maintains surplus funds in aggregate amount not less than the minimum amount of capital and surplus required under this code of a domestic stock insurer authorized to transact like kinds of insurance pursuant to RCW 48.05.340. [1980 c 135 § 2; 1957 c 193 § 5; 1947 c 79 § .09.09; Rem. Supp. 1947 § 45.09.09.]

**48.09.100 Minimum surplus.** A domestic mutual insurer on the cash premium plan shall at all times have and maintain surplus funds, representing the excess of its assets over its liabilities, in amount not less than the aggregate of

(1) the amount of any surplus funds deposited by it with the commissioner to qualify for its original certificate of authority, and

(2) the amount of any additional surplus required of it pursuant to RCW 48.09.090 for authority to transact additional kinds of insurance. [1963 c 195 § 3; 1947 c 79 § .09.10; Rem. Supp. 1947 § 45.09.10.]

**48.09.110 Membership.** (1) Each holder of one or more insurance contracts issued by a domestic mutual insurer, other than a contract of reinsurance, is a member of the insurer, with the rights and obligations of such membership, and each insurance contract so issued shall effectively so stipulate.

(2) Any person, government or governmental agency, state or political subdivision thereof, public or private corporation, board, association, estate, trustee or fiduciary, may be a member of a mutual insurer. [1947 c 79 § .09.11; Rem. Supp. 1947 § 45.09.11.]

**48.09.120 Rights of members.** (1) A domestic mutual insurer is owned by and shall be operated in the interest of its members.

(2) Each member is entitled to one vote in the election of directors and on matters coming before corporate meetings of members, subject to such reasonable minimum requirements as to duration of membership and amount of insurance held as may be made in the insurer's bylaws. The person named as the policyholder in any group insurance policy issued by such insurer shall be deemed the member, and shall have but one such vote regardless of the number of individuals insured by such policy.

(3) With respect to the management, records, and affairs of the insurer, a member shall have the same character of rights and relationship as a stockholder has toward a domestic stock insurer. [1947 c 79 § .09.12; Rem. Supp. 1947 § 45.09.12.]

**48.09.130 Bylaws.** A domestic mutual insurer shall adopt bylaws for the conduct of its affairs. Such bylaws, or any modification thereof, shall forthwith be filed with the commissioner. The commissioner shall disapprove any such bylaws, or as so modified, if he or she finds after a hearing thereon, that it is not in compliance with the laws of this state, and he or she shall forthwith communicate such disapproval to the insurer. No such bylaw, or modification, so disapproved shall be effective during the existence of such disap-

proval. [2009 c 549 § 7036; 1947 c 79 § .09.13; Rem. Supp. 1947 § 45.09.13.]

**48.09.140 Notice of annual meeting.** (1) Notice of the time and place of the annual meeting of members of a domestic mutual insurer shall be given by imprinting such notice plainly on the policies issued by the insurer.

(2) Any change of the date or place of the annual meeting shall be made only by an annual meeting of members. Notice of such change may be given:

(a) By imprinting such new date or place on all policies which will be in effect as of the date of such changed meeting; or

(b) Unless the commissioner otherwise orders, notice of the new date or place need be given only through policies issued after the date of the annual meeting at which such change was made and in premium notices and renewal certificates issued during the twenty-four months immediately following such meeting. [1947 c 79 § .09.14; Rem. Supp. 1947 § 45.09.14.]

**48.09.150 Voting—Proxies.** (1) A member of a domestic mutual insurer may vote in person or by proxy given another member on any matter coming before a corporate meeting of members.

(2) An officer of the insurer shall not hold or vote the proxy of any member.

(3) No such proxy shall be valid beyond the earlier of the following dates:

(a) The date of expiration set forth in the proxy; or

(b) the date of termination of membership; or

(c) five years from the date of execution of the proxy.

(4) No member's vote upon any proposal to divest the insurer of its business and assets, or the major part thereof, shall be registered or taken except in person or by a proxy newly executed and specific as to the matter to be voted upon. [1947 c 79 § .09.15; Rem. Supp. 1947 § 45.09.15.]

**48.09.160 Directors—Disqualification.** No individual shall be a director of a domestic mutual insurer by reason of his or her holding public office. Adjudication as a bankrupt or taking the benefit of any insolvency law or making a general assignment for the benefit of creditors disqualifies an individual from being or acting as a director. [2009 c 549 § 7037; 1947 c 79 § .09.16; Rem. Supp. 1947 § 45.09.16.]

**48.09.180 Limitation of expenses as to property and casualty insurance.** (1) For any calendar year after its first two full calendar years of operation, no domestic mutual insurer on the cash premium plan, other than one issuing non-assessable policies, shall incur any costs or expense in the writing or administration of property, disability, and casualty insurances (other than boiler and machinery or elevator) transacted by it which, exclusive of losses paid, loss adjustment expenses, investment expenses, dividends, and taxes exceeds the sum of

(a) forty percent of the net premium income during that year after deducting therefrom net earned reinsurance premiums for such year, plus

(b) all of the reinsurance commissions received on reinsurance ceded by it.

(2) The bylaws of every domestic mutual property insurer on the assessment premium plan shall impose a reasonable limitation upon its expenses. [1949 c 190 § 8; 1947 c 79 § .09.18; Rem. Supp. 1949 § 45.09.18.]

**48.09.190 Procedure upon violation of limitation.**

The officers and directors of an insurer violating RCW 48.09.180 shall be jointly and severally liable to the insurer for any excess of expenses incurred. If the insurer fails to exercise reasonable diligence or refuses to enforce such liability, the commissioner may prosecute action thereon for the benefit of the insurer. Such failure or refusal constitutes grounds for revocation of the insurer's certificate of authority. [1947 c 79 § .09.19; Rem. Supp. 1947 § 45.09.19.]

**48.09.210 Limitation of action on officer's salary.**

No action to recover, or on account of, any salary or other compensation due or claimed to be due any officer or director of a domestic mutual insurer, or on any note or agreement relative thereto, shall be brought against such insurer after twelve months after the date on which such salary or compensation, or any installment thereof, first accrued. [1947 c 79 § .09.21; Rem. Supp. 1947 § 45.09.21.]

**48.09.220 Contingent liability of members.**

(1) Each member of a domestic mutual insurer, except as otherwise provided in this chapter, shall have a contingent liability, pro rata and not one for another, for the discharge of its obligations. The contingent liability shall be in such maximum amount as is stated in the insurer's articles of incorporation, but shall be not less than one, nor more than five, additional premiums for the member's policy at the annual premium rate and for a term of one year.

(2) Every policy issued by the insurer shall contain a statement of the contingent liability.

(3) Termination of the policy of any such member shall not relieve the member of contingent liability for his or her proportion of the obligations of the insurer which accrued while the policy was in force. [2009 c 549 § 7038; 1949 c 190 § 9; 1947 c 79 § .09.22; Rem. Supp. 1949 § 45.09.22.]

**48.09.230 Assessment of members.**

(1) If at any time the assets of a domestic mutual insurer doing business on the cash premium plan are less than its liabilities and the minimum surplus, if any, required of it by this code as prerequisite for continuance of its certificate of authority, and the deficiency is not cured from other sources, its directors may, if approved by the commissioner, make an assessment only on its members who at any time within the twelve months immediately preceding the date such assessment was authorized by its directors held policies providing for contingent liability.

(2) Such an assessment shall be for such an amount of money as is required, in the opinion of the commissioner, to render the insurer fully solvent, but not to result in surplus in excess of five percent of the insurer's liabilities as of the date of the assessment.

(3) A member's proportionate part of any such assessment shall be computed by applying to the premium earned,

during the period since the deficiency first appeared, on his or her contingently liable policy or policies the ratio of the total assessment to the total premium earned during such period on all contingently liable policies which are subject to the assessment.

(4) No member shall have an offset against any assessment for which he or she is liable on account of any claim for unearned premium or losses payable. [2009 c 549 § 7039; 1949 c 190 § 10; 1947 c 79 § .09.23; Rem. Supp. 1949 § 45.09.23.]

**48.09.235 Issuing a capital call—Notice—Insurer's duties—Rules.**

(1) In addition to authority granted by RCW 48.09.220 and 48.09.230, a domestic mutual insurer meeting all the requirements of this section may increase its surplus by issuing a capital call. A capital call requires policyholders or applicants for insurance to pay a sum, in addition to premium, to be eligible to renew a policy or be issued a new policy. A policyholder that does not pay the amount of a call cannot be cancelled or denied the benefits of an existing policy.

(2) Prior to issuing a capital call, the insurer must have:

(a) Adopted articles of incorporation or other organizational documents authorizing capital calls; and

(b) For any capital call issued on or after January 1, 2006, included information concerning the insurer's authority to issue a capital call in the policy of every policyholder. This information must be provided at least one full policy renewal cycle prior to a capital call.

(3) The insurer must notify the commissioner of its intent to issue a capital call at least ninety days prior to the capital call. The notice to the commissioner must include:

(a) A statement of each of the following:

(i) The specific purpose or purposes of the capital call;

(ii) The total amount intended to be raised by issuance of the capital call;

(iii) The amount intended to be raised for each stated purpose;

(iv) The grounds relied upon by the insurer in deciding that the capital call is the best option available to the insurer for raising capital; and

(v) Each of the alternative methods of raising capital the insurer considered and the reasons the insurer rejected each alternative in favor of the capital call;

(b) For the ten years immediately preceding the filing of the notice, a year by year accounting of:

(i) All rate filings and actions;

(ii) The total of all underwriting losses; and

(iii) The total amount of dividends paid to policyholders; and

(c) A complete application for a solicitation permit as required in RCW 48.06.030.

(4) Before an insurer may issue a capital call, the insurer must:

(a) Notify the commissioner and provide information as required in subsection (3) of this section;

(b) Provide any and all additional information that the commissioner may determine is useful or necessary in evaluating the merits of the proposed capital call;

(c) Receive approval of the policy or insuring instrument from the commissioner; and

(d) Receive approval of the commissioner for the capital call and the solicitation permit.

The commissioner may disapprove a capital call if he or she does not believe it is in the best interest of the insurer, the policyholders, or the citizens of the state of Washington. In making this determination, the commissioner may consider the financial health of the insurer, the impact on the marketplace, the possible use of other means to raise capital, the frequency of previous capital calls by the insurer, the effect of raising premiums instead of a capital call, the impact on state revenue, or any other factor the commissioner deems proper.

(5) The funds raised by an approved capital call are not premiums for the purposes of RCW 48.14.020.

(6) The commissioner may adopt rules to implement this section. [2004 c 89 § 2.]

**Effective date—2004 c 89 § 2:** "Section 2 of this act takes effect January 1, 2006." [2004 c 89 § 4.]

**Effective date—2004 c 89:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [March 22, 2004]." [2004 c 89 § 5.]

**48.09.240 Contingent liability of members of assessment insurer.** The contingent liability of members of a domestic mutual insurer doing business on the assessment premium plan shall be called upon and enforced by its directors as provided in its bylaws. [1947 c 79 § .09.24; Rem. Supp. 1947 § 45.09.24.]

**48.09.250 Contingent liability as asset.** Any contingent liability of members of a domestic mutual insurer to assessment does not constitute an asset of the insurer in any determination of its financial condition. [1949 c 190 § 11; 1947 c 79 § .09.25; Rem. Supp. 1949 § 45.09.25.]

**48.09.260 Liability as lien on policy reserves.** As to life insurance, any portion of an assessment of contingent liability upon a policyholder which remains unpaid following notice of such assessment, demand for payment, and lapse of a reasonable waiting period as specified in such notice, may, if approved by the commissioner, be secured by placing a lien on the reserves held by the insurer to the credit of such policyholder. [1949 c 190 § 12; 1947 c 79 § .09.26; Rem. Supp. 1949 § 45.09.26.]

**48.09.270 Nonassessable policies.** (1) A domestic mutual insurer on the cash premium plan, after it has established a surplus not less in amount than the minimum capital funds required of a domestic stock insurer to transact like kinds of insurance, and for so long as it maintains such surplus, may extinguish the contingent liability of its members to assessment and omit provisions imposing contingent liability in all policies currently issued.

(2) Any deposit made with the commissioner as a prerequisite to the insurer's certificate of authority may be included as part of the surplus required in this section.

(3) When the surplus has been so established and the commissioner has so ascertained, he or she shall issue to the insurer, at its request, his or her certificate authorizing the extinguishment of the contingent liability of its members and the issuance of policies free therefrom.

(4) While it maintains surplus funds in amount not less than the minimum capital required of a domestic stock insurer authorized to transact like kinds of insurance, and subject to the requirements of \*RCW 48.05.360 as to special surplus, a foreign or alien mutual insurer on the cash premium plan may, if consistent with its charter and the laws of its domicile, issue nonassessable policies covering subjects located, resident, or to be performed in this state. [2009 c 549 § 7040; 1963 c 195 § 4; 1947 c 79 § .09.27; Rem. Supp. 1947 § 45.09.27.]

**\*Reviser's note:** RCW 48.05.360 was repealed by 2005 c 223 § 35.

**48.09.280 Qualification on issuance of nonassessable policies.** The commissioner shall not authorize a domestic mutual insurer so to extinguish the contingent liability of any of its members or in any of its policies to be issued, unless it qualifies to and does extinguish such liability of all its members and in all such policies for all kinds of insurance transacted by it. Except, that if required by the laws of another state in which such an insurer is transacting insurance as an authorized insurer, the insurer may issue policies providing for the contingent liability of such of its members as may acquire such policies in such state, and need not extinguish the contingent liability applicable to policies theretofore in force in such state. [1947 c 79 § .09.28; Rem. Supp. 1947 § 45.09.28.]

**48.09.290 Revocation of right to issue nonassessable policies.** (1) The commissioner shall revoke the authority of a domestic mutual insurer so to extinguish the contingent liability of its members if

(a) at any time the insurer's assets are less than the sum of its liabilities and the surplus required for such authority, or

(b) the insurer, by resolution of its directors approved by its members, requests that the authority be revoked.

(2) Upon revocation of such authority for any cause, the insurer shall not thereafter issue any policies without contingent liability, nor renew any policies then in force without written endorsement thereon providing for contingent liability. [1947 c 79 § .09.29; Rem. Supp. 1947 § 45.09.29.]

**48.09.300 Dividends.** (1) The directors of a domestic mutual insurer on the cash premium plan may from time to time apportion and pay to its members as entitled thereto, dividends only out of that part of its surplus funds which are in excess of its required minimum surplus and which represent net realized savings and net realized earnings from its business.

(2) Any classification of its participating policies and of risks assumed thereunder which the insurer may make shall be reasonable. No dividend shall be paid which is inequitable, or which unfairly discriminates as between such classifications or as between policies within the same classification.

(3) No dividend, otherwise earned, shall be made contingent upon the payment of renewal premium on any policy. [1947 c 79 § .09.30; Rem. Supp. 1947 § 45.09.30.]

**48.09.310 Nonparticipating policies.** (1) If its articles of incorporation so provide, a domestic mutual insurer on the cash premium plan may, while it is authorized to issue poli-

cies without contingent liability to assessment, issue policies not entitled to participate in the insurer's savings and earnings.

(2) Such insurer shall not issue in this state both participating and nonparticipating policies for the same class of risks; except, that both participating and nonparticipating life insurance policies may be issued if the right or absence of the right to participate is reasonably related to the premium charged. [1947 c 79 § .09.31; Rem. Supp. 1947 § 45.09.31.]

**48.09.320 Borrowed capital.** (1) A domestic mutual insurer may, with the commissioner's advance approval and without the pledge of any of its assets, borrow money to defray the expenses of its organization or for any purpose required by its business, upon an agreement that such money and such fair and reasonable interest thereon as may be agreed upon, shall be repaid only out of the insurer's earned surplus in excess of its required minimum surplus.

(2) An insurer borrowing funds under this section must comply with the national association of insurance commissioner's - accounting practices and procedures manual which sets forth requirements for borrowed money to be treated as surplus notes for financial accounting purposes.

(3) The commissioner's approval of such borrowed funds, if granted, shall specify the amount to be borrowed, the purpose for which the money is to be used, the terms and form of the loan agreement, the date by which the loan must be completed, fair and reasonable commissions or promotional expenses to be incurred or to be paid, and such other related matters as the commissioner shall deem proper. If the money is to be borrowed upon multiple agreements, the agreements shall be serially numbered. No loan agreement or series thereof shall have or be given any preferential rights over any other such loan agreement or series. [2003 c 249 § 1; 1947 c 79 § .09.32; Rem. Supp. 1947 § 45.09.32.]

**48.09.330 Repayment of borrowed capital.** (1) The insurer may repay any loan received pursuant to RCW 48.09.320, or any part thereof as approved by the commissioner, only out of its funds which represent such loan or realized net earned surplus. No repayment shall be made which reduces the insurer's surplus below the minimum surplus required for the kinds of insurance transacted.

(2) The insurer shall repay any such loan or the largest possible part thereof when the purposes for which such funds were borrowed have been fulfilled and when the insurer's surplus is adequate to so repay without unreasonable impairment of the insurer's operations.

(3) No repayment of such loan shall be made unless approved by the commissioner. The insurer shall notify the commissioner in writing not less than sixty days in advance of its intention to repay such loan or any part thereof, and the commissioner shall forthwith ascertain whether the insurer's financial condition is such that the repayment can properly be made.

(4) Upon dissolution and liquidation of the insurer, after the retirement of all its other outstanding obligations the holders of any such loan agreements then remaining unpaid shall be entitled to payment before any distribution of surplus

is made to the insurer's members. [1949 c 190 § 13; 1947 c 79 § .09.33; Rem. Supp. 1949 § 45.09.33.]

**48.09.340 Impairment of surplus.** (1) If the assets of a domestic mutual insurer on the cash premium plan fall below the amount of its liabilities, plus the amount of any surplus required by this code for the kinds of insurance authorized to be transacted, the commissioner shall at once ascertain the amount of the deficiency and serve notice upon the insurer to cure the deficiency within ninety days after such service of notice.

(2) If the deficiency is not made good in cash or in assets eligible under this code for the investment of the insurer's funds, and proof thereof filed with the commissioner within such ninety-day period, the insurer shall be deemed insolvent and shall be proceeded against as authorized by this code.

(3) If the deficiency is not made good the insurer shall not issue or deliver any policy after the expiration of such ninety-day period. Any officer or director who violates or knowingly permits the violating of this provision shall be subject to a fine of from fifty dollars to one thousand dollars for each violation. [1949 c 190 § 14; 1947 c 79 § 09.34; Rem. Supp. 1949 § 45.09.34.]

**48.09.350 Reorganization of mutual as stock insurer—Reinsurance—Approval.** (1) Upon satisfaction of the requirements applicable to the formation of a domestic stock insurer, a domestic mutual insurer may be reorganized as a stock corporation, pursuant to a plan of reorganization as approved by the commissioner.

(2) A domestic mutual insurer may be wholly reinsured in and its assets transferred to and its liabilities assumed by another mutual or stock insurer under such terms and conditions as are approved by the commissioner in advance of such reinsurance.

(3) The commissioner shall not approve any such reorganization plan or reinsurance agreement which does not determine the amount of and make adequate provision for paying to members of such mutual insurer, reasonable compensation for their equities as owners of such insurer, such compensation to be apportioned to members as identified and in the manner prescribed in RCW 48.09.360. The procedure for approval by the commissioner of any such reorganization plan or reinsurance agreement shall be the same as the procedure for approval by the commissioner of a plan of merger or consolidation under RCW 48.31.010.

Approval at a corporate meeting of members by two-thirds of the then members of a domestic mutual insurer who vote on the plan or agreement pursuant to such notice and procedure as was approved by the commissioner shall constitute approval of any such reorganization plan or reinsurance agreement by the insurer's members. [1984 c 23 § 1; 1983 1st ex.s. c 32 § 1; 1947 c 79 § .09.35; Rem. Supp. 1947 § 45.09.35.]

**48.09.360 Distribution of assets and ownership equities upon liquidation.** (1) Upon the liquidation of a domestic mutual insurer, its assets remaining after discharge of its indebtedness and policy obligations shall be distributed to its

members who were such within the thirty-six months prior to the last termination of its certificate of authority.

(2) Upon the reorganization of a domestic mutual insurer as a domestic stock insurer under RCW 48.09.350(1) or upon reinsurance of the whole of the liabilities and transfer of all the assets of a domestic mutual insurer under RCW 48.09.350(2), the ownership equities of members of the domestic mutual insurer shall be distributed to its members who were such on an eligibility date stated in the reorganization plan or reinsurance agreement, or who were such within the thirty-six months prior to such eligibility date. Such eligibility date shall be either the date on which the reorganization plan or reinsurance agreement is adopted by resolution of the board of directors of the domestic mutual insurer, or the date on which the reorganization plan or reinsurance agreement is approved by a vote of the members, or the date which ends a calendar quarter during which either of such actions is taken.

(3) Upon the liquidation of a domestic mutual insurer, the distributive share of each such member shall be in the proportion that the aggregate premiums earned by the insurer on the policies of the member during the thirty-six months before the last termination of the insurer's certificate of authority, bear to the aggregate of all premiums so earned on the policies of all such members during the same thirty-six months.

(4) Upon the reorganization of a domestic mutual insurer as a domestic stock insurer under RCW 48.09.350(1) or upon reinsurance of the whole of the liabilities and transfer of all the assets of a domestic mutual insurer under RCW 48.09.350(2), the distributive share of each member entitled thereto shall be in the proportion that the aggregate premiums earned by the insurer on the policies in force of that member during the thirty-six months before the eligibility date established under RCW 48.09.360(2) bear to the aggregate of all premiums so earned during the same thirty-six months on all the policies in force of all such members who are entitled to a distributive share.

(5) If a life insurer, the insurer shall make a reasonable classification of its life insurance policies so held by such members entitled to a distributive share and a formula based upon such classification for determining the equitable distributive share of each such member. Such classification and formula shall be subject to the commissioner's approval. [1984 c 23 § 2; 1947 c 79 § .09.36; Rem. Supp. 1947 § 45.09.36.]

### Chapter 48.10 RCW RECIPROCAL INSURERS

#### Sections

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*Dividends not to be guaranteed: RCW 48.30.100.*

*Merger or consolidation: RCW 48.31.010.*

*Organization of domestic insurers: Chapter 48.06 RCW.*

*Policy dividends are payable to real party in interest: RCW 48.18.340.*

**48.10.010 "Reciprocal insurance" defined.** "Reciprocal insurance" is that resulting from an interexchange among persons, known as "subscribers," of reciprocal agreements of indemnity, the interexchange being effectuated through an "attorney-in-fact" common to all such persons. [1947 c 79 § .10.01; Rem. Supp. 1947 § 45.10.01.]

**48.10.020 "Reciprocal insurer" defined.** A "reciprocal insurer" means an unincorporated aggregation of subscribers operating individually and collectively through an attorney-in-fact to provide reciprocal insurance among themselves. [1947 c 79 § .10.02; Rem. Supp. 1947 § 45.10.02.]

**48.10.030 Scope of chapter.** All authorized reciprocal insurers shall be governed by those sections of this chapter not expressly made applicable to domestic reciprocal insurers. [1947 c 79 § .10.03; Rem. Supp. 1947 § 45.10.03.]

**48.10.050 Insuring powers of reciprocals.** (1) A reciprocal insurer may, upon qualifying therefor as provided by this code, transact any kind or kinds of insurance defined by this code, other than life or title insurances.

(2) A reciprocal insurer may purchase reinsurance upon the risk of any subscriber, and may grant reinsurance as to any kind of insurance which it is authorized to transact direct. [1947 c 79 § .10.05; Rem. Supp. 1947 § 45.10.05.]

**48.10.055 Real property—Attorney's duty.** A reciprocal insurer may purchase, sell, mortgage, encumber, lease, or otherwise affect the title to real property for the purposes and objects of the reciprocal insurer. All deeds, notes, mortgages, or other documents relating to the real property may be executed in the name of the reciprocal insurer by its attorney. [1991 c 266 § 1.]

**48.10.060 Name—Suits.** A reciprocal insurer shall:  
(1) Have and use a business name. The name shall include the word "reciprocal," or "interinsurer," or "interinsurance," or "exchange," or "underwriters," or "underwriting."

(2) Sue and be sued in its own name. [1947 c 79 § .10.06; Rem. Supp. 1947 § 45.10.06.]

**48.10.070 Surplus funds required.** (1) A domestic reciprocal insurer hereafter formed, if it has otherwise complied with the provisions of this code, may be authorized to transact insurance if it initially possesses surplus in an amount equal to or exceeding the capital and surplus requirements required under RCW 48.05.340(1) plus special surplus, if any, required under \*RCW 48.05.360 and thereafter possesses, and maintains surplus funds equal to the paid-in capital stock required under RCW 48.05.340 of a stock insurer transacting like kinds of insurance, and the special surplus, if any, required under \*RCW 48.05.360.

(2) A domestic reciprocal insurer which under prior laws held authority to transact insurance in this state may continue to be so authorized so long as it otherwise qualifies therefor and maintains surplus funds in amount not less than as required under laws of this state in force at the time such authority to transact insurance in this state was granted.

(3) A domestic reciprocal insurer heretofore formed shall maintain on deposit with the commissioner surplus funds of not less than the sum of one hundred thousand dollars, and to transact kinds of insurance transacted by it in addition to that authorized by its original certificate of authority, shall have and maintain surplus (including the amount of such deposit) in amount not less than the paid-in capital stock required under RCW 48.05.340(1) plus special surplus, if any, required under \*RCW 48.05.360, of a domestic stock insurer formed after 1967 and transacting the same kinds of insurance. Such additional surplus funds need not be deposited with the commissioner. [1985 c 264 § 4; 1975 1st ex.s. c 266 § 5; 1963 c 195 § 5; 1947 c 79 § .10.07; Rem. Supp. 1947 § 45.10.07.]

\*Reviser's note: RCW 48.05.360 was repealed by 2005 c 223 § 35.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.10.080 Attorney.** (1) "Attorney" as used in this chapter refers to the attorney-in-fact of a reciprocal insurer. The attorney may be an individual, firm, or corporation.

(2) The attorney of a foreign or alien reciprocal insurer, which insurer is duly authorized to transact insurance in this state, shall not, by virtue of discharge of its duties as such attorney with respect to the insurer's transactions in this state, be thereby deemed to be doing business in this state within the meaning of any laws of this state applying to foreign persons, firms, or corporations.

(3) The subscribers and the attorney-in-fact comprise a reciprocal insurer and a single entity for the purposes of chapter 48.14 RCW as to all operations under the insurer's certificate of authority. [1965 ex.s. c 70 § 35; 1947 c 79 § .10.08; Rem. Supp. 1947 § 45.10.08.]

**48.10.090 Organization of reciprocal.** (1) Twenty-five or more persons domiciled in this state may organize a domestic reciprocal insurer and in compliance with this code make application to the commissioner for a certificate of authority to transact insurance.

(2) When applying for a certificate of authority, the original subscribers and the proposed attorney shall fulfill the requirements of and shall execute and file with the commissioner a declaration setting forth:

(a) the name of the insurer;

(b) the location of the insurer's principal office, which shall be the same as that of the attorney and shall be maintained within this state;

(c) the kinds of insurance proposed to be transacted;

(d) the names and addresses of the original subscribers;

(e) the designation and appointment of the proposed attorney and a copy of the power of attorney;

(f) the names and addresses of the officers and directors of the attorney, if a corporation, or of its members, if a firm;

(g) the powers of the subscribers' advisory committee and the names and terms of office of the members thereof;

(h) that all moneys paid to the reciprocal, after deducting therefrom any sum payable to the attorney, shall be held in the name of the insurer and for the purposes specified in the subscriber's agreement;

(i) a copy of the subscriber's agreement;

(j) a statement that each of the original subscribers has in good faith applied for insurance of the kind proposed to be transacted, and that the insurer has received from each such subscriber the full premium or premium deposit required for the policy applied for, for a term of not less than six months at the rate theretofore filed with and approved by the commissioner;

(k) a statement of the financial condition of the insurer, a schedule of its assets, and a statement that the surplus as required by RCW 48.10.070 is on hand;

(l) a copy of each policy, endorsement, and application form it then proposes to issue or use.

Such declaration shall be acknowledged by each such subscriber and by the attorney in the manner required for the acknowledgment of deeds to real estate. [1947 c 79 § .10.09; Rem. Supp. 1947 § 45.10.09.]

**48.10.100 Policies of original subscribers, effective when.** Any policy applied for by an original subscriber shall become effective coincidentally with the issuance of a certificate of authority to the reciprocal insurer. [1947 c 79 § .10.10; Rem. Supp. 1947 § 45.10.10.]

**48.10.110 Certificate of authority.** (1) The certificate of authority of a reciprocal insurer shall be issued to its attorney in the name of the insurer.

(2) The commissioner may refuse, suspend, or revoke the certificate of authority, in addition to other grounds therefor, for failure of its attorney to comply with any provision of this code. [1947 c 79 § .10.11; Rem. Supp. 1947 § 45.10.11.]

**48.10.120 Power of attorney.** (1) The rights and powers of the attorney of a reciprocal insurer shall be as provided in the power of attorney given it by the subscribers.

(2) The power of attorney must set forth:

(a) The powers of the attorney;

(b) that the attorney is empowered to accept service of process on behalf of the insurer and to authorize the commissioner to receive service of process in actions against the insurer upon contracts exchanged;

(c) the services to be performed by the attorney in general;

(d) the maximum amount to be deducted from advance premiums or deposits to be paid to the attorney;

(e) except as to nonassessable policies, a provision for a contingent several liability of each subscriber in a specified amount which amount shall be not less than one nor more than ten times the premium or premium deposit stated in the policy.

(3) The power of attorney may:

(a) Provide for the right of substitution of the attorney and revocation of the power of attorney and rights thereunder;

(b) impose such restrictions upon the exercise of the power as are agreed upon by the subscribers;

(c) provide for the exercise of any right reserved to the subscribers directly or through their advisory committee;

(d) contain other lawful provisions deemed advisable.

(4) The terms of any power of attorney or agreement collateral thereto shall be reasonable and equitable, and no such power or agreement or any amendment thereof, shall be used or be effective in this state until approved by the commissioner. [1949 c 190 § 15; 1947 c 79 § .10.12; Rem. Supp. 1949 § 45.10.12.]

**48.10.130 Modification of subscriber's agreement or power of attorney.** Modification of the terms of the subscriber's agreement or of the power of attorney of a domestic reciprocal insurer shall be made jointly by the attorney and the subscribers' advisory committee. No such modification shall be effective retroactively, nor as to any insurance contract issued prior thereto. [1947 c 79 § .10.13; Rem. Supp. 1947 § 45.10.13.]

**48.10.140 Attorney's bond.** (1) Concurrently with the filing of the declaration provided for in RCW 48.10.090, (or, if an existing domestic reciprocal insurer, within ninety days after the effective date of this code) the attorney of a domestic reciprocal shall file with the commissioner a bond running to the state of Washington. The bond shall be executed by the attorney and by an authorized corporate surety, and shall be subject to the commissioner's approval.

(2) The bond shall be in the penal sum of twenty-five thousand dollars, conditioned that the attorney will faithfully account for all moneys and other property of the insurer coming into his or her hands, and that he or she will not withdraw or appropriate for his or her own use from the funds of the insurer any moneys or property to which he or she is not entitled under the power of attorney.

(3) The bond shall provide that it is not subject to cancellation unless thirty days advance notice in writing of intent to cancel is given to both the attorney and the commissioner. [2009 c 549 § 7041; 1947 c 79 § .10.14; Rem. Supp. 1947 § 45.10.14.]

**48.10.150 Deposit in lieu of bond.** In lieu of such bond, the attorney may maintain on deposit with the commissioner a like amount in cash or in value of securities qualified under this code as insurers' investments, and subject to the same conditions as the bond. [1947 c 79 § .10.15; Rem. Supp. 1947 § 45.10.15.]

**48.10.160 Actions on bond.** Action on the attorney's bond or to recover against any such deposit made in lieu

thereof may be brought at any one time by one or more subscribers suffering loss through a violation of the conditions thereof or by a receiver or liquidator of the insurer. Amounts so recovered shall be deposited in and become part of the insurer's funds. [1947 c 79 § .10.16; Rem. Supp. 1947 § 45.10.16.]

**48.10.170 Service of legal process.** (1) A certificate of authority shall not be issued to a domestic reciprocal insurer unless prior thereto the attorney has executed and filed with the commissioner the insurer's irrevocable authorization of the commissioner to receive legal process issued in this state against the insurer upon any cause of action arising within this state.

(2) The provisions of RCW 48.05.210 shall apply to service of such process upon the commissioner.

(3) In lieu of service on the commissioner, legal process may be served upon a domestic reciprocal insurer by serving the insurer's attorney at his or her principal offices.

(4) Any judgment against the insurer based upon legal process so served shall be binding upon each of the insurer's subscribers as their respective interests may appear and in an amount not exceeding their respective contingent liabilities. [2009 c 549 § 7042; 1947 c 79 § .10.17; Rem. Supp. 1947 § 45.10.17.]

**48.10.180 Annual statement.** The annual statement of a reciprocal insurer shall be made and filed by the attorney. [1947 c 79 § .10.18; Rem. Supp. 1947 § 45.10.18.]

**48.10.190 Attorney's contribution—Repayment.** No contribution to a domestic reciprocal insurer's surplus by the attorney shall be retrievable by the attorney except under such terms and in such circumstances as the commissioner approves. [1947 c 79 § .10.19; Rem. Supp. 1947 § 45.10.19.]

**48.10.200 Determination of financial condition.** In determining the financial condition of a reciprocal insurer the commissioner shall apply the following rules:

(1) He or she shall charge as liabilities the same reserves as are required of incorporated insurers issuing nonassessable policies on a reserve basis.

(2) The surplus deposits of subscribers shall be allowed as assets, except that any premium deposit delinquent for ninety days shall first be charged against such surplus deposit.

(3) The surplus deposits of subscribers shall not be charged as a liability.

(4) All premium deposits delinquent less than ninety days shall be allowed as assets.

(5) An assessment levied upon subscribers, and not collected, shall not be allowed as an asset.

(6) The contingent liability of subscribers shall not be allowed as an asset.

(7) The computation of reserves shall be based upon premium deposits other than membership fees and without any deduction for the compensation of the attorney. [2009 c 549 § 7043; 1947 c 79 § .10.20; Rem. Supp. 1947 § 45.10.20.]

**48.10.220 Who may become subscriber.** Any person, government or governmental agency, state or political subdivision thereof, public or private corporation, board, association, estate, trustee, or fiduciary may be a subscriber of a reciprocal insurer. [1947 c 79 § .10.22; Rem. Supp. 1947 § 45.10.22.]

**48.10.230 Subscribers' advisory committee.** (1) The advisory committee of a domestic reciprocal insurer exercising the subscribers' rights shall be selected under such rules as the subscribers adopt.

(2) Not less than three-fourths of such committee shall be composed of subscribers other than the attorney, or any person employed by, representing, or having a financial interest in the attorney.

(3) The committee shall:

(a) Supervise the finances of the insurer;

(b) supervise the insurer's operations to such extent as to assure their conformity with the subscribers' agreement and power of attorney;

(c) procure the audit of the accounts and records of the insurer and of the attorney at the expense of the insurer;

(d) have such additional powers and functions as may be conferred by the subscribers' agreement. [1947 c 79 § .10.23; Rem. Supp. 1947 § 45.10.23.]

**48.10.250 Assessment liability of subscriber.** (1) The liability of each subscriber subject to assessment for the obligations of the reciprocal insurer shall not be joint, but shall be individual and several.

(2) Each subscriber who is subject to assessment shall have a contingent assessment liability, in the amount provided for in the power of attorney or in the subscribers' agreement, for payment of actual losses and expenses incurred while his or her policy was in force. Such contingent liability may be at the rate of not less than one nor more than ten times the premium or premium deposit stated in the policy, and the maximum aggregate thereof shall be computed in the manner set forth in RCW 48.10.290.

(3) Each assessable policy issued by the insurer shall plainly set forth a statement of the contingent liability. [2009 c 549 § 7044; 1947 c 79 § .10.25; Rem. Supp. 1947 § 45.10.25.]

**48.10.260 Action against subscriber requires judgment against insurer.** (1) No action shall lie against any subscriber upon any obligation claimed against the insurer until a final judgment has been obtained against the insurer and remains unsatisfied for thirty days.

(2) Any such judgment shall be binding upon each subscriber only in such proportion as his or her interests may appear and in an amount not exceeding his or her contingent liability, if any. [2009 c 549 § 7045; 1947 c 79 § .10.26; Rem. Supp. 1947 § 45.10.26.]

**48.10.270 Assessments.** (1) Assessments may be levied from time to time upon the subscribers of a domestic reciprocal insurer, other than as to nonassessable policies, by the attorney upon approval in advance by the subscribers' advisory

committee and the commissioner; or by the commissioner in liquidation of the insurer.

(2) Each such subscriber's share of a deficiency for which an assessment is made, not exceeding in any event his or her aggregate contingent liability as computed in accordance with RCW 48.10.290, shall be computed by applying to the premium earned on the subscriber's policy or policies during the period to be covered by the assessment, the ratio of the total deficiency to the total premiums earned during such period upon all policies subject to the assessment.

(3) In computing the earned premiums for the purposes of this section, the gross premium received by the insurer for the policy shall be used as a base, deducting therefrom solely charges not recurring upon the renewal or extension of the policy.

(4) No subscriber shall have an offset against any assessment for which he or she is liable, on account of any claim for unearned premium or losses payable. [2009 c 549 § 7046; 1947 c 79 § .10.27; Rem. Supp. 1947 § 45.10.27.]

**48.10.280 Time limit for assessment.** Every subscriber of a domestic reciprocal insurer having contingent liability shall be liable for, and shall pay his or her share of any assessment, as computed and limited in accordance with this chapter, if:

(1) While his or her policy is in force or within one year after its termination, he or she is notified by either the attorney or the commissioner of his or her intention to levy such assessment; or

(2) If an order to show cause why a receiver, conservator, rehabilitator, or liquidator of the insurer should not be appointed is issued pursuant to RCW 48.31.190 while his or her policy is in force or within one year after its termination. [2009 c 549 § 7047; 1947 c 79 § .10.28; Rem. Supp. 1947 § 45.10.28.]

**48.10.290 Aggregate liability.** No one policy or subscriber as to such policy, shall be assessed or be charged with an aggregate of contingent liability as to obligations incurred by a domestic reciprocal insurer in any one calendar year, in excess of the number of times the premium as stated in the policy as computed solely upon premium earned on such policy during that year. [1947 c 79 § .10.29; Rem. Supp. 1947 § 45.10.29.]

**48.10.300 Nonassessable policies.** (1) Subject to the special surplus requirements of \*RCW 48.05.360, if a reciprocal insurer has a surplus of assets over all liabilities at least equal to the minimum capital stock required of a domestic stock insurer authorized to transact like kinds of insurance, upon application of the attorney and as approved by the subscribers' advisory committee the commissioner shall issue his or her certificate authorizing the insurer to extinguish the contingent liability of subscribers under its policies then in force in this state, and to omit provisions imposing contingent liability in all policies delivered or issued for delivery in this state for so long as all such surplus remains unimpaired.

(2) Upon impairment of such surplus, the commissioner shall forthwith revoke the certificate. No policy shall there-

after be issued or renewed without providing for the contingent assessment liability of subscribers.

(3) The commissioner shall not authorize a domestic reciprocal insurer so to extinguish the contingent liability of any of its subscribers or in any of its policies to be issued, unless it qualifies to and does extinguish such liability of all its subscribers and in all such policies for all kinds of insurance transacted by it. Except, that if required by the laws of another state in which the insurer is transacting insurance as an authorized insurer, the insurer may issue policies providing for the contingent liability of such of its subscribers as may acquire such policies in such state, and need not extinguish the contingent liability applicable to policies theretofore in force in such state. [2009 c 549 § 7048; 1983 c 3 § 148; 1947 c 79 § .10.30; Rem. Supp. 1947 § 45.10.30.]

\*Reviser's note: RCW 48.05.360 was repealed by 2005 c 223 § 35.

**48.10.310 Return of savings to subscribers.** A reciprocal insurer may from time to time return to its subscribers any savings or credits accruing to their accounts. Any such distribution shall not unfairly discriminate between classes of risks, or policies, or between subscribers. [1947 c 79 § .10.31; Rem. Supp. 1947 § 45.10.31.]

**48.10.320 Distribution of assets upon liquidation.** Upon the liquidation of a domestic reciprocal insurer, its assets remaining after discharge of its indebtedness and policy obligations, the return of any contribution of the attorney to its surplus made as provided in RCW 48.10.190, and the return of any unused deposits, savings, or credits, shall be distributed to its subscribers who were such within the twelve months prior to the last termination of its certificate of authority according to such formula as may have been approved by the commissioner. [1947 c 79 § .10.32; Rem. Supp. 1947 § 45.10.32.]

**48.10.330 Merger—Conversion to stock or mutual insurer.** (1) A domestic reciprocal insurer, upon affirmative vote of not less than two-thirds of the subscribers who vote upon such merger pursuant to such notice as may be approved by the commissioner and with the approval of the commissioner of the terms therefor, may merge with another reciprocal insurer or be converted to a stock or mutual insurer.

(2) Such a stock or mutual insurer shall be subject to the same capital requirements and shall have the same rights as a like domestic insurer transacting like kinds of insurance.

(3) The commissioner shall not approve any plan for such merger or conversion which is inequitable to subscribers, or which, if for conversion to a stock insurer, does not give each subscriber preferential right to acquire stock of the proposed insurer proportionate to his or her interest in the reciprocal insurer as determined in accordance with RCW 48.10.320 and a reasonable length of time within which to exercise such right. [2009 c 549 § 7049; 1947 c 79 § .10.33; Rem. Supp. 1947 § 45.10.33.]

**48.10.340 Impairment of assets—Procedure.** (1) If the assets of a domestic reciprocal insurer are at any time insufficient to discharge its liabilities other than any liability

on account of funds contributed by the attorney, and to maintain the surplus required for the kinds of insurance it is authorized to transact, its attorney shall forthwith levy an assessment upon subscribers made subject to assessment by the terms of their policies for the amount needed to make up the deficiency.

(2) If the attorney fails to make the assessment within thirty days after the commissioner orders him or her to do so, or if the deficiency is not fully made up within sixty days after the date the assessment was made, the insurer shall be deemed insolvent and shall be proceeded against as authorized by this code.

(3) If liquidation of such an insurer is ordered, an assessment shall be levied upon the subscribers for such an amount, subject to limits as provided by this chapter, as the commissioner determines to be necessary to discharge all liabilities of the insurer, exclusive of any funds contributed by the attorney, but including the reasonable cost of the liquidation. [2009 c 549 § 7050; 1947 c 79 § .10.34; Rem. Supp. 1947 § 45.10.34.]

## Chapter 48.11 RCW INSURING POWERS

### Sections

48.11.020	"Life insurance" defined.
48.11.030	"Disability insurance" defined—"Stop loss insurance" defined.
48.11.040	"Property insurance" defined.
48.11.050	"Marine and transportation insurance" defined.
48.11.060	"Vehicle insurance" defined.
48.11.070	"General casualty insurance" defined.
48.11.080	"Surety insurance" defined.
48.11.100	"Title insurance" defined.
48.11.105	"Ocean marine and foreign trade insurances" defined.
48.11.130	Reinsurance powers.
48.11.140	Limitation of single risk.

*Workers' compensation: Title 51 RCW.*

**48.11.020 "Life insurance" defined.** "Life insurance" is insurance on human lives and insurances appertaining thereto or connected therewith. For the purposes of this code the transacting of life insurance includes the granting of annuities and endowment benefits; additional benefits in event of death by accident; additional benefits in event of the total and permanent disability of the insured; and optional modes of settlement of proceeds. [1947 c 79 § .11.02; Rem. Supp. 1947 § 45.11.02.]

**48.11.030 "Disability insurance" defined—"Stop loss insurance" defined.** "Disability insurance" is insurance against bodily injury, disablement or death by accident, against disablement resulting from sickness, and every insurance appertaining thereto including stop loss insurance. "Stop loss insurance" is insurance against the risk of economic loss assumed under a self-funded employee disability benefit plan. [1992 c 226 § 1; 1947 c 79 § .11.03; Rem. Supp. 1947 § 45.11.03.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.11.040 "Property insurance" defined.** "Property insurance" is insurance against loss of or damage to real or personal property of every kind and any interest therein, from

any or all hazard or cause, and against loss consequential upon such loss or damage. [1947 c 79 § .11.04; Rem. Supp. 1947 § 45.11.04.]

**48.11.050 "Marine and transportation insurance" defined.** "Marine and transportation insurance" is:

(1) Insurance against loss of or damage to:

(a) Vessels, craft, aircraft, vehicles, goods, freights, cargoes, merchandise, effects, disbursements, profits, moneys, securities, choses in action, evidences of debt, valuable papers, bottomry, and respondentia interests and all other kinds of property and interests therein, in respect to, appertaining to or in connection with any and all risks or perils of navigation, transit or transportation, or while being assembled, packed, crated, baled, compressed or similarly prepared for shipment or while awaiting shipment, or during any delays, storage, transshipment, or reshipment incident thereto, including war risks, marine builder's risks, and all personal property floater risks.

(b) Person or property in connection with or appertaining to a marine, transit or transportation insurance, including liability for loss of or damage to either incident to the construction, repair, operation, maintenance or use of the subject matter of such insurance (but not including life insurance or surety bonds nor insurance against loss by reason of bodily injury to any person arising out of the ownership, maintenance, or use of automobiles).

(c) Precious stones, jewels, jewelry, precious metals, whether in course of transportation or otherwise.

(d) Bridges, tunnels and other instrumentalities of transportation and communication (excluding buildings, their furniture and furnishings, fixed contents and supplies held in storage); piers, wharves, docks and slips, and other aids to navigation and transportation, including dry docks and marine railways, dams and appurtenant facilities for the control of waterways.

(2) "Marine protection and indemnity insurance," meaning insurance against, or against legal liability of the insured for, loss, damage, or expense incident to ownership, operation, chartering, maintenance, use, repair or construction of any vessel, craft or instrumentality in use in ocean or inland waterways, including liability of the insured for personal injury, illness or death or for loss of or damage to the property of another person. [1947 c 79 § .11.05; Rem. Supp. 1947 § 45.11.05.]

**48.11.060 "Vehicle insurance" defined.** (1) "Vehicle insurance" is insurance against loss or damage to any land vehicle or aircraft or any draft or riding animal or to property while contained therein or thereon or being loaded or unloaded therein or therefrom, and against any loss or liability resulting from or incident to ownership, maintenance, or use of any such vehicle or aircraft or animal.

(2) Insurance against accidental death or accidental injury to individuals while in, entering, alighting from, adjusting, repairing, cranking, or caused by being struck by a vehicle, aircraft, or draft or riding animal, if such insurance is issued as part of insurance on the vehicle, aircraft, or draft or riding animal, shall be deemed to be vehicle insurance. [1947 c 79 § .11.06; Rem. Supp. 1947 § 45.11.06.]

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**48.11.070 "General casualty insurance" defined.** "General casualty insurance" includes vehicle insurance as defined in RCW 48.11.060, and in addition is insurance:

(1) Against legal liability for the death, injury, or disability of any human being, or for damage to property.

(2) Of medical, hospital, surgical and funeral benefits to persons injured, irrespective of legal liability of the insured, when issued with or supplemental to insurance against legal liability for the death, injury or disability of human beings.

(3) Of the obligations accepted by, imposed upon, or assumed by employers under law for workers' compensation.

(4) Against loss or damage by burglary, theft, larceny, robbery, forgery, fraud, vandalism, malicious mischief, confiscation or wrongful conversion, disposal or concealment, or from any attempt of any of the foregoing; also insurance against loss of or damage to moneys, coins, bullion, securities, notes, drafts, acceptances or any other valuable papers or documents, resulting from any cause, except while in the custody or possession of and being transported by any carrier for hire or in the mail.

(5) Upon personal effects against loss or damage from any cause.

(6) Against loss or damage to glass, including its lettering, ornamentation and fittings.

(7) Against any liability and loss or damage to property resulting from accidents to or explosions of boilers, pipes, pressure containers, machinery, or apparatus and to make inspection of and issue certificates of inspection upon elevators, boilers, machinery, and apparatus of any kind.

(8) Against loss or damage to any property caused by the breakage or leakage of sprinklers, water pipes and containers, or by water entering through leaks or openings in buildings.

(9) Against loss or damage resulting from failure of debtors to pay their obligations to the insured (credit insurance).

(10) Against any other kind of loss, damage, or liability properly the subject of insurance and not within any other kind or kinds of insurance as defined in this chapter, if such insurance is not contrary to law or public policy. [1987 c 185 § 18; 1953 c 197 § 5; 1947 c 79 § .11.07; Rem. Supp. 1947 § 45.11.07.]

**Intent—Severability—1987 c 185:** See notes following RCW 51.12.130.

**48.11.080 "Surety insurance" defined.** "Surety insurance" includes:

(1) Credit insurance as defined in subdivision (9) of RCW 48.11.070.

(2) Bail bond insurance.

(3) Fidelity insurance, which is insurance guaranteeing the fidelity of persons holding positions of public or private trust.

(4) Guaranteeing the performance of contracts, other than insurance policies, and guaranteeing and executing bonds, undertakings, and contracts of suretyship.

(5) Indemnifying banks, bankers, brokers, financial or moneyed corporations or associations against loss resulting from any cause of bills of exchange, notes, bonds, securities, evidence of debts, deeds, mortgages, warehouse receipts, or other valuable papers, documents, money, precious metals and articles made therefrom, jewelry, watches, necklaces, bracelets, gems, precious and semiprecious stones, including

any loss while the same are being transported in armored motor vehicles, or by messenger, but not including any other risks of transportation or navigation; also against loss or damage to such an insured's premises, or to his or her furnishings, fixtures, equipment, safes and vaults therein, caused by burglary, robbery, theft, vandalism or malicious mischief, or any attempt thereat. [2009 c 549 § 7051; 1967 c 150 § 8; 1947 c 79 § .11.08; Rem. Supp. 1947 § 45.11.08.]

**48.11.100 "Title insurance" defined.** "Title insurance" is insurance of owners of property or others having an interest in real property, against loss by encumbrance, or defective titles, or adverse claim to title, and associated services. [2005 c 223 § 3; 1947 c 79 § .11.10; Rem. Supp. 1947 § 45.11.10.]

**48.11.105 "Ocean marine and foreign trade insurances" defined.** For the purposes of this code other than as to chapter 48.19 RCW "ocean marine and foreign trade insurances" shall include only:

- (1) Insurances upon vessels, crafts, hulls, and of interests therein or with relation thereto;
- (2) Insurance of marine builders' risks, marine war risks, and contracts of marine protection and indemnity insurance;
- (3) Insurance of freights and disbursements pertaining to a subject of insurance coming within this definition;
- (4) Insurance of personal property and interests therein, in course of exportation from or importation into any country, or in course of transportation coastwise, including transportation by land, water, or air from point of origin to final destination, in respect to, appertaining to, or in connection with, any and all risks or perils of navigation, transit, or transportation, and while being prepared for and while awaiting shipment, and during any delays, storage, transshipment, or reshipment incident thereto. [2007 c 80 § 5.]

**48.11.130 Reinsurance powers.** A domestic mutual assessment insurer shall not have authority to accept reinsurance. Any other domestic insurer may accept reinsurance only of such kinds of insurance as it is authorized to transact direct. [1947 c 79 § .11.13; Rem. Supp. 1947 § 45.11.13.]

**48.11.140 Limitation of single risk.** (1) An insurer may not retain any risk on any one subject of insurance, whether located or to be performed in this state or elsewhere, in an amount exceeding ten percent of its surplus to policyholders.

(2) For the purposes of this section, a "subject of insurance" as to insurance against fire includes all properties insured by the same insurer that are reasonably subject to loss or damage from the same fire.

(3) Reinsurance in an alien reinsurer not qualified under RCW 48.12.166 may not be deducted in determining risk retained for the purposes of this section.

(4) In the case of surety insurance, the net retention shall be computed after deduction of reinsurances, the amount assumed by any co-surety, the value of any security deposited, pledged, or held subject to the consent of the surety and for the protection of the surety.

(5) This section does not apply to life insurance, disability insurance, title insurance, or insurance of marine risks or marine protection and indemnity risks. [2005 c 223 § 4; 1993 c 462 § 53; 1983 c 3 § 149; 1959 c 225 § 2; 1947 c 79 § .11.14; Rem. Supp. 1947 § 45.11.14.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

## Chapter 48.12 RCW ASSETS AND LIABILITIES

### Sections

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**48.12.010 "Assets" defined.** In any determination of the financial condition of any insurer there shall be allowed as assets only such assets as belong wholly and exclusively to the insurer, which are registered, recorded, or held under the insurer's name, and which consist of:

(1) Cash in the possession of the insurer or in transit under its control, and the true balance of any deposit of the insurer in a solvent bank or trust company;

(2) Investments, securities, properties, and loans acquired or held in accordance with this code, and in connection therewith the following items:

(a) Interest due or accrued on any bond or evidence of indebtedness which is not in default and which is not valued on a basis including accrued interest.

(b) Declared and unpaid dividends on stocks and shares unless such amount has otherwise been allowed as an asset.

(c) Interest due or accrued upon a collateral loan in an amount not to exceed one year's interest thereon.

(d) Interest due or accrued on deposits in solvent banks and trust companies, and interest due or accrued on other assets if such interest is in the judgment of the commissioner a collectible asset.

(e) Interest due or accrued on a mortgage loan, in amount not exceeding in any event the amount, if any, of the difference between the unpaid principal and the value of the prop-

erty less delinquent taxes thereon; but if any interest on the loan is in default more than one hundred eighty days, or if any interest on the loan is in default and any taxes or any installment thereof on the property are and have been due and unpaid for more than one hundred eighty days, no allowance shall be made for any interest on the loan.

(f) Rent due or accrued on real property if such rent is not in arrears for more than three months;

(3) Premium notes, policy loans, and other policy assets and liens on policies of life insurance, in amount not exceeding the legal reserve and other policy liabilities carried on each individual policy;

(4) The net amount of uncollected and deferred premiums in the case of a life insurer which carries the full annual mean tabular reserve liability;

(5) Premiums in the course of collection, other than for life insurance, not more than ninety days past due, less commissions payable thereon. The foregoing limitation shall not apply to premiums payable directly or indirectly by the United States government or any of its instrumentalities;

(6) Installment premiums other than life insurance premiums, in accordance with regulations prescribed by the commissioner consistent with practice formulated or adopted by the National Association of Insurance Commissioners;

(7) Notes and like written obligations not past due, taken for premiums other than life insurance premiums, on policies permitted to be issued on such basis, to the extent of the unearned premium reserves carried thereon and unless otherwise required by regulation prescribed by the commissioner;

(8) Reinsurance recoverable subject to RCW 48.12.160;

(9) Amounts receivable by an assuming insurer representing funds withheld by a solvent ceding insurer under a reinsurance treaty;

(10) Deposits or equities recoverable from underwriting associations, syndicates and reinsurance funds, or from any suspended banking institution, to the extent deemed by the commissioner available for the payment of losses and claims and at values to be determined by him or her;

(11) Electronic and mechanical machines constituting a data processing and accounting system if the cost of such system is at least twenty-five thousand dollars, which cost shall be amortized in full over a period not to exceed three calendar years; and

(12) Other assets, not inconsistent with the foregoing provisions, deemed by the commissioner available for the payment of losses and claims, at values to be determined by him or her. [2009 c 549 § 7052; 2007 c 80 § 2; 1977 ex.s. c 180 § 2; 1963 c 195 § 11; 1947 c 79 § .12.01; Rem. Supp. 1947 § 45.12.01.]

**48.12.020 Nonallowable assets.** In addition to assets impliedly excluded under RCW 48.12.010, the following expressly shall not be allowed as assets in any determination of the financial condition of an insurer:

(1) Goodwill, except in accordance with regulations prescribed by the commissioner, trade names, agency plants and other like intangible assets.

(2) Prepaid or deferred charges for expenses and commissions paid by the insurer.

(3) Advances to officers (other than policy loans or loans made pursuant to RCW 48.07.130), whether secured or not,

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and advances to employees, agents and other persons on personal security only.

(4) Stock of such insurer, owned by it, or any equity therein or loans secured thereby, or any proportionate interest in such stock through the ownership by such insurer of an interest in another firm, corporation or business unit.

(5) Furniture, furnishings, fixtures, safes, equipment, vehicles, library, stationery, literature, and supplies; except, electronic and mechanical machines authorized by subsection (11) of RCW 48.12.010, or such personal property as the insurer is permitted to hold pursuant to paragraph (e) of subsection (2) of RCW 48.13.160, or which is acquired through foreclosure of chattel mortgages acquired pursuant to RCW 48.13.150, or which is reasonably necessary for the maintenance and operation of real estate lawfully acquired and held by the insurer other than real estate used by it for home office, branch office, and similar purposes.

(6) The amount, if any, by which the aggregate book value of investments as carried in the ledger assets of the insurer exceeds the aggregate value thereof as determined under this code. [1982 c 218 § 1; 1963 c 195 § 12; 1947 c 79 § .12.02; Rem. Supp. 1947 § 45.12.02.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.12.030 Liabilities.** In any determination of the financial condition of an insurer, liabilities to be charged against its assets shall include:

(1) The amount of its capital stock outstanding, if any; and

(2) The amount, estimated consistent with the provisions of this chapter, necessary to pay all of its unpaid losses and claims incurred on or prior to the date of statement, whether reported or unreported, together with the expense of adjustment or settlement thereof; and

(3) With reference to life and disability insurance, and annuity contracts,

(a) the amount of reserves on life insurance policies and annuity contracts in force (including disability benefits for both active and disabled lives, and accidental death benefits, in or supplementary thereto) and disability insurance, valued according to the tables of mortality, tables of morbidity, rates of interest, and methods adopted pursuant to this chapter which are applicable thereto; and

(b) any additional reserves which may be required by the commissioner, consistent with practice formulated or approved by the National Association of Insurance Commissioners, on account of such insurances; and

(4) With reference to insurances other than those specified in subdivision (3) of this section, and other than title insurance, the amount of reserves equal to the unearned portions of the gross premiums charged on policies in force, computed in accordance with this chapter; and

(5) Taxes, expenses, and other obligations accrued at the date of the statement; and

(6) Any additional reserve set up by the insurer for a specific liability purpose or required by the commissioner consistent with practices adopted or approved by the National Association of Insurance Commissioners. [1973 1st ex.s. c 162 § 1; 1947 c 79 § .12.03; Rem. Supp. 1947 § 45.12.03.]

**48.12.040 Unearned premium reserve, property, casualty, and surety insurance.** (1) With reference to insurances against loss or damage to property, except as provided in RCW 48.12.050, and with reference to all general casualty insurances, and surety insurances, every insurer shall maintain an unearned premium reserve on all policies in force.

(2) The commissioner may require that such reserve shall be equal to the unearned portions of the gross premiums in force after deducting authorized reinsurance, as computed on each respective risk from the policy's date of issue. If the commissioner does not so require, the portions of the gross premiums in force, less authorized reinsurance, to be held as a premium reserve, shall be computed according to the following table:

Term for which policy was written	Reserve for unearned premium	
One year, or less . . . . .		1/2
Two years . . . . .	First year	3/4
	Second year	1/4
Three years . . . . .	First year	5/6
	Second year	1/2
	Third year	1/6
Four years . . . . .	First year	7/8
	Second year	5/8
	Third year	3/8
	Fourth year	1/8
Five years . . . . .	First year	9/10
	Second year	7/10
	Third year	1/2
	Fourth year	3/10
	Fifth year	1/10
Over five years . . . . .	Pro rata	

(3) In lieu of computation according to such table, all of such reserves may be computed, at the insurer's option, on a monthly pro rata basis.

(4) After adopting any one of the methods for computing such reserve an insurer shall not change methods without the commissioner's approval.

(5) If, for certain policies, the insurer's exposure to loss is uneven over the policy term, the commissioner may grant permission to the insurer to use a different method of calculating the unearned premium reserve on those certain policies. [1995 c 35 § 1; 1973 1st ex.s. c 162 § 2; 1947 c 79 § .12.04; Rem. Supp. 1947 § 45.12.04.]

**48.12.050 Unearned premium reserve, marine and transportation insurance.** With reference to marine and transportation insurances, premiums on trip risks not terminated shall be deemed unearned and the commissioner may require the insurer to carry a reserve thereon equal to one hundred percent on trip risks written during the month ended as of the date of statement; and computed upon a pro rata basis or, with the commissioner's consent, in accordance with the alternative methods provided in RCW 48.12.040 for all other risks. [1947 c 79 § .12.05; Rem. Supp. 1947 § 45.12.05.]

**48.12.060 Reserve—Disability insurance.** For all disability insurance policies the insurer shall maintain an active

life reserve which shall place a sound value on its liabilities under such policies and be not less than the reserve according to appropriate standards set forth in regulations issued by the commissioner and, in no event, less in the aggregate than the pro rata gross unearned premiums for such policies. [1973 1st ex.s. c 162 § 3; 1947 c 79 § .12.06; Rem. Supp. 1947 § 45.12.06.]

**48.12.070 Loss records.** An insurer shall maintain a complete and itemized record showing all losses and claims as to which it has received notice, including with regard to property, casualty, surety, and marine and transportation insurances, all notices received of the occurrence of any event which may result in a loss. [1947 c 79 § .12.07; Rem. Supp. 1947 § 45.12.07.]

**48.12.080 Increased reserves.** (1) If the commissioner determines that an insurer's unearned premium reserves, however computed, are inadequate, he or she may require the insurer to compute such reserves or any part thereof according to such other method or methods as are prescribed in this chapter.

(2) If the loss experience of an insurer shows that its loss reserves, however estimated, are inadequate, the commissioner shall require the insurer to maintain loss reserves in such increased amount as is needed to make them adequate. [2009 c 549 § 7053; 1947 c 79 § .12.08; Rem. Supp. 1947 § 45.12.08.]

**48.12.090 Loss reserves—Liability insurance.** The reserves for outstanding losses and loss expenses under policies of personal injury liability insurance and under policies of employer's liability insurance shall be computed as follows:

(1) The reserves for outstanding losses and loss expenses under policies of personal injury liability insurance and under policies of employer's liability insurance shall be computed in accordance with accepted loss-reserving standards and principles and shall make a reasonable provision for all unpaid loss and loss expense obligations of the insurer under the terms of such policies.

(2) Reserves under liability policies written during the three years immediately preceding the date of determination shall include any additional reserves required by the annual statement instructions of the national association of insurance commissioners. [1995 c 35 § 2; 1947 c 79 § .12.09; Rem. Supp. 1947 § 45.12.09.]

**48.12.100 Unallocated liability loss expense.** Subject to any restrictions contained in the annual statement instructions or accounting practices and procedures manuals of the national association of insurance commissioners, all unallocated liability loss expense payments shall be distributed as follows:

(1) All payments associated with particular claims shall be distributed to the year in which the claim was covered; and

(2) All other payments shall be distributed by year in a reasonable manner. [1995 c 35 § 3; 1947 c 79 § .12.10; Rem. Supp. 1947 § 45.12.10.]

**48.12.110 Schedule of experience.** Any insurer transacting any liability or workers' compensation insurances shall include in its annual statement filed with the commissioner, a schedule of its experience thereunder in such form as the commissioner may prescribe. [1987 c 185 § 19; 1947 c 79 § .12.11; Rem. Supp. 1947 § 45.12.11.]

**Intent—Severability—1987 c 185:** See notes following RCW 51.12.130.

**48.12.140 "Loss payments," "loss expense" defined.** "Loss payments" and "loss expense payments" as used with reference to liability and workers' compensation insurances shall include all payments to claimants, payments for medical and surgical attendance, legal expenses, salaries and expenses of investigators, adjusters and claims field representatives, rents, stationery, telegraph and telephone charges, postage, salaries and expenses of office employees, home office expenses and all other payments made on account of claims, whether such payments are allocated to specific claims or are unallocated. [2009 c 549 § 7054; 1987 c 185 § 22; 1947 c 79 § .12.14; Rem. Supp. 1947 § 45.12.14.]

**Intent—Severability—1987 c 185:** See notes following RCW 51.12.130.

**48.12.154 Rules.** The commissioner may adopt rules to implement and administer chapter 379, Laws of 1997. [1997 c 379 § 9.]

**Purpose—Intent—1997 c 379:** See note following RCW 48.12.156.

**48.12.156 Qualified United States financial institution—Definition.** For purposes of chapter 379, Laws of 1997, a "qualified United States financial institution" means an institution that complies with all of the following:

(1) Is organized or, in the case of a United States office of a foreign banking organization, licensed under the laws of the United States or any state thereof;

(2) Is regulated, supervised, and examined by United States federal or state authorities having regulatory authority over banks and trust companies;

(3) Has been determined by the commissioner, or, in the discretion of the commissioner, the securities valuation office of the national association of insurance commissioners, to meet such standards of financial condition and standing as are considered necessary and appropriate to regulate the quality of financial institutions whose letters of credit will be acceptable to the commissioner; and

(4) Is not affiliated with the assuming company. [1997 c 379 § 2.]

**Purpose—Intent—1997 c 379:** "(1) The purpose of this act is to protect the interest of insureds, claimants, ceding insurers, assuming insurers, and the public generally.

(2) It is the intent of the legislature to ensure adequate regulation of insurers and reinsurers and adequate protection for those to whom they owe obligations.

(3) It is also the intent of the legislature to declare that the matters contained in this act are fundamental to the business of insurance and to exercise its powers and privileges under 15 U.S.C. Secs. 1011 and 1012." [1997 c 379 § 1.]

**48.12.158 Insolvency of non-United States insurer or reinsurer—Maintenance of assets—Claims.** Upon insolvency of a non-United States insurer or reinsurer that pro-

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vides security to fund its United States obligations in accordance with chapter 379, Laws of 1997, the assets representing the security must be maintained in the United States and claims must be filed with and valued by the state insurance commissioner with regulatory oversight, and the assets distributed, in accordance with the insurance laws of the state in which the trust is domiciled that are applicable to the liquidation of domestic United States insurance companies. [1997 c 379 § 3.]

**Purpose—Intent—1997 c 379:** See note following RCW 48.12.156.

**48.12.160 Credit for reinsurance—Trust fund—Regulatory oversight.** (1) Any insurance company organized under the laws of this state may take credit as an asset or as a deduction from loss or claim, unearned premium, or life policy or contract reserves on risks ceded to a reinsurer to the extent reinsured by an insurer or insurers holding a certificate of authority to transact that kind of business in this state, unless the assuming insurer is the subject of a regulatory order or regulatory oversight by a state in which it is licensed based upon a commissioner's determination that the assuming insurer is in a hazardous financial condition. The credit on ceded risks reinsured by any insurer which is not authorized to transact business in this state may be taken:

(a) Where the reinsurer is a group including incorporated and unincorporated underwriters, and the group maintains a trust fund in a qualified United States financial institution which trust fund must be in an amount equal to:

(i) For reinsurance ceded under reinsurance agreements with an inception, amendment, or renewal date on or after August 1, 1995, funds in trust in an amount not less than the group's several liabilities attributable to business ceded by United States domiciled insurers to any member of the group; or

(ii) For reinsurance ceded under reinsurance agreements with an inception date on or before July 31, 1995, and not amended or renewed after that date, notwithstanding the other provisions of chapter 379, Laws of 1997, funds in trust in an amount not less than the group's several insurance and reinsurance liabilities attributable to business written in the United States.

In addition, the group shall maintain a trustee surplus of which one hundred million dollars shall be held jointly and exclusively for the benefit of United States ceding insurers of any member of the group.

The incorporated members of the group shall not be engaged in any business other than underwriting as a member of the group and shall be subject to the same level of solvency regulation and control by the group's domiciliary regulator as are the unincorporated members; and the group shall make available to the commissioner an annual certification of the solvency of each underwriter by the group's domiciliary regulator and its independent public accountants;

(b) Where the reinsurer does not meet the definition of (a) of this subsection, the single assuming alien reinsurer that, as of the date of the ceding insurer's statutory financial statement, maintains a trust fund in a qualified United States financial institution, which trust fund must be in an amount not less than the assuming alien reinsurer's liabilities attributable to reinsurance ceded by United States domiciled insur-

ers, and in addition, the assuming insurer shall maintain a trusteed surplus of not less than twenty million dollars, and the assuming alien reinsurer maintaining the trust fund must have received a registration from the commissioner under RCW 48.12.166. The assuming alien reinsurer shall report on or before February 28th to the commissioner substantially the same information as that required to be reported on the national association of insurance commissioners annual statement form by licensed insurers, to enable the commissioner to determine the sufficiency of the trust fund;

(c) In an amount not exceeding:

(i) The amount of deposits by and funds withheld from the assuming insurer pursuant to express provision therefor in the reinsurance contract, as security for the payment of the obligations thereunder, if the deposits or funds are assets of the types and amounts that are authorized under chapter 48.13 RCW and are held subject to withdrawal by and under the control of the ceding insurer or if the deposits or funds are placed in trust for these purposes in a bank which is a member of the federal reserve system and withdrawals from the trust cannot be made without the consent of the ceding company; or

(ii) The amount of a clean, irrevocable, and unconditional letter of credit issued by a United States bank that is determined by the national association of insurance commissioners to meet credit standards for issuing letters of credit in connection with reinsurance, and issued for a term of at least one year with provisions that it must be renewed unless the bank gives notice of nonrenewal at least thirty days before the expiration issued under arrangements satisfactory to the commissioner of insurance as constituting security to the ceding insurer substantially equal to that of a deposit under (c)(i) of this subsection.

(2) Credit for reinsurance may not be granted under subsection (1)(a), (b), and (c)(i) of this section unless:

(a) The form of the trust and amendments to the trust have been approved by the insurance commissioner of the state where the trust is located, or the insurance commissioner of another state who, pursuant to the terms of the trust agreement, has accepted principal regulatory oversight of the trust;

(b) The trust and trust amendments are filed with the commissioner of every state in which the ceding insurer beneficiaries of the trust are domiciled;

(c) The trust instrument provides that contested claims are valid, enforceable, and payable out of funds in trust to the extent remaining unsatisfied thirty days after entry of the final order of a court of competent jurisdiction in the United States;

(d) The trust vests legal title to its assets in the trustees of the trust for the benefit of the grantor's United States ceding insurers, their assigns, and successors in interest;

(e) The trust and the assuming insurer are subject to examination as determined by the commissioner;

(f) The trust shall remain in effect for as long as the assuming insurer, member, or former member of a group of insurers has outstanding obligations due under the reinsurance agreements subject to the trust; and

(g) No later than [than] February 28th of each year, the trustees of the trust report to the commissioner in writing setting forth the balance of the trust and listing the trust's invest-

ments at the preceding year end. In addition, the trustees of the trust shall certify the date of termination of the trust, if so planned, or certify that the trust shall not expire within the next twelve months.

(3) Any reinsurance ceded by a company organized under the laws of this state or ceded by any company not organized under the laws of this state and transacting business in this state must be payable by the assuming insurer on the basis of liability of the ceding company under the contract or contracts reinsured without diminution because of the insolvency of the ceding company, and any such reinsurance agreement which may be canceled on less than ninety days notice must provide for a run-off of the reinsurance in force at the date of cancellation.

(4) The domiciliary conservator, liquidator, receiver, or statutory successor of an insolvent ceding insurer shall give written notice to the assuming insurer of the pendency of a claim against the insolvent ceding insurer on the policy or bond reinsured within a reasonable time after such claim is filed in the insolvency proceeding and that during the pendency of such claim any assuming insurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated, any defense or defenses which it may deem available to the ceding insurer or its liquidator or receiver or statutory successor.

The expense thus incurred by the assuming insurer shall be chargeable subject to court approval against the insolvent ceding insurer as a part of the expense of liquidation to the extent of a proportionate share of the benefit which may accrue to the ceding insurer solely as a result of the defense undertaken by the assuming insurer.

(5) Where two or more assuming insurers are involved in the same claim and a majority in interest elect to interpose to such claim, the expense shall be apportioned in accordance with the terms of the reinsurance agreement as though such expense had been incurred by the ceding insurer.

(6) The credit permitted by subsection (1)(b) of this section is prohibited unless the assuming alien insurer agrees in the trust agreement, notwithstanding other provisions in the trust instrument, if the trust fund is inadequate because it contains an amount less than the amount required by subsection (1)(b) of this section or if the grantor of the trust has been declared insolvent or placed into receivership, rehabilitation, liquidation, or similar proceedings under the laws of its state or country of domicile:

(a) To comply with an order of the commissioner with regulatory oversight over the trust or with an order of a court of competent jurisdiction directing the trustee to transfer to the commissioner with regulatory oversight all of the assets of the trust fund;

(b) That assets be distributed by, and insurance claims of United States trust beneficiaries be filed with and valued by, the commissioner with regulatory oversight in accordance with the laws of the state in which the trust is domiciled that are applicable to the liquidation of domestic insurance companies;

(c) That if the commissioner with regulatory oversight determines that the assets of the trust fund or a part thereof are not necessary to satisfy the claims of the United States ceding insurers, which are United States trust beneficiaries, the assets or part thereof shall be returned by the commis-

sioner with regulatory oversight to the trustee for distribution in accordance with the trust agreement; and

(d) That the grantor waives any right otherwise available to it under United States law that is inconsistent with this provision. [1997 c 379 § 6; 1996 c 297 § 1; 1994 c 86 § 1; 1993 c 91 § 2; 1977 ex.s. c 180 § 3; 1947 c 79 § .12.16; Rem. Supp. 1947 § 45.12.16.]

**Purpose—Intent—1997 c 379:** See note following RCW 48.12.156.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.12.162 Credit for reinsurance—Contract provisions—After December 31, 1996—Payment—Rights of original insured or policyholder.** (1) Credit for reinsurance in a reinsurance contract entered into after December 31, 1996, is allowed a domestic ceding insurer as either an asset or a deduction from liability in accordance with RCW 48.12.160 only if the reinsurance contract contains provisions that provide, in substance, as follows:

(a) The reinsurer shall indemnify the ceding insurer against all or a portion of the risk it assumed according to the terms and conditions contained in the reinsurance contract.

(b) In the event of insolvency and the appointment of a conservator, liquidator, or statutory successor of the ceding company, the portion of risk or obligation assumed by the reinsurer is payable to the conservator, liquidator, or statutory successor on the basis of claims allowed against the insolvent company by a court of competent jurisdiction or by a conservator, liquidator, or statutory successor of the company having authority to allow such claims, without diminution because of that insolvency, or because the conservator, liquidator, or statutory successor failed to pay all or a portion of any claims. Payments by the reinsurer as provided in this subsection are made directly to the ceding insurer or to its conservator, liquidator, or statutory successor, except where the contract of insurance, reinsurance, or other written agreement specifically provides another payee of such reinsurance in the event of the insolvency of the ceding insurer.

(2) Payment under a reinsurance contract must be made within a reasonable time with reasonable provision for verification in accordance with the terms of the reinsurance agreement. However, in no event shall the payments be beyond the period required by the national association of insurance commissioners accounting practices and procedures manual.

(3) The original insured or policyholder may not have any rights against the reinsurer that are not specifically set forth in the contract of reinsurance, or in a specific agreement between the reinsurer and the original insured or policyholder. [1997 c 379 § 4.]

**Purpose—Intent—1997 c 379:** See note following RCW 48.12.156.

**48.12.164 Credit for reinsurance—Accounting or financial statement—After December 31, 1996.** Credit for reinsurance, as either an asset or a deduction, is prohibited in an accounting or financial statement of the ceding insurer in respect to the reinsurance contract unless, in such contract, the reinsurer undertakes to indemnify the ceding insurer against all or a part of the loss or liability arising out of the original insurance. This section only applies to those reinsurance contracts entered into after December 31, 1996. [1997 c 379 § 5.]

(2010 Ed.)

**Purpose—Intent—1997 c 379:** See note following RCW 48.12.156.

**48.12.166 Assuming alien reinsurer—Registration—Requirements—Duties of commissioner—Costs.** (1) The assuming alien reinsurer must register with the commissioner and must:

(a) File with the commissioner evidence of its submission to this state's jurisdiction and to this state's authority to examine its books and records under chapter 48.03 RCW;

(b) Designate the commissioner as its lawful attorney upon whom service of all papers may be made for an action, suit, or proceeding instituted by or on behalf of the ceding insurer;

(c) File with the commissioner a certified copy of a letter or a certificate of authority or a certificate of compliance issued by the assuming alien insurer's domiciliary jurisdiction and the domiciliary jurisdiction of its United States reinsurance trust;

(d) Submit a statement, signed and verified by an officer of the assuming alien insurer to be true and correct, that discloses whether the assuming alien insurer or an affiliated person who owns or has a controlling interest in the assuming alien insurer is currently known to be the subject of one or more of the following:

(i) An order or proceeding regarding conservation, liquidation, or receivership;

(ii) An order or proceeding regarding the revocation or suspension of a license or accreditation to transact insurance or reinsurance in any jurisdiction; or

(iii) An order or proceeding brought by an insurance regulator in any jurisdiction seeking to restrict or stop the assuming alien insurer from transacting insurance or reinsurance based upon a hazardous financial condition.

The assuming alien insurer shall provide the commissioner with copies of all orders or other documents initiating proceedings subject to disclosure under this subsection. The statement must affirm that no actions, proceedings, or orders subject to this subsection are outstanding against the assuming alien insurer or an affiliated person who owns or has a controlling interest in the assuming alien insurer, except as disclosed in the statement;

(e) File other information, financial or otherwise, which the commissioner reasonably requests.

(2) A registration continues in force until suspended, revoked, or not renewed. A registration is subject to renewal annually on the first day of July upon application of the assuming alien insurer and payment of the fee in the same amount as an insurer pays for renewal of a certificate of authority.

(3) The commissioner shall give an assuming alien insurer notice of his or her intention to revoke or refuse to renew its registration at least ten days before the order of revocation or refusal is to become effective.

(4) The commissioner shall, consistent with chapters 48.04 and 34.05 RCW, deny or revoke an assuming alien insurer's registration if the assuming alien insurer no longer qualifies or meets the requirements for registration.

(5) The commissioner may, consistent with chapters 48.04 and 34.05 RCW, deny or revoke an assuming alien insurer's registration if the assuming alien insurer:

(a) Fails to comply with a provision of this chapter or fails to comply with an order or regulation of the commissioner;

(b) Is found by the commissioner to be in such a condition that its further transaction of reinsurance would be hazardous to ceding insurers, policyholders, or the people in this state;

(c) Refuses to remove or discharge a trustee, director, or officer who has been convicted of a crime involving fraud, dishonesty, or moral turpitude;

(d) Usually compels policy-holding claimants either to accept less than the amount due them or to bring suit against the assuming alien insurer to secure full payment of the amount due;

(e) Refuses to be examined, or its trustees, directors, officers, employees, or representatives refuse to submit to examination or to produce its accounts, records, and files for examination by the commissioner when required, or refuse to perform a legal obligation relative to the examination;

(f) Refuses to submit to the jurisdiction of the United States courts;

(g) Fails to pay a final judgment rendered against it:

(i) Within thirty days after the judgment became final;

(ii) Within thirty days after time for taking an appeal has expired; or

(iii) Within thirty days after dismissal of an appeal before final determination;

whichever date is later;

(h) Is found by the commissioner, after investigation or upon receipt of reliable information:

(i) To be managed by persons, whether by its trustees, directors, officers, or by other means, who are incompetent or untrustworthy or so lacking in insurance company management experience as to make proposed operation hazardous to the insurance-buying public; or

(ii) That there is good reason to believe it is affiliated directly or indirectly through ownership, control, or business relations, with a person or persons whose business operations are, or have been found to be, in violation of any law or rule, to the detriment of policyholders, stockholders, investors, creditors, or of the public, by bad faith or by manipulation of the assets, accounts, or reinsurance;

(i) Does business through reinsurance intermediaries or other representatives in this state or in any other state, who are not properly licensed under applicable laws and rules; or

(j) Fails to pay, by the date due, any amounts required by this code.

(6) A domestic ceding insurer is not allowed credit with respect to reinsurance ceded, if the assuming alien insurer's registration has been revoked by the commissioner.

(7) The actual costs and expenses incurred by the commissioner for an examination of a registered alien insurer must be charged to and collected from the alien reinsurer.

(8) A registered alien reinsurer is included as a "class one" organization for the purposes of RCW 48.02.190. [1997 c 379 § 7.]

**Purpose—Intent—1997 c 379:** See note following RCW 48.12.156.

**48.12.168 Credit for reinsurance—Foreign ceding insurer.** (1) Unless credit for reinsurance or deduction from

liability is prohibited under RCW 48.12.164, a foreign ceding insurer is allowed credit for reinsurance or deduction from liability to the extent credit has been allowed by the ceding insurer's state of domicile if:

(a) The state of domicile is accredited by the national association of insurance commissioners; or

(b) Credit or deduction from liability would be allowed under chapter 379, Laws of 1997 if the foreign ceding insurer were domiciled in this state.

(2) Notwithstanding subsection (1) of this section, credit for reinsurance or deduction from liability may be disallowed upon a finding by the commissioner that either the condition of the reinsurer, or the collateral or other security provided by the reinsurer, does not satisfy the credit for reinsurance requirements applicable to ceding insurers domiciled in this state. [1997 c 379 § 8.]

**Purpose—Intent—1997 c 379:** See note following RCW 48.12.156.

**48.12.170 Valuation of bonds.** (1) All bonds or other evidences of debt having a fixed term and rate held by any insurer may, if amply secured and not in default as to principal or interest, be valued as follows:

(a) If purchased at par, at the par value.

(b) If purchased above or below par, on the basis of the purchase price adjusted so as to bring the value to par at the earliest date callable at par or maturing at par and so as to yield in the meantime the effective rate of interest at which the purchase was made; or in lieu of such method, according to such accepted method of valuation as is approved by the commissioner.

(c) Purchase price shall in no case be taken at a higher figure than the actual market value at the time of purchase.

(d) Unless otherwise provided by a valuation established or approved by the National Association of Insurance Commissioners, no such security shall be carried at above call price for the entire issue during any period within which the security may be so called.

(2) Such securities not amply secured or in default as to principal or interest shall be carried at market value.

(3) The commissioner shall have full discretion in determining the method of calculating values according to the rules set forth in this section, and not inconsistent with any such methods then currently formulated or approved by the National Association of Insurance Commissioners. [1947 c 79 § .12.17; Rem. Supp. 1947 § 45.12.17.]

**48.12.180 Valuation of stocks.** (1) Securities, other than those referred to in RCW 48.12.170, held by an insurer shall be valued, in the discretion of the commissioner, at their market value, or at their appraised value, or at prices determined by him or her as representing their fair market value.

(2) Preferred or guaranteed stocks or shares while paying full dividends may be carried at a fixed value in lieu of market value, at the discretion of the commissioner and in accordance with such method of computation as he or she may approve.

(3) The stock of a subsidiary of an insurer shall be valued on the basis of the greater of (a) the value of only such of the assets of such subsidiary as would constitute lawful investments for the insurer if acquired or held directly by the

insurer or (b) such other value determined pursuant to rules and cumulative limitations which shall be promulgated by the commissioner to effectuate the purposes of this chapter.

(4) The commissioner has full discretion in determining the method of calculating values according to the rules set forth in this section, and consistent with such methods as then adopted by the National Association of Insurance Commissioners. [1993 c 462 § 54; 1973 c 151 § 1; 1947 c 79 § .12.18; Rem. Supp. 1947 § 45.12.18.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.12.190 Valuation of property.** (1) Real property acquired pursuant to a mortgage loan or a contract for a deed, in the absence of a recent appraisal deemed by the commissioner to be reliable, shall not be valued at an amount greater than the unpaid principal of the defaulted loan or contract at the date of such acquisition, together with any taxes and expenses paid or incurred in connection with such acquisition, and the cost of improvements thereafter made by the insurer and any amounts thereafter paid by the insurer on assessments levied for improvements in connection with the property.

(2) Other real property held by an insurer shall not be valued at any amount in excess of fair value, less reasonable depreciation based on the estimated life of the improvements.

(3) Personal property acquired pursuant to chattel mortgages made under RCW 48.13.150 shall not be valued at an amount greater than the unpaid balance of principal on the defaulted loan at date of acquisition together with taxes and expenses incurred in connection with such acquisition, or the fair value of such property, whichever amount is the lesser.

(4) The commissioner has full discretion in determining the method of calculating values according to the rules set forth in this section, and consistent with such methods as then adopted by the National Association of Insurance Commissioners. [1993 c 462 § 55; 1967 ex.s. c 95 § 10; 1947 c 79 § .12.19; Rem. Supp. 1947 § 45.12.19.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.12.200 Valuation of purchase money mortgages.** (1) Purchase money mortgages shall be valued in an amount not exceeding the acquisition cost of the real property covered thereby or ninety percent of the fair value of such real property, whichever is less.

(2) The commissioner has full discretion in determining the method of calculating values according to the rules set forth in this section, and consistent with such methods as then adopted by the National Association of Insurance Commissioners. [1993 c 462 § 56; 1947 c 79 § .12.20; Rem. Supp. 1947 § 45.12.20.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

## Chapter 48.13 RCW INVESTMENTS

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*Valuation of investments: RCW 48.12.170 through 48.12.200.*

### 48.13.010 Scope of chapter—Eligible investments.

(1) Investments of domestic insurers shall be eligible to be held as assets only as prescribed in this chapter.

(2) Any particular investment of a domestic insurer held by it on the effective date of this code and which was a legal investment immediately prior thereto, shall be deemed a legal investment hereunder.

(3) The eligibility of an investment shall be determined as of the date of its making or acquisition.

(4) Except as to RCW 48.13.360, this chapter applies only to domestic insurers. [1973 c 151 § 2; 1947 c 79 § .13.01; Rem. Supp. 1947 § 45.13.01.]

**48.13.020 General qualifications.** (1) No security or other investment shall be eligible for purchase or acquisition under this chapter unless it is interest bearing or interest accruing or dividend or income paying, is not then in default in any respect, and the insurer is entitled to receive for its exclusive account and benefit, the interest or income accruing thereon; except,

(a) that an insurer may acquire real property as provided in RCW 48.13.160, and

(b) that this section shall not prevent participation by an insurer in a mortgage loan if the insurer, either individually or jointly with other lenders, holds a senior participation in such mortgage or deed of trust giving it substantially the rights of a first mortgagee as to its interest in that loan.

(2) No security shall be eligible for purchase at a price above its market value except voting stock of a corporation being acquired as a subsidiary.

(3) No provision of this chapter shall prohibit the acquisition by an insurer of other or additional securities or property if received as a dividend or as a lawful distribution of assets, or if acquired pursuant to a lawful and bona fide agreement of bulk reinsurance or consolidation. Any investments so acquired through bulk reinsurance or consolidation, which are not otherwise eligible under this chapter, shall be disposed of pursuant to RCW 48.13.290 if personal property or securities, or pursuant to RCW 48.13.170 if real property. [1983 1st ex.s. c 32 § 2; 1982 c 218 § 2; 1967 ex.s. c 95 § 11; 1947 c 79 § .13.02; Rem. Supp. 1947 § 45.13.02.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.13.030 Limitation on securities of one entity or a depository institution.** (1) Except as set forth in RCW 48.13.273, an insurer shall not, except with the consent of the commissioner, have at any time any combination of investments in or loans upon the security of the obligations, property, and securities of any one person, institution, or municipal corporation aggregating an amount exceeding four percent of the insurer's assets. This section shall not apply to investments in, or loans upon the security of general obligations of the government of the United States or of any state of the United States, nor to investments in foreign securities pursuant to RCW 48.13.180(1), nor include policy loans made pursuant to RCW 48.13.190.

(2) An insurer shall not, except with the consent of the commissioner, have at any time investments in the voting securities of a depository institution or any company which controls a depository institution aggregating an amount exceeding five percent of the insurer's admitted assets. [2001 c 21 § 1; 1993 c 92 § 1; 1947 c 79 § .13.03; Rem. Supp. 1947 § 45.13.03.]

**48.13.040 Public obligations.** An insurer may invest any of its funds in bonds or other evidences of debt, not in default as to principal or interest, which are valid and legally authorized obligations issued, assumed or guaranteed by the United States or by any state thereof or by any territory or possession of the United States or by the District of Columbia or by any county, city, town, village, municipality or district therein or by any political subdivision thereof or by any civil division or public instrumentality of one or more of the foregoing, if, by statutory or other legal requirements applicable thereto, such obligations are payable, as to both principal and interest, (1) from taxes levied or required to be levied upon all taxable property or all taxable income within the jurisdiction of such governmental unit or, (2) from adequate special revenues pledged or otherwise appropriated or by law required to be provided for the purpose of such payment, but not includ-

ing any obligation payable solely out of special assessments on properties benefited by local improvements unless adequate security is evidenced by the ratio of assessment to the value of the property or the obligation is additionally secured by an adequate guaranty fund required by law. [1947 c 79 § .13.04; Rem. Supp. 1947 § 45.13.04.]

**48.13.050 Corporate obligations.** Except as set forth in RCW 48.13.273, an insurer may invest any of its funds in obligations other than those eligible for investment under RCW 48.13.110 if they are issued, assumed, or guaranteed by any solvent institution created or existing under the laws of the United States or of any state, district or territory thereof, and are qualified under any of the following:

(1) Obligations which are secured by adequate collateral security and bear fixed interest if during each of any three, including the last two, of the five fiscal years next preceding the date of acquisition by the insurer, the net earnings of the issuing, assuming or guaranteeing institution available for its fixed charges, as defined in RCW 48.13.060, have been not less than one and one-fourth times the total of its fixed charges for such year. In determining the adequacy of collateral security, not more than one-third of the total value of such required collateral shall consist of stock other than stock meeting the requirements of RCW 48.13.080.

(2) Fixed interest bearing obligations, other than those described in subdivision (1) of this section, if the net earnings of the issuing, assuming or guaranteeing institution available for its fixed charges for a period of five fiscal years next preceding the date of acquisition by the insurer have averaged per year not less than one and one-half times its average annual fixed charges applicable to such period and if during the last year of such period such net earnings have been not less than one and one-half times its fixed charges for such year.

(3) Adjustment, income or other contingent interest obligations if the net earnings of the issuing, assuming or guaranteeing institution available for its fixed charges for a period of five fiscal years next preceding the date of acquisition by the insurer have averaged per year not less than one and one-half times the sum of its average annual fixed charges and its average annual maximum contingent interest applicable to such period and if during each of the last two years of such period such net earnings have been not less than one and one-half times the sum of its fixed charges and maximum contingent interest for such year. [1993 c 92 § 2; 1947 c 79 § .13.05; Rem. Supp. 1947 § 45.13.05.]

**48.13.060 Terms defined.** (1) Certain terms used are defined for the purposes of this chapter as follows:

(a) "Obligation" includes bonds, debentures, notes or other evidences of indebtedness.

(b) "Net earnings available for fixed charges" means net income after deducting operating and maintenance expenses, taxes other than federal and state income taxes, depreciation and depletion, but excluding extraordinary nonrecurring items of income or expense appearing in the regular financial statements of such institution.

(c) "Fixed charges" includes interest on funded and unfunded debt, amortization of debt discount, and rentals for leased properties.

(d) "Admitted assets" means the amount as of the last day of the most recently concluded annual statement year, computed in the same manner as "assets" in RCW 48.12.010.

(e) "Aggregate amount" of medium grade and lower grade obligations means the aggregate statutory statement value of those obligations thereof.

(f) "Institution" means a corporation, a joint stock company, an association, a trust, a business partnership, a business joint venture, or similar entity.

(2) If net earnings are determined in reliance upon consolidated earnings statements of parent and subsidiary institutions, such net earnings shall be determined after provision for income taxes of subsidiaries and after proper allowance for minority stock interest, if any; and the required coverage of fixed charges shall be computed on a basis including fixed charges and preferred dividends of subsidiaries other than those payable by such subsidiaries to the parent corporation or to any other of such subsidiaries, except that if the minority common stock interest in the subsidiary corporation is substantial, the fixed charges and preferred dividends may be apportioned in accordance with regulations prescribed by the commissioner. [1993 c 92 § 3; 1947 c 79 § .13.06; Rem. Supp. 1947 § 45.13.06.]

**48.13.070 Securities of merged or reorganized institutions.** In applying the earnings test set forth in RCW 48.13.060 to any such institution, whether or not in legal existence during the whole of such five years next preceding the date of investment by the insurer, which has at any time during the five-year period acquired substantially all of the assets of any other institution or institutions by purchase, merger, consolidation or otherwise, or has been reorganized pursuant to the bankruptcy law, the earnings of the predecessor or constituent institutions, or of the institution so reorganized, available for interest and dividends for such portion of the five-year period as may have preceded such acquisition, or such reorganization, may be included in the earnings of such issuing, assuming or guaranteeing institution for such portion of such period as may be determined in accordance with adjusted or pro forma consolidated earnings statements covering such portion of such period and giving effect to all stock or shares outstanding, and all fixed charges existing, immediately after such acquisition, or such reorganization. [1947 c 79 § .13.07; Rem. Supp. 1947 § 45.13.07.]

**48.13.080 Preferred or guaranteed stocks.** (1) An insurer may invest any of its funds, in an aggregate amount not exceeding ten percent of its assets, if a life insurer, or not exceeding fifteen percent of such assets if other than a life insurer, in preferred or guaranteed stocks or shares, other than common stocks, of solvent institutions existing under the laws of the United States or of any state, district or territory thereof, if all of the prior obligations and prior preferred stocks, if any, of such institution at the date of acquisition by the insurer are eligible as investments under this chapter; and if qualified under either of the following:

(a) Preferred stocks or shares shall be deemed qualified if both these requirements are met:

(i) The net earnings of the institution available for its fixed charges for a period of five fiscal years next preceding the date of acquisition by the insurer must have averaged per year not less than one and one-half times the sum of its average annual fixed charges, if any, its average annual maximum contingent interest, if any, and its average annual preferred dividend requirements applicable to such period; and

(ii) during each of the last two years of such period such net earnings must have been not less than one and one-half times the sum of its fixed charges, contingent interest and preferred dividend requirements for such year. The term "preferred dividend requirements" shall be deemed to mean cumulative or noncumulative dividends whether paid or not.

(b) Guaranteed stocks or shares shall be deemed qualified if the assuming or guaranteeing institution meets the requirements of subdivision (1) of RCW 48.13.050, construed so as to include as a fixed charge the amount of guaranteed dividends of such issue or the rental covering the guarantee of such dividends.

(2) An insurer shall not invest in or loan upon any preferred stock having voting rights, of any one institution, in excess of such proportion of the total issued and outstanding preferred stock of such institution having voting rights, as would, when added to any common shares of such institution, directly or indirectly held by it, exceed fifteen percent of all outstanding shares of such institution having voting rights, nor an amount in excess of the limit provided by RCW 48.13.030. This limitation shall not apply to such shares of a corporation which is the subsidiary of an insurer, and which corporation is engaged exclusively in a kind of business properly incidental to the insurance business of the insurer. [1947 c 79 § .13.08; Rem. Supp. 1947 § 45.13.08.]

**48.13.090 Trustees' or receivers' obligations.** An insurer may invest any of its funds, in an aggregate amount not exceeding two percent of its assets, in certificates, notes, or other obligations issued by trustees or receivers of institutions existing under the laws of the United States or of any state, district or territory thereof, which, or the assets of which, are being administered under the direction of any court having jurisdiction, if such obligation is adequately secured as to principal and interest. [1947 c 79 § .13.09; Rem. Supp. 1947 § 45.13.09.]

**48.13.100 Equipment trust certificates.** An insurer may invest any of its funds, in an aggregate amount not exceeding ten percent of its assets, in equipment trust obligations or certificates which are adequately secured, or in other adequately secured instruments evidencing an interest in transportation equipment wholly or in part within the United States and the right to receive determined portions of rental, purchase or other fixed obligatory payments for the use or purchase of such transportation equipment. [1947 c 79 § .13.10; Rem. Supp. 1947 § 45.13.10.]

**48.13.110 Mortgages, deeds of trust, mortgage bonds, notes, contracts.** An insurer may invest any of its funds in:

(1)(a) Bonds or evidences of debt which are secured by first mortgages or deeds of trust on improved unencumbered real property located in the United States;

(b) Chattel mortgages in connection therewith pursuant to RCW 48.13.150;

(c) The equity of the seller of any such property in the contract for a deed, covering the entire balance due on a bona fide sale of such property, in amount not to exceed ten thousand dollars or the amount permissible under RCW 48.13.030, whichever is greater, in any one such contract for deed.

(2) Purchase money mortgages or like securities received by it upon the sale or exchange of real property acquired pursuant to RCW 48.13.160 as amended by section 7, chapter 241, Laws of 1969 ex. sess.

(3) Bonds or notes secured by mortgage or trust deed guaranteed or insured by the Federal Housing Administration under the terms of an act of congress of the United States of June 27, 1934, entitled the "National Housing Act," as amended.

(4) Bonds or notes secured by mortgage or trust deed guaranteed or insured as to principal in whole or in part by the Administrator of Veterans' Affairs pursuant to the provisions of Title III of an act of congress of the United States of June 22, 1944, entitled the "Servicemen's Readjustment Act of 1944," as amended.

(5) Evidences of debt secured by first mortgages or deeds of trust upon leasehold estates, except agricultural leaseholds executed pursuant to \*RCW 79.01.096, running for a term of not less than fifteen years beyond the maturity of the loan as made or as extended, in improved real property, otherwise unencumbered, and if the mortgagee is entitled to be subrogated to all the rights under the leasehold.

(6) Evidences of debt secured by first mortgages or deeds of trust upon agricultural leasehold estates executed pursuant to \*RCW 79.01.096, otherwise unencumbered, and if the mortgagee is entitled to be subrogated to all the rights under the leasehold. [1975 1st ex.s. c 154 § 1; 1969 ex.s. c 241 § 4; 1947 c 79 § .13.11; Rem. Supp. 1947 § 45.13.11.]

\*Reviser's note: RCW 79.01.096 was recodified as RCW 79.11.010 pursuant to 2003 c 334 § 556. For agricultural leaseholds, see RCW 79.13.060.

**48.13.120 Investments limited by property value.** (1) An investment made pursuant to the provisions of RCW 48.13.110 shall not exceed seventy-five percent of the fair value of the particular property at the time of investment. However, if the loan is secured by a first mortgage or other first lien upon real property improved with a single-family residential building, the terms of such loan provide for monthly payments of principal and interest sufficient to effect full repayment of the loan within the remaining useful life of the building as estimated in the appraisal for the loan, or thirty years and two months, whichever is less, the principal so loaned or the entire note or bond issue so secured, plus the amount of the liens of any public bond, assessment, or tax assessed upon the property, shall not exceed eighty percent of the market value of the real property, or of the real property together with the improvements which are taken as security. This restriction shall not apply to purchase money mortgages or like securities received by an insurer upon the sale or

exchange of real property acquired pursuant to RCW 48.13.160.

(2) The extent to which a mortgage loan made under RCW 48.13.110 (3) or (4) is guaranteed or insured by the Federal Housing Administration or guaranteed by the Administrator of Veterans' Affairs may be deducted before application of the limitations contained in subsection (1) of this section. [2007 c 80 § 6; 1993 c 92 § 7; 1969 ex.s. c 241 § 5; 1967 c 150 § 11; 1955 c 303 § 1; 1949 c 190 § 16; 1947 c 79 § .13.12; Rem. Supp. 1949 § 45.13.12.]

**48.13.125 Mortgage loans on one family dwellings—Limitation on amortization.** Loans on one family dwellings secured by mortgages or deeds of trust or investments therein shall be amortized within not more than thirty years and two months by payments of installments thereon at regular intervals not less frequent than every three months; except those guaranteed or insured in whole or in part by the Federal Housing Administration, the Administrator of Veterans' Affairs or the Farmers Home Administration. [1969 ex.s. c 241 § 6; 1967 c 150 § 10.]

**48.13.130 "Encumbrance" defined.** (1) Real property shall not be deemed to be encumbered within the meaning of RCW 48.13.110 by reason of the existence of:

(a) Instruments reserving mineral, oil, timber or similar rights, rights-of-way, sewer rights, or rights in walls;

(b) Liens for taxes or assessments not delinquent, or liens not delinquent for community recreational facilities, or for the maintenance of community facilities, or for service and maintenance of water rights;

(c) Building restrictions or other restrictive covenants;

(d) Encroachments, if such encroachments are taken into consideration in determining the fair value of the property;

(e) A lease under which rents or profits are reserved to the owner if in any event the security for the loan or investment is a first lien upon the real property; or

(f) With respect to loans secured by mortgage, deed of trust, or other collateral guaranteed or insured in full or in part by the government of the United States, such encumbrances as are allowed as exceptions in title by the administrator or administration of the division of such government so guaranteeing or insuring.

(2) If under any of the exceptions set forth in subsection (1) of this section there is any sum owing but not due or delinquent, the total amount of such sum shall be deducted from the amount which otherwise might be loaned on the property. The value of any mineral, oil, timber or similar right reserved shall not be included in the fair value of the property. [1955 c 303 § 2; 1947 c 79 § .13.13; Rem. Supp. 1947 § 45.13.13.]

**48.13.140 Appraisal of property—Insurance—Limit of loan.** (1) The fair value of property shall be determined by appraisal by a competent appraiser at the time of the acquisition of real property or of the making or acquiring of a mortgage loan or investing in a contract for the deed thereon; except, that as to bonds or notes secured by mortgage or trust deed guaranteed or insured by the Federal Housing Administration, or guaranteed or insured as to principal in full or in part by the Administrator of Veterans' Affairs, or guaranteed

or insured by the Farmers Home Administration, the valuation made by such administration or administrator shall be deemed to have been made by a competent appraiser for the purposes of this subsection.

(2) Buildings and other improvements located on mortgaged premises shall be kept insured for the benefit of the mortgagee against loss or damage from fire in an amount not less than the unpaid balance of the obligation, or the insurable value of the property, whichever is the lesser.

(3) An insurer shall not make or acquire a loan or loans upon the security of any one parcel of real property in aggregate amount in excess of twenty-five thousand dollars or more than the amount permissible under RCW 48.13.030, whichever is the greater. [1967 ex.s. c 95 § 12; 1955 c 303 § 3; 1947 c 79 § .13.14; Rem. Supp. 1947 § 45.13.14.]

**48.13.150 Auxiliary chattel mortgages.** (1) In connection with a mortgage loan on the security of real property designed and used primarily for residential purposes only, acquired pursuant to RCW 48.13.110, an insurer may loan or invest an amount not exceeding twenty percent of the amount loaned on or invested in such real property mortgage, on the security of a chattel mortgage for a term of not more than five years representing a first and prior lien, except for taxes not then delinquent, on personal property constituting durable equipment owned by the mortgagor and kept and used in the mortgaged premises.

(2) The term "durable equipment" shall include only mechanical refrigerators, mechanical laundering machines, heating and cooking stoves and ranges, mechanical kitchen aids, vacuum cleaners, and fire extinguishing devices; and in addition in the case of apartment houses and hotels, room furniture and furnishings.

(3) Prior to acquisition of a chattel mortgage, items of property to be included shall be separately appraised by a competent appraiser and the fair market value thereof determined. No such chattel mortgage loan shall exceed in amount the same ratio of loan to the value of the property as is applicable to the companion loan on the real property. [1947 c 79 § .13.15; Rem. Supp. 1947 § 45.13.15.]

**48.13.160 Real property owned—Home office building.** (1) An insurer may own and invest or have invested in its home office and branch office buildings any of its funds in aggregate amount not to exceed ten percent of its assets unless approved by the commissioner, or if a mutual or reciprocal insurer not to exceed ten percent of its assets nor such amount as would reduce its surplus, exclusive of such investment, below fifty thousand dollars unless approved by the commissioner.

(2) An insurer may own real property acquired in satisfaction or on account of loans, mortgages, liens, judgments, or other debts previously owing to the insurer in the course of its business.

(3) An insurer may invest or have invested in aggregate amount not exceeding three percent of its assets in the following real property, and in the repair, alteration, furnishing, or improvement thereof:

(a) Real property requisite for its accommodation in the convenient transaction of its business if approved by the commissioner.

(b) Real property acquired by gift or devise.

(c) Real property acquired in exchange for real property owned by it. If necessary in order to consummate such an exchange, the insurer may put up cash in amount not to exceed twenty percent of the fair value of its real property to be so exchanged, in addition to such property.

(d) Real property acquired through a lawful merger or consolidation with it of another insurer and not required for the purposes specified in subsection (1) and in paragraph (a) of subsection (2) of this section.

(e) Upon approval of the commissioner, in real property and equipment incident to real property, requisite or desirable for the protection or enhancement of the value of other real property owned by the insurer.

(4) A domestic life insurer with assets of at least twenty-five million dollars and at least ten million dollars in capital and surplus, and a domestic property and casualty insurer with assets of at least seventy-five million dollars and at least thirty million dollars in capital and surplus, or, if a mutual or reciprocal property or casualty insurer, at least thirty million dollars in surplus, may, in addition to the real property included in subsections (1), (2) and (3) of this section, own such real property other than property to be used for ranch, mining, recreational, amusement, or club purposes, as may be acquired as an investment for the production of income, or as may be acquired to be improved or developed for such investment purpose pursuant to an existing program therefor, subject to the following limitations and conditions:

(a) The cost of each parcel of real property so acquired under this subsection (4), including the estimated cost to the insurer of the improvement or development thereof, when added to the book value of all other real property under this subsection (4), together with the admitted value of all common stock, then held by it, shall not exceed twenty percent of its admitted assets or fifty percent of its surplus over the minimum required surplus, whichever is greater, as of the thirty-first day of December next preceding; and

(b) The cost of each parcel of real property so acquired, including the estimated cost to the insurer of the improvement or development thereof, shall not exceed as of the thirty-first day of December next preceding, four percent of its admitted assets.

(c) Indirect or proportionate interests in real estate held by a domestic life insurer through any subsidiary shall be included in proportion to such insurer's interest in the subsidiary in applying the limits provided in subsection (4). [1981 c 339 § 6; 1973 c 151 § 3; 1969 ex.s. c 241 § 7; 1967 ex.s. c 95 § 13; 1949 c 190 § 17; 1947 c 79 § .13.16; Rem. Supp. 1949 § 45.13.16.]

**48.13.170 Disposal of real property—Time limit.** (1) Real property acquired by an insurer pursuant to paragraph (a) of subsection (3) of RCW 48.13.160 shall be disposed of within five years after it has ceased being necessary for the use of the insurer in the transaction of its business. Real property acquired by an insurer pursuant to loans, mortgages, liens, judgments, or other debts, or pursuant to paragraphs (b), (c), (d), and (e) of subsection (3) of RCW 48.13.160 shall

be disposed of within five years after date of acquisition. The time for any such disposal may be extended by the commissioner for a definite additional period or periods upon application and proof that forced sale of the property, otherwise necessary, would be against the best interests of the insurer.

(2) Any such real property held by the insurer without the commissioner's consent beyond the time permitted for its disposal shall not be carried or allowed as an asset. [1967 ex.s. c 95 § 14; 1947 c 79 § .13.17; Rem. Supp. 1947 § 45.13.17.]

**48.13.180 Foreign securities.** (1) An insurer authorized to transact insurance in a foreign country may invest any of its funds, in aggregate amount not exceeding its deposit and reserve obligations incurred in such country, in securities of or in such country possessing characteristics and of a quality similar to those required pursuant to this chapter for investments in the United States.

(2) Subject to the limitations in this chapter, an insurer may invest any of its funds, in an aggregate amount not exceeding ten percent of its assets, in addition to any amount permitted pursuant to subsection (1) of this section, in obligations of foreign governments including provinces, counties, municipalities, or similar entities, and in obligations and securities of foreign corporations, which have not been in default during the five years next preceding date of acquisition, and if the foreign jurisdiction has a sovereign debt rating of SVO 1. However, an investment made in any one foreign country pursuant to this subsection shall not exceed five percent of the insurer's assets. [2003 c 251 § 1; 1947 c 79 § .13.18; Rem. Supp. 1947 § 45.13.18.]

**48.13.190 Policy loans.** A life insurer may loan to its policyholder upon the pledge of the policy as collateral security, any sum not exceeding the legal reserve maintained on the policy. [1947 c 79 § .13.19; Rem. Supp. 1947 § 45.13.19.]

**48.13.200 Savings and share accounts.** An insurer may invest or deposit any of its funds in share or savings accounts of savings and loan associations, or in savings accounts of banks, and in any one such institution only to the extent that such an account is insured by the Federal Savings and Loan Insurance Corporation or the Federal Deposit Insurance Corporation. [1947 c 79 § .13.20; Rem. Supp. 1947 § 45.13.20.]

**48.13.210 Insurance stocks.** (1) An insurer other than a life insurer may invest a portion of its surplus funds in an aggregate amount not exceeding fifty percent of its surplus over its capital stock and other liabilities, or thirty-five percent of its capital funds, whichever is greater, in the stocks of other insurers organized and existing under the laws of states of the United States. Indirect or proportionate interests in insurance stocks held by an insurer through any intermediate subsidiary or subsidiaries shall be included in applying the limitations provided in subsections (1), (2), and (3) of this section.

(2) A life insurer may invest in such insurance stocks in an aggregate amount not exceeding the smaller of the follow-

ing amounts: Five percent of its assets; or twenty-five percent of its surplus over its capital stock and other liabilities, or of surplus over its required minimum surplus if a mutual life insurer.

(3) An insurer shall not purchase or hold as an investment more than five percent of the voting stock of any one other insurer, and subject further to the investment limits of RCW 48.13.030. This limitation shall not apply if such other insurer is the subsidiary of, and substantially all its shares having voting powers are owned by, the insurer.

(4) No such insurance stock shall be eligible as an investment unless it meets the qualifications for stocks of other corporations as set forth in RCW 48.13.220.

(5) The limitations on investment in insurance stocks set forth in this chapter shall not apply to stocks acquired under a plan for merger of the insurers which has been approved by the commissioner or to shares received as stock dividends upon shares already owned. [1979 ex.s. c 199 § 3; 1979 ex.s. c 130 § 4; 1947 c 79 § .13.21; Rem. Supp. 1947 § 45.13.21.]

**48.13.218 Limitation on insurer loans or investments.** (1) Notwithstanding RCW 48.13.220 and 48.13.240, an insurer may not loan or invest its funds in common stock, preferred stock, debt obligations, and other securities of one or more subsidiaries in an aggregate amount exceeding the lesser of the following sums: Ten percent of its assets, or fifty percent of its surplus as regards policyholders. In calculating the amount of investments under this section, investments in domestic or foreign subsidiary insurers, health care service contractors, and health maintenance organizations are excluded.

(2) For the purposes of this section, "subsidiary" has the same meaning as in RCW 48.31B.005. [2001 c 90 § 1.]

**48.13.220 Common stocks—Investment—Acquisition—Engaging in certain businesses.** (1) After satisfying the requirements of RCW 48.13.260, an insurer may invest any of its funds in common shares of stock in solvent United States corporations that qualify as a sound investment; except, that as to life insurers such investments shall further not aggregate an amount in excess of fifty percent of the insurer's surplus over its minimum required surplus.

(2) The insurer shall not invest in or loan upon the security of more than ten percent of the outstanding common shares of any one such corporation, subject further to the aggregate investment limitation of RCW 48.13.030.

(3) The limitations of subsection (2) of this section shall not apply to investment in the securities of any subsidiary corporations of the insurer which are engaged or organized to engage exclusively in one or more of the following businesses:

(a) Acting as an insurance producer or title insurance agent for its parent or for any of its parent's insurer subsidiaries or affiliates;

(b) Investing, reinvesting, or trading in securities or acting as a securities broker or dealer for its own account, that of its parent, any subsidiary of its parent, or any affiliate or subsidiary;

(c) Rendering management, sales, or other related services to any investment company subject to the Federal Investment Company Act of 1940, as amended;

(d) Rendering investment advice;

(e) Rendering services related to the functions involved in the operation of an insurance business including, but not limited to, actuarial, loss prevention, safety engineering, data processing, accounting, claims appraisal, and collection services;

(f) Acting as administrator of employee welfare benefit and pension plans for governments, government agencies, corporations, or other organizations or groups;

(g) Ownership and management of assets which the parent could itself own and manage: PROVIDED, That the aggregate investment by the insurer and its subsidiaries acquired pursuant to this paragraph shall not exceed the limitations otherwise applicable to such investments by the parent;

(h) Acting as administrative agent for a government instrumentality which is performing an insurance function or is responsible for a health or welfare program;

(i) Financing of insurance premiums;

(j) Any other business activity reasonably ancillary to an insurance business;

(k) Owning one or more subsidiary (i) insurers to the extent permitted by this chapter, or (ii) businesses specified in paragraphs (a) through (k) of this subsection inclusive, or (iii) other businesses the stock of which is eligible under RCW 48.13.240 or 48.13.250, or any combination of such insurers and businesses.

(4) No acquisition of a majority of the total outstanding common shares of any corporation shall be made pursuant to this section unless a notice of intention of such proposed acquisition shall have been filed with the commissioner not less than ninety days, or such shorter period as may be permitted by the commissioner, in advance of such proposed acquisition, nor shall any such acquisition be made if the commissioner at any time prior to the expiration of the notice period finds that the proposed acquisition is contrary to law, or determines that such proposed acquisition would be contrary to the best interests of the parent insurer's policyholders or of the people of this state. The following shall be the only factors to be considered in making the foregoing determination:

(a) The availability of the funds or assets required for such acquisition;

(b) The fairness of any exchange of stock, assets, cash, or other consideration for the stock or assets to be received;

(c) The impact of the new operation on the parent insurer's surplus and existing insurance business and the risks inherent in the parent insurer's investment portfolio and operations;

(d) The fairness and adequacy of the financing proposed for the subsidiary;

(e) The likelihood of undue concentration of economic power;

(f) Whether the effect of the acquisition may be substantially to lessen competition in any line of commerce in insurance or to tend to create a monopoly therein; and

(g) Whether the acquisition might result in an excessive proliferation of subsidiaries which would tend to unduly

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dilute management effectiveness or weaken financial strength or otherwise be contrary to the best interests of the parent insurer's policyholders or of the people of this state. At any time after an acquisition, the commissioner may order its disposition if he or she finds, after notice and hearing, that its continued retention is hazardous or prejudicial to the interests of the parent insurer's policyholders. The contents of each notice of intention of a proposed acquisition filed hereunder and information pertaining thereto shall be kept confidential, shall not be subject to subpoena, and shall not be made public unless after notice and hearing the commissioner determines that the interests of policyholders, stockholders, or the public will be served by the publication thereof.

(5) A domestic insurance company may, provided that it maintains books and records which separately account for such business, engage directly in any business referred to in paragraphs (d), (e), (h), and (j) of subsection (3) of this section either to the extent necessarily or properly incidental to the insurance business the insurer is authorized to do in this state or to the extent approved by the commissioner and subject to any limitations he or she may prescribe for the protection of the interests of the policyholders of the insurer after taking into account the effect of such business on the insurer's existing insurance business and its surplus, the proposed allocation of the estimated cost of such business, and the risks inherent in such business as well as the relative advantages to the insurer and its policyholders of conducting such business directly instead of through a subsidiary. [2008 c 217 § 5; 1982 c 218 § 3; 1973 c 151 § 4; 1949 c 190 § 18; 1947 c 79 § .13.22; Rem. Supp. 1949 § 45.13.22.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.13.230 Collateral loans.** An insurer may loan its funds upon the pledge of securities or evidences of debt eligible for investment under this chapter. As at date made, no such loan shall exceed in amount ninety percent of the market value of such collateral pledged, except that loans upon pledges of United States government bonds may be equal to the market value of the bonds pledged. The amount so loaned shall be included in the maximum percentage of funds permitted to be invested in the kinds of securities or evidences of debt pledged or permitted by RCW 48.13.030. [1947 c 79 § .13.23; Rem. Supp. 1947 § 45.13.23.]

**48.13.240 Miscellaneous investments.** (1) An insurer may loan or invest its funds in an aggregate amount not exceeding the lesser of the following sums: Ten percent of its assets, or fifty percent of its surplus over its capital and other liabilities, or if a mutual or reciprocal insurer fifty percent of its surplus over minimum required surplus, in loans or investments not otherwise eligible for investment and not specifically prohibited by RCW 48.13.270.

(2) No such loan or investment shall be any item described in RCW 48.12.020.

(3) No such investment in or loan upon the security of any one person or entity shall exceed the amount specified in subsection (1) of this section or one percent of the insurer's assets, whichever is the lesser, except that an investment in a limited liability company formed under chapter 25.15 RCW

to develop real property owned by the insurer as permitted by RCW 48.13.160 shall not exceed the lesser of the amount specified in subsection (1) of this section or four percent of the insurer's assets. This subsection (3) shall not apply to an investment in the stock of a subsidiary company.

(4) The insurer shall keep a separate record of all investments acquired under this section. [2004 c 88 § 1; 1982 c 218 § 4; 1947 c 79 § .13.24; Rem. Supp. 1947 § 45.13.24.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.13.250 Special consent investments.** Upon advance approval of the commissioner and in compliance with RCW 48.13.020, an insurer may make any investment or kind of investment or exchange of assets otherwise prohibited or not eligible under any other section of this chapter. The commissioner's order of approval if granted shall specify whether the investment or any part thereof may be credited to required minimum capital or surplus investments, or to investment of reserves. [1947 c 79 § .13.25; Rem. Supp. 1947 § 45.13.25.]

**48.13.260 Required investments for capital and reserves.** (1) An insurer shall invest and keep invested its funds aggregating in amount, if a stock insurer, not less than one hundred percent of its minimum required capital, or if a mutual or reciprocal insurer, not less than one hundred percent of its required minimum surplus, in cash or investments eligible in accordance with RCW 48.13.040 (public obligations), and in mortgage loans on real property located within this state, pursuant to RCW 48.13.110.

(2) In addition to the investments required by subsection (1) of this section, an insurer shall invest and keep invested its funds aggregating not less than one hundred percent of its reserves required by this code in cash or premiums in course of collection or in investments eligible in accordance with the following sections: RCW 48.13.040 (public obligations), 48.13.050 (corporate obligations), 48.13.080 (preferred or guaranteed stocks), 48.13.090 (trustees' or receivers' obligations), 48.13.100 (equipment trust certificates), 48.13.110 (mortgages, loans and contracts), 48.13.150 (auxiliary chattel mortgages), 48.13.160 (real property, home office building, etc.), 48.13.180 (foreign securities), 48.13.190 (policy loans), 48.13.200 (savings and share accounts), 48.13.220 (common stocks), 48.13.230 (collateral loans), 48.13.250 (special consent investments).

(3) This section shall not apply to title insurers nor to mutual insurers on the assessment premium plan. [1971 ex.s. c 13 § 16; 1947 c 79 § .13.26; Rem. Supp. 1947 § 45.13.26.]

**48.13.265 Investments secured by real estate—Amount restricted.** An insurer shall not invest or have invested at any one time more than sixty-five percent of its assets in investments in real estate, real estate contracts, and notes, bonds and other evidences of debt secured by mortgage on real estate, as described in RCW 48.13.110 and 48.13.160. Any insurer which, on June 13, 1957, has in excess of sixty-five percent of its assets so invested shall not make any further such investments while such excess exists. All investments in mortgage-backed securities qualifying under the secondary mortgage market enhancement act of 1984 (98 Stat. 1691; 15 U.S.C. Sec. 77r-l et seq.) are included

in determining if an insurer has exceeded the sixty-five percent limit. [2007 c 80 § 7; 1957 c 193 § 8.]

**48.13.270 Prohibited investments.** An insurer shall not, except with the commissioner's approval in advance, invest in or loan its funds upon the security of, or hold:

(1) Issued shares of its own capital stock, except for the purpose of mutualization in accordance with RCW 48.08.080;

(2) Securities issued by any corporation if a majority of its stock having voting power is owned directly or indirectly by or for the benefit of any one or more of the insurer's officers and directors;

(3) Any investment or loan ineligible under the provisions of RCW 48.13.030;

(4) Securities issued by any insolvent corporation;

(5) Obligations contrary to the provisions of RCW 48.13.273; or

(6) Any investment or security which is found by the commissioner to be designed to evade any prohibition of this code. [1995 c 84 § 1; 1993 c 92 § 4; 1982 c 218 § 5; 1947 c 79 § .13.27; Rem. Supp. 1947 § 45.13.27.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.13.273 Acquisition of medium and lower grade obligations—Definitions—Limitations—Rules.** (1) As used in this section:

(a) "Lower grade obligations" means obligations that are rated four, five, or six by the securities valuation office.

(b) "Medium grade obligations" means obligations that are rated three by the securities valuation office.

(c) "Securities valuation office" means the entity created by the national association of insurance commissioners in part, to assign rating categories for bond obligations acquired by insurers.

(2) No insurer may acquire directly or indirectly, any medium grade or lower grade obligation if, after giving effect to the acquisition, the aggregate amount of all medium grade and lower grade obligations then held by the insurer would exceed twenty percent of its admitted assets provided that:

(a) No more than ten percent of an insurer's admitted assets may be invested in lower grade obligations;

(b) No more than three percent of an insurer's admitted assets may be invested in lower grade obligations rated five or six by the securities valuation office;

(c) No more than one percent of an insurer's admitted assets may be invested in lower grade obligations rated six by the securities valuation office;

(d) No more than one percent of an insurer's admitted assets may be invested in medium and lower grade obligations issued, guaranteed, or insured by any one institution; and

(e) No more than one-half of one percent of an insurer's admitted assets may be invested in lower grade obligations issued, guaranteed, or insured by any one institution.

(3) This section does not require an insurer to sell or otherwise dispose of any obligation lawfully acquired before July 25, 1993, or in accordance with this chapter. The commissioner shall adopt rules identifying the circumstances under which the commissioner may approve an investment in

obligations exceeding the limitations of this section as necessary to mitigate financial loss by an insurer.

(4) The board of directors of any domestic insurance company which acquires or invests, directly or indirectly, more than two percent of its admitted assets in medium grade and lower grade obligations of any institution, shall adopt a written plan for making those investments. The plan, in addition to guidelines with respect to the quality of the issues invested in, shall contain diversification standards including, but not limited to, standards for issuer, industry, duration, liquidity, and geographic location. [1993 c 92 § 5.]

**48.13.275 Obligations rated by the securities valuation office.** An insurer may invest its funds in obligations rated by the securities valuation office. Investments in obligations that are rated one or two by the securities valuation office shall be subject to the limitations contained in RCW 48.13.030. [2007 c 80 § 8; 1993 c 92 § 6.]

**48.13.280 Securities underwriting, agreements to withhold or repurchase, prohibited.** No insurer shall

(1) participate in the underwriting of the marketing of securities in advance of their issuance or enter into any transaction for such underwriting for the account of such insurer jointly with any other person; or

(2) enter into any agreement to withhold from sale any of its property, or to repurchase any property sold by it. [1947 c 79 § 13.28; Rem. Supp. 1947 § 45.13.28.]

**48.13.285 Derivative transactions—Restrictions—Definitions—Rules.** (1) An insurer may, directly or indirectly through an investment subsidiary, engage in derivative transactions under this section under the following conditions:

(a) An insurer may use derivative instruments under this section to engage in hedging transactions and certain income generation transactions, as these terms may be further defined by rule by the insurance commissioner;

(b) Derivative instruments shall not be used for speculative purposes, but only as stated in (a) of this subsection;

(c) An insurer shall be able to demonstrate to the insurance commissioner the intended hedging characteristics and the ongoing effectiveness of the derivative transaction or combination of transactions through cash flow testing or other appropriate analysis;

(d) An insurer may enter into hedging transactions under this section if, as a result of and after giving effect to the transaction:

(i) The aggregate statement value of options, caps, floors, and warrants not attached to another financial instrument purchased and used in hedging transactions does not exceed seven and one-half percent of its admitted assets;

(ii) The aggregate statement value of options, caps, and floors written in hedging transactions does not exceed three percent of its admitted assets; and

(iii) The aggregate potential exposure of collars, swaps, forwards, and futures used in hedging transactions does not exceed six and one-half percent of its admitted assets;

(e) An insurer may only enter into the following types of income generation transactions if, as a result of and after giving

effect to the transactions, the aggregate statement value of the fixed income assets that are subject to call or that generate the cash flows for payments under the caps or floors, plus the face value of fixed income securities underlying a derivative instrument subject to call, plus the amount of the purchase obligations under the puts, does not exceed ten percent of its admitted assets:

(i) Sales of covered call options on noncallable fixed income securities, callable fixed income securities if the option expires by its terms prior to the end of the noncallable period, or derivative instruments based on fixed income securities;

(ii) Sales of covered call options on equity securities, if the insurer holds in its portfolio, or can immediately acquire through the exercise of options, warrants, or conversion rights already owned, the equity securities subject to call during the complete term of the call option sold;

(iii) Sales of covered puts on investments that the insurer is permitted to acquire under this chapter, if the insurer has escrowed, or entered into a custodian agreement segregating, cash or cash equivalents with a market value equal to the amount of its purchase obligations under the put during the complete term of the put option sold; or

(iv) Sales of covered caps or floors, if the insurer holds in its portfolio the investments generating the cash flow to make the required payments under the caps or floors during the complete term that the cap or floor is outstanding;

(f) An insurer shall include all counterparty exposure amounts in determining compliance with general diversification requirements and medium and low grade investment limitations under this chapter; and

(g) Pursuant to rules adopted by the insurance commissioner under subsection (3) of this section, the commissioner may approve additional transactions involving the use of derivative instruments in excess of the limitations in (d) of this subsection or for other risk management purposes under rules adopted by the commissioner, but replication transactions shall not be permitted for other than risk management purposes.

(2) For purposes of this section:

(a) "Cap" means an agreement obligating the seller to make payments to the buyer, with each payment based on the amount by which a reference price or level or the performance or value of one or more underlying interests exceeds a predetermined number, sometimes called the strike rate or strike price;

(b) "Collar" means an agreement to receive payments as the buyer of an option, cap, or floor and to make payments as the seller of a different option, cap, or floor;

(c) "Counterparty exposure amount" means the net amount of credit risk attributable to a derivative instrument entered into with a business entity other than through a qualified exchange, qualified foreign exchange, or cleared through a qualified clearinghouse. The amount of the credit risk equals the market value of the over-the-counter derivative instrument if the liquidation of the derivative instrument would result in a final cash payment to the insurer, or zero if the liquidation of the derivative instrument would not result in a final cash payment to the insurer.

If over-the-counter derivative instruments are entered into under a written master agreement which provides for

netting of payments owed by the respective parties, and the domiciliary jurisdiction of the counterparty is either within the United States or, if not within the United States, within a foreign jurisdiction listed in the purposes and procedures of the securities valuation office as eligible for netting, the net amount of credit risk shall be the greater of zero or the sum of:

(i) The market value of the over-the-counter derivative instruments entered into under the agreement, the liquidation of which would result in a final cash payment to the insurer; and

(ii) The market value of the over-the-counter derivative instruments entered into under the agreement, the liquidation of which would result in a final cash payment by the insurer to the business entity.

For open transactions, market value shall be determined at the end of the most recent quarter of the insurer's fiscal year and shall be reduced by the market value of acceptable collateral held by the insurer or placed in escrow by one or both parties;

(d) "Covered" means that an insurer owns or can immediately acquire, through the exercise of options, warrants or conversion rights already owned, the underlying interest in order to fulfill or secure its obligations under a call option, cap or floor it has written, or has set aside under a custodial or escrow agreement cash or cash equivalents with a market value equal to the amount required to fulfill its obligations under a put option it has written, in an income generation transaction;

(e) "Derivative instrument" means an agreement, option, instrument, or a series or combination thereof:

(i) To make or take delivery of, or assume or relinquish, a specified amount of one or more underlying interests, or to make a cash settlement in lieu thereof; or

(ii) That has a price, performance, value, or cash flow based primarily upon the actual or expected price, level, performance, value, or cash flow of one or more underlying interests.

Derivative instruments include options, warrants used in a hedging transaction and not attached to another financial instrument, caps, floors, collars, swaps, forwards, futures, and any other agreements, options, or instruments substantially similar thereto or any series or combination thereof and any agreements, options, or instruments permitted under rules adopted by the commissioner under subsection (3) of this section;

(f) "Derivative transaction" means a transaction involving the use of one or more derivative instruments;

(g) "Floor" means an agreement obligating the seller to make payments to the buyer in which each payment is based on the amount by which a predetermined number, sometimes called the floor rate or price, exceeds a reference price, level, performance, or value of one or more underlying interests;

(h) "Future" means an agreement, traded on a qualified exchange or qualified foreign exchange, to make or take delivery of, or effect a cash settlement based on the actual or expected price, level, performance, or value of, one or more underlying interests;

(i) "Hedging transaction" means a derivative transaction which is entered into and maintained to reduce:

(i) The risk of a change in the value, yield, price, cash flow, or quantity of assets or liabilities which the insurer has acquired or incurred or anticipates acquiring or incurring; or

(ii) The currency exchange rate risk or the degree of exposure as to assets or liabilities which an insurer has acquired or incurred or anticipates acquiring or incurring;

(j) "Option" means an agreement giving the buyer the right to buy or receive (a "call option"), sell or deliver (a "put option"), enter into, extend, or terminate or effect a cash settlement based on the actual or expected price, level, performance, or value of one or more underlying interests;

(k) "Swap" means an agreement to exchange or to net payments at one or more times based on the actual or expected price, level, performance, or value of one or more underlying interests;

(l) "Underlying interest" means the assets, liabilities, other interests, or a combination thereof underlying a derivative instrument, such as any one or more securities, currencies, rates, indices, commodities, or derivative instruments; and

(m) "Warrant" means an instrument that gives the holder the right to purchase an underlying financial instrument at a given price and time or at a series of prices and times outlined in the warrant agreement. Warrants may be issued alone or in connection with the sale of other securities, for example, as part of a merger or recapitalization agreement, or to facilitate divestiture of the securities of another business entity.

(3) The insurance commissioner may adopt rules implementing the provisions of this section. [1997 c 317 § 1.]

**48.13.290 Disposal of ineligible property or securities.** (1) Any ineligible personal property or securities acquired by an insurer may be required to be disposed of within the time not less than six months specified by order of the commissioner, unless before that time it attains the standard of eligibility, if retention of such property or securities would be contrary to the policyholders or public interest in that it tends to substantially lessen competition in the insurance business or threatens impairment of the financial condition of the insurer.

(2) Any personal property or securities acquired by an insurer contrary to RCW 48.13.270 shall be disposed of forthwith or within any period specified by order of the commissioner.

(3) Any property or securities ineligible only because of being excess of the amount permitted under this chapter to be invested in the category to which it belongs shall be ineligible only to the extent of such excess. [1982 c 218 § 6; 1973 c 151 § 5; 1947 c 79 § .13.29; Rem. Supp. 1947 § 45.13.29.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.13.340 Authorization of investments.** No investment, loan, sale or exchange thereof shall, except as to the policy loans of a life insurer, be made by any domestic insurer unless authorized or approved by its board of directors or by a committee charged by the board of directors or the bylaws with the duty of making such investment, loan, sale or exchange. The minutes of any such committee shall be recorded and reports thereof shall be submitted to the board

of directors for approval or disapproval. [1949 c 190 § 19; 1947 c 79 § .13.34; Rem. Supp. 1949 § 45.13.34.]

**48.13.350 Record of investments.** (1) As to each investment or loan of the funds of a domestic insurer a written record in permanent form showing the authorization thereof shall be made and signed by an officer of the insurer or by the chair of such committee authorizing the investment or loan.

(2) As to each such investment or loan the insurer's records shall contain:

(a) In the case of loans: The name of the borrower; the location and legal description of the property; a physical description, and the appraised value of the security; the amount of the loan, rate of interest and terms of repayment.

(b) In the case of securities: The name of the obligor; a description of the security and the record of earnings; the amount invested, the rate of interest or dividend, the maturity and yield based upon the purchase price.

(c) In the case of real estate: The location and legal description of the property; a physical description and the appraised value; the purchase price and terms.

(d) In the case of all investments:

(i) The amount of expenses and commissions if any incurred on account of any investment or loan and by whom and to whom payable if not covered by contracts with mortgage loan representatives or correspondents which are part of the insurer's records.

(ii) The name of any officer or director of the insurer having any direct, indirect, or contingent interest in the securities or loan representing the investment, or in the assets of the person in whose behalf the investment or loan is made, and the nature of such interest. [2009 c 549 § 7055; 1949 c 190 § 20; 1947 c 79 § .13.35; Rem. Supp. 1949 § 45.13.35.]

**48.13.360 Investments of foreign and alien insurers.**

The investments of a foreign or alien insurer shall be as permitted by the laws of its domicile but shall be of a quality substantially as high as those required under this chapter for similar funds of like domestic insurers. [1947 c 79 § .13.36; Rem. Supp. 1947 § 45.13.36.]

**48.13.450 Safeguarding securities—Definitions.** The definitions in this section apply throughout RCW 48.13.450 through 48.13.475 unless the context clearly requires otherwise.

(1) "Agent" means a national bank, state bank, trust company, or broker/dealer that maintains an account in its name in a clearing corporation or that is a member of the federal reserve system and through which a custodian participates in a clearing corporation, including the treasury/reserve automated debt entry securities system (TRADES) or treasury direct systems; except that with respect to securities issued by institutions organized or existing under the laws of a foreign country or securities used to meet the deposit requirements pursuant to laws of a foreign country as a condition of doing business therein, "agent" may include a corporation that is organized or existing under the laws of a foreign country and that is legally qualified under those laws to accept custody of securities.

(2010 Ed.)

(2) "Broker/dealer" means a broker or dealer as defined in RCW 62A.8-102(1)(c), that is registered with and subject to the jurisdiction of the securities and exchange commission, maintains membership in the securities investor protection corporation, and has a tangible net worth equal to or greater than two hundred fifty million dollars.

(3) "Clearing corporation" means a corporation as defined in RCW 62A.8-102(1)(e) that is organized for the purpose of effecting transactions in securities by computerized book-entry, except that with respect to securities issued by institutions organized or existing under the laws of any foreign country or securities used to meet the deposit requirements pursuant to the laws of a foreign country as a condition of doing business therein, "clearing corporation" may include a corporation that is organized or existing under the laws of any foreign country and is legally qualified under such laws to effect transactions in securities by computerized book-entry. "Clearing corporation" also includes treasury/reserve automated debt entry securities system and treasury direct book-entry securities systems established pursuant to 31 U.S.C. Sec. 3100 et seq., 12 U.S.C. pt. 391, and 5 U.S.C. pt. 301.

(4) "Commissioner" means the insurance commissioner of the state of Washington.

(5) "Custodian" means:

(a) A national bank, state bank, or trust company that shall, at all times acting as a custodian, be no less than adequately capitalized as determined by the standards adopted by United States banking regulators and that is regulated by either state banking laws or is a member of the federal reserve system and that is legally qualified to accept custody of securities; except that with respect to securities issued by institutions organized or existing under the laws of a foreign country, or securities used to meet the deposit requirements pursuant to laws of a foreign country as a condition of doing business therein, "custodian" may include a bank or trust company incorporated or organized under the laws of a country other than the United States that is regulated as such by that country's government or an agency thereof that shall at all times acting as a custodian be no less than adequately capitalized as determined by the standards adopted by the international banking authorities and legally qualified to accept custody of securities; or

(b) A broker/dealer.

(6) "Custodied securities" means securities held by the custodian or its agent or in a clearing corporation, including the treasury/reserve automated debt entry securities system (TRADES) or treasury direct systems.

(7) "Securities" means instruments as defined in RCW 62A.8-102(1)(o).

(8) "Securities certificate" has the same meaning as in RCW 62A.8-102(1)(d).

(9) "Tangible net worth" means shareholders equity, less intangible assets, as reported in the broker/dealer's most recent annual or transition report pursuant to section 13 or 15(d) of the securities exchange act of 1934 (S.E.C. Form 10-K) filed with the securities and exchange commission.

(10) "Treasury/reserve automated debt entry securities system" ("TRADES") and "treasury direct" mean book-entry securities systems established pursuant to 31 U.S.C. Sec. 3100 et seq., 12 U.S.C. pt. 391, and 5 U.S.C. pt. 301, with the

operation of TRADES and treasury direct subject to 31 C.F.R. pt. 357 et seq. [2009 c 161 § 2; 2008 c 234 § 1; 2000 c 221 § 1.]

**48.13.455 Safeguarding securities—Deposit in a clearing corporation—Certificates—Records.** Notwithstanding any other provision of law, a domestic insurance company may deposit or arrange for the deposit of securities held in or purchased for its general account and its separate accounts in a clearing corporation. When securities are deposited with a clearing corporation, securities certificates representing securities of the same class of the same issuer may be merged and held in bulk in the name of the nominee of such clearing corporation with any other securities deposited with such clearing corporation by any person, regardless of the ownership of such securities, and securities certificates representing securities of small denominations may be merged into one or more certificates of larger denominations. The records of any custodian through which an insurance company holds securities shall at all times show that such securities are held for such insurance company and for which accounts thereof. Ownership of, and other interests in, such securities may be transferred by bookkeeping entry on the books of such clearing corporation without physical delivery of securities certificates representing such securities. [2008 c 234 § 2; 2000 c 221 § 2.]

**48.13.460 Safeguarding securities—Authorized methods of holding securities.** The following are the only authorized methods of holding securities:

- (1) A domestic insurance company may hold securities in definitive certificates;
- (2) A domestic insurance company may, pursuant to an agreement, designate a custodian through which it can transact and maintain book-entry securities on behalf of the insurance company; or
- (3) A domestic insurance company may, pursuant to an agreement, participate in depository systems of clearing corporations directly or through a custodian. [2008 c 234 § 3; 2000 c 221 § 3.]

**48.13.465 Safeguarding securities—Requirement to receive a confirmation.** A domestic insurance company using the methods of holding securities under RCW 48.13.460 (2) or (3) is required to receive a confirmation from:

- (1) The custodian whenever securities are received or surrendered pursuant to the domestic insurance company's instructions to a securities broker; or
- (2) The securities broker provided that the domestic insurance company has given the custodian and the securities broker matching instructions authorizing the transaction, which have been confirmed by the custodian prior to surrendering funds or securities to conduct the transaction. [2008 c 234 § 4; 2000 c 221 § 4.]

**48.13.470 Safeguarding securities—Broker executing a trade—Time limits.** (1) A broker executing a securities trade pursuant to an order from a domestic insurance company shall send confirmation to the domestic insurance

company or the clearing corporation confirming the order has been executed within twenty-four hours after order completion.

(2) A broker may not hold in its own account for longer than seventy-two hours any securities bought or sold pursuant to an order from a domestic insurance company. [2000 c 221 § 5.]

**48.13.475 Safeguarding securities—Maintenance with a custodian—Commissioner may order transfer—Challenge to order—Standing at hearing or for judicial review.** (1) Notwithstanding the maintenance of securities with a custodian pursuant to agreement, if the commissioner:

(a) Has reasonable cause to believe that the domestic insurer:

(i) Is conducting its business and affairs in such a manner as to threaten to render it insolvent;

(ii) Is in a hazardous condition or is conducting its business and affairs in a manner that is hazardous to its policyholders, creditors, or the public; or

(iii) Has committed or is committing or has engaged or is engaging in any act that would constitute grounds for rendering it subject to rehabilitation or liquidation proceedings; or

(b) Determines that irreparable loss and injury to the property and business of the domestic insurer has occurred or may occur unless the commissioner acts immediately;

then the commissioner may, without hearing, order the insurer and the custodian promptly to effect the transfer of the securities to another custodian approved by the commissioner. Upon receipt of the order, the custodian shall promptly effect the transfer of the securities. Notwithstanding the pendency of any hearing or request for hearing, the order shall be complied with by those persons subject to that order. Any challenge to the validity of the order shall be made under chapter 48.04 RCW, however, the stay of action provisions of RCW 48.04.020 do not apply. It is the responsibility of both the insurer and the custodian to oversee that compliance with the order is completed as expeditiously as possible. Upon receipt of an order, there shall be no trading of the securities without specific instructions from the commissioner until the securities are received by the new custodian, except to the extent trading transactions are in process on the day the order is received by the insurer and the failure to complete the trade may result in loss to the insurer's account. Issuance of an order does not affect the custodian's liabilities with regard to the securities that are the subject of the order.

(2) No person other than the insurer has standing at the hearing by the commissioner or for any judicial review of the order. [2008 c 234 § 5; 2000 c 221 § 6.]

**48.13.480 Safeguarding securities—Insurance company's securities—Written agreement with custodian—Required terms.** (1) An insurance company may, by written agreement with a custodian, provide for the custody of its securities with that custodian. The securities that are the subject of the agreement may be held by the custodian or its agent or in a clearing corporation.

(2) The agreement shall be in writing and shall be authorized by a resolution of the board of directors of the insurance

company or of an authorized committee of the board. The terms of the agreement shall comply with the following:

(a) Securities certificates held by the custodian shall be held separate from the securities certificates of the custodian and all of its customers;

(b) Securities held indirectly by the custodian and securities in a clearing corporation shall be separately identified on the custodian's official records as being owned by the insurance company. The records shall identify which securities are held by the custodian or by its agent and which securities are in a clearing corporation. If the securities are in a clearing corporation, the records shall also identify where the securities are and the name of the clearing corporation; and if the securities are held by an agent, the records shall also identify the name of the agent;

(c) All custodied securities that are registered shall be registered in the name of the company or in the name of the nominee of the company or in the name of the custodian or its nominee, or, if in a clearing corporation, in the name of the clearing corporation or its nominee;

(d) Custodied securities shall be held subject to the instructions of the insurance company and shall be withdrawable upon the demand of the insurance company, except custodied securities used to meet the deposit requirements;

(e) The custodian shall be required to send or cause to be sent to the insurance company a confirmation of all transfers of custodied securities to or from the account of the insurance company. Confirmation of all transfers shall be provided to the insurance company in hard copy or electronic format. In addition, the custodian shall be required to furnish, no less than monthly, the insurance company with reports of various holdings of custodied securities at times and containing information reasonably requested by the insurance company. The custodian's trust committee's annual reports of its review of the insurer trust accounts shall also be provided to the insurer. Reports and verifications may be transmitted in electronic or paper format;

(f) During the course of the custodian's regular business hours, an officer or employee of the insurance company, an independent accountant selected by the insurance company, and a representative of an appropriate regulatory body shall be entitled to examine, on the premise of the custodian, the custodian's records relating to the custodied securities, but only upon furnishing the custodian with written instructions to that effect from an appropriate officer of the insurance company;

(g) The custodian and its agents shall be required to send to the insurance company:

(i) All reports that they receive from a clearing corporation on their respective systems of internal accounting control; and

(ii) Reports prepared by outside auditors on the custodians or its agents internal accounting control of custodied securities that the insurance company may reasonably request;

(h) The custodian shall maintain records sufficient to determine and verify information relating to custodied securities that may be reported in the insurance company's annual statement and supporting schedules and information required in an audit of the financial statements of the insurance company;

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(i) The custodian shall provide, upon written request from an appropriate officer of the insurance company, the appropriate affidavits;

(j) A national bank, state bank, or trust company shall secure and maintain insurance protection in an adequate amount covering the bank's or trust company's duties and activities as custodian for the insurer's assets, and shall state in the custody agreement that the protection is in compliance with the requirements of the custodian's banking regulator. A broker/dealer shall secure and maintain insurance protection for each insurance company's custodied securities in excess of that provided by the securities investor protection corporation in an amount equal to or greater than the market value of each respective insurance company's custodied securities. The commissioner may determine whether the type of insurance is appropriate and whether the amount of coverage is adequate;

(k) The custodian shall be obligated to indemnify the insurance company for any loss of custodied securities occasioned by the negligence or dishonesty of the custodian's officers or employees or agents, or burglary, robbery, holdup, theft, or mysterious disappearance, including loss by damage or destruction;

(l) In the event that there is a loss of custodied securities for which the custodian shall be obligated to indemnify the insurance company as provided in (k) of this subsection, the custodian shall promptly replace the securities of the value thereof and the value of any loss of rights or privileges resulting from the loss of securities;

(m) The custodian will not be liable for a failure to take an action required under the agreement in the event and to the extent that the taking of the action is prevented or delayed by war (whether declared or not, including existing wars), revolution, insurrection, riot, civil commotion, accident, fire, explosion, labor stoppage and strikes, laws, regulations, orders, or other acts of any governmental authority, which are beyond its reasonable control;

(n) In the event that the custodian gains entry in a clearing corporation through an agent, there shall be an agreement between the custodian and the agent under which the agent shall be subject to the same liability for loss of custodied securities as the custodian. However, if the agent is subject to regulation under the laws of a jurisdiction that are different from the laws of the jurisdiction that regulates the custodian, the commissioner may accept a standard of liability applicable to the agent that is different from the standard of liability applicable to the custodian;

(o) The custodian shall provide written notification to the office of the insurance commissioner if the custodial agreement with the insurer has been terminated or if one hundred percent of the account assets in any one custody account have been withdrawn. This notification shall be remitted to the commissioner within three business days of the withdrawal of one hundred percent of the account assets. [2008 c 234 § 7.]

**48.13.490 Safeguarding securities—Rules.** The commissioner may adopt rules governing the deposit by insurance companies of securities with clearing corporations, including establishing standards for national banks, state banks, trust companies, and brokers/dealers to qualify as cus-

todians for insurance company securities. [2008 c 234 § 6; 2000 c 221 § 7.]

**Chapter 48.14 RCW  
FEES AND TAXES**

Sections

48.14.010	Fee schedule.
48.14.020	Premium taxes.
48.14.0201	Premiums and prepayments tax—Health care services—Exemptions—State preemption.
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48.14.022	Taxes—Exemptions and deductions.
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48.14.030	Tax statement.
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48.14.060	Failure to pay tax—Penalty.
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48.14.080	Premium tax in lieu of other forms—Exceptions—Definition.
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48.14.095	Unlawful or delinquent insurers or taxpayers—Computing the tax payable—Risks, exposures, or enrolled participants only partially in state.
48.14.100	Foreign or alien insurers, continuing liability for taxes.

**48.14.010 Fee schedule. (Effective until June 27, 2011.)** (1) The commissioner shall collect in advance the following fees:

- (a) **For filing charter documents:**
  - (i) Original charter documents, bylaws or record of organization of insurers, or certified copies thereof, required to be filed . . . . \$250.00
  - (ii) Amended charter documents, or certified copy thereof, other than amendments of bylaws. . . . . \$ 10.00
  - (iii) No additional charge or fee shall be required for filing any of such documents in the office of the secretary of state.
- (b) **Certificate of authority:**
  - (i) Issuance . . . . . \$ 25.00
  - (ii) Renewal . . . . . \$ 25.00
- (c) **Annual statement of insurer, filing. . . .** \$ 20.00
- (d) **Organization or financing of domestic insurers and affiliated corporations:**
  - (i) Application for solicitation permit, filing. . . . . \$100.00
  - (ii) Issuance of solicitation permit. . . \$ 25.00
- (e) **Insurance producer licenses:**
  - (i) License application . . . . . \$ 55.00
  - (ii) License renewal, every two years . . . . . \$ 55.00
  - (iii) Initial appointment and renewal of appointment of each insurance producer, every two years . . . . . \$ 20.00
  - (iv) Limited line insurance producer license application and renewal, every two years . . . . . \$ 20.00
- (f) **Title insurance agent licenses:**
  - (i) License application . . . . . \$ 50.00

- (ii) License renewal, every two years . . . . . \$ 50.00
- (g) **Reinsurance intermediary licenses:**
  - (i) Reinsurance intermediary-broker, each year . . . . . \$ 50.00
  - (ii) Reinsurance intermediary-manager, each year. . . . . \$100.00
- (h) **Surplus line broker license application and renewal, every two years . . . . .** \$200.00
- (i) **Adjusters' licenses:**
  - (i) Independent adjuster, every two years . . . . . \$ 50.00
  - (ii) Public adjuster, every two years . . . . . \$ 50.00
- (j) **Managing general agent appointment, every two years. . . . .** \$200.00
- (k) **Examination for license, each examination:** All examinations, except examinations administered by an independent testing service, the fees for which are to be approved by the commissioner and collected directly by and retained by such independent testing service . . . . . \$ 20.00
- (l) **Miscellaneous services:**
  - (i) Filing other documents . . . . . \$ 5.00
  - (ii) Commissioner's certificate under seal . . . . . \$ 5.00
  - (iii) Copy of documents filed in the commissioner's office, reasonable charge therefor as determined by the commissioner.
- (m) **Self-service storage specialty insurance producer license application and renewal:** Every two years, \$130.00 for an owner with under fifty employees or \$375.00 for an owner with fifty or more employees; plus a location fee of \$35.00 for each additional location of an owner.

(2) All fees so collected shall be remitted by the commissioner to the state treasurer not later than the first business day following, and shall be placed to the credit of the general fund.

(a) Fees for examinations administered by an independent testing service that are approved by the commissioner under subsection (1)(k) of this section shall be collected directly by the independent testing service and retained by it.

(b) Fees for copies of documents filed in the commissioner's office shall be remitted by the commissioner to the state treasurer not later than the first business day following, and shall be placed to the credit of the insurance commissioner's regulatory account. [2009 c 162 § 2; 2009 c 119 § 10; 2007 c 117 § 37; 2005 c 223 § 5; 1994 c 131 § 2; 1993 c 462 § 57; 1988 c 248 § 7; 1981 c 111 § 1; 1979 ex.s. c 269 § 1; 1977 ex.s. c 182 § 1; 1969 ex.s. c 241 § 8; 1967 c 150 § 12; 1955 c 303 § 4; 1947 c 79 § .14.01; Rem. Supp. 1947 § 45.14.01.]

**Reviser's note:** This section was amended by 2009 c 119 § 10 and by 2009 c 162 § 2, each without reference to the other. Both amendments are

incorporated in the publication of this section under RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

**Effective date—2009 c 162:** See note following RCW 48.03.020.

**Effective date—2009 c 119:** See RCW 48.170.900.

**Severability—Effective date—2007 c 117:** See RCW 48.17.900 and 48.17.901.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.14.010 Fee schedule. (Effective June 27, 2011.) (1)**

The commissioner shall collect in advance the following fees:

- (a) For filing charter documents:**
  - (i) Original charter documents, bylaws or record of organization of insurers, or certified copies thereof, required to be filed . . . . \$250.00
  - (ii) Amended charter documents, or certified copy thereof, other than amendments of bylaws. . . . . \$ 10.00
  - (iii) No additional charge or fee shall be required for filing any of such documents in the office of the secretary of state.
- (b) Certificate of authority:**
  - (i) Issuance . . . . . \$ 25.00
  - (ii) Renewal . . . . . \$ 25.00
- (c) Annual statement of insurer, filing . . . . . \$ 20.00**
- (d) Organization or financing of domestic insurers and affiliated corporations:**
  - (i) Application for solicitation permit, filing . . . . . \$100.00
  - (ii) Issuance of solicitation permit . . . . . \$ 25.00
- (e) Insurance producer licenses:**
  - (i) License application . . . . . \$ 55.00
  - (ii) License renewal, every two years . . . . . \$ 55.00
  - (iii) Initial appointment and renewal of appointment of each insurance producer, every two years . . . . . \$ 20.00
  - (iv) Limited line insurance producer license application and renewal, every two years . . . . . \$ 20.00
- (f) Title insurance agent licenses:**
  - (i) License application . . . . . \$ 50.00
  - (ii) License renewal, every two years . . . . . \$ 50.00
- (g) Reinsurance intermediary licenses:**
  - (i) Reinsurance intermediary-broker, each year . . . . . \$ 50.00
  - (ii) Reinsurance intermediary-manager, each year. . . . . \$100.00
- (h) Surplus line broker license application and renewal, every two years . . . . . \$200.00**
- (i) Adjusters' licenses:**
  - (i) Independent adjuster: (A) License application . . . . . \$ 50.00  
(B) License renewal, every two years . . . . . \$ 50.00

- (ii) Public adjuster: (A) License application . . . . . \$ 50.00  
(B) License renewal, every two years . . . . . \$ 50.00
- (iii) Crop adjuster: (A) License application . . . . . \$ 50.00  
(B) License renewal, every two years . . . . . \$50.00
- (j) Managing general agent appointment, every two years. . . . . \$200.00**
- (k) Examination for license, each examination:**  
All examinations, except examinations administered by an independent testing service, the fees for which are to be approved by the commissioner and collected directly by and retained by such independent testing service . . . . . \$ 20.00
- (l) Miscellaneous services:**
  - (i) Filing other documents . . . . . \$ 5.00
  - (ii) Commissioner's certificate under seal . . . . . \$ 5.00
  - (iii) Copy of documents filed in the commissioner's office, reasonable charge therefor as determined by the commissioner.
- (m) Self-service storage specialty insurance producer license application and renewal:**  
Every two years, \$130.00 for an owner with under fifty employees or \$375.00 for an owner with fifty or more employees; plus a location fee of \$35.00 for each additional location of an owner.  
  
(2) All fees so collected shall be remitted by the commissioner to the state treasurer not later than the first business day following, and shall be placed to the credit of the general fund.  
  
(a) Fees for examinations administered by an independent testing service that are approved by the commissioner under subsection (1)(k) of this section shall be collected directly by the independent testing service and retained by it.  
  
(b) Fees for copies of documents filed in the commissioner's office shall be remitted by the commissioner to the state treasurer not later than the first business day following, and shall be placed to the credit of the insurance commissioner's regulatory account. [2010 c 67 § 1. Prior: 2009 c 162 § 2; 2009 c 119 § 10; 2007 c 117 § 37; 2005 c 223 § 5; 1994 c 131 § 2; 1993 c 462 § 57; 1988 c 248 § 7; 1981 c 111 § 1; 1979 ex.s. c 269 § 1; 1977 ex.s. c 182 § 1; 1969 ex.s. c 241 § 8; 1967 c 150 § 12; 1955 c 303 § 4; 1947 c 79 § .14.01; Rem. Supp. 1947 § 45.14.01.]  
  
**Effective date—2010 c 67:** "This act takes effect June 27, 2011." [2010 c 67 § 8.]  
  
**Effective date—2009 c 162:** See note following RCW 48.03.020.  
  
**Effective date—2009 c 119:** See RCW 48.170.900.  
  
**Severability—Effective date—2007 c 117:** See RCW 48.17.900 and 48.17.901.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.14.020 Premium taxes.** (1) Subject to other provisions of this chapter, each authorized insurer except title insurers shall on or before the first day of March of each year pay to the state treasurer through the commissioner's office a tax on premiums. Except as provided in subsection (2) of this section, such tax shall be in the amount of two percent of all premiums, excluding amounts returned to or the amount of reductions in premiums allowed to holders of industrial life policies for payment of premiums directly to an office of the insurer, collected or received by the insurer under RCW 48.14.090 during the preceding calendar year other than ocean marine and foreign trade insurances, after deducting premiums paid to policyholders as returned premiums, upon risks or property resident, situated, or to be performed in this state. For tax purposes, the reporting of premiums shall be on a written basis or on a paid-for basis consistent with the basis required by the annual statement. For the purposes of this section the consideration received by an insurer for the granting of an annuity shall not be deemed to be a premium.

(2) In the case of insurers which require the payment by their policyholders at the inception of their policies of the entire premium thereon in the form of premiums or premium deposits which are the same in amount, based on the character of the risks, regardless of the length of term for which such policies are written, such tax shall be in the amount of two percent of the gross amount of such premiums and premium deposits upon policies on risks resident, located, or to be performed in this state, in force as of the thirty-first day of December next preceding, less the unused or unabsorbed portion of such premiums and premium deposits computed at the average rate thereof actually paid or credited to policyholders or applied in part payment of any renewal premiums or premium deposits on one-year policies expiring during such year.

(3) Each authorized insurer shall with respect to all ocean marine and foreign trade insurance contracts written within this state during the preceding calendar year, on or before the first day of March of each year pay to the state treasurer through the commissioner's office a tax of ninety-five one-hundredths of one percent on its gross underwriting profit. Such gross underwriting profit shall be ascertained by deducting from the net premiums (i.e., gross premiums less all return premiums and premiums for reinsurance) on such ocean marine and foreign trade insurance contracts the net losses paid (i.e., gross losses paid less salvage and recoveries on reinsurance ceded) during such calendar year under such contracts. In the case of insurers issuing participating contracts, such gross underwriting profit shall not include, for computation of the tax prescribed by this subsection, the amounts refunded, or paid as participation dividends, by such insurers to the holders of such contracts.

(4) The state does hereby preempt the field of imposing excise or privilege taxes upon insurers or their appointed insurance producers, other than title insurers, and no county, city, town or other municipal subdivision shall have the right to impose any such taxes upon such insurers or these insurance producers.

(5) If an authorized insurer collects or receives any such premiums on account of policies in force in this state which were originally issued by another insurer and which other insurer is not authorized to transact insurance in this state on

its own account, such collecting insurer shall be liable for and shall pay the tax on such premiums. [2009 c 161 § 3; 2008 c 217 § 6; 1986 c 296 § 1; 1983 2nd ex.s. c 3 § 7; 1982 2nd ex.s. c 10 § 1; 1982 1st ex.s. c 35 § 15; 1979 ex.s. c 233 § 2; 1969 ex.s. c 241 § 9; 1947 c 79 § .14.02; Rem. Supp. 1947 § 45.14.02.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**Intent—1979 ex.s. c 233:** "It is the intent of the legislature to eliminate existing tax discrimination between qualified and nonqualified pension plans which are effectuated by annuity contracts, by excluding the consideration paid for such contracts from premiums subject to the premium tax." [1979 ex.s. c 233 § 1.]

*Credit against premium tax for assessments paid pursuant to RCW 48.32.060(1)(c): RCW 48.32.145.*

*Portion of state taxes on fire insurance premiums to be deposited in firefighters' pension fund: RCW 41.16.050.*

*volunteer firefighters' and reserve officers' relief and pension principal fund: RCW 41.24.030.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.14.0201 Premiums and prepayments tax—Health care services—Exemptions—State preemption.** (1) As used in this section, "taxpayer" means a health maintenance organization as defined in RCW 48.46.020, a health care service contractor as defined in RCW 48.44.010, or a self-funded multiple employer welfare arrangement as defined in RCW 48.125.010.

(2) Each taxpayer shall pay a tax on or before the first day of March of each year to the state treasurer through the insurance commissioner's office. The tax shall be equal to the total amount of all premiums and prepayments for health care services received by the taxpayer during the preceding calendar year multiplied by the rate of two percent.

(3) Taxpayers shall prepay their tax obligations under this section. The minimum amount of the prepayments shall be percentages of the taxpayer's tax obligation for the preceding calendar year recomputed using the rate in effect for the current year. For the prepayment of taxes due during the first calendar year, the minimum amount of the prepayments shall be percentages of the taxpayer's tax obligation that would have been due had the tax been in effect during the previous calendar year. The tax prepayments shall be paid to the state treasurer through the commissioner's office by the due dates and in the following amounts:

- (a) On or before June 15, forty-five percent;
- (b) On or before September 15, twenty-five percent;
- (c) On or before December 15, twenty-five percent.

(4) For good cause demonstrated in writing, the commissioner may approve an amount smaller than the preceding calendar year's tax obligation as recomputed for calculating the health maintenance organization's, health care service contractor's, self-funded multiple employer welfare arrangement's, or certified health plan's prepayment obligations for the current tax year.

(5) Moneys collected under this section shall be deposited in the general fund.

(6) The taxes imposed in this section do not apply to:

(a) Amounts received by any taxpayer from the United States or any instrumentality thereof as prepayments for health care services provided under Title XVIII (medicare) of the federal social security act.

(b) Amounts received by any taxpayer from the state of Washington as prepayments for health care services provided under:

(i) The medical care services program as provided in RCW 74.09.035;

(ii) The Washington basic health plan on behalf of subsidized enrollees as provided in chapter 70.47 RCW; or

(iii) The medicaid program on behalf of elderly or clients with disabilities as provided in chapter 74.09 RCW when these prepayments are received prior to July 1, 2009, and are associated with a managed care contract program that has been implemented on a voluntary demonstration or pilot project basis.

(c) Amounts received by any health care service contractor, as defined in RCW 48.44.010, as prepayments for health care services included within the definition of practice of dentistry under RCW 18.32.020.

(d) Participant contributions to self-funded multiple employer welfare arrangements that are not taxable in this state.

(7) Beginning January 1, 2000, the state does hereby preempt the field of imposing excise or privilege taxes upon taxpayers and no county, city, town, or other municipal subdivision shall have the right to impose any such taxes upon such taxpayers. This subsection shall be limited to premiums and payments for health benefit plans offered by health care service contractors under chapter 48.44 RCW, health maintenance organizations under chapter 48.46 RCW, and self-funded multiple employer welfare arrangements as defined in RCW 48.125.010. The preemption authorized by this subsection shall not impair the ability of a county, city, town, or other municipal subdivision to impose excise or privilege taxes upon the health care services directly delivered by the employees of a health maintenance organization under chapter 48.46 RCW.

(8)(a) The taxes imposed by this section apply to a self-funded multiple employer welfare arrangement only in the event that they are not preempted by the employee retirement income security act of 1974, as amended, 29 U.S.C. Sec. 1001 et seq. The arrangements and the commissioner shall initially request an advisory opinion from the United States department of labor or obtain a declaratory ruling from a federal court on the legality of imposing state premium taxes on these arrangements. Once the legality of the taxes has been determined, the multiple employer welfare arrangement certified by the insurance commissioner must begin payment of these taxes.

(b) If there has not been a final determination of the legality of these taxes, then beginning on the earlier of (i) the date the fourth multiple employer welfare arrangement has been certified by the insurance commissioner, or (ii) April 1, 2006, the arrangement shall deposit the taxes imposed by this section into an interest bearing escrow account maintained by the arrangement. Upon a final determination that the taxes are not preempted by the employee retirement income security act of 1974, as amended, 29 U.S.C. Sec. 1001 et seq., all funds in the interest bearing escrow account shall be transferred to the state treasurer.

(9) The effect of transferring contracts for health care services from one taxpayer to another taxpayer is to transfer the tax prepayment obligation with respect to the contracts.

(10) On or before June 1st of each year, the commissioner shall notify each taxpayer required to make prepayments in that year of the amount of each prepayment and shall provide remittance forms to be used by the taxpayer. However, a taxpayer's responsibility to make prepayments is not affected by failure of the commissioner to send, or the taxpayer to receive, the notice or forms. [2009 c 479 § 41. Prior: 2005 c 405 § 1; 2005 c 223 § 6; 2005 c 7 § 1; 2004 c 260 § 24; 1998 c 323 § 1; 1997 c 154 § 1; 1993 sp.s. c 25 § 601; 1993 c 492 § 301.]

**Effective date—2009 c 479:** See note following RCW 2.56.030.

**Effective date—2005 c 7:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [March 15, 2005]." [2005 c 7 § 3.]

**Severability—Effective date—2004 c 260:** See RCW 48.125.900 and 48.125.901.

**Findings—Intent—1993 c 492:** See notes following RCW 43.20.050.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.14.021 Reduction of tax—Policies connected with pension, etc., plans exempt or qualified under internal revenue code.** As to premiums received from policies or contracts issued in connection with a pension, annuity or profit-sharing plan exempt or qualified under sections 401, 403(b), 404, 408(b), or 501(a) of the United States internal revenue code, the rate of tax specified in RCW 48.14.020 shall be reduced twelve and one-half percent with respect to the tax payable in 1964, twenty-five percent with respect to the tax payable in 1965, thirty-seven and one-half percent with respect to the tax payable in 1966, fifty percent with respect to the tax payable in 1967, sixty-two and one-half percent with respect to the tax payable in 1968, seventy-five percent with respect to the tax payable in 1969, eighty-seven and one-half percent with respect to the tax payable in 1970, and one hundred percent with respect to the tax payable in 1971 and annually thereafter. [1975-'76 2nd ex.s. c 119 § 1; 1974 ex.s. c 132 § 1; 1963 c 166 § 1.]

**48.14.022 Taxes—Exemptions and deductions.** (1) The taxes imposed in RCW 48.14.020 and 48.14.0201 do not apply to premiums and prepayments collected or received for policies of insurance issued under RCW 48.41.010 through 48.41.210.

(2) In computing tax due under RCW 48.14.020 and 48.14.0201, there may be deducted from taxable premiums and prepayments the amount of any assessment against the taxpayer under RCW 48.41.010 through 48.41.210. Any portion of the deduction allowed in this section which cannot be deducted in a tax year without reducing taxable premiums below zero may be carried forward and deducted in successive years until the deduction is exhausted. [1995 c 304 § 1; 1987 c 431 § 23.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.14.025 Prepayment of tax obligations under RCW 48.14.020.** (1) Every insurer with a tax obligation under RCW 48.14.020 shall make prepayment of the tax obligations under RCW 48.14.020 for the current calendar year's business, if the sum of the tax obligations under RCW

48.14.020 for the preceding calendar year's business is four hundred dollars or more.

(2) The commissioner shall credit the prepayment toward the appropriate tax obligations of the insurer for the current calendar year under RCW 48.14.020.

(3) The minimum amounts of the prepayments shall be percentages of the insurer's preceding calendar year's tax obligation recomputed using the rate in effect for the current year and shall be paid to the state treasurer through the commissioner's office by the due dates and in the following amounts:

- (a) On or before June 15, forty-five percent;
- (b) On or before September 15, twenty-five percent; and
- (c) On or before December 15, twenty-five percent.

For good cause demonstrated in writing, the commissioner may approve an amount smaller than the preceding calendar year's tax obligation as recomputed for calculating the insurer's prepayment obligations.

(4) The effect of transferring policies of insurance from one insurer to another insurer is to transfer the tax prepayment obligation with respect to the policies.

(5) On or before June 1 of each year, the commissioner shall notify each insurer required to make prepayments in that year of the amount of each prepayment and shall provide remittance forms to be used by the insurer. However, an insurer's responsibility to make prepayments is not affected by failure of the commissioner to send, or the insurer to receive, the notice or forms. [1986 c 296 § 2; 1982 c 181 § 4; 1981 c 6 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.14.027 Exemption for state health care premiums before July 1, 1990.** The taxes imposed in RCW 48.14.020 do not apply to premiums collected or received before July 1, 1990, for medical and dental coverage purchased under chapter 41.05 RCW. [1988 c 107 § 32.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.14.030 Tax statement.** The insurer shall file with the commissioner as part of its annual statement a statement of premiums so collected or received according to such form as shall be prescribed and furnished by the commissioner. In every such statement the reporting of premiums for tax purposes shall be on a written basis or on a paid-for basis consistent with the basis required by the annual statement. [1947 c 79 § .14.03; Rem. Supp. 1947 § 45.14.03.]

**48.14.040 Retaliatory provision.** (1) If pursuant to the laws of any other state or country, any taxes, licenses, fees, deposits, or other obligations or prohibitions, in the aggregate, or additional to or at a net rate in excess of any such taxes, licenses, fees, deposits or other obligations or prohibitions imposed by the laws of this state upon like foreign or alien insurers and their appointed insurance producers or title insurance agents, are imposed on insurers of this state and their appointed insurance producers or title insurance agents doing business in such other state or country, a like rate, obligation or prohibition may be imposed by the commissioner, as to any item or combination of items involved, upon all insurers of such other state or country and their appointed

insurance producers or title insurance agents doing business in this state, so long as such laws remain in force or are so applied.

(2) For the purposes of this section, an alien insurer may be deemed to be domiciled in the state wherein it has established its principal office or agency in the United States. If no such office or agency has been established, the domicile of the alien insurer shall be deemed to be the country under the laws of which it is formed.

(3) For the purposes of this section, the regulatory surcharge imposed by RCW 48.02.190 shall not be included in the calculation of any retaliatory taxes, licenses, fees, deposits, or other obligations or prohibitions imposed under this section. [2008 c 217 § 7; 2007 c 153 § 4; 1988 c 248 § 8; 1949 c 190 § 21, part; 1947 c 79 § .14.04; Rem. Supp. 1949 § 45.14.04.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.14.060 Failure to pay tax—Penalty.** (1) Any insurer or taxpayer, as defined in RCW 48.14.0201, failing to file its tax statement and to pay the specified tax or prepayment of tax on premiums and prepayments for health care services by the last day of the month in which the tax becomes due shall be assessed a penalty of five percent of the amount of the tax; and if the tax is not paid within forty-five days after the due date, the insurer will be assessed a total penalty of ten percent of the amount of the tax; and if the tax is not paid within sixty days of the due date, the insurer will be assessed a total penalty of twenty percent of the amount of the tax. The tax may be collected by distraint, and the penalty recovered by any action instituted by the commissioner in any court of competent jurisdiction. The amount of any penalty collected must be paid to the state treasurer and credited to the general fund.

(2) In addition to the penalties set forth in subsection (1) of this section, interest will accrue on the amount of the unpaid tax or prepayment at the maximum legal rate of interest permitted under RCW 19.52.020 commencing sixty-one days after the tax is due until paid. This interest will not accrue on taxes imposed under RCW 48.15.120.

(3) The commissioner may revoke the certificate of authority or registration of any delinquent insurer or taxpayer, and the certificate of authority or registration will not be reissued until all taxes, prepayments of tax, interest, and penalties have been fully paid and the insurer or taxpayer has otherwise qualified for the certificate of authority or registration. [2003 c 341 § 1; 1981 c 6 § 2; 1947 c 79 § .14.06; Rem. Supp. 1947 § 45.14.06.]

**48.14.070 Refunds.** In event any person has paid to the commissioner any tax, license fee or other charge in error or in excess of that which he or she is lawfully obligated to pay, the commissioner shall upon written request made to him or her make a refund thereof. A person may only request a refund of taxes within six years from the date the taxes were paid. A person may only request a refund of fees or charges other than taxes within thirteen months of the date the fees or charges were paid. Refunds may be made either by crediting the amount toward payment of charges due or to become due from such person, or by making a cash refund. To facilitate

such cash refunds the commissioner may establish a revolving fund out of funds appropriated by the legislature for his use. [2009 c 549 § 7056; 1979 ex.s. c 130 § 2; 1947 c 79 § 14.07; Rem. Supp. 1947 § 45.14.07.]

**48.14.080 Premium tax in lieu of other forms—Exceptions—Definition.** (1) As to insurers, other than title insurers and taxpayers under RCW 48.14.0201, the taxes imposed by this title are in lieu of all other taxes, except as otherwise provided in this section.

(2) Subsection (1) of this section does not apply with respect to:

(a) Taxes on real and tangible personal property;

(b) Excise taxes on the sale, purchase, use, or possession of (i) real property; (ii) tangible personal property; (iii) extended warranties; (iv) services, including digital automated services as defined in RCW 82.04.192; and (v) digital goods and digital codes as those terms are defined in RCW 82.04.192; and

(c) The tax imposed in RCW 82.04.260(9), regarding public and nonprofit hospitals.

(3) For the purposes of this section, the term "taxes" includes taxes imposed by the state or any county, city, town, municipal corporation, quasi-municipal corporation, or other political subdivision. [2010 1st sp.s. c 23 § 520; 2009 c 535 § 1102; 2006 c 278 § 2; 1998 c 312 § 1; 1993 sp.s. c 25 § 602; 1993 c 492 § 302; 1949 c 190 § 21, part; Rem. Supp. 1949 § 45.14.08.]

**Effective date—2010 1st sp.s. c 23:** See note following RCW 82.32.655.

**Findings—Intent—2010 1st sp.s. c 23:** See notes following RCW 82.04.220.

**Intent—Construction—2009 c 535:** See notes following RCW 82.04.192.

**Findings—Intent—2006 c 278:** "The legislature finds that the insurance premiums tax is intended to be in lieu of any other tax imposed on insurers. However, insurers are not exempt from taxes on real and tangible personal property, or excise taxes on the sale, purchase, or use of such property. These provisions, enacted in 1949, have not been reviewed or altered in light of significant expansion of sales and use taxes to include taxation of many service activities. Some insurers have interpreted their obligation to pay retail sales and use taxes to be limited to those taxes imposed on the sale or use of tangible personal property. These insurers claim exemption from retail sales tax, use tax, or any other excise tax on the purchase or sale of services, such as telephone service, credit bureau services, construction services, landscape services, and repair services. Other insurers have consistently paid excise taxes imposed on these services.

The legislature further finds exempting insurers from excise taxes on the purchase or sale of services is inequitable and results from the inadvertent failure to revise insurance premiums tax statutes to be consistent with other excise tax statutes. The legislature declares its intent to require insurers to pay retail sales and use taxes on purchases of both tangible personal property or services, on the same terms as other taxpayers. This act is intended to apply both prospectively and retrospectively." [2006 c 278 § 1.]

**Application—2006 c 278:** "This act applies both prospectively and retroactively." [2006 c 278 § 3.]

**Effective date—2006 c 278:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [March 28, 2006]." [2006 c 278 § 4.]

**Findings—Intent—1993 c 492:** See notes following RCW 43.20.050.  
Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.14.090 Determining amount of direct premium taxable in this state.** In determining the amount of direct

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premium taxable in this state, all such premiums written, procured, or received in this state shall be deemed written upon risks or property resident, situated, or to be performed in this state except such premiums as are properly allocated or apportioned and reported as taxable premiums of any other state or states. For tax purposes, the reporting of premiums shall be on a written basis or on a paid-for basis consistent with the basis required by the annual statement. [2009 c 161 § 4; 1963 c 195 § 14.]

**48.14.095 Unlawful or delinquent insurers or taxpayers—Computing the tax payable—Risks, exposures, or enrolled participants only partially in state.** (1) This section applies to any insurer or taxpayer, as defined in RCW 48.14.0201, violating or failing to comply with RCW 48.05.030(1), 48.17.060, 48.36A.290(1), 48.44.015(1), or 48.46.027(1).

(2) Except as provided in subsection (7) of this section, RCW 48.14.020, 48.14.0201, and 48.14.060 apply to insurers or taxpayers identified in subsection (1) of this section.

(3) If an insurance contract, health care services contract, or health maintenance agreement covers risks or exposures, or enrolled participants only partially in this state, the tax payable is computed on the portion of the premium that is properly allocated to a risk or exposure located in this state, or enrolled participants residing in this state.

(4) In determining the amount of taxable premiums under subsection (3) of this section, all premiums, other than premiums properly allocated or apportioned and reported as taxable premiums of another state, that are written, procured, or received in this state, or that are for a policy or contract negotiated in this state, are considered to be written on risks or property resident, situated, or to be performed in this state, or for health care services to be provided to enrolled participants residing in this state.

(5) Insurance on risks or property resident, situated, or to be performed in this state, or health coverage for the provision of health care services for residents of this state, is considered to be insurance procured, continued, renewed, or performed in this state, regardless of the location from which the application is made, the negotiations are conducted, or the premiums are remitted.

(6) Premiums on risks or exposures that are properly allocated to federal waters or international waters or under the jurisdiction of a foreign government are not taxable by this state.

(7) This section does not apply to premiums on insurance procured by a licensed surplus line broker under chapter 48.15 RCW. [2008 c 217 § 8; 2003 c 341 § 3.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.14.100 Foreign or alien insurers, continuing liability for taxes.** Any foreign or alien insurer authorized to do business in this state which hereafter either withdraws from the state or has its certificate of authority suspended or revoked shall continue to pay premium taxes pursuant to this chapter as to policies upon risks or property resident, situated, or to be performed in this state, which policies were issued during the time the insurer was authorized in this state. [1963 c 195 § 15.]

**Chapter 48.15 RCW**  
**UNAUTHORIZED INSURERS**

## Sections

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**48.15.015 Rules.** The commissioner may adopt rules to implement and administer this chapter. [2009 c 162 § 12.]

**Effective date—2009 c 162:** See note following RCW 48.03.020.

**48.15.020 Solicitation by unauthorized insurer prohibited—Personal liability.** (1) An insurer that is not authorized by the commissioner may not solicit insurance business in this state or transact insurance business in this state, except as provided in this chapter.

(2)(a) A person may not, in this state, represent an unauthorized insurer except as provided in this chapter. This subsection does not apply to any adjuster or attorney-at-law representing an unauthorized insurer from time to time in this state in his or her professional capacity.

(b) A person, other than a duly licensed surplus line broker acting in good faith under his or her license, who makes a contract of insurance in this state, directly or indirectly, on behalf of an unauthorized insurer, without complying with the provisions of this chapter, is personally liable for the performance of such contract.

(3) Each violation of subsection (2) of this section constitutes a separate offense punishable by a fine of not more than twenty-five thousand dollars, and the commissioner, at the commissioner's discretion, may order replacement of policies improperly placed with an unauthorized insurer with policies issued by an authorized insurer. Violations may result in suspension or revocation of a license. [2003 c 250 § 2; 1992 c 149 § 1; 1983 1st ex.s. c 32 § 3; 1980 c 102 § 2; 1947 c 79 § .15.02; Rem. Supp. 1947 § 45.15.02.]

**Severability—2003 c 250:** See note following RCW 48.01.080.

**48.15.023 Unauthorized activities—Acts committed in this state—Sanctions.** (1) As used in this section, "person" has the same meaning as in RCW 48.01.070.

(2) For the purpose of this section, an act is committed in this state if it is committed, in whole or in part, in the state of Washington, or affects persons or property within the state and relates to or involves an insurance contract.

(3) Any person who knowingly violates RCW 48.15.020(1) is guilty of a class B felony punishable under chapter 9A.20 RCW.

(4) Any criminal penalty imposed under this section is in addition to, and not in lieu of, any other civil or administrative penalty or sanction otherwise authorized under state law.

(5)(a) If the commissioner has cause to believe that any person has violated the provisions of RCW 48.15.020(1), the commissioner may:

(i) Issue and enforce a cease and desist order in accordance with the provisions of RCW 48.02.080; and/or

(ii) Assess a civil penalty of not more than twenty-five thousand dollars for each violation, after providing notice and an opportunity for a hearing in accordance with chapters 34.05 and 48.04 RCW.

(b) Upon failure to pay a civil penalty when due, the attorney general may bring a civil action on behalf of the commissioner to recover the unpaid penalty. Any amounts collected by the commissioner must be paid to the state treasurer for the account of the general fund. [2003 c 250 § 3.]

**Severability—2003 c 250:** See note following RCW 48.01.080.

**48.15.025 Application of other chapters to surplus line brokers.** (1) A surplus line broker shall not engage in any act prohibited by RCW 48.05.465(2), 48.43.335(2), and chapter 48.30 RCW.

(2) A surplus line broker is entitled to the immunities granted under RCW 48.43.105 and 48.50.070.

(3) The rights and prohibitions applicable to insurance producers contained in RCW 48.30.260, 48.30.270, and 48.62.121 also apply to surplus line brokers.

(4) The exemption for taxes and fees in RCW 48.62.151 does not apply to surplus line brokers. [2009 c 162 § 8.]

**Effective date—2009 c 162:** See note following RCW 48.03.020.

**48.15.030 Validity of contracts illegally effectuated.** A contract of insurance effectuated by an unauthorized insurer in violation of the provisions of this code shall be voidable except at the instance of the insurer. [1947 c 79 § .15.03; Rem. Supp. 1947 § 45.15.03.]

**48.15.040 "Surplus line" coverage. (Effective until December 31, 2016.)** If certain insurance coverages cannot be procured from authorized insurers, such coverages, hereinafter designated as "surplus lines," may be procured from unauthorized insurers subject to the following conditions:

(1) The insurance must be procured through a licensed surplus line broker.

(2) The insurance must not be procurable, after diligent effort has been made to do so from among a majority of the insurers authorized to transact that kind of insurance in this state.

(3) Coverage shall not be procured from an unauthorized insurer for the purpose of securing a lower premium rate than would be accepted by any authorized insurer nor to secure any other competitive advantage.

(4) The commissioner may by regulation establish the degree of effort required to comply with subsections (2) and (3) of this section.

(5) At the time of the procuring of any such insurance an affidavit setting forth the facts referred to in subsections (2) and (3) of this section must be executed by the surplus line broker. Such affidavit shall be filed with the commissioner within thirty days after the insurance is procured.

(6) For purposes of chapter 48.164 RCW, a joint underwriting association established or authorized by the legislature is not an authorized insurer. [2010 c 230 § 17; 1983 1st ex.s. c 32 § 4; 1947 c 79 § .15.04; Rem. Supp. 1947 § 45.15.04.]

**Effective date—Expiration date—2010 c 230:** See RCW 48.164.900 and 48.164.901.

**48.15.040 "Surplus line" coverage. (Effective December 31, 2016.)** If certain insurance coverages cannot be procured from authorized insurers, such coverages, hereinafter designated as "surplus lines," may be procured from unauthorized insurers subject to the following conditions:

(1) The insurance must be procured through a licensed surplus line broker.

(2) The insurance must not be procurable, after diligent effort has been made to do so from among a majority of the insurers authorized to transact that kind of insurance in this state.

(3) Coverage shall not be procured from an unauthorized insurer for the purpose of securing a lower premium rate than would be accepted by any authorized insurer nor to secure any other competitive advantage.

(4) The commissioner may by regulation establish the degree of effort required to comply with subsections (2) and (3) of this section.

(5) At the time of the procuring of any such insurance an affidavit setting forth the facts referred to in subsections (2) and (3) of this section must be executed by the surplus line broker. Such affidavit shall be filed with the commissioner within thirty days after the insurance is procured. [1983 1st ex.s. c 32 § 4; 1947 c 79 § .15.04; Rem. Supp. 1947 § 45.15.04.]

**48.15.050 Endorsement of contract.** Every insurance contract procured and delivered as a surplus line coverage pursuant to this chapter shall have stamped upon it and be initialed by or bear the name of the surplus line broker who procured it, the following:

"This contract is registered and delivered as a surplus line coverage under the insurance code of the state of Washington, enacted in 1947." [1947 c 79 § .15.05; Rem. Supp. 1947 § 45.15.05.]

**48.15.060 Validity of contracts.** Insurance contracts procured as surplus line coverage from unauthorized insurers in accordance with this chapter shall be fully valid and enforceable as to all parties, and shall be given recognition in

all matters and respects to the same effect as like contracts issued by authorized insurers. [1947 c 79 § .15.06; Rem. Supp. 1947 § 45.15.06.]

**48.15.070 Surplus line brokers—Licensing—Bond—Renewal.** Any individual while a resident of this state, or any firm, corporation, or other business entity that has in its employ a qualified individual who is a resident of this state and who is authorized to exercise the powers of the firm or corporation, deemed by the commissioner to be competent and trustworthy, and while maintaining an office at a designated location in this state, may be licensed as a surplus line broker in accordance with this section.

(1) Application to the commissioner for the license must be made on forms furnished by the commissioner. As part of, or in connection with, this application, the applicant must furnish information concerning his or her identity, including fingerprints for submission to the Washington state patrol, the federal bureau of investigation, and any governmental agency or entity authorized to receive this information for a state and national criminal history background check; personal history; experience; business records; purposes; and other pertinent information, as the commissioner may reasonably require. If in the process of verifying fingerprints, business records, or other information, the commissioner's office incurs fees or charges from another governmental agency or from a business firm, the amount of the fees or charges must be paid to the commissioner's office by the applicant.

(2) Every resident surplus line broker licensed under this chapter must maintain a bond in favor of the state of Washington in the penal sum of twenty thousand dollars, with authorized corporate sureties approved by the commissioner, conditioned that the licensee will conduct business under the license in accordance with the provisions of this chapter and that the licensee will promptly remit the taxes provided by RCW 48.15.120. The licensee must maintain such bond in force for as long as the license remains in effect.

(3) Every resident surplus line broker licensed under this chapter must maintain in force while so licensed a bond in favor of the people of the state of Washington or a named insured such that the people of the state are covered by the bond, executed by an authorized corporate surety approved by the commissioner, in the amount of two thousand five hundred dollars, or five percent of the premiums from placement of coverage with surplus line insurers in the previous calendar year, whichever is greater, but not to exceed one hundred thousand dollars total aggregate liability. The bond may be continuous in form, and total aggregate liability on the bond may be limited to the required amount of the bond. The bond must be contingent on the accounting by the resident surplus line broker to any person requesting the broker to obtain insurance, for moneys or premiums collected in connection therewith. A bond issued in accordance with RCW 48.17.250 or with this subsection will satisfy the requirements of both RCW 48.17.250 and this subsection if the limit of liability is not less than the greater of the requirement of RCW 48.17.250 or the requirement of this subsection.

(4) Authorized surplus line brokers of a business entity may meet the requirements of subsection (3) of this section with a bond in the name of the business entity, continuous in

form, and in the amount set forth in subsection (3) of this section.

(5) Surplus line brokers may meet the requirements of this section with a bond in the name of an association. The association must have been in existence for five years, have common membership, and have been formed for a purpose other than obtaining a bond. An individual surplus line broker remains responsible for assuring that a bond is in effect and is for the correct amount.

(6) Members of an association may meet the requirements of subsection (3) of this section with a bond in the name of the association that is continuous in form and in the amounts set forth in subsection (3) of this section for each participating member.

(7) The surety may cancel the bond and be released from further liability thereunder upon thirty days' written notice in advance to the principal. The cancellation does not affect any liability incurred or accrued under the bond before the termination of the thirty-day period.

(8) Failure to have and maintain the bonds required under subsections (2) and (3) of this section is grounds for revocation of a license under RCW 48.15.140.

(9) If a party injured under the terms of the bond required under subsection (3) of this section requests the surplus line broker to provide the name of the surety and the bond number, the surplus line broker must provide the information within three working days after receiving the request.

(10) All records relating to the bonds required by this section must be kept available and open to the inspection of the commissioner at any business time.

(11) A surplus line broker's license expires if not timely renewed. Surplus line broker licenses are valid for the time period established by the commissioner unless suspended or revoked at an earlier date.

(12) Subject to the right of the commissioner to suspend, revoke, or refuse to renew any surplus line broker's license as provided in this title, the license may be renewed into another like period by filing with the commissioner by any means acceptable to the commissioner on or before the expiration date a request, by or on behalf of the licensee, for the renewal accompanied by payment of the renewal fee as specified in RCW 48.14.010.

(13) If the request and fee for renewal of a surplus line broker's license are filed with the commissioner prior to expiration of the existing license, the licensee may continue to act under the license, unless sooner revoked or suspended, until the issuance of a renewal license, or until the expiration of fifteen days after the commissioner has refused to renew the license and has mailed notification of the refusal to the licensee. If the request and fee for the license are not received by the expiration date, the authority conferred by the license ends on the expiration date.

(14) If the request for renewal of a surplus line broker's license and payment of the fee are not received by the commissioner prior to the expiration date, the applicant for renewal must pay to the commissioner in addition to the renewal fee, a surcharge as follows:

(a) For the first thirty days or part thereof of delinquency, the surcharge is fifty percent of the renewal fee; and

(b) For the next thirty days or part thereof of delinquency, the surcharge is one hundred percent of the renewal fee.

(15) If the request for renewal of a surplus line broker's license and payment of the renewal fee are not received by the commissioner after sixty days but prior to twelve months after the expiration date, the application must be for reinstatement of the license and the applicant for reinstatement must pay to the commissioner the license fee and a surcharge of two hundred percent of the license fee.

(16) Subsections (14) and (15) of this section do not exempt any person from any penalty provided by law for transacting business without a valid and subsisting license.

(17) An individual surplus line broker who allows his or her license to lapse may, within twelve months after the expiration date, reinstate the same license without the necessity of passing a written examination.

(18) For the purposes of this section, a "qualified individual" is a natural person who has met all the requirements that must be met by an individual surplus line broker.

(19) The commissioner may require any documents reasonably necessary to verify the information contained in an application and may, from time to time, require any licensed surplus line broker to produce the information called for in an application for license. [2010 c 18 § 1; 2009 c 162 § 3; 2002 c 227 § 3; 1994 c 131 § 3; 1983 1st ex.s. c 32 § 24; 1982 c 181 § 5; 1981 c 199 § 1; 1980 c 102 § 3; 1979 ex.s. c 130 § 3; 1977 ex.s. c 182 § 2; 1959 c 225 § 4; 1947 c 79 § .15.07; Rem. Supp. 1947 § 45.15.07.]

**Effective date—2010 c 18:** "This act takes effect July 26, 2010." [2010 c 18 § 6.]

**Effective date—2009 c 162:** See note following RCW 48.03.020.

**Effective date—2002 c 227:** See note following RCW 48.06.040.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.15.073 Nonresident surplus line brokers—Licensing—Reciprocity—Service of process.** (1) The commissioner may license as a surplus line broker a person who is otherwise qualified under this code but who is not a resident of this state, if by the laws of the state or province of his or her residence or domicile a similar privilege is extended to residents of this state.

(2) A person under subsection (1) of this section must meet the same qualifications as any other person seeking to be licensed as a surplus line broker under this chapter, except for residency, and is not required to submit fingerprints with the license application for a background check. A person granted a nonresident surplus line broker's license must fulfill all the same responsibilities as any other surplus line broker, except for bonding, and is subject to the (a) commissioner's supervision as though resident in this state and (b) rules adopted under this chapter.

(3) A nonresident surplus line broker's license expires if not timely renewed. A nonresident surplus line broker's license is valid for the time period established by the commissioner unless suspended or revoked at an earlier date. The request and fee for the renewal of the license is the same as the renewal and fee requirements for a resident surplus line broker licensed under RCW 48.15.070.

(4) Each licensed nonresident surplus line broker, by application for and issuance of a license, is deemed to have appointed the commissioner as the surplus line broker's attorney to receive service of legal process issued against the surplus line broker in this state upon causes of action arising within this state. Service upon the commissioner as attorney constitutes effective legal service upon the surplus line broker.

(a) The appointment of the commissioner as attorney is irrevocable, binds any successor in interest or to the assets or liabilities of the surplus line broker, and remains in effect for as long as there could be any cause of action against the surplus line broker arising out of the surplus line broker's insurance transactions in this state.

(b) Service of legal process must be accomplished and processed in the manner prescribed in RCW 48.02.200. [2010 c 18 § 2; 2009 c 162 § 4; 2001 c 91 § 1.]

**Effective date—2010 c 18:** See note following RCW 48.15.070.

**Effective date—2009 c 162:** See note following RCW 48.03.020.

**48.15.080 Licensed surplus line broker may accept business.** A licensed surplus line broker may accept and place surplus line business for any insurance producer licensed in this state for the kind of insurance involved, and may compensate that insurance producer therefor. [2008 c 217 § 9; 1947 c 79 § .15.08; Rem. Supp. 1947 § 45.15.08.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.15.085 Liability of insurer assuming direct risk.**

(1) If pursuant to the surplus lines provisions of this chapter an insurer has assumed direct risk under a coverage and the premium therefor has been paid to the broker who placed such insurance, the insurer shall be liable to the insured for unearned premiums payable upon cancellation of the insurance, whether or not the broker is indebted to the insurer for such premium or otherwise. This provision shall not affect rights as between the insurer and the broker.

(2) Each such insurer shall be deemed to have subjected itself to this section by acceptance of such direct risk. [1959 c 225 § 5.]

**48.15.090 Solvent insurer required.** (1) A surplus line broker shall not knowingly place surplus line insurance with insurers unsound financially. The surplus line broker shall ascertain the financial condition of the unauthorized insurer, and maintain written evidence thereof, before placing insurance therewith. The surplus line broker shall not so insure with:

(a) Any foreign insurer having less than six million dollars of capital and surplus or substantially equivalent capital funds, of which not less than one million five hundred thousand dollars is capital; or

(b) Any alien insurer having less than six million dollars of capital and surplus or substantially equivalent capital funds. By January 1, 1992, this requirement shall be increased to twelve million five hundred thousand dollars. By January 1, 1993, this requirement shall be further increased to fifteen million dollars.

(2010 Ed.)

Such alien insurers must have in force in the United States an irrevocable trust fund, in a qualified United States financial institution, on behalf of United States policyholders of not less than five million four hundred thousand dollars and consisting of cash, securities, letters of credit, or of investments of substantially the same character and quality as those which are eligible investments for the capital and statutory reserves of admitted insurers authorized to write like kinds of insurance in this state.

There must be on file with the commissioner a copy of the trust, certified by the trustee, evidencing a subsisting trust fund deposit having an expiration date which at no time shall be less than five years after the date of creation of the trust. Such trust fund shall be included in the calculation of the insurer's capital and surplus or its equivalents; or

(c) Any group including incorporated and individual insurers maintaining a trust fund of less than fifty million dollars as security to the full amount thereof for all policyholders in the United States of each member of the group, and such trust shall likewise comply with the terms and conditions established in (b) of this subsection for an alien insurer; or

(d) Any insurance exchange created by the laws of an individual state, maintaining capital and surplus, or substantially equivalent capital funds of less than fifty million dollars in the aggregate. For insurance exchanges which maintain funds for the protection of all insurance exchange policyholders, each individual syndicate shall maintain minimum capital and surplus, or the substantial equivalent thereof, of not less than six million dollars. In the event the insurance exchange does not maintain funds for the protection of all insurance exchange policyholders, each individual syndicate shall meet the minimum capital and surplus requirements of (a) of this subsection.

(2) The commissioner may, by rule:

(a) Increase the financial requirements under subsection (1) of this section by not more than one million dollars in any twelve-month period, but in no case may the requirements exceed fifteen million dollars; or

(b) Prescribe the terms under which the foregoing financial requirements may be waived in circumstances where insurance cannot be otherwise procured on risks located in this state.

(3) For any violation of this section the surplus line broker may be fined not less than one hundred dollars or more than five thousand dollars, and in addition to or in lieu thereof the surplus line broker's license may be revoked, suspended, or nonrenewed. [1997 c 89 § 1; 1994 c 86 § 2; 1991 sp.s. c 5 § 2; 1980 c 102 § 4; 1975 1st ex.s. c 266 § 6; 1969 ex.s. c 241 § 10; 1955 c 303 § 5; 1947 c 79 § .15.09; Rem. Supp. 1947 § 45.15.09.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.15.100 Record of surplus line broker.** (1) Each licensed surplus line broker shall keep a full and true record of each surplus line contract procured by him or her including a copy of the daily report, if any, showing such of the following items as may be applicable:

(a) Amount of the insurance;

(b) Gross premiums charged;

(c) Return premium paid, if any;

- (d) Rate of premium charged upon the several items of property;
- (e) Effective date of the contract, and the terms thereof;
- (f) Name and address of the insurer;
- (g) Name and address of the insured;
- (h) Brief general description of property insured and where located;
- (i) Other information as may be required by the commissioner.

(2) All such records as to any particular transaction shall be kept available and open to the inspection of the commissioner at any business time during the five years next following the date of completion of such transaction.

(3) For the purpose of ascertaining its condition, or compliance with this title, the commissioner may as often as he or she deems advisable, examine the accounts, records, documents, and transactions of any surplus line broker as set forth in chapter 48.03 RCW. [2009 c 162 § 5; 1955 c 303 § 6; 1947 c 79 § .15.10; Rem. Supp. 1947 § 45.15.10.]

**Effective date—2009 c 162:** See note following RCW 48.03.020.

**48.15.103 Use of business name—Place of business—Duties of surplus line broker.** (1) A surplus line broker doing business under any name other than the surplus line broker's legal name is required to register the name in accordance with chapter 19.80 RCW and notify the commissioner before using the assumed name.

(2) Every licensed surplus line broker shall have and maintain in this state, or, if a nonresident surplus line broker, in this state or in the state of the licensee's domicile, a place of business accessible to the public. The place of business is where the surplus line broker principally conducts transactions under that person's license. A licensee maintaining more than one place of business in this state shall obtain a duplicate license or licenses for each additional place, and shall pay the full fee therefor.

(3) Any notice, order, or written communication from the commissioner to a person licensed under this chapter which directly affects the person's license shall be sent by mail to the person's last address of record with the commissioner.

(4) The license or licenses of each surplus line broker shall be displayed in a conspicuous place in that part of the place of business which is customarily open to the public.

(5) If a surplus line broker is dealing directly with the insured in any capacity, the surplus line broker must comply with the disclosure requirements contained in RCW 48.17.270.

(6) Every surplus line broker or other person licensed under this chapter shall promptly reply in writing to an inquiry of the commissioner relative to the business of insurance. A timely response is one that is received by the commissioner within fifteen business days from receipt of the inquiry. Failure to make a timely response constitutes a violation of this section.

(7) A surplus line broker shall report to the commissioner any administrative action taken against the surplus line broker in another jurisdiction or by another governmental agency in this state within thirty days of the final disposition

of the matter. This report must include a copy of the order, consent to order, or other relevant legal documents.

(8) Within thirty days of the initial pretrial hearing date, a surplus line broker shall report to the commissioner any criminal prosecution of the surplus line broker taken in any jurisdiction. The report must include a copy of the initial complaint filed, the order resulting from the hearing, and any other relevant legal documents. [2009 c 162 § 6.]

**Effective date—2009 c 162:** See note following RCW 48.03.020.

**48.15.110 Broker's annual statement.** (1) Each surplus line broker shall on or before the first day of March of each year file with the commissioner a verified statement of all surplus line insurance transacted by him or her during the preceding calendar year.

(2) The statement shall be on forms as prescribed and furnished by the commissioner and shall show:

- (a) Aggregate of net premiums;
- (b) Additional information as required by the commissioner. [2009 c 549 § 7058; 1955 c 303 § 7; 1947 c 79 § .15.11; Rem. Supp. 1947 § 45.15.11.]

**48.15.120 Premium tax—Surplus lines.** (1) On or before the first day of March of each year each surplus line broker shall remit to the state treasurer through the commissioner a tax on the premiums, exclusive of sums collected to cover federal and state taxes and examination fees, on surplus line insurance subject to tax transacted by him or her during the preceding calendar year as shown by his or her annual statement filed with the commissioner, and at the same rate as is applicable to the premiums of authorized foreign insurers under this code. Such tax when collected shall be credited to the general fund.

(2) If a surplus line policy covers risks or exposures only partially in this state the tax so payable shall be computed upon the proportion of the premium which is properly allocable to the risks or exposures located in this state. [2009 c 549 § 7059; 1947 c 79 § .15.12; Rem. Supp. 1947 § 45.15.12.]

**48.15.130 Penalty for default.** If any surplus line broker fails to file his or her annual statement, or fails to remit the tax provided by RCW 48.15.120, by the last day of the month in which the tax becomes due, the surplus line broker must pay the penalties provided in RCW 48.14.060(1). The tax may be collected by distraint, or the tax and fine may be recovered by an action instituted by the commissioner in any court of competent jurisdiction. Any fine collected by the commissioner must be paid to the state treasurer and credited to the general fund. [2003 c 341 § 2; 1983 1st ex.s. c 32 § 5; 1980 c 102 § 5; 1947 c 79 § .15.13; Rem. Supp. 1947 § 45.15.13.]

**48.15.140 Revocation, suspension, or failure to renew surplus line broker's license—Civil penalty.** (1) The commissioner may place on probation, revoke, suspend, or refuse to renew any surplus line broker's license, or may levy a civil penalty in accordance with RCW 48.17.560 or any combination of actions, for any one or more of the following causes:

(a) If the surplus line broker fails to file the licensee's annual statement or to remit the tax as required by this chapter; or

(b) If the surplus line broker fails to maintain an office in this state, or to keep the records, or to allow the commissioner to examine the licensee's records as required by this chapter; or

(c) For any of the causes for which an insurance producer's license may be revoked under chapter 48.17 RCW.

(2) The commissioner may suspend or revoke any such license whenever he or she deems suspension or revocation to be for the best interests of the people of this state.

(3) The procedures provided by this code for the suspension or revocation of insurance producers' licenses shall be applicable to suspension or revocation of a surplus line broker's license.

(4) A surplus line broker whose license has been so revoked shall not again be so licensed within one year thereafter, nor until any fines or delinquent taxes owing by the formal licensee have been paid. [2009 c 162 § 7; 2008 c 217 § 10; 1980 c 102 § 6; 1947 c 79 § .15.14; Rem. Supp. 1947 § 45.15.14.]

**Effective date—2009 c 162:** See note following RCW 48.03.020.

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.15.142 Suspension for failure to comply with support order.** The commissioner shall immediately suspend the license or certificate of a person issued under this chapter who has been certified pursuant to RCW 74.20A.320 by the department of social and health services as a person who is not in compliance with a support order. If the person has continued to meet all other requirements for reinstatement during the suspension, reissuance of the license or certificate shall be automatic upon the commissioner's receipt of a release issued by the department of social and health services stating that the licensee is in compliance with the order. [2009 c 162 § 10.]

**Effective date—2009 c 162:** See note following RCW 48.03.020.

**48.15.150 Legal process against surplus line insurer.**

(1) An unauthorized insurer shall be sued, upon any cause of action arising in this state under any contract issued by it as a surplus line contract, pursuant to this chapter, in the superior court of the county in which the cause of action arose.

(2) Service of legal process against the insurer may be made in any such action by service upon the commissioner of duplicate copies of such legal process either by a person competent to serve a summons or by registered mail or certified mail with return receipt requested. At the time of such service the plaintiff shall pay to the commissioner ten dollars, taxable as costs in the action. The commissioner shall forthwith mail the documents of process served, or a true copy thereof, to the insurer at its principal place of business last known to the commissioner, or to the person designated by the insurer for that purpose in the most recent document filed with the commissioner, on forms prescribed by the commissioner, by prepaid registered or certified mail with return receipt requested. The insurer shall have forty days from the date of service upon the commissioner within which to plead, answer, or

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otherwise defend the action. Upon service of process upon the commissioner in accordance with this provision, the court shall be deemed to have jurisdiction in personam of the insurer.

(3) An unauthorized insurer issuing such policy shall be deemed thereby to have authorized service of process against it in the manner and to the effect as provided in this section. Any such policy shall contain a provision designating the commissioner as the person upon whom service of process may be made. [1979 ex.s. c 199 § 4; 1963 c 195 § 16; 1955 c 303 § 8; 1947 c 79 § .15.15; Rem. Supp. 1947 § 45.15.15.]

**48.15.160 Exemptions from surplus line requirements.** (1) The provisions of this chapter controlling the placing of insurance with unauthorized insurers shall not apply to reinsurance or to the following insurances when so placed by licensed insurance producers of this state:

(a) Ocean marine and foreign trade insurances.

(b) Insurance on subjects located, resident, or to be performed wholly outside of this state, or on vehicles or aircraft owned and principally garaged outside this state.

(c) Insurance on operations of railroads engaged in transportation in interstate commerce and their property used in such operations.

(d) Insurance of aircraft owned or operated by manufacturers of aircraft, or of aircraft operated in schedule interstate flight, or cargo of such aircraft, or against liability, other than workers' compensation and employer's liability, arising out of the ownership, maintenance or use of such aircraft.

(2) Insurance producers so placing any such insurance with an unauthorized insurer shall keep a full and true record of each such coverage in detail as required of surplus line insurance under this chapter and shall meet the requirements imposed upon a surplus line broker pursuant to RCW 48.15.090 and any regulations adopted thereunder. The record shall be preserved for not less than five years from the effective date of the insurance and shall be kept available in this state and open to the examination of the commissioner. The insurance producer shall furnish to the commissioner at the commissioner's request and on forms as designated and furnished by him or her a report of all such coverages so placed in a designated calendar year. [2008 c 217 § 11; 1987 c 185 § 23; 1985 c 264 § 5; 1949 c 190 § 22; 1947 c 79 § .15.16; Rem. Supp. 1949 § 45.15.16.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**Intent—Severability—1987 c 185:** See notes following RCW 51.12.130.

**48.15.170 Records of insureds—Inspection.** Every person for whom insurance has been placed with an unauthorized insurer pursuant to or in violation of this chapter shall, upon the commissioner's order, produce for his or her examination all policies and other documents evidencing the insurance, and shall disclose to the commissioner the amount of the gross premiums paid or agreed to be paid for the insurance. For each refusal to obey such order, such person shall be liable to a fine of not more than five hundred dollars. [2009 c 549 § 7060; 1947 c 79 § .15.17; Rem. Supp. 1947 § 45.15.17.]

**48.15.180 Surplus line broker's fiduciary capacity—**

**Violations.** (1) A surplus line broker, its representative, or any person licensed under this chapter involved in the procuring or issuance of an insurance contract and who receives any funds representing premiums or return premiums which belong to or should be paid to another person as a result of or in connection with an insurance transaction is deemed to have been received in the surplus line broker's fiduciary capacity and shall:

(a) Report to the insurer the exact amount of consideration charged as premium for the contract, and the amount shall likewise be shown in the contract and in the records of the surplus line broker;

(b) Be promptly accounted for and paid to the insured, insurer, or person entitled to the funds;

(c) Be accounted for and maintained in a separate account from all other business and personal funds and not commingle or otherwise combine premiums with any other moneys, except a surplus line broker may commingle with premium funds any additional funds as the surplus line broker may deem prudent for the purpose of advancing premiums, establishing reserves for the paying of return premiums, or for any contingencies as may arise in the surplus line broker's business of receiving and transmitting premium or return premium funds.

(2) Each willful violation of this section constitutes a misdemeanor.

(3) Any surplus line broker or other person licensed under this chapter who, not being lawfully entitled thereto, diverts or appropriates funds received in a fiduciary capacity or any portion thereof to his or her own use, is guilty of theft under chapter 9A.56 RCW. [2009 c 162 § 9.]

**Effective date—2009 c 162:** See note following RCW 48.03.020.

**48.15.185 Determination of qualifications and competence by state—Unlawful use of questions.** It is unlawful for any unauthorized person to remove, reproduce, duplicate, or distribute in any form, any question used by the state of Washington to determine the qualifications and competence of surplus line brokers required by this title to be licensed. This section does not prohibit an insurance education provider from creating and using sample test questions in courses approved by the commissioner.

Any person violating this section is subject to penalties as provided by RCW 48.01.080 and 48.15.140. [2009 c 162 § 11.]

**Effective date—2009 c 162:** See note following RCW 48.03.020.

## Chapter 48.16 RCW DEPOSITS OF INSURERS

### Sections

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**48.16.010 Deposits of insurers—In general.** The commissioner shall accept deposits of securities or funds by insurers as follows:

(1) Deposits in amount as required to be made as prerequisite to a certificate of authority to transact insurance in this state.

(2) Deposits of domestic or alien insurers in amount as required to be made by the laws of other states as prerequisite for authority to transact insurance in such other states.

(3) Deposits in amounts as result from application of the retaliatory provision, RCW 48.14.040.

(4) Deposits in other additional amounts permitted to be made by this code. [1955 c 86 § 3; 1947 c 79 § .16.01; Rem. Supp. 1947 § 45.16.01.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.16.020 Deposits to be held in trust.** Each such deposit shall be held by the commissioner in trust for the protection of all policyholders in the United States of the insurer making it; except that deposits of alien insurers shall be so held for the security of such insurer's obligations arising out of its insurance transactions in the United States, and except as to deposits the purpose of which may be further limited pursuant to the retaliatory provision, RCW 48.14.040. [1955 c 86 § 4; 1947 c 79 § .16.02; Rem. Supp. 1947 § 45.16.02.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.16.030 Securities eligible for deposit.** All such deposits shall consist of cash funds or public obligations as specified in RCW 48.13.040; except, that with respect to deposits held on account of registered policies heretofore issued, the commissioner may accept deposit of such other kinds of securities as are expressly required to be deposited by the terms of such policies. [1955 c 86 § 5; 1947 c 79 § .16.03; Rem. Supp. 1947 § 45.16.03.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.16.050 Commissioner's receipt—Records.** (1) The commissioner shall deliver to the insurer a receipt for all funds and securities so deposited by it.

(2) The commissioner or the designated depository shall keep a record in permanent form of all funds and securities so deposited. [1955 c 86 § 6; 1947 c 79 § .16.05; Rem. Supp. 1947 § 45.16.05.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.16.060 Transfer of securities.** (1) No transfer of any funds or security so held on deposit, whether voluntary or by operation of law, shall be valid unless approved in writing by the commissioner.

(2) A statement of each such transfer shall be entered on the records of the commissioner or designated depository, showing the name of the insurer from whose deposit such transfer is made, the name of the transferee, and the par value of the securities so transferred. [1955 c 86 § 7; 1947 c 79 § .16.06; Rem. Supp. 1947 § 45.16.06.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.16.070 Depositories—Designation.** The commissioner may designate any solvent trust company or other solvent financial institution having trust powers as the commissioner's depository to receive and hold any deposit of securities. Any deposit so held shall be at the expense of the insurer. Any solvent financial institution having trust powers, the deposits of which are insured by the Federal Deposit Insurance Corporation, may be designated as the commissioner's depository to receive and hold any deposit of funds. All funds deposited shall be fully insured by the Federal Deposit Insurance Corporation. For purposes of this section, "solvent financial institution" means any national or state-chartered commercial bank or trust company, savings bank, or savings association, or branch or branches thereof, having trust powers located in this state and lawfully engaged in business. [1998 c 25 § 1; 1985 c 264 § 6; 1955 c 86 § 8; 1947 c 79 § .16.07; Rem. Supp. 1947 § 45.16.07.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.16.080 Liability for safekeeping.** The state of Washington shall be responsible for the safekeeping and return of all funds and securities deposited pursuant to this chapter with the commissioner or in any such depository so designated by him or her. [2009 c 549 § 7061; 1955 c 86 § 9; 1947 c 79 § .16.08; Rem. Supp. 1947 § 45.16.08.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.16.090 Dividends and substitutions.** While solvent and complying with this code an insurer shall be entitled:

- (1) To collect and receive interest and dividends accruing on the securities so held on deposit for its account, and
- (2) From time to time exchange and substitute for any of such securities, other securities eligible for deposit and of at least equal value. [1947 c 79 § .16.09; Rem. Supp. 1947 § 45.16.09.]

**48.16.100 Release of deposits—Generally.** (1) Any such required deposit shall be released in these instances only:

(a) Upon extinguishment of all liabilities of the insurer for the security of which the deposit is held, by reinsurance contract or otherwise.

(b) If any such deposit or portion thereof is no longer required under this code.

(c) If the deposit has been made pursuant to the retaliatory provision, RCW 48.14.040, it shall be released in whole or in part when no longer so required.

(d) Upon proper order of a court of competent jurisdiction the deposit shall be released to the receiver, conservator, rehabilitator, or liquidator of the insurer for whose account the deposit is held.

(2) No such release shall be made except on application to and written order of the commissioner made upon proof satisfactory to him or her of the existence of one of such grounds therefor. The commissioner shall have no personal liability for any such release of any deposit or part thereof so made by him or her in good faith.

(3) All releases of deposits or any part thereof shall be made to the person then entitled thereto upon proof of title satisfactory to the commissioner.

(2010 Ed.)

(4) Deposits held on account of title insurers are subject further to the provisions of chapter 48.29 RCW. [2009 c 549 § 7062; 1947 c 79 § .16.10; Rem. Supp. 1947 § 45.16.10.]

**48.16.110 Release of existing deposits.** Any part of any deposit of an insurer held by the commissioner which is in amount in excess of the deposit required or permitted to be made by such insurer under this code, shall, upon written order of the commissioner, be released; except, that no deposit held on account of any registered policies heretofore issued by the insurer shall be released except in accordance with the conditions under which such deposit was made. [1955 c 86 § 10; 1947 c 79 § .16.11; Rem. Supp. 1947 § 45.16.11.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.16.120 Voluntary excess deposits.** An insurer may deposit and maintain on deposit with the commissioner funds and eligible securities in amount exceeding its required deposit under this code by not more than one hundred thousand dollars, for the purpose of absorbing fluctuations in the value of securities held in its required deposit, and to facilitate the exchange and substitution of such required securities. During the solvency of the insurer any such excess deposit or any part thereof shall be released to it upon its request. During the insolvency of the insurer such excess deposit shall be released only as provided in RCW 48.16.100. [1955 c 86 § 11; 1947 c 79 § .16.12; Rem. Supp. 1947 § 45.16.12.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.16.130 Immunity from levy.** No judgment creditor or other claimant of an insurer shall levy upon any deposit held pursuant to this chapter, or upon any part thereof. [1947 c 79 § .16.13; Rem. Supp. 1947 § 45.16.13.]

## Chapter 48.17 RCW

### INSURANCE PRODUCERS, TITLE INSURANCE AGENTS, AND ADJUSTERS

(Formerly: Agents, brokers, solicitors, and adjusters)

#### Sections

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48.17.902	Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.

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*Binders: RCW 48.18.230.*

*Illegal inducements: RCW 48.30.150.*

*Independent agency contract: Chapter 48.18 RCW.*

*Rebating: RCW 48.30.140.*

*"Twisting" prohibited: RCW 48.30.180.*

*Unfair practices: Chapter 48.30 RCW.*

**48.17.005 Rule making.** The commissioner may adopt rules to implement and administer this chapter. [2007 c 117 § 35.]

**48.17.010 Definitions. (Effective until June 27, 2011.)** The definitions in this section apply throughout this title unless the context clearly requires otherwise.

(1) "Adjuster" means any person who, for compensation as an independent contractor or as an employee of an independent contractor, or for fee or commission, investigates or reports to the adjuster's principal relative to claims arising under insurance contracts, on behalf solely of either the insurer or the insured. An attorney-at-law who adjusts insurance losses from time to time incidental to the practice of his or her profession, or an adjuster of marine losses, or a salaried employee of an insurer or of a managing general agent, is not deemed to be an "adjuster" for the purpose of this chapter.

(a) "Independent adjuster" means an adjuster representing the interests of the insurer.

(b) "Public adjuster" means an adjuster employed by and representing solely the financial interests of the insured named in the policy.

(2) "Business entity" means a corporation, association, partnership, limited liability company, limited liability partnership, or other legal entity.

(3) "Home state" means the District of Columbia and any state or territory of the United States or province of Canada in which an insurance producer maintains the insurance producer's principal place of residence or principal place of business, and is licensed to act as an insurance producer.

(4) "Insurance education provider" means any insurer, health care service contractor, health maintenance organization, professional association, educational institution created by Washington statutes, or vocational school licensed under Title 28C RCW, or independent contractor to which the commissioner has granted authority to conduct and certify completion of a course satisfying the insurance education requirements of RCW 48.17.150.

(5) "Insurance producer" means a person required to be licensed under the laws of this state to sell, solicit, or negotiate insurance. "Insurance producer" does not include title insurance agents as defined in subsection (15) of this section or surplus line brokers licensed under chapter 48.15 RCW.

(6) "Insurer" has the same meaning as in RCW 48.01.050, and includes a health care service contractor as defined in RCW 48.44.010 and a health maintenance organization as defined in RCW 48.46.020.

(7) "License" means a document issued by the commissioner authorizing a person to act as an insurance producer or title insurance agent for the lines of authority specified in the document. The license itself does not create any authority, actual, apparent, or inherent, in the holder to represent or commit to an insurer.

(8) "Limited line credit insurance" includes credit life, credit disability, credit property, credit unemployment, involuntary unemployment, mortgage life, mortgage guaranty, mortgage disability, automobile dealer gap insurance, and any other form of insurance offered in connection with an extension of credit that is limited to partially or wholly extinguishing the credit obligation that the commissioner determines should be designated a form of limited line credit insurance.

(9) "NAIC" means national association of insurance commissioners.

(10) "Negotiate" means the act of conferring directly with, or offering advice directly to, a purchaser or prospective purchaser of a particular contract of insurance concerning any of the substantive benefits, terms, or conditions of the contract, provided that the person engaged in that act either sells insurance or obtains insurance from insurers for purchasers.

(11) "Person" means an individual or a business entity.

(12) "Sell" means to exchange a contract of insurance by any means, for money or its equivalent, on behalf of an insurer.

(13) "Solicit" means attempting to sell insurance or asking or urging a person to apply for a particular kind of insurance from a particular insurer.

(14) "Terminate" means the cancellation of the relationship between an insurance producer and the insurer or the ter-

mination of an insurance producer's authority to transact insurance.

(15) "Title insurance agent" means a business entity licensed under the laws of this state and appointed by an authorized title insurance company to sell, solicit, or negotiate insurance on behalf of the title insurance company.

(16) "Uniform application" means the current version of the NAIC uniform application for individual insurance producers for resident and nonresident insurance producer licensing.

(17) "Uniform business entity application" means the current version of the NAIC uniform application for business entity insurance license or registration for resident and nonresident business entities. [2009 c 162 § 13; 2007 c 117 § 1; 1985 c 264 § 7; 1981 c 339 § 9; 1947 c 79 § .17.01; Rem. Supp. 1947 § 45.17.01.]

**Reviser's note:** The definitions in this section have been alphabetized pursuant to RCW 1.08.015(2)(k).

**Effective date—2009 c 162:** See note following RCW 48.03.020.

**48.17.010 Definitions. (Effective June 27, 2011.)** The definitions in this section apply throughout this title unless the context clearly requires otherwise.

(1) "Adjuster" means any person who, for compensation as an independent contractor or as an employee of an independent contractor, or for fee or commission, investigates or reports to the adjuster's principal relative to claims arising under insurance contracts, on behalf solely of either the insurer or the insured. An attorney-at-law who adjusts insurance losses from time to time incidental to the practice of his or her profession or an adjuster of marine losses is not deemed to be an "adjuster" for the purpose of this chapter. A salaried employee of an insurer or of a managing general agent is not deemed to be an "adjuster" for the purpose of this chapter, except when acting as a crop adjuster.

(a) "Independent adjuster" means an adjuster representing the interests of the insurer.

(b) "Public adjuster" means an adjuster employed by and representing solely the financial interests of the insured named in the policy.

(c) "Crop adjuster" means an adjuster, including (i) an independent adjuster, (ii) a public adjuster, and (iii) an employee of an insurer or managing general agent, who acts as an adjuster for claims arising under crop insurance. A salaried employee of an insurer or of a managing general agent who is certified by a crop adjuster program approved by the risk management agency of the United States department of agriculture is not a "crop adjuster" for the purposes of this chapter. Proof of certification must be provided to the commissioner upon request.

(2) "Business entity" means a corporation, association, partnership, limited liability company, limited liability partnership, or other legal entity.

(3) "Crop insurance" means insurance coverage for damage to crops from unfavorable weather conditions, fire or lightning, flood, hail, insect infestation, disease, or other yield-reducing conditions or perils provided by the private insurance market, or multiple peril crop insurance reinsured by the federal crop insurance corporation, including but not limited to revenue insurance.

(4) "Home state" means the District of Columbia and any state or territory of the United States or province of Canada in which an insurance producer maintains the insurance producer's principal place of residence or principal place of business, and is licensed to act as an insurance producer.

(5) "Insurance education provider" means any insurer, health care service contractor, health maintenance organization, professional association, educational institution created by Washington statutes, or vocational school licensed under Title 28C RCW, or independent contractor to which the commissioner has granted authority to conduct and certify completion of a course satisfying the insurance education requirements of RCW 48.17.150.

(6) "Insurance producer" means a person required to be licensed under the laws of this state to sell, solicit, or negotiate insurance. "Insurance producer" does not include title insurance agents as defined in subsection (16) of this section or surplus line brokers licensed under chapter 48.15 RCW.

(7) "Insurer" has the same meaning as in RCW 48.01.050, and includes a health care service contractor as defined in RCW 48.44.010 and a health maintenance organization as defined in RCW 48.46.020.

(8) "License" means a document issued by the commissioner authorizing a person to act as an insurance producer or title insurance agent for the lines of authority specified in the document. The license itself does not create any authority, actual, apparent, or inherent, in the holder to represent or commit to an insurer.

(9) "Limited line credit insurance" includes credit life, credit disability, credit property, credit unemployment, involuntary unemployment, mortgage life, mortgage guaranty, mortgage disability, automobile dealer gap insurance, and any other form of insurance offered in connection with an extension of credit that is limited to partially or wholly extinguishing the credit obligation that the commissioner determines should be designated a form of limited line credit insurance.

(10) "NAIC" means national association of insurance commissioners.

(11) "Negotiate" means the act of conferring directly with, or offering advice directly to, a purchaser or prospective purchaser of a particular contract of insurance concerning any of the substantive benefits, terms, or conditions of the contract, provided that the person engaged in that act either sells insurance or obtains insurance from insurers for purchasers.

(12) "Person" means an individual or a business entity.

(13) "Sell" means to exchange a contract of insurance by any means, for money or its equivalent, on behalf of an insurer.

(14) "Solicit" means attempting to sell insurance or asking or urging a person to apply for a particular kind of insurance from a particular insurer.

(15) "Terminate" means the cancellation of the relationship between an insurance producer and the insurer or the termination of an insurance producer's authority to transact insurance.

(16) "Title insurance agent" means a business entity licensed under the laws of this state and appointed by an authorized title insurance company to sell, solicit, or negotiate insurance on behalf of the title insurance company.

(17) "Uniform application" means the current version of the NAIC uniform application for individual insurance producers for resident and nonresident insurance producer licensing.

(18) "Uniform business entity application" means the current version of the NAIC uniform application for business entity insurance license or registration for resident and nonresident business entities. [2010 c 67 § 2; 2009 c 162 § 13; 2007 c 117 § 1; 1985 c 264 § 7; 1981 c 339 § 9; 1947 c 79 § .17.01; Rem. Supp. 1947 § 45.17.01.]

**Effective date—2010 c 67:** See note following RCW 48.14.010.

**Effective date—2009 c 162:** See note following RCW 48.03.020.

**48.17.060 License required. (Effective until June 27, 2011.)** A person shall not sell, solicit, or negotiate insurance in this state for any line or lines of insurance unless the person is licensed for that line of authority in accordance with this chapter. A person may not act as or hold himself or herself out to be an adjuster in this state unless licensed by the commissioner or otherwise authorized to act as an adjuster under this chapter. [2009 c 162 § 14; 2007 c 117 § 2; 2003 c 250 § 4; 1995 c 214 § 1; 1975 1st ex.s. c 266 § 7; 1955 c 303 § 9; 1947 c 79 § .17.06; Rem. Supp. 1947 § 45.17.06.]

**Effective date—2009 c 162:** See note following RCW 48.03.020.

**Severability—2003 c 250:** See note following RCW 48.01.080.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.17.060 License required. (Effective June 27, 2011.)** (1) A person shall not sell, solicit, or negotiate insurance in this state for any line or lines of insurance unless the person is licensed for that line of authority in accordance with this chapter.

(2) A person may not act as or hold himself or herself out to be an adjuster in this state unless licensed by the commissioner or otherwise authorized to act as an adjuster under this chapter.

(3) A person may not act as or hold himself or herself out to be a crop adjuster in this state unless licensed by the commissioner or otherwise authorized to act as a crop adjuster under this chapter. [2010 c 67 § 3; 2009 c 162 § 14; 2007 c 117 § 2; 2003 c 250 § 4; 1995 c 214 § 1; 1975 1st ex.s. c 266 § 7; 1955 c 303 § 9; 1947 c 79 § .17.06; Rem. Supp. 1947 § 45.17.06.]

**Effective date—2010 c 67:** See note following RCW 48.14.010.

**Effective date—2009 c 162:** See note following RCW 48.03.020.

**Severability—2003 c 250:** See note following RCW 48.01.080.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.17.062 Insurance producer license not required under chapter 117, Laws of 2007.** (1) Nothing in chapter 117, Laws of 2007 shall be construed to require an insurer to obtain an insurance producer license. In this section, the term "insurer" does not include an insurer's officers, directors, employees, subsidiaries, or affiliates.

(2) A license as an insurance producer is not required of the following:

(a) An officer, director, or employee of an insurer or of an insurance producer, provided that the officer, director, or employee does not receive any commission on policies writ-

ten or sold to insure risks residing, located, or to be performed in this state, and:

(i) The officer, director, or employee's activities are executive, administrative, managerial, clerical, or a combination of these, and are only indirectly related to the sale, solicitation, or negotiation of insurance; or

(ii) The officer, director, or employee's function relates to underwriting, loss control, inspection, or the processing, adjusting, investigating, or settling of a claim on a contract of insurance; or

(iii) The officer, director, or employee is acting in the capacity of a special agent or agency supervisor assisting insurance producers where the person's activities are limited to providing technical advice and assistance to licensed insurance producers, and do not include the sale, solicitation, or negotiation of insurance;

(b) A person who secures and furnishes information for the purpose of group life insurance, group property and casualty insurance, group annuities, group or blanket accident and disability insurance; or for the purpose of enrolling individuals under plans; or issuing certificates under plans or otherwise assisting in administering plans; or performs administrative services related to mass marketed property and casualty insurance; where no commission is paid to the person for the service;

(c) An employer or association or its officers, directors, employees, or the trustees of an employee trust plan, to the extent that the employers, officers, employees, director, or trustees are engaged in the administration or operation of a program of employee benefits for the employer's or association's own employees or the employees of its subsidiaries or affiliates, which program involves the use of insurance issued by an insurer, as long as the employers, associations, officers, directors, employees, or trustees are not in any manner compensated, directly or indirectly, by the company issuing the contracts;

(d) Employees of insurers or organizations employed by insurers who are engaging in the inspection, rating, or classification of risks, or in the supervision of the training of insurance producers, and who are not individually engaged in the sale, solicitation, or negotiation of insurance;

(e) A person whose activities in this state are limited to advertising without the intent to solicit insurance in this state through communication in printed publications or other forms of electronic mass media whose distribution is not limited to residents of the state, provided that the person does not sell, solicit, or negotiate insurance that would insure risks residing, located, or to be performed in this state;

(f) A person who is not a resident of this state who sells, solicits, or negotiates a contract of insurance for commercial property and casualty risks to an insured with risks located in more than one state insured under that contract, provided that the person is otherwise licensed as an insurance producer to sell, solicit, or negotiate the insurance in the state where the insured maintains its principal place of business and the contract of insurance insures risks located in that state;

(g) A salaried full-time employee who counsels or advises his or her employer relative to the insurance interests of the employer or of the subsidiaries or business affiliates of the employer, provided that the employee does not sell or solicit insurance or receive a commission; or

(h) Any person securing and forwarding information required for the purposes of group credit life and credit disability insurance or credit casualty insurance against loss or damage resulting from failure of debtors to pay their obligations in connection with an extension of credit and such other credit life and disability insurance or credit casualty insurance against loss or damage resulting from failure of debtors to pay their obligations as the commissioner shall determine, and where no commission or other compensation is payable on account of the securing and forwarding of such information. However, the reimbursement of a creditor's actual expenses for securing and forwarding information required for the purposes of such group insurance will not be considered a commission or other compensation if such reimbursement does not exceed three dollars per certificate issued, or in the case of a monthly premium plan extending beyond twelve months, not to exceed three dollars per loan transaction revision per year. [2007 c 117 § 3.]

**48.17.063 Unlicensed activities—Acts committed in this state—Sanctions.** (1) For the purpose of this section, an act is committed in this state if it is committed, in whole or in part, in the state of Washington, or affects persons or property within the state and relates to or involves an insurance contract, health care services contract, or health maintenance agreement.

(2) Any person who knowingly violates RCW 48.17.060 is guilty of a class B felony punishable under chapter 9A.20 RCW.

(3) Any criminal penalty imposed under this section is in addition to, and not in lieu of, any other civil or administrative penalty or sanction otherwise authorized under state law.

(4)(a) If the commissioner has cause to believe that any person has violated the provisions of RCW 48.17.060, the commissioner may:

(i) Issue and enforce a cease and desist order in accordance with the provisions of RCW 48.02.080;

(ii) Suspend or revoke a license; and/or

(iii) Assess a civil penalty of not more than twenty-five thousand dollars for each violation, after providing notice and an opportunity for a hearing in accordance with chapters 34.05 and 48.04 RCW.

(b) Upon failure to pay a civil penalty when due, the attorney general may bring a civil action on behalf of the commissioner to recover the unpaid penalty. Any amounts collected by the commissioner must be paid to the state treasurer for the account of the general fund. [2007 c 117 § 4; 2003 c 250 § 5.]

**Severability—2003 c 250:** See note following RCW 48.01.080.

**48.17.065 Application of chapter to insurance producers appointed by health care service contractors, health maintenance organizations, or both.** The provisions of this chapter shall apply to insurance producers appointed by either health care service contractors or health maintenance organizations, or both. [2007 c 117 § 5; 1983 c 202 § 7.]

**48.17.067 Determining whether authorization exists—Burden on insurance producer or title insurance**

(2010 Ed.)

**agent.** Any insurance producer or title insurance agent soliciting, negotiating, or procuring an application for insurance or health care services in this state must make a good faith effort to determine whether the entity that is issuing the coverage is:

(1) Authorized to transact insurance or health coverage in this state; or

(2) Conducting business through a surplus line broker licensed under chapter 48.15 RCW. [2007 c 117 § 6; 2003 c 250 § 6.]

**Severability—2003 c 250:** See note following RCW 48.01.080.

**48.17.090 Application for license—Commissioner's findings.** (1) An individual applying for a resident insurance producer license shall make application to the commissioner on the uniform application and declare under penalty of refusal, suspension, or revocation of the license that the statements made in the application are true, correct, and complete to the best of the individual's knowledge and belief. As a part of or in connection with the application, the individual applicant shall furnish information concerning the applicant's identity, including fingerprints for submission to the Washington state patrol, the federal bureau of investigation, and any governmental agency or entity authorized to receive this information for a state and national criminal history background check. If, in the process of verifying fingerprints, business records, or other information, the commissioner's office incurs fees or charges from another governmental agency or from a business firm, the amount of the fees or charges shall be paid to the commissioner's office by the applicant.

(2) Before approving the application, the commissioner shall find that the individual:

(a) Is at least eighteen years of age;

(b) Has not committed any act that is a ground for denial, suspension, or revocation set forth in RCW 48.17.530;

(c) Has completed a preclicensing course of study for the lines of authority for which the person has applied;

(d) Has paid the fees set forth in RCW 48.14.010; and

(e) Has successfully passed the examinations for the lines of authority for which the person has applied.

(3) A resident business entity acting as an insurance producer is required to obtain an insurance producer license. Application shall be made using the uniform business entity application, and the individual signing the application shall declare under penalty of refusal, suspension, or revocation of the license that the statements made in the application are true, correct, and complete to the best of the individual's knowledge and belief. Before approving the application, the commissioner shall find that:

(a) The business entity has paid the fees set forth in RCW 48.14.010;

(b) The business entity has designated a licensed insurance producer responsible for the business entity's compliance with the insurance laws and rules of this state; and

(c) The business entity has not committed any act that is a ground for denial, suspension, or revocation set forth in RCW 48.17.530.

(4) A resident business entity acting as a title insurance agent is required to obtain a title insurance agent license.

Application shall be made to the commissioner on the uniform business entity application, and the individual submitting the application shall declare under penalty of refusal, suspension, or revocation of the license that the statements made in the application are true, correct, and complete to the best of the individual's knowledge and belief. Before approving the application, the commissioner shall find that the business entity:

- (a) Has paid the fees set forth in RCW 48.14.010;
- (b) Maintains a lawfully established place of business in this state;
- (c) Is empowered to be a title insurance agent under a members' agreement, if a limited liability company, or by its articles of incorporation;
- (d) Is appointed as an agent by one or more authorized title insurance companies; and
- (e) Has complied with RCW 48.29.155 and 48.29.160.

(5) The commissioner may require any documents reasonably necessary to verify the information contained in an application and may, from time to time, require any licensed insurance producer or title insurance agent to produce the information called for in an application for license. [2009 c 162 § 15; 2007 c 117 § 7; 2002 c 227 § 2; 2001 c 56 § 1; 1982 c 181 § 6; 1981 c 339 § 10; 1967 c 150 § 15; 1947 c 79 § .17.09; Rem. Supp. 1947 § 45.17.09.]

**Effective date—2009 c 162:** See note following RCW 48.03.020.

**Effective date—2002 c 227:** See note following RCW 48.06.040.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.17.110 Examination of applicants—Exemptions. (Effective until June 27, 2011.)** (1) A resident individual applying for an insurance producer license or an individual applying for an adjuster license shall pass a written examination unless exempt under this section or RCW 48.17.175. The examination shall test the knowledge of the individual concerning the lines of authority for which application is made, the duties and responsibilities of an insurance producer or adjuster, and the insurance laws and rules of this state. Examinations required by this section shall be developed and conducted under the rules prescribed by the commissioner. The commissioner shall prepare, or approve, and make available a manual specifying in general terms the subjects which may be covered in any examination for a particular license.

(2) The following are exempt from the examination requirement:

- (a) Applicants for licenses under RCW 48.17.170(1) (g), (h), and (i), at the discretion of the commissioner;
- (b) Applicants for an adjuster's license who for a period of one year, a portion of which was in the year next preceding the date of application, have been a full-time salaried employee of an insurer or of a managing general agent to adjust, investigate, or report claims arising under insurance contracts;

(c) Applicants for a license as a nonresident adjuster who are duly licensed in another state and who are deemed by the commissioner to be fully qualified and competent for a similar license in this state.

(3) The commissioner may make arrangements, including contracting with an outside testing service, for administering examinations.

(4) The commissioner may, at any time, require any licensed insurance producer or adjuster to take and successfully pass an examination testing the licensee's competence and qualifications as a condition to the continuance or renewal of a license, if the licensee has been guilty of violating this title, or has so conducted affairs under an insurance license as to cause the commissioner to reasonably desire further evidence of the licensee's qualifications. [2009 c 162 § 16; 2007 c 117 § 8; 1990 1st ex.s. c 3 § 2; 1977 ex.s. c 182 § 3; 1967 c 150 § 16; 1965 ex.s. c 70 § 19; 1963 c 195 § 17; 1955 c 303 § 10; 1949 c 190 § 23; 1947 c 79 § .17.11; Rem. Supp. 1949 § 45.17.11.]

**Effective date—2009 c 162:** See note following RCW 48.03.020.

**48.17.110 Examination of applicants—Exemptions—Rules. (Effective June 27, 2011.)** (1) A resident individual applying for an insurance producer license or an individual applying for an adjuster, including crop adjuster, license shall pass a written examination unless exempt under this section or RCW 48.17.175. The examination shall test the knowledge of the individual concerning the lines of authority for which application is made, the duties and responsibilities of an insurance producer or adjuster, and the insurance laws and rules of this state. Examinations required by this section shall be developed and conducted under the rules prescribed by the commissioner.

(2) The following are exempt from the examination requirement:

(a) Applicants for licenses under RCW 48.17.170(1) (g), (h), and (i), at the discretion of the commissioner;

(b) With the exception of crop adjusters, applicants for an adjuster's license who for a period of one year, a portion of which was in the year next preceding the date of application, have been a full-time salaried employee of an insurer or of a managing general agent to adjust, investigate, or report claims arising under insurance contracts;

(c) With the exception of crop adjusters, applicants for a license as a nonresident adjuster who are duly licensed in another state and who are deemed by the commissioner to be fully qualified and competent for a similar license in this state; and

(d) Applicants for a license as a nonresident crop adjuster, who must:

(i) Be duly licensed as a crop adjuster, or hold a valid substantially similar license in another state; and

(ii) Have completed prelicensing education and passed an examination substantially similar to the prelicensing education and examination required for licensure as a resident crop adjuster in this state; or

(iii) If their state of residence does not license crop adjusters, complete prelicensing education and pass an examination that are substantially similar to the prelicensing education and examination required to be licensed as a resident crop adjuster in this state.

(3) The commissioner may make arrangements, including contracting with an outside testing service, for administering examinations.

(4) The commissioner may, at any time, require any licensed insurance producer, adjuster[,], or crop adjuster to take and successfully pass an examination testing the lic-

ensee's competence and qualifications as a condition to the continuance or renewal of a license, if the licensee has been guilty of violating this title, or has so conducted affairs under an insurance license as to cause the commissioner to reasonably desire further evidence of the licensee's qualifications.

(5) The commissioner may by rule establish requirements for crop adjusters to:

(a) Successfully complete prelicensing education;

(b) Pass a written examination to obtain a license; and

(c) Renew their license. [2010 c 67 § 4; 2009 c 162 § 16; 2007 c 117 § 8; 1990 1st ex.s. c 3 § 2; 1977 ex.s. c 182 § 3; 1967 c 150 § 16; 1965 ex.s. c 70 § 19; 1963 c 195 § 17; 1955 c 303 § 10; 1949 c 190 § 23; 1947 c 79 § .17.11; Rem. Supp. 1949 § 45.17.11.]

**Effective date—2010 c 67:** See note following RCW 48.14.010.

**Effective date—2009 c 162:** See note following RCW 48.03.020.

**48.17.125 Examination questions—Confidentiality—Penalties.** It is unlawful for any unauthorized person to remove, reproduce, duplicate, or distribute in any form, any question(s) used by the state of Washington to determine the qualifications and competence of insurance producers or adjusters required by Title 48 RCW to be licensed. This section shall not prohibit an insurance education provider from creating and using sample test questions in courses approved pursuant to RCW 48.17.150.

Any person violating this section shall be subject to penalties as provided by RCW 48.01.080, 48.17.530, and 48.17.560. [2007 c 117 § 9; 1989 c 323 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.17.150 Continuing education courses and requirements—Rules. (Effective until June 27, 2011.)** (1) The commissioner shall by rule establish minimum continuing education requirements for the renewal or reissuance of a license to an insurance producer.

(2) The commissioner shall require that continuing education courses will be made available on a statewide basis in order to ensure that persons residing in all geographical areas of this state will have a reasonable opportunity to attend such courses.

(3) The continuing education requirements must be appropriate to the license for the lines of authority specified in RCW 48.17.170 or by rule. [2009 c 162 § 17; 2007 c 117 § 10; 2005 c 223 § 7; 1994 c 131 § 4; 1988 c 248 § 9; 1979 ex.s. c 269 § 7; 1971 ex.s. c 292 § 47; 1967 c 150 § 19; 1961 c 194 § 4; 1947 c 79 § .17.15; Rem. Supp. 1947 § 45.17.15.]

**Effective date—2009 c 162:** See note following RCW 48.03.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.17.150 Continuing education courses and requirements—Rules. (Effective June 27, 2011.)** (1) The commissioner shall by rule establish minimum continuing education requirements for the renewal or reissuance of a license to an insurance producer.

(2) The commissioner may by rule establish minimum continuing education requirements for the renewal or reissuance of a license to a crop adjuster.

(3) The commissioner shall require that continuing education courses will be made available on a statewide basis in

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order to ensure that persons residing in all geographical areas of this state will have a reasonable opportunity to attend such courses.

(4) The continuing education requirements must be appropriate to the license for the lines of authority specified in RCW 48.17.170 or by rule. [2010 c 67 § 5; 2009 c 162 § 17; 2007 c 117 § 10; 2005 c 223 § 7; 1994 c 131 § 4; 1988 c 248 § 9; 1979 ex.s. c 269 § 7; 1971 ex.s. c 292 § 47; 1967 c 150 § 19; 1961 c 194 § 4; 1947 c 79 § .17.15; Rem. Supp. 1947 § 45.17.15.]

**Effective date—2010 c 67:** See note following RCW 48.14.010.

**Effective date—2009 c 162:** See note following RCW 48.03.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.17.153 Agents selling federal flood insurance policies—Training requirements.** (1) All Washington state licensed insurance agents who sell federal flood insurance policies must comply with the minimum training requirements of section 207 of the flood insurance reform act of 2004, and basic flood education as outlined at 70 C.F.R. Sec. 52117, or such later requirements as are published by the federal emergency management agency.

(2) Licensed insurers shall demonstrate to the commissioner, upon request, that their licensed and appointed agents who sell federal flood insurance policies have complied with the minimum federal flood insurance training requirements. [2006 c 25 § 15.]

**48.17.160 Appointment of agents—Approval—Termination—Fees.** (1) An insurance producer or title insurance agent shall not act as an agent of an insurer unless the insurance producer or title insurance agent becomes an appointed agent of that insurer. An insurance producer who is not acting as an agent of an insurer is not required to become appointed.

(2) To appoint an insurance producer or title insurance agent as its agent, the appointing insurer shall file, in a format approved by the commissioner, a notice of appointment within fifteen days from the date the agency contract is executed or the first insurance application is submitted, whichever is earlier.

(3) Upon receipt of the notice of appointment, the commissioner shall verify within a reasonable time, not to exceed thirty days, that the insurance producer or title insurance agent is eligible for appointment. If the insurance producer or title insurance agent is determined to be ineligible for appointment, the commissioner shall notify the insurer within ten days of the determination.

(4) An insurer shall pay an appointment fee, in the amount and method of payment set forth in RCW 48.14.010, for each insurance producer or title insurance agent appointed by the insurer.

(5) Contingent upon payment of the appointment renewal fee as set forth in RCW 48.14.010, an appointment shall be effective until terminated by the insurer, insurance producer, or title insurance agent and notice has been given to the commissioner as required by RCW 48.17.595. [2009 c 162 § 18; 2007 c 117 § 11; 1994 c 131 § 5; 1990 1st ex.s. c 3 § 3; 1979 ex.s. c 269 § 2; 1967 c 150 § 20; 1959 c 225 § 6;

1955 c 303 § 13; 1947 c 79 § .17.16; Rem. Supp. 1947 § 45.17.16.]

**Effective date—2009 c 162:** See note following RCW 48.03.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.17.170 Insurance producers', title insurance agents', and adjusters' licenses—Authorized lines of authority—Definitions—Form and content of licenses.**

(1) Unless denied licensure under RCW 48.17.530, persons who have met the requirements of RCW 48.17.090 and 48.17.110 shall be issued an insurance producer license. An insurance producer may receive a license in one or more of the following lines of authority:

(a) "Life," which is insurance coverage on human lives, including benefits of endowment and annuities, and may include benefits in the event of death or dismemberment by accident and benefits for disability income;

(b) "Disability," which is insurance coverage for accident, health, and disability or sickness, bodily injury, or accidental death, and may include benefits for disability income;

(c) "Property," which is insurance coverage for the direct or consequential loss or damage to property of every kind;

(d) "Casualty," which is insurance coverage against legal liability, including that for death, injury, or disability or damage to real or personal property;

(e) "Variable life and variable annuity products," which is insurance coverage provided under variable life insurance contracts, variable annuities, or any other life insurance or annuity product that reflects the investment experience of a separate account;

(f) "Personal lines," which is property and casualty insurance coverage sold to individuals and families for primarily noncommercial purposes;

(g) Limited lines:

(i) Surety;

(ii) Limited line credit insurance;

(iii) Travel;

(h) Specialty lines:

(i) Communications equipment or services;

(ii) Rental car;

(iii) Self-service storage; or

(i) Any other line of insurance permitted under state laws or rules.

(2) Unless denied licensure under RCW 48.17.530, persons who have met the requirements of RCW 48.17.090(4) shall be issued a title insurance agent license.

(3) All insurance producers', title insurance agents', and adjusters' licenses issued by the commissioner shall be valid for the time period established by the commissioner unless suspended or revoked at an earlier date.

(4) Subject to the right of the commissioner to suspend, revoke, or refuse to renew any insurance producer's, title insurance agent's, or adjuster's license as provided in this title, the license may be renewed into another like period by filing with the commissioner by any means acceptable to the commissioner on or before the expiration date a request, by or on behalf of the licensee, for such renewal accompanied by payment of the renewal fee as specified in RCW 48.14.010.

(5) If the request and fee for renewal of an insurance producer's, title insurance agent's, or adjuster's license are filed

with the commissioner prior to expiration of the existing license, the licensee may continue to act under such license, unless sooner revoked or suspended, until the issuance of a renewal license, or until the expiration of fifteen days after the commissioner has refused to renew the license and has mailed notification of such refusal to the licensee. If the request and fee for the license renewal are not received by the expiration date, the authority conferred by the license ends on the expiration date.

(6) If the request for renewal of an insurance producer's, title insurance agent's, or adjuster's license and payment of the fee are not received by the commissioner prior to the expiration date, the applicant for renewal shall pay to the commissioner, in addition to the renewal fee, a surcharge as follows:

(a) For the first thirty days or part thereof of delinquency, the surcharge is fifty percent of the renewal fee;

(b) For the next thirty days or part thereof of delinquency, the surcharge is one hundred percent of the renewal fee.

(7) If the request for renewal of an insurance producer's, title insurance agent's, or adjuster's license and fee for the renewal are received by the commissioner after sixty days but prior to twelve months after the expiration date, the application is for reinstatement of the license and the applicant for reinstatement must pay to the commissioner the license fee and a surcharge of two hundred percent of the license fee.

(8) Subsections (6) and (7) of this section do not exempt any person from any penalty provided by law for transacting business without a valid and subsisting license or appointment.

(9) An individual insurance producer, title insurance agent, or adjuster who allows his or her license to lapse may, within twelve months after the expiration date, reinstate the same license without the necessity of passing a written examination.

(10) A licensed insurance producer who is unable to comply with license renewal procedures due to military service or some other extenuating circumstance such as a long-term medical disability, may request a waiver of those procedures. The producer may also request a waiver of any examination requirement or any other fine or sanction imposed for failure to comply with renewal procedures.

(11) The license shall contain the licensee's name, address, personal identification number, and the date of issuance, lines of authority, expiration date, and any other information the commissioner deems necessary.

(12) Licensees shall inform the commissioner by any means acceptable to the commissioner of a change of address within thirty days of the change. Failure to timely inform the commissioner of a change in legal name or address may result in a penalty under either RCW 48.17.530 or 48.17.560, or both. [2009 c 162 § 19; 2009 c 119 § 11; 2007 c 117 § 12; 1979 ex.s. c 269 § 3; 1947 c 79 § .17.17; Rem. Supp. 1947 § 45.17.17.]

**Reviser's note:** This section was amended by 2009 c 119 § 11 and by 2009 c 162 § 19, each without reference to the other. Both amendments are incorporated in the publication of this section under RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

**Effective date—2009 c 162:** See note following RCW 48.03.020.

**Effective date—2009 c 119:** See RCW 48.170.900.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.17.173 Nonresident license request—Conditions for approval—Service of legal process.** (1) Unless denied licensure under RCW 48.17.530, a nonresident person must receive a nonresident producer license for the line or lines of authority under RCW 48.17.170 which is substantially equivalent to the line or lines of authority granted to the nonresident person in the person's home state if:

(a) The person is currently licensed as a resident and in good standing in the person's home state;

(b) The person has submitted the proper request for licensure and has paid the fees required by RCW 48.14.010;

(c) The person has submitted or transmitted to the commissioner a completed uniform application;

(d) The person's home state awards nonresident producer licenses to residents of this state on the same basis; and

(e) A business entity, it has designated an individual licensed insurance producer responsible for the business entity's compliance with the insurance laws and rules of this state.

(2) An individual, as part of the request for licensure, must furnish information concerning the individual's identity for submission to the Washington state patrol, the federal bureau of investigation, and any governmental agency or entity authorized to receive this information for a state and national criminal history background check. If, in the process of verifying business records or other information, the commissioner's office incurs fees or charges from another governmental agency or from a business firm, the amount of the fees or charges must be paid to the commissioner's office by the applicant.

(3) A nonresident business entity acting as a title insurance agent is required to obtain a title insurance agent license. Application must be made to the commissioner on the uniform business entity application, and the individual submitting the application must declare under penalty of refusal, suspension, or revocation of the license that the statements made in the application are true, correct, and complete to the best of the individual's knowledge and belief. Before approving the application, the commissioner must find that the business entity:

(a) Has paid the fees set forth in RCW 48.14.010;

(b) Maintains a lawfully established place of business in its home state and holds a corresponding license issued by the state of its principal place of business, and has complied with the laws of this state governing the admission of foreign corporations;

(c) Is empowered to be a title agent under a members' agreement, if a limited liability company, or by its articles of incorporation;

(d) Is appointed as an agent by one or more authorized title insurance companies;

(e) Has complied with RCW 48.29.155 and 48.29.160; and

(f) Has designated an individual officer of the title insurance agent to be responsible for the business entity's compliance with the insurance laws and rules of this state.

(4) If the nonresident insurance producer applicant (a) has a valid license from the applicant's home state and (b) the applicant's home state awards nonresident insurance pro-

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ducer licenses to residents of this state on the same basis, the commissioner must waive any license application requirements, except those imposed under this section.

(5) A nonresident insurance producer's satisfaction of the nonresident insurance producer's home state's continuing education requirements for licensed insurance producers constitutes satisfaction of this state's continuing education requirements if the nonresident producer's home state recognizes the satisfaction of its continuing education requirements imposed upon producers from this state on the same basis.

(6) The commissioner may verify the nonresident insurance producer's licensing status through the producer database maintained by the NAIC, its affiliates, or subsidiaries.

(7) A nonresident insurance producer who moves from one state to another state or a resident producer who moves from this state to another state must file a change of address and provide certification from the new resident state within thirty days of the change of legal residence. No fee or license application is required.

(8) A person licensed as a limited line credit insurance or other type of limited lines insurance producer in the person's home state and who complies with the requirements of subsection (1) of this section must receive a nonresident limited lines insurance producer license, under subsection (1) of this section, granting the same scope of authority as granted under the license issued by the insurance producer's home state. For the purpose of this subsection, "limited lines insurance" is any authority granted by the home state which restricts the authority of the license to the lines set out in RCW 48.17.170(1) (g) or (h).

(9) Each licensed nonresident insurance producer or title insurance agent, by application for and issuance of a license, is deemed to have appointed the commissioner as the insurance producer's or title insurance agent's attorney to receive service of legal process issued against the insurance producer or title insurance agent in this state upon causes of action arising within this state. Service upon the commissioner as attorney constitutes effective legal service upon the insurance producer or title insurance agent.

(a) The appointment of the commissioner as attorney is irrevocable, binds any successor in interest or to the assets or liabilities of the insurance producer or title insurance agent, and remains in effect for as long as there could be any cause of action against the insurance producer or title insurance agent arising out of the insurance producer's or title insurance agent's insurance transactions in this state.

(b) Service of legal process must be accomplished and processed in the manner prescribed in RCW 48.02.200.

(10) The commissioner may require any documents reasonably necessary to verify the information contained in an application and may, from time to time, require any licensed insurance producer or title insurance agent to produce the information called for in an application for license. [2010 c 18 § 3; 2009 c 162 § 20; 2007 c 117 § 13.]

**Effective date—2010 c 18:** See note following RCW 48.15.070.

**Effective date—2009 c 162:** See note following RCW 48.03.020.

**48.17.175 In-state applicant has license in another state.** (1) An individual who applies for an insurance pro-

ducer license in this state who was previously licensed for the same lines of authority in another state shall not be required to complete any prelicensing education or examination. This exemption is only available if the person is currently licensed in that state or if the application is received within ninety days of the cancellation of the applicant's previous license, and if the prior state issues a certification that, at the time of cancellation, the applicant was in good standing in that state or the state's producer database records, maintained by the NAIC, its affiliates, or subsidiaries, indicate that the producer is or was licensed in good standing for the line of authority requested.

(2) A person licensed as an insurance producer in another state who moves to this state shall make application within ninety days of establishing legal residence to become a resident licensee under RCW 48.17.090. No prelicensing education or examination shall be required of that person to obtain any line of authority previously held in the prior state except where the commissioner determines otherwise by rule. [2007 c 117 § 14.]

**48.17.180 Doing business under any name other than legal name.** An insurance producer or title insurance agent doing business under any name other than the insurance producer's or title insurance agent's legal name is required to register the name in accordance with chapter 19.80 RCW and notify the commissioner before using the assumed name. [2007 c 117 § 15; 1990 1st ex.s. c 3 § 4; 1979 ex.s. c 269 § 4; 1947 c 79 § .17.18; Rem. Supp. 1947 § 45.17.18.]

*Title insurance agents, separate licenses for individuals not required: RCW 48.29.170.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.17.250 Insurance producer's bond.** (1) Every resident insurance producer licensed under this chapter on or after July 1, 2009, who places insurance either directly or indirectly with an insurer with which the insurance producer is not appointed as an agent must maintain in force while so licensed a bond in favor of the people of the state of Washington or a named insured such that the people of Washington are covered by the bond, executed by an authorized corporate surety approved by the commissioner, in the amount of two thousand five hundred dollars, or five percent of the premiums brokered in the previous calendar year, whichever is greater, but not to exceed one hundred thousand dollars total aggregate liability. The bond may be continuous in form, and total aggregate liability on the bond may be limited to the required amount of the bond. The bond must be contingent on the accounting by the resident insurance producer to any person requesting the resident insurance producer to obtain insurance, for moneys or premiums collected in connection therewith.

(2) Authorized insurance producers of a business entity may meet the requirements of this section with a bond in the name of the business entity, continuous in form, and in the amounts set forth in subsection (1) of this section. Insurance producers may meet the requirements of this section with a bond in the name of an association. The association must have been in existence for five years, have common membership, and have been formed for a purpose other than obtaining a bond. An individual insurance producer remains

responsible for assuring that a bond is in effect and is for the correct amount.

(3) The surety may cancel the bond and be released from further liability thereunder upon thirty days' written notice in advance to the principal. The cancellation does not affect any liability incurred or accrued under the bond before the termination of the thirty-day period.

(4) The insurance producer's license may be revoked if the insurance producer acts without a bond that is required under this section.

(5) If a party injured under the terms of the bond requests the insurance producer to provide the name of the surety and the bond number, the insurance producer must provide the information within three working days after receiving the request.

(6) Members of an association may meet the requirements of this section with a bond in the name of the association that is continuous in form and in the amounts set forth in subsection (1) of this section for each participating member.

(7) All records relating to the bond required by this section must be kept available and open to the inspection of the commissioner at any business time. [2010 c 18 § 4; 2009 c 162 § 21; 2007 c 117 § 16; 1979 ex.s. c 269 § 8; 1977 ex.s. c 182 § 4; 1947 c 79 § .17.25; Rem. Supp. 1947 § 45.17.25.]

**Effective date—2010 c 18:** See note following RCW 48.15.070.

**Effective date—2009 c 162:** See note following RCW 48.03.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.17.270 Insurance producer as insurer's agent—Compensation—Disclosure.** (1) The sole relationship between an insurance producer and an insurer as to which the insurance producer is appointed as an agent shall, as to transactions arising during the existence of such agency appointment, be that of insurer and agent.

(2) Unless the agency-insurer agreement provides to the contrary, an insurance producer may receive the following compensation:

(a) A commission paid by the insurer;

(b) A fee paid by the insured; or

(c) A combination of commission paid by the insurer and a fee paid by the insured from which an insurance producer may offset or reimburse the insured for all or part of the fee.

(3) If the compensation received by an insurance producer who is dealing directly with the insured includes a fee, for each policy, the insurance producer must disclose in writing to the insured:

(a) The full amount of the fee paid by the insured;

(b) The full amount of any commission paid to the insurance producer by the insurer, if one is received;

(c) An explanation of any offset or reimbursement of fees or commissions as described in subsection (2)(c) of this section;

(d) When the insurance producer may receive additional commission, notice that states the insurance producer:

(i) May receive additional commission in the form of future incentive compensation from the insurer, including contingent commissions and other awards and bonuses based on factors that typically include the total sales volume, growth, profitability, and retention of business placed by the insurance producer with the insurer, and incentive compensa-

tion is only paid if the performance criteria established in the agency-insurer agreement is met by the insurance producer or the business entity with which the insurance producer is affiliated; and

(ii) Will furnish to the insured or prospective insured specific information relating to additional commission upon request; and

(e) The full name of the insurer that may pay any commission to the insurance producer.

(4) Written disclosure of compensation as required by subsection (3) of this section shall be provided by the insurance producer to the insured prior to the sale of the policy.

(5) Written disclosure as required by subsection (3) of this section must be signed by the insurance producer and the insured, and the writing must be retained by the insurance producer for five years. For the purposes of this section, written disclosure means the insured's written consent obtained prior to the insured's purchase of insurance. In the case of a purchase over the telephone or by electronic means for which written consent cannot be reasonably obtained, consent documented by the insurance producer shall be acceptable. [2009 c 162 § 22; 2007 c 117 § 17; 1994 c 203 § 1; 1993 c 455 § 1; 1981 c 339 § 13; 1947 c 79 § .17.27; Rem. Supp. 1947 § 45.17.27.]

**Effective date—2009 c 162:** See note following RCW 48.03.020.

**48.17.380 Adjusters—Application form—Qualifications for license—Bond.** (1) Application for a license to be an adjuster shall be made to the commissioner upon forms furnished by the commissioner. As a part of or in connection with the application, an individual applicant shall furnish information concerning his or her identity, including fingerprints for submission to the Washington state patrol, the federal bureau of investigation, and any governmental agency or entity authorized to receive this information for a state and national criminal history background check, personal history, experience, business record, purposes, and other pertinent facts, as the commissioner may reasonably require. If, in the process of verifying fingerprints, business records, or other information, the commissioner's office incurs fees or charges from another governmental agency or from a business firm, the amount of the fees or charges must be paid to the commissioner's office by the applicant.

(2) Any person willfully misrepresenting any fact required to be disclosed in any application shall be liable to penalties as provided by this code.

(3) The commissioner shall license as an adjuster only an individual or business entity which has otherwise complied with this code therefor and the individual or responsible officer of the business entity has furnished evidence satisfactory to the commissioner that the individual or responsible officer of the business entity is qualified as follows:

(a) Is eighteen or more years of age;

(b) Is a bona fide resident of this state, or is a resident of a state which will permit residents of this state to act as adjusters in such other state;

(c) Is a trustworthy person;

(d) Has had experience or special education or training with reference to the handling of loss claims under insurance contracts, of sufficient duration and extent reasonably to

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make the individual or responsible officer of the business entity competent to fulfill the responsibilities of an adjuster;

(e) Has successfully passed any examination as required under this chapter;

(f) If for a public adjuster's license, has filed the bond required by RCW 48.17.430.

(4) The commissioner may require any documents reasonably necessary to verify the information contained in an application and may, from time to time, require any licensed adjuster to produce the information called for in an application for a license. [2009 c 162 § 23; 2007 c 117 § 18; 1981 c 339 § 15; 1971 ex.s. c 292 § 48; 1947 c 79 § .17.38; Rem. Supp. 1947 § 45.17.38.]

**Effective date—2009 c 162:** See note following RCW 48.03.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.17.390 Adjusters—Separate licenses. (Effective until June 27, 2011.)** The commissioner may license an individual or business entity as an independent adjuster or as a public adjuster, and separate licenses shall be required for each type of adjuster. An individual or business entity may be concurrently licensed under separate licenses as an independent adjuster and as a public adjuster. The full license fee shall be paid for each such license. [2007 c 117 § 19; 1981 c 339 § 16; 1947 c 79 § .17.39; Rem. Supp. 1947 § 45.17.39.]

**48.17.390 Independent, public, or crop adjusters—Separate licenses. (Effective June 27, 2011.)** (1)(a) The commissioner may license:

(i) An individual or business entity as an independent adjuster or as a public adjuster;

(ii) An individual as a crop adjuster; and

(b) Separate licenses shall be required for each type of adjuster.

(2) An individual or business entity may be concurrently licensed under separate licenses as an independent adjuster and as a public adjuster.

(3) An individual may be concurrently licensed under separate licenses as an independent adjuster, a public adjuster, or a crop adjuster.

(4) The full license fee shall be paid for each such license. [2010 c 67 § 6; 2007 c 117 § 19; 1981 c 339 § 16; 1947 c 79 § .17.39; Rem. Supp. 1947 § 45.17.39.]

**Effective date—2010 c 67:** See note following RCW 48.14.010.

**48.17.410 Authority of adjuster.** An adjuster shall have authority under an adjuster's license only to investigate or report to the adjuster's principal upon claims as limited under RCW 48.17.010(1) on behalf only of the insurers if licensed as an independent adjuster, or on behalf only of insureds if licensed as a public adjuster. An adjuster licensed concurrently as both an independent and a public adjuster shall not represent both the insurer and the insured in the same transaction. [2007 c 117 § 20; 1947 c 79 § .17.41; Rem. Supp. 1947 § 45.17.41.]

**48.17.420 Appointed agent may adjust—Nonresident adjusters. (Effective until June 27, 2011.)** (1) On behalf of and as authorized by an insurer for which an insurance producer or title insurance agent has been appointed as

an agent, an insurance producer or title insurance agent may from time to time act as an adjuster and investigate and report upon claims without being required to be licensed as an adjuster.

(2) No license by this state shall be required of a nonresident independent adjuster, for the adjustment in this state of a single loss, or of losses arising out of a catastrophe common to all such losses. [2007 c 117 § 21; 1947 c 79 § .17.42; Rem. Supp. 1947 § 45.17.42.]

**48.17.420 Appointed agent may adjust—When license or certification is required—Nonresident adjusters or crop adjusters. (Effective June 27, 2011.)** (1) An insurance producer or title insurance agent may from time to time act as an adjuster on behalf of and as authorized by an insurer for which an insurance producer or title insurance agent has been appointed as an agent and investigate and report upon claims without being required to be licensed as an adjuster. An insurance producer or title insurance agent must not act as a crop adjuster or investigate or report upon claims arising under crop insurance without first obtaining a crop adjuster license or, if a salaried employee of an insurer or of a managing general agent, without first being certified by a crop adjuster proficiency program approved by the risk management agency of the United States department of agriculture.

(2) Except for losses arising under crop insurance, a license by this state is not required of a nonresident independent adjuster, for the adjustment in this state of a single loss, or of losses arising out of a catastrophe common to all such losses.

(3) For losses arising under crop insurance, a license by this state is not required of a nonresident crop adjuster, for the adjustment in this state of a single loss, or of losses arising out of a catastrophe common to all such losses, if the nonresident crop adjuster is:

- (a) Licensed as a crop adjuster in another state;
- (b) Certified by the risk management agency of the United States department of agriculture; or
- (c) A salaried employee of an insurer or of a managing general agent who is certified by a crop adjuster proficiency program approved by the risk management agency of the United States department of agriculture. [2010 c 67 § 7; 2007 c 117 § 21; 1947 c 79 § .17.42; Rem. Supp. 1947 § 45.17.42.]

**Effective date—2010 c 67:** See note following RCW 48.14.010.

**48.17.430 Public adjuster's bond.** (1) Prior to the issuance of a license as public adjuster, the applicant therefor shall file with the commissioner and shall thereafter maintain in force while so licensed a surety bond in favor of the people of the state of Washington, executed by an authorized corporate surety approved by the commissioner, in the amount of five thousand dollars. The bond may be continuous in form, and total aggregate liability on the bond may be limited to the payment of five thousand dollars. The bond shall be contingent on the accounting by the adjuster to any insured whose claim he or she is handling, for moneys or any settlement received in connection therewith.

(2) Any such bond shall remain in force until the surety is released from liability by the commissioner, or until can-

celed by the surety. Without prejudice to any liability accrued prior to cancellation, the surety may cancel a bond upon thirty days advance notice in writing filed with the commissioner.

(3) Such bond shall be required of any adjuster acting as a public adjuster as of the effective date of this code, or thereafter under any unexpired license heretofore issued. [2009 c 549 § 7063; 1977 ex.s. c 182 § 5; 1947 c 79 § .17.43; Rem. Supp. 1947 § 45.17.43.]

**48.17.450 Place of business.** (1) Every licensed insurance producer, title insurance agent, and adjuster, other than an insurance producer licensed for life or disability insurances only, shall have and maintain in this state, or, if a nonresident insurance producer or title insurance agent, in this state or in the state of the licensee's domicile, a place of business accessible to the public. Such place of business shall be that wherein the insurance producer or title insurance agent principally conducts transactions under that person's licenses. A licensee maintaining more than one place of business in this state shall obtain a duplicate license or licenses for each additional such place, and shall pay the full fee therefor.

(2) Any notice, order, or written communication from the commissioner to a person licensed under this chapter which directly affects the person's license shall be sent by mail to the person's last address of record with the commissioner. [2007 c 117 § 22; 1990 1st ex.s. c 3 § 5; 1988 c 248 § 11; 1953 c 197 § 6; 1947 c 79 § .17.45; Rem. Supp. 1947 § 45.17.45.]

**48.17.460 Display of license.** The license or licenses of each insurance producer, title insurance agent, or adjuster shall be displayed in a conspicuous place in that part of the place of business which is customarily open to the public. [2007 c 117 § 23; 1947 c 79 § .17.46; Rem. Supp. 1947 § 45.17.46.]

**48.17.470 Records of insurance producers, title insurance agents, adjusters.** (1) Every insurance producer, title insurance agent, or adjuster shall retain a record of all transactions consummated under the license. This record shall be in organized form and shall include:

- (a) If an insurance producer or title insurance agent:
  - (i) A record of each insurance contract procured or issued, together with the names of the insurers and insureds, the amount of premium paid or to be paid, and a statement of the subject of the insurance;
  - (ii) The names of any other licensees from whom business is accepted, and of persons to whom commissions or allowances of any kind are promised or paid.

(b) If an adjuster, a record of each investigation or adjustment undertaken or consummated, and a statement of any fee, commission, or other compensation received or to be received by the adjuster on account of such investigation or adjustment.

(c) Such other and additional information as shall be customary, or as may reasonably be required by the commissioner.

(2) All such records as to any particular transaction shall be kept available and open to the inspection of the commissioner at any business time during the five years immediately after the date of the completion of such transaction.

(3) This section shall not apply as to life or disability insurances. [2007 c 117 § 24; 1947 c 79 § .17.47; Rem. Supp. 1947 § 45.17.47.]

**48.17.475 Licensee to reply promptly to inquiry by commissioner.** Every insurance producer, title insurance agent, adjuster, or other person licensed under this chapter shall promptly reply in writing to an inquiry of the commissioner relative to the business of insurance. A timely response is one that is received by the commissioner within fifteen business days from receipt of the inquiry. Failure to make a timely response constitutes a violation of this section. [2007 c 117 § 25; 1967 c 150 § 13.]

**48.17.480 Reporting and accounting for premiums.**

(1) An insurance producer, title insurance agent, or any other representative of an insurer involved in the procuring or issuance of an insurance contract shall report to the insurer the exact amount of consideration charged as premium for such contract, and such amount shall likewise be shown in the contract and in the records of the insurance producer, title insurance agent, or other representative. Each willful violation of this provision is a misdemeanor.

(2) All funds representing premiums or return premiums received by an insurance producer or title insurance agent shall be so received in the insurance producer's or title insurance agent's fiduciary capacity, and shall be promptly accounted for and paid to the insured, insurer, title insurance agent, or insurance producer as entitled thereto.

(3) Any person licensed under this chapter who receives funds which belong to or should be paid to another person as a result of or in connection with an insurance transaction is deemed to have received the funds in a fiduciary capacity. The licensee shall promptly account for and pay the funds to the person entitled to the funds.

(4) Any insurance producer, title insurance agent, adjuster, or other person licensed under this chapter who, not being lawfully entitled thereto, diverts or appropriates funds received in a fiduciary capacity or any portion thereof to his or her own use, is guilty of theft under chapter 9A.56 RCW. [2007 c 117 § 26; 2003 c 53 § 269; 1988 c 248 § 12; 1947 c 79 § .17.48; Rem. Supp. 1947 § 45.17.48.]

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

**48.17.490 Must be licensed to receive a commission, service fee, or other valuable consideration.** (1) An insurance company, insurance producer, or title insurance agent shall not pay a commission, service fee, or other valuable consideration to a person for selling, soliciting, or negotiating insurance in this state if that person is required to be licensed under this chapter or chapter 48.15 RCW and is not so licensed.

(2) A person shall not accept a commission, service fee, or other valuable consideration for selling, soliciting, or negotiating insurance in this state if that person is required to

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be licensed under this chapter or chapter 48.15 RCW and is not so licensed.

(3) Renewal or other deferred commissions may be paid to a person for selling, soliciting, or negotiating insurance in this state if the person was required to be licensed under this chapter or chapter 48.15 RCW at the time of the sale, solicitation, or negotiation, and was so licensed at that time.

(4) An insurer, except a title insurer, or insurance producer may pay or assign commissions, service fees, or other valuable consideration to an insurance agency, or to persons who do not sell, solicit, or negotiate insurance in this state, unless the payment would violate RCW 48.30.140, 48.30.150, 48.30.155, 48.30.157, or 48.30.170. [2007 c 117 § 27; 1988 c 248 § 13; 1947 c 79 § .17.49; Rem. Supp. 1947 § 45.17.49.]

**48.17.510 Temporary licenses—Restrictions—Commissioner's discretion.**

(1) The commissioner may issue a temporary insurance producer license for a period not to exceed one hundred eighty days without requiring an examination if the commissioner deems that the temporary license is necessary for the servicing of an insurance business in the following cases:

(a) To the surviving spouse or court-appointed personal representative of a licensed insurance producer who dies or becomes mentally or physically disabled to allow adequate time for the sale of the insurance business owned by the insurance producer or for the recovery or return of the insurance producer to the business, or to provide for the training and licensing of new personnel to operate the insurance producer's business;

(b) To a member or employee of a business entity licensed as an insurance producer, upon the death or disability of an individual designated in the business entity application or the license;

(c) To the designee of a licensed insurance producer entering active service in the armed forces of the United States; or

(d) In any other circumstance where the commissioner deems that the public interest will best be served by the issuance of this license.

(2) The commissioner may, by order, limit the authority of any temporary licensee in any way deemed necessary to protect insureds and the public. The commissioner may require the temporary licensee to have a suitable sponsor who is a licensed insurance producer or insurer and who assumes responsibility for all acts of the temporary licensee, and may impose other similar requirements designed to protect insureds and the public. The commissioner may, by order, revoke a temporary license if the interest of insureds or the public are endangered. A temporary license may not continue after the owner or the personal representatives dispose of the business. [2007 c 117 § 28; 1982 c 181 § 7; 1955 c 303 § 15; 1953 c 197 § 8; 1947 c 79 § .17.51; Rem. Supp. 1947 § 45.17.51.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.17.530 Commissioner may place on probation, suspend, revoke, or refuse to issue or renew a license.**

(1) The commissioner may place on probation, suspend, revoke,

or refuse to issue or renew an adjuster's license, an insurance producer's license, a title insurance agent's license, or any surplus line broker's license, or may levy a civil penalty in accordance with RCW 48.17.560 or any combination of actions, for any one or more of the following causes:

(a) Providing incorrect, misleading, incomplete, or materially untrue information in the license application;

(b) Violating any insurance laws, or violating any rule, subpoena, or order of the commissioner or of another state's insurance commissioner;

(c) Obtaining or attempting to obtain a license through misrepresentation or fraud;

(d) Improperly withholding, misappropriating, or converting any moneys or properties received in the course of doing insurance business;

(e) Intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance;

(f) Having been convicted of a felony;

(g) Having admitted or been found to have committed any insurance unfair trade practice or fraud;

(h) Using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness, or financial irresponsibility in this state or elsewhere;

(i) Having an insurance producer license, or its equivalent, denied, suspended, or revoked in any other state, province, district, or territory;

(j) Forging another's name to an application for insurance or to any document related to an insurance transaction;

(k) Improperly using notes or any other reference material to complete an examination for an insurance license;

(l) Knowingly accepting insurance business from a person who is required to be licensed under this title and is not so licensed, other than orders for issuance of title insurance on property located in this state placed by a nonresident title insurance agent authorized to act as a title insurance agent in the title insurance agent's home state; or

(m) Obtaining a loan from an insurance client that is not a financial institution and who is not related to the insurance producer by birth, marriage, or adoption, except the commissioner may, by rule, define and permit reasonable arrangements.

(2) The license of a business entity may be suspended, revoked, or refused if the commissioner finds that an individual licensee's violation was known or should have been known by one or more of the partners, officers, or managers acting on behalf of the partnership or corporation, and the violation was neither reported to the commissioner nor corrective action taken.

(3) The commissioner shall retain the authority to enforce the provisions of and impose any penalty or remedy authorized by this chapter and this title against any person who is under investigation for or charged with a violation of this chapter or this title, even if the person's license or registration has been surrendered or has lapsed by operation of law.

(4) The holder of any license which has been revoked or suspended shall surrender the license certificate to the commissioner at the commissioner's request.

(5) The commissioner may probate a suspension or revocation of a license under reasonable terms determined by the

commissioner. In addition, the commissioner may require a licensee who is placed on probation to:

(a) Report regularly to the commissioner on matters that are the basis of the probation;

(b) Limit practice to an area prescribed by the commissioner; or

(c) Continue or renew continuing education until the licensee attains a degree of skill satisfactory to the commissioner in the area that is the basis of the probation.

(6) At any time during a probation term where the licensee has violated the probation order, the commissioner may:

(a) Rescind the probation and enforce the commissioner's original order; and

(b) Impose any disciplinary action permitted under this section in addition to or in lieu of enforcing the original order. [2007 c 117 § 29; 1973 1st ex.s. c 152 § 2; 1969 ex.s. c 241 § 11; 1967 c 150 § 23; 1947 c 79 § .17.53; Rem. Supp. 1947 § 45.17.53.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.17.535 License or certificate suspension—Non-compliance with support order—Reissuance.** The commissioner shall immediately suspend the license or certificate of a person who has been certified pursuant to RCW 74.20A.320 by the department of social and health services as a person who is not in compliance with a support order or a \*residential or visitation order. If the person has continued to meet all other requirements for reinstatement during the suspension, reissuance of the license or certificate shall be automatic upon the commissioner's receipt of a release issued by the department of social and health services stating that the licensee is in compliance with the order. [1997 c 58 § 857.]

**\*Reviser's note:** 1997 c 58 § 886 requiring a court to order certification of noncompliance with residential provisions of a court-ordered parenting plan was vetoed. Provisions ordering the department of social and health services to certify a responsible parent based on a court order to certify for non-compliance with residential provisions of a parenting plan were vetoed. See RCW 74.20A.320.

**Effective dates—Intent—1997 c 58:** See notes following RCW 74.20A.320.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.17.540 Procedure to suspend, revoke, or refuse—Effect of conviction of felony.** (1) The commissioner may revoke or refuse to renew any license issued under this chapter, or any surplus line broker's license, immediately and without hearing, upon sentencing of the licensee for conviction of a felony by final judgment of any court of competent jurisdiction, if the facts giving rise to such conviction demonstrate the licensee to be untrustworthy to maintain any such license.

(2) The commissioner may suspend, revoke, or refuse to renew any such license:

(a) By an order served by mail or personal service upon the licensee not less than fifteen days prior to the effective date thereof, subject to the right of the licensee to have a hearing as provided in RCW 48.04.010; or

(b) By an order on hearing made as provided in chapter 34.05 RCW, the Administrative Procedure Act, effective not

less than ten days after the date of the service of the order, subject to the right of the licensee to appeal to the superior court.

(3) The commissioner may temporarily suspend such license by an order served by mail or by personal service upon the licensee not less than three days prior to the effective date thereof, provided the order contains a notice of revocation and includes a finding that the public safety or welfare imperatively requires emergency action. Such suspension shall continue only until proceedings for revocation are concluded. The commissioner also may temporarily suspend such license in cases where proceedings for revocation are pending if he or she finds that the public safety or welfare imperatively requires emergency action.

(4) Service by mail under this section shall mean posting in the United States mail, addressed to the licensee at the most recent address shown in the commissioner's licensing records for the licensee. Service by mail is complete upon deposit in the United States mail. [1990 1st ex.s. c 3 § 6; 1989 c 175 § 113; 1988 c 248 § 14; 1982 c 181 § 8; 1973 1st ex.s. c 107 § 2; 1967 c 150 § 24; 1947 c 79 § .17.54; Rem. Supp. 1947 § 45.17.54.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.17.550 Duration of suspension.** Every order suspending any such license shall specify the period during which suspension will be effective, and which period shall in no event exceed twelve months. [1947 c 79 § .17.55; Rem. Supp. 1947 § 45.17.55.]

**48.17.560 Fines may be imposed.** After hearing or upon stipulation by the licensee or insurance education provider, and in addition to or in lieu of the suspension, revocation, or refusal to renew any such license or insurance education provider approval, the commissioner may levy a fine upon the licensee or insurance education provider. (1) For each offense the fine shall be an amount not more than one thousand dollars. (2) The order levying such fine shall specify that the fine shall be fully paid not less than fifteen nor more than thirty days from the date of the order. (3) Upon failure to pay any such fine when due, the commissioner shall revoke the licenses of the licensee or the approval(s) of the insurance education provider, if not already revoked. The fine shall be recovered in a civil action brought on behalf of the commissioner by the attorney general. Any fine so collected shall be paid by the commissioner to the state treasurer for the account of the general fund. [1989 c 323 § 3; 1975 1st ex.s. c 266 § 8; 1967 c 150 § 25; 1947 c 79 § .17.56; Rem. Supp. 1947 § 45.17.56.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.17.563 Insurance education providers—Commissioner's approval—Renewal fee.** (1) The commissioner may require insurance education providers to furnish specific information regarding their curricula, faculty, methods of monitoring attendance, and other matters reasonably related to providing insurance education under this chapter. The commissioner may grant approvals to such providers who demonstrate the ability to conduct and certify completion of

one or more courses satisfying the insurance education requirements of RCW 48.17.150.

(2) Provider and course approvals are valid for the time period established by the commissioner and shall expire if not timely renewed. Each provider shall pay the renewal fee set forth in \*RCW 48.14.010(1)(n).

(3) In granting approvals for courses required by \*\*RCW 48.17.150(1)(d):

(a) The commissioner may require the availability of a licensed agent with appropriate experience on the premises whenever instruction is being offered; and

(b) The commissioner shall not deny approval to any provider on the grounds that the proposed method of education employs nontraditional teaching techniques, such as substituting taped lectures for live instruction, offering instruction without fixed schedules, or providing education at individual learning rates. [1994 c 131 § 6; 1989 c 323 § 7.]

**Reviser's note:** \*(1) The reference to RCW 48.14.010(1)(n) appears to be erroneous. See RCW 48.14.010.

\*\* (2) RCW 48.17.150 was amended by 2007 c 117 § 10, deleting subsection (1)(d), effective July 1, 2009.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.17.565 Insurance education providers—Violations—Costs awarded.** If an investigation of any insurance education provider culminates in a finding by the commissioner or by any court of competent jurisdiction, that the insurance education provider has failed to comply with or has violated any statute or regulation pertaining to insurance education, the insurance education provider shall pay the expenses reasonably attributable and allocable to such investigation.

(1) The commissioner shall calculate such expenses and render a bill therefor by registered mail to the insurance education provider. Within thirty days after receipt of such bill, the insurance education provider shall pay the full amount to the commissioner. The commissioner shall transmit such payment to the state treasurer. The state treasurer shall credit the payment to the office of the insurance commissioner regulatory account, treating such payment as recovery of a prior expenditure.

(2) In any action brought under this section, if the commissioner prevails, the court may award to the office of the commissioner all costs of the action, including a reasonable attorneys' fee to be fixed by the court. [2009 c 162 § 24; 2007 c 117 § 30; 1989 c 323 § 4.]

**Effective date—2009 c 162:** See note following RCW 48.03.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.17.568 Insurance education providers—Bond.** In addition to the regulatory requirements imposed pursuant to RCW 48.17.150, the commissioner may require each insurance education provider to post a bond, cash deposit, or irrevocable letter of credit. Every insurance education provider, other than an insurer, health care service contractor, health maintenance organization, or educational institution established by Washington statutes, is subject to the requirement.

(1) The provider shall file with each request for course approval and shall maintain in force while so approved, the bond, cash deposit, or irrevocable letter of credit in favor of the state of Washington, according to criteria which the com-

missioner shall establish by regulation. The amount of such bond, cash deposit, or irrevocable letter of credit, shall not exceed five thousand dollars for the provider's first approved course and one thousand dollars for each additional approved course.

(2) Proceeds from the bond, cash deposit, or irrevocable letter of credit shall inure to the commissioner for payment of investigation expenses or for payment of any fine ordered per Washington statutes or regulations governing insurance education: PROVIDED, That recoverable investigation expenses or fines shall not be limited to the amount of such required bond, cash deposit, or irrevocable letter of credit. [1989 c 323 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.17.591 Termination of agency contract—Effect on insured—Definition—Application of section.** (1) No insurer authorized to do business in this state may cancel or refuse to renew any policy because that insurer's contract with the independent insurance producer through whom such policy is written has been terminated by the insurer, the insurance producer, or by mutual agreement.

(2) If an insurer intends to terminate a written agency contract with an independent insurance producer, the insurer shall give the insurance producer not less than one hundred twenty days' advance written notice of the intent, unless the reason for termination is one of the reasons set forth in RCW 48.17.530. During the notice period the insurer shall not amend the existing contract without the consent of the insurance producer.

(a) Unless the agency contract provides otherwise, during the one hundred twenty day notice period the independent insurance producer shall not write or bind any new business on behalf of the terminating insurer without specific written approval. However, routine adjustments by insureds are permitted. The terminating insurer shall permit renewal of all its policies in the insurance producer's book of business for a period of one year following the effective date of the termination, to the extent the policies meet the insurer's underwriting standards and the insurer has no other reason for nonrenewal. The rate of commission for any policies renewed under this provision shall be the same as the insurance producer would have received had the agency agreement not been terminated.

(b) An independent insurance producer whose agency contract has been terminated shall have a reasonable opportunity to transfer affected policies to other insurers with which the insurance producer has an appointment: PROVIDED, HOWEVER, That prior to the conclusion of the one-year renewal period following the effective date of the termination, an insurer without a reason for not renewing an insured's policy and which has not received notification of the placement of such policy with another insurer shall provide its insured with appropriate written notice of an offer to continue the policy. In such cases, except where the terminated insurance producer has placed the policy with another agent of the insurer, the insurer shall, where practical, assign the policy to an appointed insurance producer located reasonably near the insured willing to accept the assignment.

(c) An insurer is not required to continue the appointment of a terminated independent insurance producer during

or after the one year renewal period. However, an insurance producer whose contract has been terminated by the insurer remains an agent of the terminating insurer as to actions associated with the policies subject to this section just as if the insurance producer were appointed by the insurer as its agent.

(3) In the absence of receipt of notice from the insured that coverage will not be continued with the existing insurer, an insurer whose agency contract has been terminated by an independent insurance producer, or by the mutual agreement of the insurer and the insurance producer, that elects to renew or lacks a reason not to renew, shall give the renewal notice required by chapter 48.18 RCW to affected insureds, and continue renewed coverage in accordance with the methods specified in subsection (2)(b) of this section. Insurance producers affected by this subsection may provide the notice to an insurer that an insured does not intend to continue existing coverage with the insurer, after receiving written authority to do so from an insured.

(4) For purposes of this section an "independent insurance producer" is a licensed insurance producer representing an insurer on an independent contractor basis and not as an employee. This term includes only those insurance producers not obligated by contract to place insurance accounts with a particular insurer or group of insurers.

(5) This section does not apply to:

(a) Insurance producers or policies of an insurer or group of insurers if the business is not owned by the insurance producer and the termination of any such contractual agreement does not result in the cancellation or nonrenewal of any policies of insurance;

(b) Managing general agents, to the extent that they are acting in that capacity;

(c) Life, disability, surety, ocean marine and foreign trade, and title insurance policies;

(d) Situations where the termination of the agency contract results from the insolvency or liquidation of the terminating insurer.

(6) No insurer may terminate its agency contract with an appointed insurance producer unless it complies with this section.

(7) Nothing contained in this section excuses an insurer from giving cancellation and renewal notices that may be required by chapter 48.18 RCW. [2007 c 117 § 31; 1990 c 121 § 1. Formerly RCW 48.18.285.]

**48.17.595 Termination of business relationship with an insurance producer or title insurance agent—Notice—Confidentiality of information—Immunity from civil liability.** (1) An insurer or authorized representative of the insurer that terminates the appointment, employment, contract, or other insurance business relationship with an insurance producer or title insurance agent shall notify the commissioner within thirty days following the effective date of the termination, using a format prescribed by the commissioner, if the reason for termination is one of the reasons set forth in RCW 48.17.530 or the insurer has knowledge the insurance producer or title insurance agent was found by a court, government body, or self-regulatory organization authorized by law to have engaged in any of the activities in RCW 48.17.530. Upon the written request of the commissioner, the insurer shall provide additional information, doc-

uments, records, or other data pertaining to the termination or activity of the insurance producer or title insurance agent.

(2) An insurer or authorized representative of the insurer that terminates the appointment, employment, or contract with an insurance producer or title insurance agent for any reason not set forth in RCW 48.17.530, shall notify the commissioner within thirty days following the effective date of the termination, using a format prescribed by the commissioner. Upon written request of the commissioner, the insurer shall provide additional information, documents, records, or other data pertaining to the termination.

(3) The insurer or the authorized representative of the insurer shall promptly notify the commissioner in a format acceptable to the commissioner if, upon further review or investigation, the insurer discovers additional information that would have been reportable to the commissioner in accordance with subsection (1) of this section had the insurer then known of its existence.

(4) A copy of the notification to the commissioner shall be provided to the insurance producer or title insurance agent.

(a) Within fifteen days after making the notification required by subsections (1), (2), and (3) of this section, the insurer shall mail a copy of the notification to the insurance producer or title insurance agent at the insurance producer's or title insurance agent's last known address. If the insurance producer or title insurance agent is terminated for cause for any of the reasons listed in RCW 48.17.530, the insurer shall provide a copy of the notification to the insurance producer or title insurance agent at the insurance producer's or title insurance agent's last known address by certified mail, return receipt requested, postage prepaid, or by overnight delivery using a nationally recognized carrier.

(b) Within thirty days after the insurance producer or title insurance agent has received the original or additional notification, the insurance producer or title insurance agent may file written comments concerning the substance of the notification with the commissioner. The insurance producer or title insurance agent shall, by the same means, simultaneously send a copy of the comments to the reporting insurer, and the comments shall become a part of the commissioner's file and accompany every copy of a report distributed or disclosed for any reason about the insurance producer or title insurance agent as permitted under subsection (6) of this section.

(5) Immunities shall apply as follows:

(a) In the absence of actual malice, an insurer, the authorized representative of the insurer, an insurance producer, title insurance agent, the commissioner, or an organization of which the commissioner is a member and that compiles the information and makes it available to other insurance commissioners or regulatory or law enforcement agencies shall not be subject to civil liability, and a civil cause of action of any nature shall not arise against these entities or their respective agents or employees, as a result of any statement or information required by or provided under this section, or any information relating to any statement that may be requested in writing by the commissioner, from an insurer, insurance producer, or title insurance agent; or a statement by a terminating insurer, insurance producer, or title insurance agent to an insurer, insurance producer, or title insurance agent limited solely and exclusively to whether a termination for cause

under subsection (1) of this section was reported to the commissioner, provided that the propriety of any termination for cause under subsection (1) of this section is certified in writing by an officer or authorized representative of the insurer, insurance producer, or title insurance agent terminating the relationship.

(b) In any action brought against a person that may have immunity under (a) of this subsection for making any statement required by this section or providing any information relating to any statement that may be requested by the commissioner, the party bringing the action shall plead specifically in any allegation that (a) of this subsection does not apply because the person making the statement or providing the information did so with actual malice.

(c) Subsection (5)(a) or (b) of this section shall not abrogate or modify any existing statutory or common law privileges or immunities.

(6) Information provided under this section is confidential.

(a) Any documents, materials, or other information in the control or possession of the commissioner that is furnished by an insurer, insurance producer, title insurance agent, or an employee or agent thereof acting on behalf of the insurer, insurance producer, or title insurance agent, or obtained by the commissioner in an investigation pursuant to this section shall be confidential by law and privileged, shall not be subject to disclosure under chapter 42.56 RCW, shall not be subject to subpoena, and shall not be subject to discovery or admissible in evidence in any private civil action. However, the commissioner is authorized to use the documents, materials, or other information in the furtherance of any regulatory or legal action brought as a part of the commissioner's duties.

(b) Neither the commissioner nor any person who received documents, materials, or other information while acting under the authority of the commissioner shall be permitted or required to testify in any private civil action concerning any confidential or privileged documents, materials, or information subject to (a) of this subsection.

(c) In order to assist in the performance of the commissioner's duties under chapter 117, Laws of 2007 and in accordance with RCW 48.02.065, the commissioner:

(i) May share documents, materials, or other information, including the confidential and privileged documents, materials, or information subject to (a) of this subsection, with other state, federal, and international regulatory agencies, with the NAIC, its affiliates, or subsidiaries, and with state, federal, and international law enforcement authorities, provided that the recipient agrees to maintain the confidentiality and privileged status of the document, material, or other information;

(ii) May receive documents, materials, or information, including otherwise confidential and privileged documents, materials, or information, from the NAIC, its affiliates, or subsidiaries, and from regulatory and law enforcement officials of other foreign or domestic jurisdictions, and shall maintain as confidential or privileged any document, material, or information received with notice or the understanding that it is confidential or privileged under the laws of the jurisdiction that is the source of the document, material, or information; and

(iii) May enter into agreements governing sharing and use of information consistent with this subsection.

(d) No waiver of any applicable privilege or claim of confidentiality in the documents, materials, or information shall occur as a result of disclosure to the commissioner under this section or as a result of sharing as authorized in subsection (5)(c) of this section.

(e) Nothing in this chapter shall prohibit the commissioner from releasing final, adjudicated actions including for cause terminations that are open to public inspection pursuant to chapter 42.56 RCW to a database or other clearinghouse service maintained by the NAIC, its affiliates, or subsidiaries.

(7) An insurer, the authorized representative of the insurer, insurance producer, or title insurance agent that fails to report as required under the provisions of this section or that is found to have reported with actual malice by a court of competent jurisdiction may, after notice and hearing, have its license or certificate of authority suspended or revoked, and may be fined in accordance with this title. [2007 c 117 § 32.]

**48.17.597 Administrative action taken against a licensee in another jurisdiction or governmental agency—Report to commissioner.** (1) An insurance producer, title insurance agent, or adjuster shall report to the commissioner any administrative action taken against the insurance producer, title insurance agent, or adjuster in another jurisdiction or by another governmental agency in this state within thirty days of the final disposition of the matter. This report shall include a copy of the order, consent to order, or other relevant legal documents.

(2) Within thirty days of the initial pretrial hearing date, an insurance producer, title insurance agent, or adjuster shall report to the commissioner any criminal prosecution of the insurance producer, title insurance agent, or adjuster taken in any jurisdiction. The report shall include a copy of the initial complaint filed, the order resulting from the hearing, and any other relevant legal documents. [2007 c 117 § 34.]

**48.17.600 Separation of premium funds.** (1) All funds representing premiums or return premiums received by an insurance producer or title insurance agent in the insurance producer's or title insurance agent's fiduciary capacity shall be accounted for and maintained in a separate account from all other business and personal funds.

(2) An insurance producer or title insurance agent shall not commingle or otherwise combine premiums with any other moneys, except as provided in subsection (3) of this section.

(3) An insurance producer or title insurance agent may commingle with premium funds any additional funds as the insurance producer or title insurance agent may deem prudent for the purpose of advancing premiums, establishing reserves for the paying of return premiums, or for any contingencies as may arise in the insurance producer's or title insurance agent's business of receiving and transmitting premium or return premium funds.

(4) Each willful violation of this section shall constitute a misdemeanor. [2007 c 117 § 33; 1988 c 248 § 15; 1986 c 69 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.17.900 Severability—2007 c 117.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [2007 c 117 § 38.]

**48.17.901 Effective date—2007 c 117.** This act takes effect July 1, 2009. [2007 c 117 § 40.]

**48.17.902 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.** For the purposes of this chapter, the terms spouse, marriage, marital, husband, wife, widow, widower, next of kin, and family shall be interpreted as applying equally to state registered domestic partnerships or individuals in state registered domestic partnerships as well as to marital relationships and married persons, and references to dissolution of marriage shall apply equally to state registered domestic partnerships that have been terminated, dissolved, or invalidated, to the extent that such interpretation does not conflict with federal law. Where necessary to implement chapter 521, Laws of 2009, gender-specific terms such as husband and wife used in any statute, rule, or other law shall be construed to be gender neutral, and applicable to individuals in state registered domestic partnerships. [2009 c 521 § 113.]

## Chapter 48.18 RCW THE INSURANCE CONTRACT

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*Exemptions of proceeds of insurance on exempt property: RCW 6.15.030.*

*False claims or proof: RCW 48.30.230.*

*Misrepresentation in application: RCW 48.30.210.*

**48.18.010 Scope of chapter.** This chapter applies to insurances other than ocean marine and foreign trade insurances. [2005 c 337 § 2; 1947 c 79 § .18.01; Rem. Supp. 1947 § 45.18.01.]

**Finding—Intent—2005 c 337:** See note following RCW 48.18.030.

**48.18.020 Power to contract.** (1) Any person eighteen years or older shall be considered of full legal age and may contract for or with respect to insurance. Any person seventeen years or younger shall be considered a minor for purposes of Title 48 RCW.

(2) A minor not less than fifteen years of age as at nearest birthday may, notwithstanding such minority, contract for life or disability insurance on his or her own life or body, for his or her own benefit or for the benefit of his or her father,

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mother, spouse, child, brother, sister, or grandparent, and may exercise all rights and powers with respect to or under the contract as though of full legal age, and may surrender his or her interest therein and give a valid discharge for any benefit accruing or money payable thereunder. The minor shall not, by reason of his minority, be entitled to rescind, avoid, or repudiate the contract, or any exercise of a right or privilege thereunder, except, that such minor, not otherwise emancipated, shall not be bound by any unperformed agreement to pay, by promissory note or otherwise any premium on any such insurance contract. [2009 c 549 § 7064; 1973 1st ex.s. c 163 § 2; 1970 ex.s. c 17 § 4; 1947 c 79 § .18.02; Rem. Supp. 1947 § 45.18.02.]

**48.18.030 Insurable interest—Personal insurances—Nonprofit organizations—Rules.** (1) Any individual of competent legal capacity may insure his or her own life or body for the benefit of any person. A person may not insure the life or body of another individual unless the benefits under the contract are payable to the individual insured or the individual's personal representative, or to a person having, at the time when the contract was made, an insurable interest in the individual insured.

(2) If the beneficiary, assignee or other payee under any contract made in violation of this section receives from the insurer any benefits accruing upon the death, disability, or injury of the individual insured, the individual insured or the individual's executor or administrator may maintain an action to recover any benefits from the person receiving them.

(3)(a) "Insurable interest" as used in this section and in RCW 48.18.060 includes only the following interests:

(i) In the case of individuals related closely by blood or by law, a substantial interest engendered by love and affection; and

(ii) In the case of other persons, a lawful and substantial economic interest in having the life, health, or bodily safety of the individual insured continue, as distinguished from an interest that would arise only by, or would be enhanced in value by, the death, disability, or injury of the individual insured.

(b) An individual who is party to a contract or option for the purchase or sale of an interest in a business partnership or firm, or of shares of stock of a close corporation or of an interest in those shares, has an insurable interest in the life of each individual party to the contract and for the purposes of that contract only, in addition to any insurable interest that may otherwise exist as to the life of such individual.

(c) A guardian, trustee, or other fiduciary has an insurable interest in the life of any person for whose benefit the fiduciary holds property, and in the life of any other individual in whose life the person has an insurable interest.

(d) Subject to rules adopted under subsection (4) of this section, upon joint application with a nonprofit organization for, or transfer to a nonprofit organization of, an insurance policy on the life of a person naming the organization as owner and beneficiary, a nonprofit organization's interest in the life of a person if:

(i) The nonprofit organization was established exclusively for religious, charitable, scientific, literary, or educational purposes, or to promote amateur athletic competition,

to conduct testing for public safety, or to prevent cruelty to children or animals; and

(ii) The nonprofit organization:

(A) Has existed for a minimum of five years; or

(B) Has been issued a certificate of exemption to conduct a charitable gift annuity business under RCW 48.38.010, or is authorized to conduct a charitable gift annuity business under RCW 28B.10.485; or

(C) Has been organized, and at all times has been operated, exclusively for benefit of, to perform the functions of, or to carry out the purposes of one or more nonprofit organizations described in (d)(ii)(A) or (B) of this subsection and is operated, supervised, or controlled by or in connection with one or more of those nonprofit organizations; and

(iii) For a joint application, the person is not an employee, officer, or director of the organization who receives significant compensation from the organization and who became affiliated with the organization in that capacity less than one year before the joint application.

(4) The commissioner may adopt rules governing joint applications for, and transfers of, life insurance under subsection (3)(d) of this section. The rules may include:

(a) Standards for full and fair disclosure that set forth the manner, content, and required disclosure for the sale of life insurance issued under subsection (3)(d) of this section; and

(b) For joint applications, a grace period of thirty days during which the insured person may direct the nonprofit organization to return the policy and the insurer to refund any premium paid to the party that, directly or indirectly, paid the premium; and

(c) Standards for granting an exemption from the five-year existence requirement of subsection (3)(d)(ii)(A) of this section to a private foundation that files with the insurance commissioner documents, stipulations, and information as the insurance commissioner may require to carry out the purpose of subsection (3)(d) of this section.

(5) Nothing in this section permits the personal representative of the insured's estate to recover the proceeds of a policy on the life of a deceased insured person that was applied for jointly by, or transferred to, an organization covered by subsection (3)(d) of this section, where the organization was named owner and beneficiary of the policy.

This subsection applies to all life insurance policies applied for by, or transferred to, an organization covered by subsection (3)(d) of this section, regardless of the time of application or transfer and regardless of whether the organization would have been covered at the time of application or transfer. [2005 c 337 § 3; 1992 c 51 § 1; 1973 1st ex.s. c 89 § 3; 1947 c 79 § .18.03; Rem. Supp. 1947 § 45.18.03.]

**Finding—Intent—2005 c 337:** "The legislature finds that there is a long-standing principle that corporations have an insurable interest in the lives of key personnel. Nationally, some corporations have begun to insure the lives of personnel that have not met the insurable interest standard of Washington. Entry-level workers have been insured by their corporate employer for the benefit of the corporate employer. The legislature intends to clarify this subject and preclude corporations from insuring the lives of employees when the employees are not key personnel and the corporations have no insurable interest in the lives of those employees." [2005 c 337 § 1.]

*Use of trust funds by fiduciaries for life insurance: RCW 11.110.120.*

#### 48.18.040 Insurable interest—Property insurances.

(1) No contract of insurance on property or of any interest

therein or arising therefrom shall be enforceable except for the benefit of persons having an insurable interest in the things insured.

(2) "Insurable interest" as used in this section means any lawful and substantial economic interest in the safety or preservation of the subject of the insurance free from loss, destruction, or pecuniary damage. [1947 c 79 § .18.04; Rem. Supp. 1947 § 45.18.04.]

**48.18.050 Named insured—Interest insured.** When the name of a person intended to be insured is specified in the policy, such insurance can be applied only to his or her own proper interest. This section shall not apply to life and disability insurances. [2009 c 549 § 7065; 1947 c 79 § .18.05; Rem. Supp. 1947 § 45.18.05.]

#### 48.18.060 Application—Consent—When required.

A life or disability insurance contract upon an individual may not be made or take effect unless at the time the contract is made the individual insured applies for or consents to the contract in writing, except in the following cases:

(1) A spouse may insure the life of the other spouse.

(2) Any person having an insurable interest in the life of a minor, or any person upon whom a minor is dependent for support and maintenance, may insure the life of the minor.

(3) A contract of group or blanket disability insurance may be effectuated upon an individual.

(4) A contract of group life insurance may be effectuated upon an individual, except as otherwise provided in RCW 48.18.580. [2005 c 337 § 5; 1947 c 79 § .18.06; Rem. Supp. 1947 § 45.18.06.]

**Finding—Intent—2005 c 337:** See note following RCW 48.18.030.

**48.18.070 Alteration of application.** (1) Any application for insurance in writing by the applicant shall be altered solely by the applicant or by his or her written consent, except that insertions may be made by the insurer for administrative purposes only in such manner as to indicate clearly that such insertions are not to be ascribed to the applicant. Violation of this provision shall be a misdemeanor.

(2) Any insurer issuing an insurance contract upon such an application unlawfully altered by its officer, employee, or agent shall not have available in any action arising out of such contract, any defense which is based upon the fact of such alteration, or as to any item in the application which was so altered. [2009 c 549 § 7066; 1947 c 79 § .18.07; Rem. Supp. 1947 § 45.18.07.]

**48.18.080 Application as evidence.** (1) No application for the issuance of any insurance policy or contract shall be admissible in evidence in any action relative to such policy or contract, unless a true copy of the application was attached to or otherwise made a part of the policy when issued and delivered. This provision shall not apply to policies or contracts of industrial life insurance.

(2) If any policy of life or disability insurance delivered in this state is reinstated or renewed, and the insured or the beneficiary or assignee of the policy makes written request to the insurer for a copy of the application, if any, for such reinstatement or renewal, the insurer shall, within fifteen days

after receipt of such request at its home office or at any of its branch offices, deliver or mail to the person making such request, a copy of such application. If such copy is not so delivered or mailed, the insurer shall be precluded from introducing the application as evidence in any action or proceeding based upon or involving the policy or its reinstatement or renewal. [1947 c 79 § .18.08; Rem. Supp. 1947 § 45.18.08.]

#### **48.18.090 Warranties and misrepresentations, effect**

**of.** (1) Except as provided in subsection (2) of this section, no oral or written misrepresentation or warranty made in the negotiation of an insurance contract, by the insured or in his or her behalf, shall be deemed material or defeat or avoid the contract or prevent it attaching, unless the misrepresentation or warranty is made with the intent to deceive.

(2) In any application for life or disability insurance made in writing by the insured, all statements therein made by the insured shall, in the absence of fraud, be deemed representations and not warranties. The falsity of any such statement shall not bar the right to recovery under the contract unless such false statement was made with actual intent to deceive or unless it materially affected either the acceptance of the risk or the hazard assumed by the insurer. [2009 c 549 § 7067; 1947 c 79 § .18.09; Rem. Supp. 1947 § 45.18.09.]

**48.18.100 Forms of policies—Filing, certification, and approval—Exceptions.** (1) No insurance policy form or application form where written application is required and is to be attached to the policy, or printed life or disability rider or endorsement form may be issued, delivered, or used unless it has been filed with and approved by the commissioner. This section does not apply to:

- (a) Surety bond forms;
- (b) Forms filed under RCW 48.18.103;
- (c) Forms exempted from filing requirements by the commissioner under RCW 48.18.103;
- (d) Manuscript policies, riders, or endorsements of unique character designed for and used with relation to insurance upon a particular subject; or
- (e) Contracts of insurance procured under the provisions of chapter 48.15 RCW.

(2) Every such filing containing a certification, in a form approved by the commissioner, by either the chief executive officer of the insurer or by an actuary who is a member of the American academy of actuaries, attesting that the filing complies with Title 48 RCW and Title 284 of the Washington Administrative Code, may be used by the insurer immediately after filing with the commissioner. The commissioner may order an insurer to cease using a certified form upon the grounds set forth in RCW 48.18.110. This subsection does not apply to certain types of policy forms designated by the commissioner by rule.

(3) Except as provided in RCW 48.18.103, every filing that does not contain a certification pursuant to subsection (2) of this section must be made not less than thirty days in advance of issuance, delivery, or use. At the expiration of the thirty days, the filed form shall be deemed approved unless prior thereto it has been affirmatively approved or disapproved by order of the commissioner. The commissioner may extend by not more than an additional fifteen days the

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period within which he or she may affirmatively approve or disapprove any form, by giving notice of the extension before expiration of the initial thirty-day period. At the expiration of the period that has been extended, and in the absence of prior affirmative approval or disapproval, the form shall be deemed approved. The commissioner may withdraw any approval at any time for cause. By approval of any form for immediate use, the commissioner may waive any unexpired portion of the initial thirty-day waiting period.

(4) The commissioner's order disapproving any form or withdrawing a previous approval must state the grounds for disapproval.

(5) No form may knowingly be issued or delivered as to which the commissioner's approval does not then exist.

(6) The commissioner may, by rule, exempt from the requirements of this section any class or type of insurance policy forms if filing and approval is not desirable or necessary for the protection of the public.

(7) Every member or subscriber to a rating organization must adhere to the form filings made on its behalf by the organization. Deviations from the organization are permitted only when filed with the commissioner in accordance with this chapter.

(8) Medical malpractice insurance form filings are subject to the provisions of this section.

(9) Variable contract forms; disability insurance policy forms; individual life insurance policy forms; life insurance policy illustration forms; industrial life insurance contract, individual medicare supplement insurance policy, and long-term care insurance policy forms, which are amended solely to comply with the changes in nomenclature required by RCW 48.18A.035, 48.20.013, 48.20.042, 48.20.072, 48.23.380, 48.23A.040, 48.23A.070, 48.25.140, 48.66.120, and 48.76.090 are exempt from this section. [2008 c 217 § 12; 2006 c 8 § 214; 2005 c 223 § 8; 1997 c 428 § 3; 1989 c 25 § 1; 1982 c 181 § 16; 1947 c 79 § .18.10; Rem. Supp. 1947 § 45.18.10.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**Findings—Intent—Part headings and subheadings not law—Severability—2006 c 8:** See notes following RCW 5.64.010.

*Format of disability policies: RCW 48.20.012.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.18.103 Forms of commercial property casualty policies—Legislative intent—Issuance prior to filing—Disapproval by commissioner—Definition.** (1) It is the intent of the legislature to assist the purchasers of commercial property casualty insurance by allowing policies to be issued more expeditiously and provide a more competitive market for forms.

(2) Commercial property casualty policies may be issued prior to filing the forms.

(3) All commercial property casualty forms must be filed with the commissioner within thirty days after an insurer issues any policy using them. This subsection does not apply to:

- (a) Types or classes of forms that the commissioner exempts from filing by rule; and

(b) Manuscript policies, riders, or endorsements of unique character designed for and used with relation to insurance upon a particular subject.

(4) If, within thirty days after a commercial property casualty form has been filed, the commissioner finds that the form does not meet the requirements of this chapter, the commissioner shall disapprove the form and give notice to the insurer or rating organization that made the filing, specifying how the form fails to meet the requirements and stating when, within a reasonable period thereafter, the form shall be deemed no longer effective. The commissioner may extend the time for review an additional fifteen days by giving notice to the insurer prior to the expiration of the original thirty-day period.

(5) Upon a final determination of a disapproval of a policy form under subsection (4) of this section, the insurer must amend any previously issued disapproved form by endorsement to comply with the commissioner's disapproval.

(6) For purposes of this section, "commercial property casualty" means insurance pertaining to a business, profession, occupation, nonprofit organization, or public entity for the lines of property and casualty insurance defined in RCW 48.11.040, 48.11.050, 48.11.060, or 48.11.070, but does not mean medical malpractice insurance.

(7) Except as provided in subsection (5) of this section, the disapproval shall not affect any contract made or issued prior to the expiration of the period set forth in the notice of disapproval.

(8) Every member or subscriber to a rating organization must adhere to the form filings made on its behalf by the organization. An insurer may deviate from forms filed on its behalf by an organization only if the insurer files the forms with the commissioner in accordance with this chapter.

(9) In the event a hearing is held on the actions of the commissioner under subsection (4) of this section, the burden of proof shall be on the commissioner. [2006 c 8 § 215; 2005 c 223 § 9; 2003 c 248 § 4; 1997 c 428 § 1.]

**Findings—Intent—Part headings and subheadings not law—Severability—2006 c 8:** See notes following RCW 5.64.010.

**48.18.110 Grounds for disapproval.** (1) The commissioner shall disapprove any such form of policy, application, rider, or endorsement, or withdraw any previous approval thereof, only:

(a) If it is in any respect in violation of or does not comply with this code or any applicable order or regulation of the commissioner issued pursuant to the code; or

(b) If it does not comply with any controlling filing theretofore made and approved; or

(c) If it contains or incorporates by reference any inconsistent, ambiguous or misleading clauses, or exceptions and conditions which unreasonably or deceptively affect the risk purported to be assumed in the general coverage of the contract; or

(d) If it has any title, heading, or other indication of its provisions which is misleading; or

(e) If purchase of insurance thereunder is being solicited by deceptive advertising.

(2) In addition to the grounds for disapproval of any such form as provided in subsection (1) of this section, the commissioner may disapprove any form of disability insurance

policy if the benefits provided therein are unreasonable in relation to the premium charged. Rates, or any modification of rates effective on or after July 1, 2008, for individual health benefit plans may not be used until sixty days after they are filed with the commissioner. If the commissioner does not disapprove a rate filing within sixty days after the insurer has filed the documents required in RCW 48.20.025(2) and any rules adopted pursuant thereto, the filing shall be deemed approved. [2008 c 303 § 1; 2000 c 79 § 2; 1985 c 264 § 9; 1982 c 181 § 9; 1947 c 79 § .18.11; Rem. Supp. 1947 § 45.18.11.]

**Effective date—Severability—2000 c 79:** See notes following RCW 48.04.010.

*Authority to review rates—2008 c 303: RCW 48.43.0121.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.18.120 Standard forms.** (1) The commissioner shall, after hearing, from time to time promulgate such rules and regulations as may be necessary to define and effect reasonable uniformity in all basic contracts of fire insurance which are commonly known as the standard form fire policies and may be so referred to in this code, and the usual supplemental coverages, riders, or endorsements thereon or thereto, to the end that such definitions shall be applied in the construction of the various sections of this code wherein such terms are used and that there be a reasonable concurrency of contract where two or more insurers insure the same subject and risk. All such forms heretofore approved by the commissioner and for use as of immediately prior to the effective date of this code, may continue to be so used until the further order of the commissioner made pursuant to this subsection or pursuant to any other provision of this code.

(2) The commissioner may from time to time, after hearing, promulgate such rules and regulations as he or she deems necessary to establish reasonable minimum standard conditions and terminology for basic benefits to be provided by disability insurance contracts which are subject to chapters 48.20 and 48.21 RCW, for the purpose of expediting his or her approval of such contracts pursuant to this code. No such promulgation shall be inconsistent with standard provisions as required pursuant to RCW 48.18.130, nor contain requirements inconsistent with requirements relative to the same benefit provision as formulated or approved by the National Association of Insurance Commissioners. [2009 c 549 § 7068; 1957 c 193 § 10; 1947 c 79 § .18.12; Rem. Supp. 1947 § 45.18.12.]

**48.18.125 Loss payable and mortgagee clauses for property and automobile physical damage insurances—Requirement to use adopted forms.** The commissioner is hereby authorized, and shall within a reasonable time following July 30, 1967, adopt standard forms for loss payable and mortgagee clauses for property and automobile physical damage insurances, pursuant to the procedures set forth in RCW 48.18.120(1). Following the adoption of such forms, no insurer authorized to do business in the state shall use any form other than those so adopted. [1967 ex.s. c 12 § 1.]

**48.18.130 Standard provisions.** (1) Insurance contracts shall contain such standard provisions as are required

by the applicable chapters of this code pertaining to contracts of particular kinds of insurance. The commissioner may waive the required use of a particular standard provision in a particular insurance contract form if

(a) he or she finds such provision unnecessary for the protection of the insured, and inconsistent with the purposes of the contract, and

(b) the contract is otherwise approved by him or her.

(2) No insurance contract shall contain any provision inconsistent with or contradictory to any such standard provision used or required to be used, but the commissioner may, except as to the standard provisions of individual disability insurance contracts as required under chapter 48.20 RCW, approve any provision which is in his or her opinion more favorable to the insured than the standard provision or optional standard provision otherwise required. No endorsement, rider, or other documents attached to such contract shall vary, extend, or in any respect conflict with any such standard provision, or with any modification thereof so approved by the commissioner as being more favorable to the insured.

(3) In lieu of the standard provisions required by this code for contracts for particular kinds of insurance, substantially similar standard provisions required by the law of a foreign or alien insurer's domicile may be used when approved by the commissioner. [2009 c 549 § 7069; 1947 c 79 § .18.13; Rem. Supp. 1947 § 45.18.13.]

*Standard provisions*

*disability: Chapter 48.20 RCW.*

*group and blanket disability: Chapter 48.21 RCW.*

*group life and annuities: Chapter 48.24 RCW.*

*industrial life: Chapter 48.25 RCW.*

*life insurance and annuities: Chapter 48.23 RCW.*

**48.18.140 Contents of policies in general.** (1) The written instrument, in which a contract of insurance is set forth, is the policy.

(2) A policy shall specify:

(a) The names of the parties to the contract. The insurer's name shall be clearly shown in the policy.

(b) The subject of the insurance.

(c) The risk insured against.

(d) The time at which the insurance thereunder takes effect and the period during which the insurance is to continue.

(e) A statement of the premium, and if other than life, disability, or title insurance, the premium rate where applicable.

(f) The conditions pertaining to the insurance.

(3) If under the contract the exact amount of premiums is determinable only at termination of the contract, a statement of the basis and rates upon which the final premium is to be determined and paid shall be specified in the policy.

(4)(a) Periodic payment plans for private passenger automobile insurance shall allow a specific day of the month for a due date for payment of premiums. A late charge may not be required if payment is received within five days of the date payment is due.

(b) The commissioner shall adopt rules to implement this subsection and shall take no disciplinary action against an insurer until ninety days after the effective date of the rule.

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(5) This section shall not apply to surety insurance contracts. [2002 c 344 § 1; 1989 c 25 § 2; 1957 c 193 § 11; 1947 c 79 § .18.14; Rem. Supp. 1947 § 45.18.14.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.18.150 Additional contents.** A policy may contain additional provisions, which are not inconsistent with this code, and which are

(1) required to be so inserted by the laws of the insurer's state of domicile; or

(2) necessary, on account of the manner in which the insurer is constituted or operated, to state the rights and obligations of the parties to the contract. [1947 c 79 § .18.15; Rem. Supp. 1947 § 45.18.15.]

**48.18.160 Charter or bylaw provisions.** No policy shall contain any provision purporting to make any portion of the charter, bylaws, or other constituent document of the insurer a part of the contract unless such portion is set forth in full in the policy. Any policy provision in violation of this section shall be invalid. [1947 c 79 § .18.16; Rem. Supp. 1947 § 45.18.16.]

**48.18.170 "Premium" defined.** "Premium" as used in this code means all sums charged, received, or deposited as consideration for an insurance contract or the continuance thereof. "Premium" does not include a regulatory surcharge imposed by RCW 48.02.190, except as otherwise provided in this section. Any assessment, or any "membership," "policy," "survey," "inspection," "service" or similar fee or charge made by the insurer in consideration for an insurance contract is deemed part of the premium. [2007 c 153 § 1; 1947 c 79 § .18.17; Rem. Supp. 1947 § 45.18.17.]

**48.18.180 Stated premium must include all charges.**

(1) The premium stated in the policy shall be inclusive of all fees, charges, premiums, or other consideration charged for the insurance or for the procurement thereof.

(2) No insurer or its officer, employee, appointed insurance producer, or other representative shall charge or receive any fee, compensation, or consideration for insurance which is not included in the premium specified in the policy.

(3) Each violation of this section is a gross misdemeanor.

(4) This section does not apply to:

(a) A fee paid to an insurance producer by an insured as provided in RCW 48.17.270; or

(b) A regulatory surcharge imposed by RCW 48.02.190. [2008 c 217 § 13; 2007 c 153 § 2; 1994 c 203 § 2; 1947 c 79 § .18.18; Rem. Supp. 1947 § 45.18.18.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.18.190 Policy must contain entire contract.** No agreement in conflict with, modifying, or extending any contract of insurance shall be valid unless in writing and made a part of the policy. [1947 c 79 § .18.19; Rem. Supp. 1947 § 45.18.19.]

**48.18.200 Limiting actions, jurisdiction.** (1) No insurance contract delivered or issued for delivery in this state and

covering subjects located, resident, or to be performed in this state, shall contain any condition, stipulation, or agreement

(a) requiring it to be construed according to the laws of any other state or country except as necessary to meet the requirements of the motor vehicle financial responsibility laws of such other state or country; or

(b) depriving the courts of this state of the jurisdiction of action against the insurer; or

(c) limiting right of action against the insurer to a period of less than one year from the time when the cause of action accrues in connection with all insurances other than property and marine and transportation insurances. In contracts of property insurance, or of marine and transportation insurance, such limitation shall not be to a period of less than one year from the date of the loss.

(2) Any such condition, stipulation, or agreement in violation of this section shall be void, but such voiding shall not affect the validity of the other provisions of the contract. [1947 c 79 § .18.20; Rem. Supp. 1947 § 45.18.20.]

**48.18.210 Execution of policies.** (1) Every insurance contract shall be executed in the name of and on behalf of the insurer by its officer, employee, or representative duly authorized by the insurer.

(2) A facsimile signature of any such executing officer, employee or representative may be used in lieu of an original signature.

(3) No insurance contract heretofore or hereafter issued and which is otherwise valid shall be rendered invalid by reason of the apparent execution thereof on behalf of the insurer by the imprinted facsimile signature of any individual not authorized so to execute as of the date of the policy, if the policy is countersigned with the original signature of an individual then so authorized to countersign. [1947 c 79 § .18.21; Rem. Supp. 1947 § 45.18.21.]

**48.18.220 Receipt of premium to bind coverage—Contents of receipt.** Where an insurance producer, title insurance agent, or other representative of an insurer receipts premium money at the time that the insurance producer, title insurance agent, or representative purports to bind coverage, the receipt shall state: (a) That it is a binder, (b) a brief description of the coverage bound, and (c) the identity of the insurer in which the coverage is bound. This section does not apply as to life and disability insurances. [2008 c 217 § 14; 1967 ex.s. c 12 § 2.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.18.230 Binders—Duration—Premium.** (1) A "binder" is used to bind insurance temporarily pending the issuance of the policy. No binder shall be valid beyond the issuance of the policy as to which it was given, or beyond ninety days from its effective date, whichever period is the shorter.

(2) If the policy has not been issued a binder may be extended or renewed beyond such ninety days upon the commissioner's written approval, or in accordance with such rules and regulations relative thereto as the commissioner may promulgate.

(3) Where the premium used in the binder differs from the actual policy premium by less than ten dollars, the insurer shall not be required to notify the insured and may use the actual policy premium. [1996 c 95 § 1; 1947 c 79 § .18.23; Rem. Supp. 1947 § 45.18.23.]

**48.18.240 Binders—Insurance producer's or title insurance agent's liability.** The commissioner may suspend or revoke the license of any insurance producer or title insurance agent issuing or purporting to issue any binder as to any insurer named therein as to which he or she is not then authorized so to bind. [2008 c 217 § 15; 1947 c 79 § .18.24; Rem. Supp. 1947 § 45.18.24.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.18.250 Underwriters' and combination policies.** (1) Two or more authorized insurers may jointly issue, and shall be jointly and severally liable on, an underwriters' policy bearing their names. Any one insurer may issue policies in the name of an underwriter's department and such policies shall plainly show the true name of the insurer.

(2) Two or more authorized insurers may, with the commissioner's approval, issue a combination policy which shall contain provisions substantially as follows:

(a) That the insurers executing the policy shall be severally liable for the full amount of any loss or damage, according to the terms of the policy, or for specified percentages or amounts thereof, aggregating the full amount of insurance under the policy.

(b) That service of process, or of any notice or proof of loss required by such policy, upon any of the insurers executing the policy, shall constitute service upon all such insurers.

(3) This section shall not apply to co-surety obligations. [1947 c 79 § .18.25; Rem. Supp. 1947 § 45.18.25.]

**48.18.260 Delivery of policy.** (1) Subject to the insurer's requirements as to payment of premium, every policy shall be delivered to the insured or to the person entitled thereto within a reasonable period of time after its issuance.

(2) In event the original policy is delivered or is so required to be delivered to or for deposit with any vendor, mortgagee, or pledgee of any motor vehicle or aircraft, and in which policy any interest of the vendee, mortgagor, or pledgor in or with reference to such vehicle or aircraft is insured, a duplicate of such policy, or memorandum thereof setting forth the type of coverage, limits of liability, premiums for the respective coverages, and duration of the policy, shall be delivered by the vendor, mortgagee, or pledgee to each such vendee, mortgagor, or pledgor named in the policy or coming within the group of persons designated in the policy to be so included. If the policy does not provide coverage of legal liability for injury to persons or damage to the property of third parties, a conspicuous statement of such fact shall be printed, written, or stamped on the face of such duplicate policy or memorandum. [1947 c 79 § .18.26; Rem. Supp. 1947 § 45.18.26.]

*Vehicle seller must furnish buyer itemized statement of insurance and other charges: RCW 46.70.130.*

**48.18.280 Renewal of policy.** Any insurance policy terminating by its terms at a specified expiration date and not otherwise renewable, may be renewed or extended at the option of the insurer and upon a currently authorized policy form and at the premium rate then required therefor for a specific additional period or periods by a certificate or by endorsement of the policy, and without requiring the issuance of a new policy. [1947 c 79 § .18.28; Rem. Supp. 1947 § 45.18.28.]

**48.18.289 Cancellation, nonrenewal, renewal offer—Notice to insurance producer or title insurance agent.** Whenever a notice of cancellation or nonrenewal or an offer to renew is furnished to an insured in accord with any provision of this chapter, a copy of such notice or offer shall be provided within five working days to the insurance producer or title insurance agent on the account. When possible, the copy to the insurance producer or title insurance agent may be provided electronically. [2008 c 217 § 16; 2000 c 220 § 1; 1988 c 249 § 1; 1987 c 14 § 1.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.18.290 Cancellation by insurer.** (1) Cancellation by the insurer of any policy which by its terms is cancellable at the option of the insurer, or of any binder based on such policy which does not contain a clearly stated expiration date, may be effected as to any interest only upon compliance with the following:

(a) For all insurance policies other than medical malpractice insurance policies or fire insurance policies canceled under RCW 48.53.040:

(i) The insurer must deliver or mail written notice of cancellation to the named insured at least forty-five days before the effective date of the cancellation; and

(ii) The cancellation notice must include the insurer's actual reason for canceling the policy.

(b) For medical malpractice insurance policies:

(i) The insurer must deliver or mail written notice of the cancellation to the named insured at least ninety days before the effective date of the cancellation; and

(ii) The cancellation notice must include the insurer's actual reason for canceling the policy and describe the significant risk factors that led to the insurer's underwriting action, as defined under RCW 48.18.547(1)(e).

(c) If an insurer cancels a policy described under (a) or (b) of this subsection for nonpayment of premium, the insurer must deliver or mail the cancellation notice to the named insured at least ten days before the effective date of the cancellation.

(d) If an insurer cancels a fire insurance policy under RCW 48.53.040, the insurer must deliver or mail the cancellation notice to the named insured at least five days before the effective date of the cancellation.

(e) Like notice must also be so delivered or mailed to each mortgagee, pledgee, or other person shown by the policy to have an interest in any loss which may occur thereunder. For purposes of this subsection (1)(e), "delivered" includes electronic transmittal, facsimile, or personal delivery.

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(2) The mailing of any such notice shall be effected by depositing it in a sealed envelope, directed to the addressee at his or her last address as known to the insurer or as shown by the insurer's records, with proper prepaid postage affixed, in a letter depository of the United States post office. The insurer shall retain in its records any such item so mailed, together with its envelope, which was returned by the post office upon failure to find, or deliver the mailing to, the addressee.

(3) The affidavit of the individual making or supervising such a mailing, shall constitute prima facie evidence of such facts of the mailing as are therein affirmed.

(4) The portion of any premium paid to the insurer on account of the policy, unearned because of the cancellation and in amount as computed on the pro rata basis, must be actually paid to the insured or other person entitled thereto as shown by the policy or by any endorsement thereon, or be mailed to the insured or such person as soon as possible, and no later than forty-five days after the date of notice of cancellation to the insured for homeowners', dwelling fire, and private passenger auto. Any such payment may be made by cash, or by check, bank draft, or money order.

(5) This section shall not apply to contracts of life or disability insurance without provision for cancellation prior to the date to which premiums have been paid, or to contracts of insurance procured under the provisions of chapter 48.15 RCW. [2006 c 8 § 212; 1997 c 85 § 1; 1988 c 249 § 2; 1986 c 287 § 1; 1985 c 264 § 17; 1982 c 110 § 7; 1980 c 102 § 7; 1979 ex.s. c 199 § 5; 1975-'76 2nd ex.s. c 119 § 2; 1947 c 79 § .18.29; Rem. Supp. 1947 § 45.18.29.]

**Application—2006 c 8 §§ 211-213:** See note following RCW 48.18.547.

**Findings—Intent—Part headings and subheadings not law—Severability—2006 c 8:** See notes following RCW 5.64.010.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.18.2901 Renewal required—Exceptions.** (1) Each insurer must renew any insurance policy subject to RCW 48.18.290 unless one of the following situations exists:

(a)(i) For all insurance policies subject to RCW 48.18.290(1)(a):

(A) The insurer must deliver or mail written notice of nonrenewal to the named insured at least forty-five days before the expiration date of the policy; and

(B) The notice must include the insurer's actual reason for refusing to renew the policy.

(ii) For medical malpractice insurance policies subject to RCW 48.18.290(1)(b):

(A) The insurer must deliver or mail written notice of the nonrenewal to the named insured at least ninety days before the expiration date of the policy; and

(B) The notice must include the insurer's actual reason for refusing to renew the policy and describe the significant risk factors that led to the insurer's underwriting action, as defined under RCW 48.18.547(1)(e);

(b) At least twenty days prior to its expiration date, the insurer has communicated, either directly or through its agent, its willingness to renew in writing to the named insured and has included in that writing a statement of the amount of the premium or portion thereof required to be paid by the insured to renew the policy, and the insured fails to

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discharge when due his or her obligation in connection with the payment of such premium or portion thereof;

(c) The insured has procured equivalent coverage prior to the expiration of the policy period;

(d) The contract is evidenced by a written binder containing a clearly stated expiration date which has expired according to its terms; or

(e) The contract clearly states that it is not renewable, and is for a specific line, subclassification, or type of coverage that is not offered on a renewable basis. This subsection (1)(e) does not restrict the authority of the insurance commissioner under this code.

(2) Any insurer failing to include in the notice required by subsection (1)(b) of this section the amount of any increased premium resulting from a change of rates and an explanation of any change in the contract provisions shall renew the policy if so required by that subsection according to the rates and contract provisions applicable to the expiring policy. However, renewal based on the rates and contract provisions applicable to the expiring policy shall not prevent the insurer from making changes in the rates and/or contract provisions of the policy once during the term of its renewal after at least twenty days' advance notice of such change has been given to the named insured.

(3) Renewal of a policy shall not constitute a waiver or estoppel with respect to grounds for cancellation which existed before the effective date of such renewal, or with respect to cancellation of fire policies under chapter 48.53 RCW.

(4) "Renewal" or "to renew" means the issuance and delivery by an insurer of a contract of insurance replacing at the end of the contract period a contract of insurance previously issued and delivered by the same insurer, or the issuance and delivery of a certificate or notice extending the term of a contract beyond its policy period or term. However, (a) any contract of insurance with a policy period or term of six months or less whether or not made continuous for successive terms upon the payment of additional premiums shall for the purpose of RCW 48.18.290 and 48.18.293 through 48.18.295 be considered as if written for a policy period or term of six months; and (b) any policy written for a term longer than one year or any policy with no fixed expiration date, shall, for the purpose of RCW 48.18.290 and 48.18.293 through 48.18.295, be considered as if written for successive policy periods or terms of one year.

(5) A midterm blanket reduction in rate, approved by the commissioner, for medical malpractice insurance shall not be considered a renewal for purposes of this section. [2006 c 8 § 213; 2002 c 347 § 1; 1993 c 186 § 1; 1988 c 249 § 3; 1986 c 287 § 2; 1985 c 264 § 20.]

**Application—2006 c 8 §§ 211-213:** See note following RCW 48.18.547.

**Findings—Intent—Part headings and subheadings not law—Severability—2006 c 8:** See notes following RCW 5.64.010.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.18.291 Cancellation of private automobile insurance by insurer—Notice—Requirements.** (1) A contract of insurance predicated wholly or in part upon the use of a private passenger automobile may not be terminated by cancellation by the insurer until at least twenty days after mailing

written notice of cancellation to the named insured at the latest address filed with the insurer by or on behalf of the named insured, accompanied by the reason therefor. If cancellation is for nonpayment of premium, or is within the first thirty days after the contract has been in effect, at least ten days notice of cancellation, accompanied by the reason therefor, shall be given. In case of a contract evidenced by a written binder which has been delivered to the insured, if the binder contains a clearly stated expiration date, no additional notice of cancellation or nonrenewal is required.

(2)(a) A notice of cancellation by the insurer as to a contract of insurance to which subsection (1) of this section applies is not valid if sent more than sixty days after the contract has been in effect unless:

(i) The named insured fails to discharge when due any of his or her obligations in connection with the payment of premium for the policy or any installment thereof, whether payable directly to the insurer or to its agent or indirectly under any premium finance plan or extension of credit; or

(ii) The driver's license of the named insured, or of any other operator who customarily operates an automobile insured under the policy, has been suspended, revoked, or cancelled during the policy period or, if the policy is a renewal, during its policy period or the one hundred eighty days immediately preceding the effective date of the renewal policy.

(b) Modification by the insurer of automobile physical damage coverage by the inclusion of a deductible not exceeding one hundred dollars is not a cancellation of the coverage or of the policy.

(3) The substance of subsections (1) and (2)(a) of this section must be set forth in each contract of insurance subject to the provisions of subsection (1) of this section, and may be in the form of an attached endorsement.

(4) A notice of cancellation of a policy that may be canceled only pursuant to subsection (2) of this section is not effective unless the reason therefor accompanies or is included in the notice of cancellation. [2003 c 248 § 5; 1985 c 264 § 18; 1979 ex.s. c 199 § 6; 1969 ex.s. c 241 § 19.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.18.292 Refusal to renew private automobile insurance by insurer—Change in amount of premium or deductibles.** (1) Each insurer shall be required to renew any contract of insurance subject to RCW 48.18.291 unless one of the following situations exists:

(a) The insurer gives the named insured at least twenty days' notice in writing as provided for in RCW 48.18.291(1), that it proposes to refuse to renew the insurance contract upon its expiration date; and sets forth therein the actual reason for refusing to renew; or

(b) At least twenty days prior to its expiration date, the insurer has communicated its willingness to renew in writing to the named insured, and has included therein a statement of the amount of the premium or portion thereof required to be paid by the insured to renew the policy, including the amount by which the premium or deductibles have changed from the previous policy period, and the date by which such payment must be made, and the insured fails to discharge when due his

or her obligation in connection with the payment of such premium or portion thereof; or

(c) The insured's insurance producer has procured other coverage acceptable to the insured prior to the expiration of the policy period.

(2) Renewal of a policy shall not constitute a waiver or estoppel with respect to grounds for cancellation which existed before the effective date of such renewal.

(3) "Renewal" or "to renew" means the issuance and delivery by an insurer of a contract of insurance replacing at the end of the contract period a contract of insurance previously issued and delivered by the same insurer, or the issuance and delivery of a certificate or notice extending the term of a contract beyond its policy period or term: PROVIDED, HOWEVER, That any contract of insurance with a policy period or term of six months or less whether or not made continuous for successive terms upon the payment of additional premiums shall for the purpose of RCW 48.18.291 through 48.18.297 be considered as if written for a policy period or term of six months: PROVIDED, FURTHER, That any policy written for a term longer than one year or any policy with no fixed expiration date, shall, for the purpose of RCW 48.18.291 through 48.18.297, be considered as if written for successive policy periods or terms of one year.

(4) On and after January 1, 1980, no policy of insurance subject to RCW 48.18.291 shall be issued for a policy period or term of less than six months.

(5) No insurer shall refuse to renew the liability and/or collision coverage of an automobile insurance policy on the basis that an insured covered by the policy of the insurer has submitted one or more claims under the comprehensive, road service, or towing coverage of the policy. Nothing in this subsection shall prohibit the nonrenewal of comprehensive, road service, or towing coverage on the basis of one or more claims submitted by an insured. [2008 c 217 § 17; 1985 c 264 § 19; 1981 c 339 § 17; 1979 ex.s. c 199 § 7; 1973 1st ex.s. c 152 § 3; 1969 ex.s. c 241 § 20.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.18.293 Nonliability of commissioner, agents, insurer for information giving reasons for cancellation or refusal to renew—Proof of mailing of notice.** (1) There shall be no liability on the part of, and no cause of action of any nature shall arise against, the insurance commissioner, his or her agents, or members of his or her staff, or against any insurer, its authorized representative, its agents, its employees, or any firm, person or corporation furnishing to the insurer information as to reasons for cancellation or refusal to renew, for any statement made by any of them in any written notice of cancellation or refusal to renew, or in any other communications, oral or written, specifying the reasons for cancellation or refusal to renew or the providing of information pertaining thereto, or for statements made or evidence submitted in any hearing conducted in connection therewith.

(2) Proof of mailing of notice of cancellation or refusal to renew or of reasons for cancellation, to the named insured, at the latest address filed with the insurer by or on behalf of

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the named insured shall be sufficient proof of notice. [2009 c 549 § 7070; 1969 ex.s. c 241 § 21.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.18.295 RCW 48.18.290 through 48.18.297 not to prevent cancellation or nonrenewal, when.** Nothing in RCW 48.18.290 through 48.18.297 shall be construed to prevent the cancellation or nonrenewal of any such insurance where:

(1) Such cancellation or nonrenewal is ordered by the commissioner under a statutory delinquency proceeding commenced under the provisions of chapter 48.31 RCW, or

(2) Permission for such cancellation or nonrenewal has been given by the commissioner on a showing that the continuation of such coverage can reasonably be expected to create a condition in the company hazardous to its policyholder, or to its creditors, or to its members, subscribers, or stockholders, or to the public. [1985 c 264 § 21; 1969 ex.s. c 241 § 22; 1967 ex.s. c 95 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.18.296 Contracts to which RCW 48.18.291 through 48.18.297 inapplicable.** The provisions of RCW 48.18.291 through 48.18.297 shall not apply to:

(1) Contracts of insurance issued under the assigned risk plan;

(2) Any policy covering garage, automobile sales agency, repair shop, service station, or public parking place operation hazards; and

(3) Contracts of insurance procured under the provisions of chapter 48.15 RCW. [1986 c 287 § 3; 1985 c 264 § 22; 1983 1st ex.s. c 32 § 6; 1969 ex.s. c 241 § 23.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.18.297 Private passenger automobile defined.** A private passenger automobile as used in RCW 48.18.291 through 48.18.297 shall mean:

(1) An individually owned motor vehicle of the private passenger or station wagon type that is not used as a public or livery conveyance for passengers, nor rented to others.

(2) Any other individually owned four-wheel motor vehicle with a load capacity of fifteen hundred pounds or less which is not used in the occupation, profession, or business of the insured. [1969 ex.s. c 241 § 24.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.18.298 Disability insurance—Refusal to renew by insurer.** No insurer shall refuse to renew any policy of individual disability insurance issued after July 1, 1973 because of a change in the physical or mental condition or health of any person covered thereunder: PROVIDED, That after approval of the insurance commissioner, an insurer may discharge its obligation to renew the contract by obtaining for the insured coverage with another insurer which is comparable in terms of premiums and benefits. [1973 1st ex.s. c 188 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.18.299 Disability insurance—Cancellation by insurer.** No contract of insurance enumerated in RCW

48.18.298 shall be terminated by cancellation by the insurer during the period of contract except for nonpayment of premium. This section shall not be deemed to affect the right of the insurer to rescind the policy as limited and defined in RCW 48.18.090. [1973 1st ex.s. c 188 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.18.300 Cancellation by insured.** (1) Cancellation by the insured of any policy which by its terms is cancellable at the insured's option or of any binder based on such policy may be effected by written notice thereof to the insurer or surrender of the policy or binder for cancellation prior to or on the effective date of such cancellation. In [the] event the policy or binder has been lost or destroyed and cannot be so surrendered, the insurer may in lieu of such surrender accept and in good faith rely upon the insured's written statement setting forth the fact of such loss or destruction.

(2) As soon as possible, and no later than thirty days after the receipt of the notice of cancellation from the policyholder for homeowners', dwelling fire, and private passenger auto insurance, the insurer shall pay to the insured or to the person entitled thereto as shown by the insurer's records, any unearned portion of any premium paid on the policy as computed on the customary short rate or as otherwise specified in the policy: PROVIDED, That the refund of any unearned portion of any premium paid on a contract of dwelling fire insurance, homeowners' insurance, or insurance predicated upon the use of a private passenger automobile (as defined in RCW 48.18.297 and excluding contracts of insurance and policies enumerated in RCW 48.18.296) shall be computed on a pro rata basis and the insurer shall refund not less than ninety percent of any unearned portion not exceeding one hundred dollars, plus ninety-five percent of any unearned portion over one hundred dollars but not exceeding five hundred dollars, and not less than ninety-seven percent of the amount of any unearned portion in excess of five hundred dollars. If the amount of any refund is less than two dollars, no refund need be made. If no premium has been paid on the policy, the insured shall be liable to the insurer for premium for the period during which the policy was in force.

(3) The surrender of a policy to the insurer for any cause by any person named therein as having an interest insured thereunder shall create a presumption that such surrender is concurred in by all persons so named.

(4) This section shall not apply to life insurance policies or to annuity contracts. [1980 c 102 § 8; 1979 ex.s. c 199 § 8; 1955 c 303 § 16; 1947 c 79 § .18.30; Rem. Supp. 1947 § 45.18.30.]

**48.18.310 Cancellation by commissioner.** The commissioner may order the immediate cancellation of any policy the procuring or effectuation of which was accomplished through or accompanied by a violation of this code, except in cases where the policy by its terms is not cancellable by the insurer and the insured did not knowingly participate in any such violation. [1947 c 79 § .18.31; Rem. Supp. 1947 § 45.18.31.]

**48.18.320 Annulment of liability policies.** No insurance contract insuring against loss or damage through legal

liability for the bodily injury or death by accident of any individual, or for damage to the property of any person, shall be retroactively annulled by any agreement between the insurer and insured after the occurrence of any such injury, death, or damage for which the insured may be liable, and any such annulment attempted shall be void. [1947 c 79 § .18.32; Rem. Supp. 1947 § 45.18.32.]

**48.18.340 Dividends payable to real party in interest.**

(1) Every insurer issuing participating policies, shall pay dividends, unused premium refunds or savings distributed on account of any such policy, only to the real party in interest entitled thereto as shown by the insurer's records, or to any person to whom the right thereto has been assigned in writing of record with the insurer, or given in the policy by such real party in interest.

(2) Any person who is shown by the insurer's records to have paid for his or her own account, or to have been ultimately charged for, the premium for insurance provided by a policy in which another person is the nominal insured, shall be deemed such real party in interest proportionate to premium so paid or so charged. This subsection shall not apply as to any such dividend, refund, or distribution which would amount to less than one dollar.

(3) This section shall not apply to contracts of group life insurance, group annuities, or group disability insurance. [2009 c 549 § 7071; 1947 c 79 § .18.34; Rem. Supp. 1947 § 45.18.34.]

**48.18.350 Breach of warranty prior to loss—Effect.**

If any breach of a warranty or condition in any insurance contract occurs prior to a loss under the contract, such breach shall not avoid the contract nor avail the insurer to avoid liability, unless the breach exists at the time of the loss. [1947 c 79 § .18.35; Rem. Supp. 1947 § 45.18.35.]

**48.18.360 Assignment of policies—Life and disability.**

Subject to the terms of the policy relating to its assignment, life insurance policies, other than industrial or group life insurance policies, and disability policies providing benefits for accidental death, whether such policies were heretofore or are hereafter issued, and under the terms of which the beneficiary may be changed upon the sole request of the insured, may be assigned either by pledge or transfer of title, by an assignment executed by the insured alone and delivered to the insurer, whether or not the pledgee or assignee is the insurer. Industrial life insurance policies may be made assignable only to a bank or trust company. Any such assignment shall entitle the insurer to deal with the assignee as the owner or pledgee of the policy in accordance with the terms of the assignment, until the insurer has received at its home office written notice of termination of the assignment or pledge, or written notice by or on behalf of some other person claiming some interest in the policy in conflict with the assignment. [1947 c 79 § .18.36; Rem. Supp. 1947 § 45.18.36.]

**48.18.370 Payment discharges insurer—Life and disability.** Whenever the proceeds of, or payments under a life or disability insurance policy, heretofore or hereafter issued,

become payable and the insurer makes payment thereof in accordance with the terms of the policy, or in accordance with any written assignment thereof pursuant to RCW 48.18.360, the person then designated in the policy or by such assignment as being entitled thereto, shall be entitled to receive such proceeds or payments and to give full acquittance therefor, and such payment shall fully discharge the insurer from all claims under the policy unless, before payment is made, the insurer has received at its home office, written notice by or on behalf of some other person that such other person claims to be entitled to such payment or some interest in the policy. [1947 c 79 § .18.37; Rem. Supp. 1947 § 45.18.37.]

**48.18.375 Assignment of interests under group insurance policy.** A person whose life is insured under a group insurance policy may, subject and pursuant to the terms of the policy, or pursuant to an arrangement between the insured, the group policyholder and the insurer, assign to any or all his or her spouse, children, parents, or a trust for the benefit of any or all of them, all or any part of his or her incidents of ownership, rights, title, and interests, both present and future, under such policy including specifically, but not by way of limitation, the right to designate a beneficiary or beneficiaries thereunder and the right to have an individual policy issued to him in case of termination of employment or of said group insurance policy. Such an assignment by the insured, made either before or after July 16, 1973, is valid for the purpose of vesting in the assignee, in accordance with any provisions included therein as to the time at which it is to be effective, all of such incidents of ownership, rights, title, and interests so assigned, but without prejudice to the insurer on account of any payment it may make or individual policy it may issue prior to receipt of notice of the assignment. This section acknowledges, declares, and codifies the existing right of assignment of interests under group insurance policies. [2009 c 549 § 7072; 1973 1st ex.s. c 163 § 3.]

**48.18.390 Simultaneous deaths—Payment of proceeds—Life insurance.** Where the individual insured and the beneficiary designated in a life insurance policy or policy insuring against accidental death have died and there is not sufficient evidence that they have died otherwise than simultaneously, the proceeds of the policy shall be distributed as if the insured had survived the beneficiary, unless otherwise expressly provided in the policy. [1947 c 79 § .18.39; Rem. Supp. 1947 § 45.18.39.]

*Simultaneous death, uniform act: Chapter 11.05A RCW.*

**48.18.400 Exemption of proceeds—Disability.** The proceeds or avails of all contracts of disability insurance and of provisions providing benefits on account of the insured's disability which are supplemental to life insurance or annuity contracts heretofore or hereafter effected shall be exempt from all liability for any debt of the insured, and from any debt of the beneficiary existing at the time the proceeds are made available for his or her use. [2009 c 549 § 7073; 1947 c 79 § .18.40; Rem. Supp. 1947 § 45.18.40.]

(2010 Ed.)

**48.18.410 Exemption of proceeds—Life.** (1) The lawful beneficiary, assignee, or payee of a life insurance policy, other than an annuity, heretofore or hereafter effected by any person on his or her own life, or on the life of another, in favor of a person other than himself or herself, shall be entitled to the proceeds and avails of the policy against the creditors and representatives of the insured and of the person effecting the insurance, and such proceeds and avails shall also be exempt from all liability for any debt of such beneficiary, existing at the time the proceeds or avails are made available for his or her own use.

(2) The provisions of subsection (1) of this section shall apply

(a) whether or not the right to change the beneficiary is reserved or permitted in the policy; or

(b) whether or not the policy is made payable to the person whose life is insured or to his or her estate if the beneficiary, assignee or payee shall predecease such person; except, that this subsection shall not be construed so as to defeat any policy provision which provides for disposition of proceeds in the event the beneficiary shall predecease the insured.

(3) The exemptions provided by subsection (1) of this section, subject to the statute of limitations, shall not apply

(a) to any claim to or interest in such proceeds or avails by or on behalf of the insured, or the person so effecting the insurance, or their administrators or executors, in whatever capacity such claim is made or such interest is asserted; or

(b) to any claim to or interest in such proceeds or avails by or on behalf of any person to whom rights thereto have been transferred with intent to defraud creditors; but an insurer shall be liable to all such creditors only as to amounts aggregating not to exceed the amount of such proceeds or avails remaining in the insurer's possession at the time the insurer receives at its home office written notice by or on behalf of such creditors, of claims to recover for such transfer, with specification of the amounts claimed; or

(c) to so much of such proceeds or avails as equals the amount of any premiums or portion thereof paid for the insurance with intent to defraud creditors, with interest thereon, and if prior to the payment of such proceeds or avails the insurer has received at its home office written notice by or on behalf of the creditor, of a claim to recover for premiums paid with intent to defraud creditors, with specification of the amount claimed.

(4) For the purposes of subsection (1) of this section a policy shall also be deemed to be payable to a person other than the insured if and to the extent that a facility-of-payment clause or similar clause in the policy permits the insurer to discharge its obligation after the death of the individual insured by paying the death benefits to a person as permitted by such clause.

(5) No person shall be compelled to exercise any rights, powers, options or privileges under any such policy. [2009 c 549 § 7074; 1947 c 79 § .18.41; Rem. Supp. 1947 § 45.18.41.]

**48.18.420 Exemption of proceeds—Group life.** (1) A policy of group life insurance or the proceeds thereof payable to the individual insured or to the beneficiary thereunder, shall not be liable, either before or after payment, to be applied to any legal or equitable process to pay any liability

of any person having a right under the policy. The proceeds thereof, when not made payable to a named beneficiary or to a third person pursuant to a facility-of-payment clause, shall not constitute a part of the estate of the individual insured for the payment of his or her debts.

(2) This section shall not apply to group life insurance policies issued under RCW 48.24.040 (debtor groups) to the extent that such proceeds are applied to payment of the obligation for the purpose of which the insurance was so issued. [2009 c 549 § 7075; 1947 c 79 § .18.42; Rem. Supp. 1947 § 45.18.42.]

**48.18.430 Exemption of proceeds, commutation—Annuities.** (1) The benefits, rights, privileges, and options under any annuity contract that are due the annuitant who paid the consideration for the annuity contract are not subject to execution and the annuitant may not be compelled to exercise those rights, powers, or options, and creditors are not allowed to interfere with or terminate the contract, except:

(a) As to amounts paid for or as premium on an annuity with intent to defraud creditors, with interest thereon, and of which the creditor has given the insurer written notice at its home office prior to making the payments to the annuitant out of which the creditor seeks to recover. The notice must specify the amount claimed or the facts that will enable the insurer to determine the amount, and must set forth the facts that will enable the insurer to determine the insurance or annuity contract, the person insured or annuitant and the payments sought to be avoided on the basis of fraud.

(b) The total exemption of benefits presently due and payable to an annuitant periodically or at stated times under all annuity contracts may not at any time exceed two thousand five hundred dollars per month for the length of time represented by the installments, and a periodic payment in excess of two thousand five hundred dollars per month is subject to garnishee execution to the same extent as are wages and salaries.

(c) If the total benefits presently due and payable to an annuitant under all annuity contracts at any time exceeds payment at the rate of two thousand five hundred dollars per month, then the court may order the annuitant to pay to a judgment creditor or apply on the judgment, in installments, the portion of the excess benefits that the court determines to be just and proper, after due regard for the reasonable requirements of the judgment debtor and the judgment debtor's dependent family, as well as any payments required to be made by the annuitant to other creditors under prior court orders.

(2) The benefits, rights, privileges, or options accruing under an annuity contract to a beneficiary or assignee are not transferable or subject to commutation, and if the benefits are payable periodically or at stated times, the same exemptions and exceptions contained in this section for the annuitant apply to the beneficiary or assignee.

(3) An annuity contract within the meaning of this section is any obligation to pay certain sums at stated times, during life or lives, or for a specified term or terms, issued for a valuable consideration, regardless of whether or not the sums are payable to one or more persons, jointly or otherwise, but does not include payments under life insurance contracts at stated times during life or lives, or for a specified term or

terms. [2005 c 223 § 10; 1949 c 190 § 25; 1947 c 79 § .18.43; Rem. Supp. 1949 § 45.18.43.]

**48.18.440 Spouse's rights in life insurance policy.** (1) Every life insurance policy heretofore or hereafter made payable to or for the benefit of the spouse of the insured, and every life insurance policy heretofore or hereafter assigned, transferred, or in any way made payable to a spouse or to a trustee for the benefit of a spouse, regardless of how such assignment or transfer is procured, shall, unless contrary to the terms of the policy, inure to the separate use and benefit of such spouse: PROVIDED, That the beneficial interest of a spouse in a policy upon the life of a child of the spouses, however such interest is created, shall be deemed to be a community interest and not a separate interest, unless expressly otherwise provided by the policy.

(2) In any life insurance policy heretofore or hereafter issued upon the life of a spouse the designation heretofore or hereafter made by such spouse of a beneficiary in accordance with the terms of the policy, shall create a presumption that such beneficiary was so designated with the consent of the other spouse, but only as to any beneficiary who is the child, parent, brother, or sister of either of the spouses. The insurer may in good faith rely upon the representations made by the insured as to the relationship to him or her of any such beneficiary. [2009 c 549 § 7076; 1947 c 79 § .18.44; Rem. Supp. 1947 § 45.18.44.]

**48.18.450 Life insurance payable to trustee named as beneficiary in the policy.** Life insurance may be made payable to a trustee to be named as beneficiary in the policy and the proceeds of such insurance paid to such trustee shall be held and disposed of by the trustee as provided in a trust agreement or declaration of trust made by the insured during his or her lifetime. It shall not be necessary to the validity of any such trust agreement or declaration of trust that it have a trust corpus other than the right of the trustee to receive such insurance proceeds as beneficiary, and any such trustee may also receive assets, other than insurance proceeds, by testamentary disposition and administer them according to the terms of the trust agreement or declaration of trust as they exist at the death of the testator. [2009 c 549 § 7077; 1963 c 227 § 1.]

**48.18.452 Life insurance designating as beneficiary a trustee named by will.** A policy of life insurance may designate as beneficiary a trustee or trustees named or to be named by will, if the designation is made in accordance with the provisions of the policy and the requirements of the insurance company. Immediately after the proving of the will the proceeds of such insurance shall be paid to the trustee or trustees named therein to be held and disposed of under the terms of the will as they exist at the death of the testator, but if no qualified trustee makes claim to the proceeds from the insurance company within one year after the death of the insured, or if satisfactory evidence is furnished the insurance company within such one-year period showing that no trustee can qualify to receive the proceeds, payment shall be made by the insurance company to those thereafter entitled. The proceeds of the insurance as collected by the trustee or trust-

ees shall not be subject to debts of the insured and inheritance tax to any greater extent than if such proceeds were payable to any other named beneficiary other than the estate of the insured. Enactment of this section shall not invalidate previous life insurance policy beneficiary designations naming trustees of trusts established by will. [1963 c 227 § 2.]

**48.18.460 Proof of loss—Furnishing forms—May require oath.** An insurer shall furnish, upon request of any person claiming to have a loss under any insurance contract, forms of proof of loss for completion by such person. But such insurer shall not, by reason of the requirement so to furnish forms, have any responsibility for or with reference to the completion of such proof or the manner of any such completion or attempted completion. If a person makes a claim under a policy of insurance, the insurer may require that the person be examined under an oath administered by a person authorized by state or federal law to administer oaths. [1995 c 285 § 17; 1949 c 190 § 26; 1947 c 79 § .18.46; Rem. Supp. 1949 § 45.18.46.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.18.470 Claims administration—Not waiver.** None of the following acts by or on behalf of an insurer shall be deemed to constitute a waiver of any provision of a policy or of any defense of the insurer thereunder:

(a) Acknowledgment of the receipt of notice of loss or of claim under the policy.

(b) Furnishing forms for reporting a loss or claim, for giving information relative thereto, or for making proof of loss, or receiving or acknowledging receipt of any such forms or proofs completed or uncompleted.

(c) Investigating any loss or claim under any policy or engaging in negotiations looking toward a possible settlement of any such loss or claim. [1947 c 79 § .18.47; Rem. Supp. 1947 § 45.18.47.]

**48.18.480 Discrimination prohibited.** No insurer shall make or permit any unfair discrimination between insureds or subjects of insurance having substantially like insuring, risk, and exposure factors, and expense elements, in the terms or conditions of any insurance contract, or in the rate or amount of premium charged therefor, or in the benefits payable or in any other rights or privileges accruing thereunder. This provision shall not prohibit fair discrimination by a life insurer as between individuals having unequal expectation of life. [1957 c 193 § 12; 1947 c 79 § .18.48; Rem. Supp. 1947 § 45.18.480.]

**48.18.510 Validity of noncomplying forms.** Any insurance policy, rider, or endorsement hereafter issued and otherwise valid, which contains any condition or provision not in compliance with the requirements of this code, shall not be rendered invalid thereby, but shall be construed and applied in accordance with such conditions and provisions as would have applied had such policy, rider, or endorsement been in full compliance with this code. [1947 c 79 § .18.51; Rem. Supp. 1947 § 45.18.51.]

(2010 Ed.)

**48.18.520 Construction of policies.** Every insurance contract shall be construed according to the entirety of its terms and conditions as set forth in the policy, and as amplified, extended, or modified by any rider, endorsement, or application attached to and made a part of the policy. [1947 c 79 § .18.52; Rem. Supp. 1947 § 45.18.52.]

**48.18.540 Cancellations, denials, refusals to renew—Written notification.** Every insurer upon canceling, denying, or refusing to renew any disability policy, shall, upon written request, directly notify in writing the applicant or insured, as the case may be, of the reasons for the action by the insurer and to any person covered under a group contract. Any benefits, terms, rates, or conditions of such a contract that are restricted, excluded, modified, increased, or reduced shall, upon written request, be set forth in writing and supplied to the insured and to any person covered under a group contract. The written communications required by this section shall be phrased in simple language that is readily understandable to a person of average intelligence, education, and reading ability. [1993 c 492 § 281.]

**Findings—Intent—1993 c 492:** See notes following RCW 43.20.050.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.18.543 Single premium credit insurance—Residential mortgage loan—Restrictions—Definitions.** (1) For the purposes of this section:

(a) "Licensee" means every insurance producer licensed under chapter 48.17 RCW.

(b) "Residential mortgage loan" means any loan primarily for personal, family, or household use secured by a mortgage or deed of trust on residential real estate upon which is constructed or intended to be constructed a single-family dwelling or multiple family dwelling of four or less units.

(c) "Single premium credit insurance" means credit insurance purchased with a single premium payment at inception of coverage.

(2) An insurer or licensee may not issue or sell any single premium credit insurance product in connection with a residential mortgage loan unless:

(a) The term of the single premium credit insurance policy is the same as the term of the loan;

(b) The debtor is given the option to buy credit insurance paid with monthly premiums; and

(c) The single premium credit insurance policy provides for a full refund of premiums to the debtor if the credit insurance is canceled within sixty days of the date of the loan.

(3) This section does not apply to residential mortgage loans if:

(a) The loan amount does not exceed ten thousand dollars, exclusive of fees;

(b) The repayment term of the loan does not exceed five years; and

(c) The term of the single premium credit insurance does not exceed the repayment term of the loan. [2008 c 217 § 18; 2003 c 116 § 1.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.18.545 Underwriting restrictions that apply to personal insurance—Credit history or insurance score—Rules.** (1) For the purposes of this section:

(a) "Adverse action" has the same meaning as defined in the fair credit reporting act, 15 U.S.C. Sec. 1681 et seq. Adverse actions include, but are not limited to:

(i) Cancellation, denial, or nonrenewal of personal insurance coverage;

(ii) Charging a higher insurance premium for personal insurance than would have been offered if the credit history or insurance score had been more favorable, whether the charge is by:

(A) Application of a rating rule;

(B) Assignment to a rating tier that does not have the lowest available rates; or

(C) Placement with an affiliate company that does not offer the lowest rates available to the consumer within the affiliate group of insurance companies; or

(iii) Any reduction, adverse, or unfavorable change in the terms of coverage or amount of any personal insurance due to a consumer's credit history or insurance score. A reduction, adverse, or unfavorable change in the terms of coverage occurs when:

(A) Coverage provided to the consumer is not as broad in scope as coverage requested by the consumer but available to other insureds of the insurer or any affiliate; or

(B) The consumer is not eligible for benefits such as dividends that are available through affiliate insurers.

(b) "Affiliate" has the same meaning as defined in RCW 48.31B.005(1).

(c) "Consumer" means an individual policyholder or applicant for insurance.

(d) "Consumer report" has the same meaning as defined in the fair credit reporting act, 15 U.S.C. Sec. 1681 et seq.

(e) "Credit history" means any written, oral, or other communication of any information by a consumer reporting agency bearing on a consumer's creditworthiness, credit standing, or credit capacity that is used or expected to be used, or collected in whole or in part, for the purpose of serving as a factor in determining personal insurance premiums or eligibility for coverage.

(f) "Insurance score" means a number or rating that is derived from an algorithm, computer application, model, or other process that is based in whole or in part on credit history.

(g) "Personal insurance" means:

(i) Private passenger automobile coverage;

(ii) Homeowner's coverage, including mobile homeowners, manufactured homeowners, condominium owners, and renter's coverage;

(iii) Dwelling property coverage;

(iv) Earthquake coverage for a residence or personal property;

(v) Personal liability and theft coverage;

(vi) Personal inland marine coverage; and

(vii) Mechanical breakdown coverage for personal auto or home appliances.

(h) "Tier" means a category within a single insurer into which insureds with substantially like insuring, risk or exposure factors, and expense elements are placed for purposes of determining rate or premium.

(2) An insurer that takes adverse action against a consumer based in whole or in part on credit history or insurance score shall provide written notice to the applicant or named insured. The notice must state the significant factors of the credit history or insurance score that resulted in the adverse action. The insurer shall also inform the consumer that the consumer is entitled to a free copy of their consumer report under the fair credit reporting act.

(3) An insurer shall not cancel or nonrenew personal insurance based in whole or in part on a consumer's credit history or insurance score. An offer of placement with an affiliate insurer does not constitute cancellation or nonrenewal under this section.

(4) An insurer may use credit history to deny personal insurance only in combination with other substantive underwriting factors. For the purposes of this subsection:

(a) "Deny" means an insurer refuses to offer insurance coverage to a consumer;

(b) An offer of placement with an affiliate insurer does not constitute denial of coverage; and

(c) An insurer may reject an application when coverage is not bound or cancel an insurance contract within the first sixty days after the effective date of the contract.

(5) Insurers shall not deny personal insurance coverage based on:

(a) The absence of credit history or the inability to determine the consumer's credit history, if the insurer has received accurate and complete information from the consumer;

(b) The number of credit inquiries;

(c) Credit history or an insurance score based on collection accounts identified with a medical industry code;

(d) The initial purchase or finance of a vehicle or house that adds a new loan to the consumer's existing credit history, if evident from the consumer report; however, an insurer may consider the bill payment history of any loan, the total number of loans, or both;

(e) The consumer's use of a particular type of credit card, charge card, or debit card; or

(f) The consumer's total available line of credit; however, an insurer may consider the total amount of outstanding debt in relation to the total available line of credit.

(6)(a) If disputed credit history is used to determine eligibility for coverage and a consumer is placed with an affiliate that charges higher premiums or offers less favorable policy terms:

(i) The insurer shall reissue or rerate the policy retroactive to the effective date of the current policy term; and

(ii) The policy, as reissued or rerated, shall provide premiums and policy terms the consumer would have been eligible for if accurate credit history had been used to determine eligibility.

(b) This subsection only applies if the consumer resolves the dispute under the process set forth in the fair credit reporting act and notifies the insurer in writing that the dispute has been resolved.

(7) The commissioner may adopt rules to implement this section.

(8) This section applies to all personal insurance policies issued or renewed after January 1, 2003. [2002 c 360 § 1.]

**Captions not law—2002 c 360:** "Captions used in this act are not any part of the law." [2002 c 360 § 3.]

**48.18.547 Underwriting restrictions that apply to medical malpractice insurance—Rules.** (1) For the purposes of this section:

(a) "Affiliate" has the same meaning as in RCW 48.31B.005(1).

(b) "Claim" means a demand for monetary damages by a claimant.

(c) "Claimant" means a person, including a decedent's estate, who is seeking or has sought monetary damages for injury or death caused by medical malpractice.

(d) "Tier" has the same meaning as in RCW 48.18.545(1)(h).

(e) "Underwrite" or "underwriting" means the process of selecting, rejecting, or pricing a risk, and includes each of these activities:

(i) Evaluation, selection, and classification of risk, including placing a risk with an affiliate insurer that has higher rates and/or rating plan components that will result in higher premiums;

(ii) Application of classification plans, rates, rating rules, and rating tiers to an insured risk; and

(iii) Determining eligibility for:

(A) Insurance coverage provisions;

(B) Higher policy limits; or

(C) Premium payment plans.

(2) During each underwriting process, an insurer may consider the following factors only in combination with other substantive underwriting factors:

(a) An insured has inquired about the nature or scope of coverage under a medical malpractice insurance policy;

(b) An insured has notified their insurer about an incident that may be covered under the terms of their medical malpractice insurance policy, and that incident does not result in a claim; or

(c) A claim made against an insured was closed by the insurer without payment. An insurer may consider the effect of multiple claims if they have a significant effect on the insured's risk profile.

(3) If any underwriting activity related to the insured's risk profile results in higher premiums as described under subsection (1)(e)(i) and (ii) of this section or reduced coverage as described under subsection (1)(e)(iii) of this section, the insurer must provide written notice to the insured, in clear and simple language, that describes the significant risk factors which led to the underwriting action. The commissioner must adopt rules that define the components of a risk profile that require notice under this subsection. [2006 c 8 § 211.]

**Application—2006 c 8 §§ 211-213:** "Sections 211, 212, and 213 of this act apply to insurance policies issued or renewed on or after January 1, 2007." [2006 c 8 § 403.]

**Findings—Intent—Part headings and subheadings not law—Severability—2006 c 8:** See notes following RCW 5.64.010.

**48.18.550 Victims of domestic abuse—Prohibition on certain cancellations, denials, refusals to renew, and different rates—Domestic abuse defined.** (1) No insurer shall deny or refuse to accept an application for insurance, refuse to insure, refuse to renew, cancel, restrict, or otherwise terminate a policy of insurance, or charge a different rate for the same coverage, on the basis that the applicant or insured person is, has been, or may be a victim of domestic abuse.

(2010 Ed.)

(2) Nothing in this section shall prevent an insurer from taking any of the actions set forth in subsection (1) of this section on the basis of loss history or medical condition or for any other reason not otherwise prohibited by this section, any other law, regulation, or rule.

(3) Any form filed or filed after June 11, 1998, subject to RCW 48.18.120(1) or subject to a rule adopted under RCW 48.18.120(1) may exclude coverage for losses caused by intentional or fraudulent acts of any insured. Such an exclusion, however, shall not apply to deny an insured's otherwise-covered property loss if the property loss is caused by an act of domestic abuse by another insured under the policy, the insured claiming property loss files a police report and cooperates with any law enforcement investigation relating to the act of domestic abuse, and the insured claiming property loss did not cooperate in or contribute to the creation of the property loss. Payment by the insurer to an insured may be limited to the person's insurable interest in the property less payments made to a mortgagee or other party with a legal secured interest in the property. An insurer making payment to an insured under this section has all rights of subrogation to recover against the perpetrator of the act that caused the loss.

(4) Nothing in this section prohibits an insurer from investigating a claim and complying with chapter 48.30A RCW.

(5) As used in this section, "domestic abuse" means: (a) Physical harm, bodily injury, assault, or the infliction of fear of imminent physical harm, bodily injury, or assault between family or household members; (b) sexual assault of one family or household member by another; (c) stalking as defined in RCW 9A.46.110 of one family or household member by another family or household member; or (d) intentionally, knowingly, or recklessly causing damage to property so as to intimidate or attempt to control the behavior of another family or household member. [1998 c 301 § 1.]

**48.18.553 Victims of malicious harassment—Restrictions of underwriting actions—Definitions.** (1) For the purposes of this section:

(a) "Insured" means a current policyholder or a person or entity that is covered under the insurance policy.

(b) "Malicious harassment" has the same meaning as RCW 9A.36.080. Under this section, the perpetrator does not have to be identified for an act of malicious harassment to have occurred.

(c) "Underwriting action" means an insurer:

(i) Cancels or refuses to renew an insurance policy; or

(ii) Changes the terms or benefits in an insurance policy.

(2) This section applies to property insurance policies if the insured is:

(a) An individual;

(b) A religious organization;

(c) An educational organization; or

(d) Any other nonprofit organization that is organized and operated for religious, charitable, or educational purposes.

(3) An insurer may not take an underwriting action on a policy described in subsection (2) of this section because an insured has made one or more insurance claims for any loss that occurred during the preceding sixty months that is the

result of malicious harassment. An insurer may take an underwriting action due to other factors that are not prohibited by this subsection.

(4) If an insured sustains a loss that is the result of malicious harassment, the insured must file a report with the police or other law enforcement authority within thirty days of discovery of the incident, and a law enforcement authority must determine that a crime has occurred. The report must contain sufficient information to provide an insurer with reasonable notice that the loss was the result of malicious harassment. The insured has a duty to cooperate with any law enforcement official or insurer investigation. For incidents of malicious harassment occurring prior to July 27, 2003, the insured must file the report within six months of the discovery of the incident.

(5) Annually, each insurer must report underwriting actions to the commissioner if the insurer has taken an underwriting action against any insured who has filed a claim during the preceding sixty months that was the result of malicious harassment. The report must include the policy number, name of the insured, location of the property, and the reason for the underwriting action. [2003 c 117 § 1.]

**48.18.555 Property insurance—Actions resulting from arson or malicious mischief—Definitions.** (1) For the purposes of this section:

(a) "Arson" has the same meaning as in chapter 9A.48 RCW.

(b) "Health care facility" has the same meaning as defined in RCW 48.43.005.

(c) "Health care provider" has the same meaning as defined in RCW 48.43.005.

(d) "Insured" means a current policyholder or a person or entity that is covered under the insurance policy.

(e) A perpetrator does not have to be identified for an act of arson or malicious mischief to have occurred.

(f) "Malicious mischief" has the same meaning as in chapter 9A.48 RCW.

(g) "Underwriting action" means an insurer:

(i) Cancels or refuses to renew an insurance policy; or

(ii) Changes the terms or benefits in an insurance policy.

(2) This section applies to property insurance policies if the insured is:

(a) A health care facility;

(b) A health care provider; or

(c) A religious organization.

(3) An insurer may not take an underwriting action on a policy described in subsection (2) of this section because an insured has made one or more insurance claims for any loss that occurred during the preceding sixty months that is the result of arson or malicious mischief. An insurer may take an underwriting action due to other factors that are not prohibited by this subsection.

(4) If an insured sustains a loss that is the result of arson or malicious mischief, the insured must file a report with the police or other law enforcement authority within thirty days of discovery of the incident, and a law enforcement authority must determine that a crime has occurred. The report must contain sufficient information to provide an insurer with reasonable notice that the loss was the result of arson or mali-

cious mischief. The insured has a duty to cooperate with any law enforcement official or insurer investigation.

(5) Annually, each insurer must report underwriting actions to the commissioner if the insurer has taken an underwriting action against any insured who has filed a claim during the preceding sixty months that was the result of arson or malicious mischief. The report must include the policy number, name of the insured, location of the property, and the reason for the underwriting action. [2006 c 145 § 2.]

**Finding—Intent—2006 c 145:** "The legislature finds that access to insurance can be imperiled by the response of insurers to criminal acts. Rather than allow criminals to achieve their objectives, it is the intent of the legislature that criminals, through criminal acts, should not dictate insurance underwriting decisions. It is the intent of the legislature that courts should use restitution from perpetrators of intentional property crimes to make property owners and insurers whole." [2006 c 145 § 1.]

**48.18.565 Homeowner's insurance—Foster parent.**

An insurer licensed to write homeowner's insurance in this state shall not deny an application for a homeowner's insurance policy, or cancel, refuse to renew, or modify an existing homeowner's insurance policy for the principal reason that the applicant or insured is a foster parent licensed under chapter 74.15 RCW. [2004 c 84 § 1.]

**48.18.570 Life insurance—Lawful travel destinations.** (1) No life insurer may deny or refuse to accept an application for insurance, or refuse to insure, refuse to renew, cancel, restrict, or otherwise terminate a policy of insurance, or charge a different rate for the same coverage, based upon the applicant's or insured person's past or future lawful travel destinations.

(2) Nothing in this section prohibits a life insurer from excluding or limiting coverage of specific lawful travel, or charging a differential rate for such coverage, when bona fide statistical differences in risk or exposure have been substantiated. [2005 c 441 § 1.]

**48.18.580 Employer-owned life insurance—Requirements.** (1) "Employer-owned life insurance policy" as used in this section and RCW 48.18.583 means an insurance policy purchased by an employer on the life of an employee, for the benefit of a person other than the employee or the employee's personal representative.

(2) An employer-owned life insurance policy may not be made or take effect unless at the time the contract is made the individual insured consents to the contract in writing.

(3) An employer may not retaliate in any manner against an employee for providing written notice that he or she does not want to be insured under an employer-owned life insurance policy.

(4) No later than thirty days after the date on which an employer purchases an employer-owned life insurance policy on the life of an employee, the employer must provide to the employee a written notice that contains the following information:

(a) A statement that the employer carries an employer-owned life insurance policy on the life of the employee;

(b) The identity of the insurance carrier of the policy;

(c) The maximum face amount of the policy at issue; and

(d) The identity of the beneficiary of the policy. [2005 c 337 § 4.]

**Finding—Intent—2005 c 337:** See note following RCW 48.18.030.

**48.18.583 Employer-owned life insurance—Application to policies.** With respect to employer-owned life insurance policies, chapter 337, Laws of 2005 shall apply only to policies issued and delivered after July 24, 2005. [2005 c 337 § 6.]

**Finding—Intent—2005 c 337:** See note following RCW 48.18.030.

**48.18.586 Employer-owned life insurance—Rules.** The commissioner shall adopt rules to implement RCW 48.18.010, 48.18.030, 48.18.060, 48.18.580, and 48.18.583. [2005 c 337 § 7.]

**Finding—Intent—2005 c 337:** See note following RCW 48.18.030.

**48.18.900 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.** For the purposes of this chapter, the terms spouse, marriage, marital, husband, wife, widow, widower, next of kin, and family shall be interpreted as applying equally to state registered domestic partnerships or individuals in state registered domestic partnerships as well as to marital relationships and married persons, and references to dissolution of marriage shall apply equally to state registered domestic partnerships that have been terminated, dissolved, or invalidated, to the extent that such interpretation does not conflict with federal law. Where necessary to implement chapter 521, Laws of 2009, gender-specific terms such as husband and wife used in any statute, rule, or other law shall be construed to be gender neutral, and applicable to individuals in state registered domestic partnerships. [2009 c 521 § 114.]

## Chapter 48.18A RCW

### VARIABLE CONTRACT ACT

#### Sections

48.18A.010	Short title—Intent.
48.18A.020	Separate accounts authorized—Allocations—Benefits—Limitations—Valuation—Sale, transfer, or exchange of assets.
48.18A.030	Statements required in contracts—Payment on death, incidental benefit provision.
48.18A.035	Return of policy and refund of premium—Notice required—Effect of return.
48.18A.040	Requirements for operation under this chapter—Considerations—Authorization of subsidiary or affiliate—Exceptions.
48.18A.050	Applicability of other code provisions—Contract requirements.
48.18A.060	Licensing requirement.
48.18A.070	Authority of commissioner.
48.18A.900	Effective date—1969 c 104.

**Reviser's note:** Powers, duties, and functions of the department of licensing relating to securities were transferred to the department of financial institutions by 1993 c 472, effective October 1, 1993. See RCW 43.320.011.

**48.18A.010 Short title—Intent.** This chapter shall be known as the "Variable Contract Act" and is intended to authorize the sale of both individual and group variable contracts. [1969 c 104 § 1.]

**48.18A.020 Separate accounts authorized—Allocations—Benefits—Limitations—Valuation—Sale, trans-**

**fer, or exchange of assets.** A domestic life insurer may, by or pursuant to resolution of its board of directors, establish one or more separate accounts, and may allocate thereto amounts (including without limitation proceeds applied under optional modes of settlement or under dividend options) to provide for life insurance or annuities (and other benefits incidental thereto), payable in fixed or variable amounts or both, subject to the following:

(1) The income, gains, and losses, realized or unrealized, from assets allocated to a separate account shall be credited to or charged against the account, without regard to other income, gains, or losses of the insurer.

(2)(a) Except as hereinafter provided, amounts allocated to any separate account and accumulations thereon may be invested and reinvested without regard to any requirements or limitations prescribed by the laws of this state governing the investments of life insurers: PROVIDED, That to the extent that the insurer's reserve liability with regard to (i) benefits guaranteed as to dollar amount and duration, and (ii) funds guaranteed as to principal amount or stated rate of interest is maintained in any separate account, a portion of the assets of such separate account at least equal to such reserve liability shall be invested under such conditions as the commissioner may prescribe. The investments in such separate account or accounts shall not be taken into account in applying the investment limitations applicable to the investments of the insurer.

(b) With respect to seventy-five percent of the market value of the total assets in a separate account no insurer shall purchase or otherwise acquire the securities of any issuer, other than securities issued or guaranteed as to principal or interest by the United States, if immediately after such purchase or acquisition the market value of such investment, together with prior investments of such separate account in such security taken at market value, would exceed ten percent of the market value of the assets of such separate account: PROVIDED, That the commissioner may waive such limitation if, in his or her opinion, such waiver will not render the operation of such separate account hazardous to the public or the policyholders in this state.

(c) Unless otherwise permitted by law or approved by the commissioner, no insurer shall purchase or otherwise acquire for its separate accounts the voting securities of any issuer if as a result of such acquisition the insurer and its separate accounts, in the aggregate, will own more than ten percent of the total issued and outstanding voting securities of such issuer: PROVIDED, That the foregoing shall not apply with respect to securities held in separate accounts, the voting rights in which are exercisable only in accordance with instructions from persons having interests in such accounts.

(d) The limitations provided in paragraphs (b) and (c) of this subsection shall not apply to the investment with respect to a separate account in the securities of an investment company registered under the United States Investment Company Act of 1940: PROVIDED, That the investments of such investment company shall comply in substance therewith.

(3) Unless otherwise approved by the commissioner, assets allocated to a separate account shall be valued at their market value on the date of valuation, or if there is no readily available market, then as provided under the terms of the contract or the rules or other written agreement applicable to

such separate account: PROVIDED, That unless otherwise approved by the commissioner, the portion, if any, of the assets of such separate account equal to the insurer's reserve liability with regard to the guaranteed benefits and funds referred to in subsection (2) of this section shall be valued in accordance with the rules otherwise applicable to the insurer's assets.

(4) Amounts allocated to a separate account in the exercise of the power granted by this chapter shall be owned by the insurer and the insurer shall not be, nor hold itself out to be, a trustee with respect to such amounts. If and to the extent so provided under the applicable contracts, that portion of the assets of any such separate account equal to the reserves and other contract liabilities with respect to such account shall not be chargeable with liabilities arising out of any other business the insurer may conduct.

(5) No sale, exchange or other transfer of assets may be made by an insurer between any of its separate accounts or between any other investment account and one or more of its separate accounts unless, in case of a transfer into a separate account, such transfer is made solely to establish the account or to support the operation of the contracts with respect to the separate account to which the transfer is made, and unless such transfer, whether into or from a separate account, is made (a) by a transfer of cash, or (b) by a transfer of securities having a readily determinable market value: PROVIDED, That such transfer of securities is approved by the commissioner. The commissioner may approve other transfers among such accounts, if, in his or her opinion, such transfers would not be inequitable.

(6) To the extent such insurer deems it necessary to comply with any applicable federal or state law, such insurer, with respect to any separate account, including without limitation any separate account which is a management investment company or a unit investment trust, may provide for persons having interest therein, as may be appropriate, voting and other rights and special procedures for the conduct of the business of such account, including without limitation, special rights and procedures relating to investment policy, investment advisory services, selection of independent public accountants, and the selection of a committee, the members of which need not be otherwise affiliated with such insurer, to manage the business of such account. [2009 c 549 § 7078; 1973 1st ex.s. c 163 § 4; 1969 c 104 § 2.]

**48.18A.030 Statements required in contracts—Payment on death, incidental benefit provision.** (1) Every variable contract providing benefits payable in variable amounts delivered or issued for delivery in this state shall contain a statement of the essential features of the procedures to be followed by the insurer in determining the dollar amount of such variable benefits. Any such contract under which the benefits vary to reflect investment experience, including a group contract and any certificate in evidence of variable benefits issued thereunder, shall state that such dollar amount will so vary and shall contain on its first page a statement to the effect that the benefits thereunder are on a variable basis.

(2) Variable annuity contracts delivered or issued for delivery in this state may include as an incidental benefit provision for payment on death during the deferred period of an

amount not in excess of the greater of the sum of the premiums or stipulated payments paid under the contract or the value of the contract at time of death. For this purpose such benefit shall not be deemed to be life insurance and therefore not subject to any statutory provisions governing life insurance contracts. A provision for any other benefits on death during the deferred period will be subject to such insurance law provisions. [1973 1st ex.s. c 163 § 5; 1969 c 104 § 3.]

**48.18A.035 Return of policy and refund of premium—Notice required—Effect of return.** (1) Every individual variable contract issued shall have printed on its face or attached thereto a notice stating in substance that the policy owner shall be permitted to return the policy within ten days after it is received by the policy owner and to have the market value of the assets purchased by its premium, less taxes and investment brokerage commissions, if any, refunded, if, after examination of the policy, the policy owner is not satisfied with it for any reason. An additional ten percent penalty shall be added to any premium refund due which is not paid within thirty days of return of the policy to the insurer or insurance producer. If a policy owner pursuant to such notice returns the policy to the insurer at its home or branch office or to the insurance producer through whom it was purchased, it shall be void from the beginning and the parties shall be in the same position as if no policy had been issued.

(2) No later than January 1, 2010, or when the insurer has used all of its existing paper variable contract forms which were in its possession on July 1, 2009, whichever is earlier, the notice required by subsection (1) of this section shall use the term insurance producer in place of agent. [2008 c 217 § 19; 1983 1st ex.s. c 32 § 7; 1982 c 181 § 15.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.18A.040 Requirements for operation under this chapter—Considerations—Authorization of subsidiary or affiliate—Exceptions.** No insurer shall deliver or issue, for delivery within this state, contracts under this chapter unless it is licensed or organized to do a life insurance or annuity business in this state, and unless the commissioner is satisfied that its condition or method of operation in connection with the issuance of such contracts will not render its operation hazardous to the public or its policyholders in this state. In this connection, the commissioner shall consider among other things:

- (1) The history and financial condition of the insurer;
- (2) The character, responsibility and fitness of the officers and directors of the insurer; and
- (3) The law and regulation under which the insurer is authorized in the state of domicile to issue variable contracts.

An insurer which issues variable contracts and which is a subsidiary of, or affiliated through common management or ownership with, another life insurer authorized to do business in this state may be deemed to have met the provisions of this section if either it or the parent or affiliated company meets the requirements hereof: PROVIDED, That no insurer may provide variable benefits in its contracts unless it is an admitted insurer having and continually maintaining a combined

capital and surplus of at least five million dollars. [1982 c 181 § 10; 1969 c 104 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### 48.18A.050 Applicability of other code provisions—

**Contract requirements.** The provisions of RCW 48.23.020, 48.23.030, 48.23.080 through 48.23.120, 48.23.140, 48.23.150, 48.23.200 through 48.23.240, 48.23.310, and 48.23.360, and the provisions of chapters 48.24 and 48.76 RCW are inapplicable to variable contracts. Any provision in the code requiring contracts to be participating is not applicable to variable contracts. Except as otherwise provided in this chapter, all pertinent provisions of the insurance code apply to separate accounts and contracts relating thereto. Any individual variable life insurance or individual variable annuity contract delivered or issued for delivery in this state must contain grace, reinstatement, and nonforfeiture provisions appropriate to those contracts, and any variable life insurance contract must provide that the investment experience of the separate account may not operate to reduce the death benefit below an amount equal to the face amount of the contract at the time the contract was issued. Any individual variable life insurance contract may contain a provision for deduction from the death proceeds of amounts of due and unpaid premiums or of indebtedness which are appropriate to that contract. The reserve liability for variable annuities must be established in accordance with actuarial procedures that recognize the variable nature of the benefits provided and any mortality guarantees. [2003 c 248 § 6; 1983 c 3 § 150; 1979 c 157 § 2; 1973 1st ex.s. c 163 § 6; 1969 c 104 § 5.]

**48.18A.060 Licensing requirement.** No person shall be or act as an insurance producer for the solicitation or sale of variable contracts except while duly appointed and licensed under the insurance code as a variable life and variable annuity products insurance producer with respect to the insurer, and while duly licensed as a security salesperson or securities broker under a license issued by the director of financial institutions pursuant to the securities act of this state; except that any person who participates only in the sale or offering for sale of variable contracts which fund corporate plans meeting the requirements for qualification under sections 401 or 403 of the United States internal revenue code need not be licensed pursuant to the securities act of this state. [2010 c 8 § 11003; 2008 c 217 § 20; 1994 c 92 § 502; 1973 1st ex.s. c 163 § 7; 1969 c 104 § 6.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.18A.070 Authority of commissioner.** Notwithstanding any other provision of law, the commissioner shall have sole and exclusive authority to regulate the issuance and sale of variable contracts; except for the examination, issuance or renewal, suspension or revocation, of a security salesman's license issued to persons selling variable contracts. To carry out the purposes and provisions of this chapter he or she may independently, and in concert with the director of financial institutions, issue such reasonable rules and regulations as may be appropriate. [1994 c 92 § 503; 1969 c 104 § 7.]

(2010 Ed.)

**48.18A.900 Effective date—1969 c 104.** This 1969 act shall take effect July 1, 1969. [1969 c 104 § 10.]

## Chapter 48.19 RCW

### RATES

#### Sections

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*Anti-compact law:* RCW 48.30.020.

*Discrimination prohibited:* RCW 48.18.480.

*Rate wars prohibited:* RCW 48.30.240.

**48.19.010 Scope of chapter.** (1) Except as is otherwise expressly provided the provisions of this chapter apply to all insurances upon subjects located, resident or to be performed in this state except:

- (a) Life insurance;
- (b) disability insurance;

(c) reinsurance except as to joint reinsurance as provided in RCW 48.19.360;

(d) insurance against loss of or damage to aircraft, their hulls, accessories, and equipment, or against liability, other than workers' compensation and employers' liability, arising out of the ownership, maintenance or use of aircraft;

(e) insurance of vessels or craft, their cargoes, marine builders' risks, marine protection and indemnity; and such other risks commonly insured under marine, as distinguished from inland marine, insurance contracts as may be defined by ruling of the commissioner for the purposes of this provision;

(f) title insurance.

(2) Except, that every insurer shall, as to disability insurance, before using file with the commissioner its manual of classification, manual of rules and rates, and any modifications thereof. [1987 c 185 § 24; 1947 c 79 § .19.01; Rem. Supp. 1947 § 45.19.01.]

**Intent—Severability—1987 c 185:** See notes following RCW 51.12.130.

**48.19.020 Rate standard.** Premium rates for insurance shall not be excessive, inadequate, or unfairly discriminatory. [1983 1st ex.s. c 32 § 13; 1947 c 79 § .19.02; Rem. Supp. 1947 § 45.19.02.]

**48.19.030 Making of rates—Criteria.** Rates shall be used, subject to the other provisions of this chapter, only if made in accordance with the following provisions:

(1) In the case of insurances under standard fire policies and that part of marine and transportation insurances not exempted under RCW 48.19.010, manual, minimum, class or classification rates, rating schedules or rating plans, shall be made and adopted; except as to specific rates on inland marine risks individually rated, which risks are not reasonably susceptible to manual or schedule rating, and which risks by general custom of the business are not written according to manual rates or rating plans.

(2) In the case of casualty and surety insurances:

(a) The systems of expense provisions included in the rates for use by any insurer or group of insurers may differ from those of other insurers or groups of insurers to reflect the requirements of the operating methods of any such insurer or group with respect to any kind of insurance, or with respect to any subdivision or combination thereof for which subdivision or combination separate expense provisions are applicable.

(b) Risks may be grouped by classifications for the establishment of rates and minimum premiums. Classification rates may be modified to produce rates for individual risks in accordance with rating plans which establish standards for measuring variations in hazards or expense provisions, or both. Such standards may measure any differences among risks that can be demonstrated to have a probable effect upon losses or expenses.

(3) Due consideration in making rates for all insurances shall be given to:

(a) Past and prospective loss experience within this state for experience periods acceptable to the commissioner. If the information is not available or is not statistically credible, an insurer may use loss experience in those states which are likely to produce loss experience similar to that in this state.

(b) Conflagration and catastrophe hazards, where present.

(c) A reasonable margin for underwriting profit and contingencies.

(d) Dividends, savings and unabsorbed premium deposits allowed or returned by insurers to their policyholders, members, or subscribers.

(e) Past and prospective operating expenses.

(f) Past and prospective investment income.

(g) All other relevant factors within and outside this state.

(4) In addition to other factors required by this section, rates filed by an insurer on its own behalf may also be related to the insurer's plan of operation and plan of risk classification.

(5) Except to the extent necessary to comply with RCW 48.19.020 uniformity among insurers in any matter within the scope of this section is neither required nor prohibited. [1989 c 25 § 3; 1947 c 79 § .19.03; Rem. Supp. 1947 § 45.19.03.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.19.035 Making of rates—Definitions—Personal insurance—Use of credit history or insurance scores—Rules.** (1) For the purposes of this section:

(a) "Affiliate" has the same meaning as defined in RCW 48.31B.005(1).

(b) "Consumer" means an individual policyholder or applicant for insurance.

(c) "Credit history" means any written, oral, or other communication of any information by a consumer reporting agency bearing on a consumer's creditworthiness, credit standing, or credit capacity that is used or expected to be used, or collected in whole or in part, for the purpose of serving as a factor in determining personal insurance premiums or eligibility for coverage.

(d) "Insurance score" means a number or rating that is derived from an algorithm, computer application, model, or other process that is based in whole or in part on credit history.

(e) "Personal insurance" means:

(i) Private passenger automobile coverage;

(ii) Homeowner's coverage, including mobile homeowners, manufactured homeowners, condominium owners, and renter's coverage;

(iii) Dwelling property coverage;

(iv) Earthquake coverage for a residence or personal property;

(v) Personal liability and theft coverage;

(vi) Personal inland marine coverage; and

(vii) Mechanical breakdown coverage for personal auto or home appliances.

(2)(a) Credit history shall not be used to determine personal insurance rates, premiums, or eligibility for coverage unless the insurance scoring models are filed with the commissioner. Insurance scoring models include all attributes and factors used in the calculation of an insurance score. RCW 48.19.040(5) does not apply to any information filed under this subsection, and the information shall be withheld from public inspection and kept confidential by the commissioner. All information filed under this subsection shall be

considered trade secrets under RCW 48.02.120(3). Information filed under this subsection may be made public by the commissioner for the sole purpose of enforcement actions taken by the commissioner.

(b) Each insurer that uses credit history or an insurance score to determine personal insurance rates, premiums, or eligibility for coverage must file all rates and rating plans for that line of coverage with the commissioner. This requirement applies equally to a single insurer and two or more affiliated insurers. RCW 48.19.040(5) applies to information filed under this subsection except that any eligibility rules or guidelines shall be withheld from public inspection under RCW 48.02.120(3) from the date that the information is filed and after it becomes effective.

(3) Insurers shall not use the following types of credit history to calculate a personal insurance score or determine personal insurance premiums or rates:

(a) The absence of credit history or the inability to determine the consumer's credit history, unless the insurer has filed actuarial data segmented by demographic factors in a manner prescribed by the commissioner that demonstrates compliance with RCW 48.19.020;

(b) The number of credit inquiries;

(c) Credit history or an insurance score based on collection accounts identified with a medical industry code;

(d) The initial purchase or finance of a vehicle or house that adds a new loan to the consumer's existing credit history, if evident from the consumer report; however, an insurer may consider the bill payment history of any loan, the total number of loans, or both;

(e) The consumer's use of a particular type of credit card, charge card, or debit card; or

(f) The consumer's total available line of credit; however, an insurer may consider the total amount of outstanding debt in relation to the total available line of credit.

(4) If a consumer is charged higher premiums due to disputed credit history, the insurer shall rerate the policy retroactive to the effective date of the current policy term. As rerated, the consumer shall be charged the same premiums they would have been charged if accurate credit history was used to calculate an insurance score. This subsection applies only if the consumer resolves the dispute under the process set forth in the fair credit reporting act and notifies the insurer in writing that the dispute has been resolved.

(5) The commissioner may adopt rules to implement this section.

(6) This section applies to all personal insurance policies issued or renewed on or after June 30, 2003. [2004 c 86 § 1; 2002 c 360 § 2.]

**Captions not law—2002 c 360:** See note following RCW 48.18.545.

**48.19.040 Filing required—Contents.** (1) Every insurer or rating organization shall, before using, file with the commissioner every classifications manual, manual of rules and rates, rating plan, rating schedule, minimum rate, class rate, and rating rule, and every modification of any of the foregoing which it proposes. The insurer need not so file any rate on individually rated risks as described in subdivision (1) of RCW 48.19.030; except that any such specific rate made by a rating organization shall be filed.

(2010 Ed.)

(2) Every such filing shall indicate the type and extent of the coverage contemplated and must be accompanied by sufficient information to permit the commissioner to determine whether it meets the requirements of this chapter. An insurer or rating organization shall offer in support of any filing:

(a) The experience or judgment of the insurer or rating organization making the filing;

(b) An exhibit detailing the major elements of operating expense for the types of insurance affected by the filing;

(c) An explanation of how investment income has been taken into account in the proposed rates; and

(d) Any other information which the insurer or rating organization deems relevant.

(3) If an insurer has insufficient loss experience to support its proposed rates, it may submit loss experience for similar exposures of other insurers or of a rating organization.

(4) Every such filing shall state its proposed effective date.

(5) A filing made pursuant to this chapter shall be exempt from the provisions of RCW 48.02.120(3). However, the filing and all supporting information accompanying it shall be open to public inspection only after the filing becomes effective.

(6) Where a filing is required no insurer shall make or issue an insurance contract or policy except in accordance with its filing then in effect, except as is provided by RCW 48.19.090. [1994 c 131 § 8; 1989 c 25 § 4; 1983 1st ex.s. c 32 § 14; 1947 c 79 § .19.04; Rem. Supp. 1947 § 45.19.04.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.19.043 Forms of commercial property casualty policies—Legislative intent—Issuance prior to filing—Disapproval by commissioner—Definition.** (1) It is the intent of the legislature to assist the purchasers of commercial property casualty insurance by allowing policies to be issued more expeditiously and provide a more competitive market for rates.

(2) Notwithstanding the provisions of RCW 48.19.040(1), commercial property casualty policies may be issued prior to filing the rates. All commercial property casualty rates shall be filed with the commissioner within thirty days after an insurer issues any policy using them.

(3) If, within thirty days after a commercial property casualty rate has been filed, the commissioner finds that the rate does not meet the requirements of this chapter, the commissioner shall disapprove the filing and give notice to the insurer or rating organization that made the filing, specifying how the filing fails to meet the requirements and stating when, within a reasonable period thereafter, the filing shall be deemed no longer effective. The commissioner may extend the time for review another fifteen days by giving notice to the insurer prior to the expiration of the original thirty-day period.

(4) Upon a final determination of a disapproval of a rate filing under subsection (3) of this section, the insurer shall issue an endorsement changing the rate to comply with the commissioner's disapproval from the date the rate is no longer effective.

(5) For purposes of this section, "commercial property casualty" means insurance pertaining to a business, profes-

sion, occupation, nonprofit organization, or public entity for the lines of property and casualty insurance defined in RCW 48.11.040, 48.11.050, 48.11.060, or 48.11.070, but does not mean medical malpractice insurance.

(6) Except as provided in subsection (4) of this section, the disapproval shall not affect any contract made or issued prior to the expiration of the period set forth in the notice of disapproval.

(7) In the event a hearing is held on the actions of the commissioner under subsection (3) of this section, the burden of proof is on the commissioner. [2006 c 8 § 216; 2003 c 248 § 7; 1997 c 428 § 2.]

**Findings—Intent—Part headings and subheadings not law—Severability—2006 c 8:** See notes following RCW 5.64.010.

**48.19.050 Filings by rating bureau.** (1) If so authorized by an insurer, the commissioner shall accept, in lieu of filings by the insurer, filings on its behalf made by a rating organization then licensed as provided in this chapter.

(2) As to fire insurance under a standard form fire policy, and the following insurances (other than vehicle insurance coverages) when issued as part of a standard form fire policy, an insurer may so authorize a rating organization to make all [of] its filings only, and may not make a portion of such filings upon its own behalf and authorize a rating organization to make other such filings:

(a) Additional property insurance coverages; or

(b) Coverages including any kind of insurance in addition to fire for a single undivided premium.

(3) Except, that notwithstanding the provisions of subsection (2) an insurer which prior to the first day of January, 1947, made its own filings in this state as to a particular class of fire risks, and its filings in this state as to other classes of fire risks were made by a rating organization authorized by the insurer so to do, may:

(a) Continue to make all [of] its own filings as to such specific class of risks or authorize a rating organization to make its filings as to such specific class of risks or any part thereof; and

(b) Authorize a different rating organization to make all only of its filings [all of its filings only] as to all other classes of risks insured by it in this state against fire under the standard form fire policy; or

(c) Make all [of] its own filings as to all classes of risks insured by it against fire under the standard form fire policy, or make all [of] its own such filings except as to any which may relate to any such specific class of risks, which filings so excepted the insurer may authorize a rating organization to make; or

(d) Authorize a rating organization to make all only of its filings [all of its filings only] as to all classes or risks insured by it against fire in this state under the standard form fire policy. [1957 c 193 § 13; 1947 c 79 § .19.05; Rem. Supp. 1947 § 45.19.05.]

**48.19.060 Filings—Review, waiting period, disapproval.** (1) The commissioner shall review a filing as soon as reasonably possible after made, to determine whether it meets the requirements of this chapter.

(2) Except as provided in RCW 48.19.070 and 48.19.043:

(a) No such filing shall become effective within thirty days after the date of filing with the commissioner, which period may be extended by the commissioner for an additional period not to exceed fifteen days if he or she gives notice within such waiting period to the insurer or rating organization which made the filing that he or she needs such additional time for the consideration of the filing. The commissioner may, upon application and for cause shown, waive such waiting period or part thereof as to a filing that he or she has not disapproved.

(b) A filing shall be deemed to meet the requirements of this chapter unless disapproved by the commissioner within the waiting period or any extension thereof.

(3) Medical malpractice insurance rate filings are subject to the provisions of this section. [2006 c 8 § 217; 1997 c 428 § 4; 1989 c 25 § 5; 1947 c 79 § .19.06; Rem. Supp. 1947 § 45.19.06.]

**Findings—Intent—Part headings and subheadings not law—Severability—2006 c 8:** See notes following RCW 5.64.010.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.19.070 Special filings.** The following special filings, when not covered by a previous filing, shall become effective when filed and shall be deemed to meet the requirements of this chapter until such time as the commissioner reviews the filing and for so long thereafter as the filing remains in effect:

(1) Special filings with respect to surety or guaranty bonds required by law or by court or executive order or by order, rule or regulation of a public body.

(2) Specific rates on inland marine risks individually rated by a rating organization, which risks are not reasonably susceptible to manual or schedule rating, and which risks by general custom of the business are not written according to manual rates or rating plans. [1947 c 79 § .19.07; Rem. Supp. 1947 § 45.19.07.]

**48.19.080 Waiver of filing.** Under such rules and regulations as he or she shall adopt the commissioner may, by order, suspend or modify the requirement of filing as to any kind of insurance. Such orders, rules and regulations shall be made known to insurers and rating organizations affected thereby. The commissioner may make such examination as he or she may deem advisable to ascertain whether any rates affected by such order meet the standard prescribed in RCW 48.19.020. [2009 c 549 § 7079; 1981 c 339 § 18; 1947 c 79 § .19.08; Rem. Supp. 1947 § 45.19.08.]

**48.19.090 Excess rates on specific risks.** Upon written application of the insured, stating his or her reasons therefor, filed with and approved by the commissioner, a rate in excess of that provided by a filing otherwise applicable may be used on any specific risk. [2009 c 549 § 7080; 1947 c 79 § .19.09; Rem. Supp. 1947 § 45.19.09.]

**48.19.100 Disapproval of filing.** If within the waiting period or any extension thereof as provided in RCW 48.19.060, the commissioner finds that a filing does not meet the requirements of this chapter, he or she shall disapprove such filing, and shall give notice of such disapproval, specifying the respect in which he or she finds the filing fails to

meet such requirements, and stating that the filing shall not become effective, to the insurer or rating organization which made the filing. [2009 c 549 § 7081; 1989 c 25 § 6; 1947 c 79 § .19.10; Rem. Supp. 1947 § 45.19.10.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.19.110 Disapproval of special filing.** (1) If within thirty days after a special filing subject to RCW 48.19.070 has become effective, the commissioner finds that the filing does not meet the requirements of this chapter, he or she shall disapprove the filing and shall give notice to the insurer or rating organization which made the filing, specifying in what respects he or she finds that the filing fails to meet such requirements and stating when, within a reasonable period thereafter, the filing shall be deemed no longer effective.

(2) Such disapproval shall not affect any contract made or issued prior to the expiration of the period set forth in the notice of disapproval. [2009 c 549 § 7082; 1947 c 79 § .19.11; Rem. Supp. 1947 § 45.19.11.]

**48.19.120 Subsequent disapproval.** (1) If at any time subsequent to the applicable review period provided in RCW 48.19.060 or 48.19.110, the commissioner finds that a filing does not meet the requirements of this chapter, he or she shall, after a hearing, notice of which was given to every insurer and rating organization which made such filing, issue his or her order specifying in what respect he or she finds that such filing fails to meet the requirements of this chapter, and stating when, within a reasonable period thereafter, the filings shall be deemed no longer effective.

(2) Such order shall not affect any contract or policy made or issued prior to the expiration of the period set forth in the order.

(3) Any person aggrieved with respect to any filing then in effect, other than the insurer or rating organization which made the filing, may make written application to the commissioner for a hearing thereon. The application shall specify the grounds to be relied upon by the applicant. If the commissioner finds that the application is made in good faith, that the applicant would be so aggrieved if his or her grounds are established, and that such grounds otherwise justify holding the hearing, he or she shall, within thirty days after receipt of the application, hold a hearing as required in subsection (1) of this section. [2009 c 549 § 7083; 1989 c 25 § 7; 1983 1st ex.s. c 32 § 15; 1947 c 79 § .19.12; Rem. Supp. 1947 § 45.19.12.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.19.140 Rating organizations—Discrimination—****"Subscriber" defined.** (1) Every rating organization operating in this state shall furnish its services without discrimination as between its subscribers.

(2) "Subscriber," for the purposes of this chapter and where the context does not otherwise specify, means any insurer which employs the services of a rating organization for the purpose of making filings, whether or not the insurer is a "member" of such rating organization.

(3) This chapter is not intended to and does not govern or affect the "membership" relation as such between a rating organization and insurers who are its "members." [1947 c 79 § .19.14; Rem. Supp. 1947 § 45.19.14.]

(2010 Ed.)

**48.19.150 Subscribership not required.** No provision of this code shall require, or be deemed to require, any insurer to be a subscriber of, or in any other respect affiliated with, any rating organization. [1947 c 79 § .19.15; Rem. Supp. 1947 § 45.19.15.]

**48.19.160 Rating organization license.** No rating organization shall do business in this state or make filings with the commissioner unless then licensed by the commissioner as a rating organization. [1947 c 79 § .19.16; Rem. Supp. 1947 § 45.19.16.]

**48.19.170 Application for license.** (1) Any person, whether domiciled within or outside this state, except as provided in subsection (2) of this section, may make application to the commissioner for a license as a rating organization for such kinds of insurance or subdivisions thereof, if for casualty or surety insurances, or for such subdivision, class of risks or a part or combination thereof, if for other insurances, as are specified in its application, and shall file therewith:

(a) A copy of its constitution, its articles of agreement or association, or its certificate of incorporation, or trust agreement, and of its bylaws, rules and regulations governing the conduct of its business;

(b) A list of its members and a list of its subscribers;

(c) The name and address of a resident of this state upon whom notices or orders of the commissioner or process affecting such rating organization may be served, and

(d) A statement of its qualifications as a rating organization.

(2) Any rating organization proposing to act as such as to insurance under standard form fire policies, shall be licensed only if all the following conditions are complied with:

(a) The applicant and the operators of such rating organization shall be domiciled in and shall actually reside in this state.

(b) The ownership of such rating organization shall be vested in trustees for all its subscribers under such trust agreement as is approved by the commissioner, and the rating organization shall be and shall be conducted as a nonprofit public service institution.

(c) Such rating organization shall not be connected with any insurer or insurers except to the extent that any such insurer may be a subscriber to its services. [1947 c 79 § .19.17; Rem. Supp. 1947 § 45.19.17.]

**48.19.180 Issuance of license.** (1) If the commissioner finds that the applicant for a license as a rating organization is competent, trustworthy and otherwise qualified so to act, and that its constitution, articles of agreement or association or certificate of incorporation or trust agreement, and its bylaws, rules and regulations governing the conduct of its business conform to the requirements of law, he or she shall, upon payment of a license fee of twenty-five dollars, issue a license specifying the kinds of insurance, or subdivisions or class of risk or part or combination thereof for which the applicant is authorized to act as a rating organization.

(2) The commissioner shall grant or deny in whole or in part every such application within sixty days of the date of its filing with him or her.

(3) A license issued pursuant to this section shall remain in effect for three years unless sooner suspended or revoked by the commissioner. [2009 c 549 § 7084; 1947 c 79 § .19.18; Rem. Supp. 1947 § 45.19.18.]

**48.19.190 Suspension or revocation of license.** (1) The commissioner may, after a hearing, suspend or revoke the license issued to a rating organization for any of the following causes:

(a) If he or she finds that the licensee no longer meets the qualifications for the license.

(b) For failure to comply with an order of the commissioner within the time limited by the order, or any extension thereof which the commissioner may grant.

(2) The commissioner shall not so suspend or revoke a license for failure to comply with an order until the time prescribed by this code for an appeal from such order to the superior court has expired or if such appeal has been taken, until such order has been affirmed.

(3) The commissioner may determine when a suspension or revocation of license shall become effective. A suspension of license shall remain in effect for the period fixed by him or her, unless he or she modifies or rescinds the suspension, or until the order, failure to comply with which constituted grounds for the suspension, is modified, rescinded or reversed. [2009 c 549 § 7085; 1947 c 79 § .19.19; Rem. Supp. 1947 § 45.19.19.]

**48.19.200 Notice of changes.** Every rating organization shall notify the commissioner promptly of every change in

(1) its constitution, its articles of agreement or association, or its certificate of incorporation, or trust agreement, and its bylaws, rules and regulations governing the conduct of its business;

(2) its list of members and subscribers;

(3) the name and address of the resident of this state designated by it upon whom notices or orders of the commissioner or process affecting such rating organization may be served. [1947 c 79 § .19.20; Rem. Supp. 1947 § 45.19.20.]

**48.19.210 Subscribers—Rights, limitations.** (1) Subject to rules and regulations which have been approved by the commissioner as reasonable, each rating organization shall permit any insurer to subscribe to its rating services for any kind of insurance or subdivision thereof, for which it is authorized to act as a rating organization, subject to subsection (2) of RCW 48.19.050.

(2) Notice of proposed changes in such rules and regulations shall be given to each subscriber.

(3) An insurer shall not concurrently be a subscriber to the services of more than one rating organization as to the same subdivision, class of risk or part or combination of a kind of insurance.

(4) As to fire insurance under standard form fire policies, an insurer may not concurrently be a subscriber to the services of more than one rating organization except as provided in subsection (2) of RCW 48.19.050. [1947 c 79 § .19.21; Rem. Supp. 1947 § 45.19.21.]

**48.19.220 Review of rules and refusal to admit insurers.** (1) The reasonableness of any rule or regulation in its application to subscribers, or the refusal of any rating organization to admit an insurer as a subscriber, shall, at the request of any subscriber or any such insurer, be reviewed by the commissioner at a hearing held upon notice to the rating organization, and to the subscriber or insurer.

(2) If the commissioner finds that such rule or regulation is unreasonable in its application to subscribers, he or she shall order that such rule or regulation shall not be applicable to subscribers who are not members of the rating organization.

(3) If a rating organization fails to grant or reject an insurer's application for subscribership within thirty days after it was made, the insurer may request a review by the commissioner as if the application had been rejected. If the commissioner finds that the insurer has been refused admittance to the rating organization as a subscriber without justification, he or she shall order the rating organization to admit the insurer as a subscriber. If he or she finds that the action of the rating organization was justified, he or she shall make an order affirming its action. [2009 c 549 § 7086; 1947 c 79 § .19.22; Rem. Supp. 1947 § 45.19.22.]

**48.19.230 Subscriber committees.** The subscribers of any rating organization may, from time to time, individually or through committees representing various subscribers, consult with the rating organization with respect to matters within this chapter which affect such subscribers. [1947 c 79 § .19.23; Rem. Supp. 1947 § 45.19.23.]

**48.19.240 Rules cannot affect dividends.** No rating organization shall adopt any rule the effect of which would be to prohibit or regulate the payment of dividends, savings or unabsorbed premium deposits allowed or returned by insurers to their policyholders, members or subscribers. [1947 c 79 § .19.24; Rem. Supp. 1947 § 45.19.24.]

**48.19.250 Cooperative activities.** (1) Cooperation among rating organizations or among rating organizations and insurers in rate making or in other matters within the scope of this chapter is hereby authorized, if the filings resulting from such cooperation are subject to all the provisions of this chapter which are applicable to filings generally.

(2) The commissioner may review such cooperative activities and practices and if, after a hearing, he or she finds that any such activity or practice is unfair or unreasonable or otherwise inconsistent with the provisions of this code, he or she may issue a written order specifying in what respect such activity or practice is so unfair, unreasonable, or inconsistent, and requiring the discontinuance of such activity or practice. [2009 c 549 § 7087; 1947 c 79 § .19.25; Rem. Supp. 1947 § 45.19.25.]

**48.19.260 Technical services.** Any rating organization may subscribe for or purchase actuarial, technical or other services, and such services shall be available to all subscribers without discrimination. [1947 c 79 § .19.26; Rem. Supp. 1947 § 45.19.26.]

**48.19.270 Records—Examinations.** Each rating organization shall keep an accurate and complete record of all work performed by it, and of all its receipts and disbursements. Such rating organization and its records shall be examined by the commissioner at such times and in such manner as is provided in chapter 48.03 RCW of this code. [1947 c 79 § .19.27; Rem. Supp. 1947 § 45.19.27.]

**48.19.280 Deviations.** (1) Every member or subscriber to a rating organization shall adhere to the filings made on its behalf by such organization. Deviations from the organization's filings are permitted only when filed with the commissioner in accordance with this chapter.

(2) Every such deviation shall terminate upon a material change of the basic rate from which the deviation is made. The commissioner shall determine whether a change of the basic rate is so material as to require such termination of deviations. [1989 c 25 § 8; 1957 c 193 § 14; 1947 c 79 § .19.28; Rem. Supp. 1947 § 45.19.28.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.19.290 Appeal from rating organization's action.**

(1) Any subscriber to a rating organization may appeal to the commissioner from the rating organization's action or decision in approving or rejecting any proposed change in or addition to the rating organization's filings. The commissioner shall, after a hearing on the appeal:

(a) Issue an order approving the rating organization's action or decision or directing it to give further consideration to such proposal; or

(b) If the appeal is from the rating organization's action or decision in rejecting a proposed addition to its filings, he or she may, in event he or she finds that the action or decision was unreasonable, issue an order directing the rating organization to make an addition to its filings, on behalf of its subscribers, in a manner consistent with his or her findings, within a reasonable time after the issuance of such order.

(2) If such appeal is based upon the rating organization's failure to make a filing on behalf of such subscriber which is based on a system of expense provisions which differs, in accordance with the right granted in subdivision (2) of RCW 48.19.030, from the system of expense provisions included in a filing made by the rating organization, the commissioner shall, if he or she grants the appeal, order the rating organization to make the requested filing for use by the appellant. In deciding the appeal the commissioner shall apply the standards set forth in RCW 48.19.020 and 48.19.030. [2009 c 549 § 7088; 1947 c 79 § .19.29; Rem. Supp. 1947 § 45.19.29.]

**48.19.300 Service to insureds.** Every rating organization and every insurer which makes its own rates shall, within a reasonable time after receiving written request therefor and upon payment of such reasonable charge as it may make, furnish to any insured affected by a rate made by it, or to the authorized representative of such insured, all pertinent information as to such rate. [1947 c 79 § .19.30; Rem. Supp. 1947 § 45.19.30.]

(2010 Ed.)

**48.19.310 Complaints of insureds.** Every rating organization and every insurer which makes its own rates shall provide within this state reasonable means whereby any person aggrieved by the application of its rating system may be heard, in person or by his or her authorized representative, on his or her written request to review the manner in which such rating system has been applied in connection with the insurance afforded him or her. If the rating organization or insurer fails to grant or reject such request within thirty days after it is made, the applicant may proceed in the same manner as if his or her application had been rejected. Any party affected by the action of such rating organization or such insurer on such request may, within thirty days after written notice of such action, appeal to the commissioner, who, after a hearing held upon notice to the appellant and to the rating organization or insurer, may affirm or reverse such action. [2009 c 549 § 7089; 1947 c 79 § .19.31; Rem. Supp. 1947 § 45.19.31.]

**48.19.320 Advisory organizations—Definition.** (1)

Every group, association or other organization of insurers, whether located within or outside this state, which assists insurers which make their own filings or rating organizations in rate making, by the collection and furnishing of loss or expense statistics, or by the submission of recommendations, but which does not make filings under this chapter, shall be known as an advisory organization.

(2) This section does not apply to subscribers' committees provided for in RCW 48.19.230. [1947 c 79 § .19.32; Rem. Supp. 1947 § 45.19.32.]

**48.19.330 Requisites of advisory organization.** Every advisory organization before serving as such to any rating organization or independently filing insurer doing business in this state, shall file with the commissioner:

(1) A copy of its constitution, its articles of agreement or association or its certificate of incorporation and of its bylaws, rules and regulations governing its activities;

(2) A list of its members;

(3) The name and address of a resident of this state upon whom notices or orders of the commissioner or process issued at his or her direction may be served; and

(4) An agreement that the commissioner may examine such advisory organization in accordance with the provisions of RCW 48.03.010. [2009 c 549 § 7090; 1947 c 79 § .19.33; Rem. Supp. 1947 § 45.19.33.]

**48.19.340 Desist orders.** If, after a hearing, the commissioner finds that the furnishing of information or assistance by an advisory organization, as referred to in RCW 48.19.320, involves any act or practice which is unfair or unreasonable or otherwise inconsistent with the provisions of this code, he or she may issue a written order specifying in what respect such act or practice is unfair or unreasonable or so otherwise inconsistent, and requiring the discontinuance of such act or practice. [2009 c 549 § 7091; 1947 c 79 § .19.34; Rem. Supp. 1947 § 45.19.34.]

**48.19.350 Disqualification of data.** No insurer which makes its own filing nor any rating organization shall support

its filings by statistics or adopt rate making recommendations, furnished to it by an advisory organization which has not complied with this chapter or with any order of the commissioner involving such statistics or recommendations issued under RCW 48.19.340. If the commissioner finds such insurer or rating organization to be in violation of this section he or she may issue an order requiring the discontinuance of the violation. [2009 c 549 § 7092; 1947 c 79 § .19.35; Rem. Supp. 1947 § 45.19.35.]

**48.19.360 Joint underwriting or joint reinsurance.**

(1) Every group, association or other organization of insurers which engages in joint underwriting or joint reinsurance, shall be subject to regulation with respect thereto as is provided in this section, subject, however, with respect to joint underwriting, to all other provisions of this chapter, and, with respect to joint reinsurance, to RCW 48.19.270, 48.01.080 and 48.19.430; and to chapter 48.03 RCW of this code.

(2) If, after a hearing, the commissioner finds that any activity or practice of any such group, association or other organization is unfair or unreasonable or otherwise inconsistent with the provisions of this chapter, he or she may issue a written order specifying in what respects such activity or practice is unfair, or unreasonable or so inconsistent, and requiring the discontinuance of the activity or practice. [2009 c 549 § 7093; 1947 c 79 § .19.36; Rem. Supp. 1947 § 45.19.36.]

**48.19.370 Recording and reporting of loss and expense experience.** (1) The commissioner shall promulgate reasonable rules and statistical plans, reasonably adapted to each of the rating systems on file with him or her, which may be modified from time to time and which shall be used thereafter by each insurer in the recording and reporting of its loss and countrywide expense experience, in order that the experience of all insurers may be made available at least annually in such form and detail as may be necessary to aid him or her in determining whether rating systems comply with the standards set forth in RCW 48.19.020 and 48.19.030. Such rules and plans may also provide for the recording and reporting of expense experience items which are specially applicable to this state and are not susceptible of determination by a prorating of countrywide expense experience.

(2) In promulgating such rules and plans, the commissioner shall give due consideration to the rating systems on file with him or her and, in order that such rules and plans may be as uniform as is practicable among the several states, to the rules and to the form of the plans used for such rating systems in other states.

(3) No insurer shall be required to record or report its loss experience on a classification basis that is inconsistent with the rating system filed by it.

(4) The commissioner may designate one or more rating organizations or other agencies to assist him or her in gathering such experience and making compilations thereof, and such compilations shall be made available, subject to reasonable rules promulgated by the commissioner, to insurers and rating organizations.

(5) Reasonable rules and plans may be promulgated by the commissioner for the interchange of data necessary for

the application of rating plans. [2009 c 549 § 7094; 1947 c 79 § .19.37; Rem. Supp. 1947 § 45.19.37.]

**48.19.380 Exchange of information.** Every rating organization and insurer may exchange information and experience data with insurers and rating organizations in this and other states and may consult with them with respect to rate making and the application of rating systems. [1947 c 79 § .19.38; Rem. Supp. 1947 § 45.19.38.]

**48.19.390 False or misleading information.** No person shall wilfully withhold information from, or knowingly give false or misleading information to, the commissioner, any statistical agency designated by the commissioner, any rating organization, or any insurer, which will affect the rates or premiums chargeable under this chapter. [1947 c 79 § .19.39; Rem. Supp. 1947 § 45.19.39.]

**48.19.400 Assigned risks.** Agreements may be made among casualty insurers with respect to the equitable apportionment among them of insurance which may be afforded applicants who are in good faith entitled to but who are unable to procure such insurance through ordinary methods and such insurers may agree among themselves on the use of reasonable rate modifications for such insurance, such agreements and rate modifications to be subject to the approval of the commissioner. [1947 c 79 § .19.40; Rem. Supp. 1947 § 45.19.40.]

**48.19.410 Examination of contracts.** (1) The commissioner may permit the organization and operation of examining bureaus for the examination of policies, daily reports, binders, renewal certificates, endorsements, and other evidences of insurance or of the cancellation thereof, for the purpose of ascertaining that lawful rates are being charged.

(2) A bureau shall examine documents with regard to such kinds of insurance as the commissioner may, after hearing, reasonably require to be submitted for examination. A bureau may examine documents as to such other kinds of insurance as the issuing insurers may voluntarily submit for examination. Upon request of the commissioner, a bureau shall also examine affidavits filed pursuant to RCW 48.15.040, surplus lines contracts and related documents, and shall make recommendations to the commissioner to assist the commissioner in determining whether surplus lines have been procured in accordance with chapter 48.15 RCW and rules issued thereunder.

(3) No bureau shall operate unless licensed by the commissioner as to the kinds of insurance as to which it is permitted so to examine. To qualify for a license a bureau shall:

(a) Be owned in trust for the benefit of all the insurers regularly using its services, under a trust agreement approved by the commissioner.

(b) Make its services available without discrimination to all authorized insurers applying therefor, subject to such reasonable rules and regulations as to the obligations of insurers using its services, as to the conduct of its affairs, and as to the correction of errors and omissions in documents examined by it as are approved by the commissioner.

(c) Have no manager or other employee who is an employee of an insurer other than to the extent that he or she is an employee of the bureau owned by insurers through such trust agreement.

(d) Pay to the commissioner a fee of ten dollars for issuance of its license.

(4) Such license shall be of indefinite duration and shall remain in force until revoked by the commissioner or terminated at the request of the bureau. The commissioner may revoke the license, after hearing,

(a) if the bureau is no longer qualified therefor;

(b) if the bureau fails to comply with a proper order of the commissioner;

(c) if the bureau violates or knowingly participates in the violation of any provision of this code.

(5) Any person aggrieved by any rule, regulation, act or omission of a bureau may appeal to the commissioner therefrom. The commissioner shall hold a hearing upon such appeal, and shall make such order upon the hearing as he or she deems to be proper.

(6) Every such bureau operating in this state shall be subject to the supervision of the commissioner, and the commissioner shall examine it as provided in chapter 48.03 RCW of this code.

(7) Every examining bureau shall keep adequate records of the outstanding errors and omissions found in coverages examined by it and of its receipts and disbursements, and shall hold as confidential all information contained in documents submitted to it for examination.

(8) The commissioner shall not license an additional bureau for the examination of documents relative to a kind of insurance if such documents are being examined by a then existing licensed bureau. Any examining bureau operating in this state immediately prior to the effective date of this code under any law of this state repealed as of such date, shall have prior right to apply for and secure a license under this section. [2009 c 549 § 7095; 1983 1st ex.s. c 32 § 8; 1947 c 79 § .19.41; Rem. Supp. 1947 § 45.19.41.]

**48.19.420 Rate agreements.** Two or more insurers mutually may agree to adhere to rates, rating plans, rating systems or underwriting practices or uniform modifications thereof, all subject to the following conditions:

(1) All of the terms of the agreements shall be in writing executed on behalf of each such insurer.

(2) An executed copy of every such written agreement and of every modification thereof shall be filed with the commissioner.

(3) Within a reasonable length of time after every such filing, the commissioner shall either approve or disapprove such agreement or modification. No such agreement or modification shall be effective unless and until approved by the commissioner.

(4) The commissioner shall not approve any such agreement or modification which:

(a) Constitutes or would tend to result in an unreasonable restraint upon free competition;

(b) contains terms otherwise tending to injure the public interest.

(2010 Ed.)

(5) No cause of action shall lie in favor of any insurer which is party to any such agreement against any other insurer party thereto on account of any breach thereof.

(6) All rate filings covered by such agreement shall be subject to the provisions of this chapter or of other applicable law.

(7) The commissioner may after a hearing thereon and for cause withdraw any approval previously given any such agreement or modification. [1947 c 79 § .19.42; Rem. Supp. 1947 § 45.19.42.]

**48.19.430 Penalties.** Any person violating any provision of this chapter shall be subject to a penalty of not more than fifty dollars for each such violation, but if such violation is found to be wilful a penalty of not more than five hundred dollars for each such violation may be imposed. Such penalties may be in addition to any other penalty provided by law. [1947 c 79 § .19.43; Rem. Supp. 1947 § 45.19.43.]

**48.19.450 Casualty rate filing—Credit.** The commissioner shall, in reviewing a casualty rate filing, determine in accordance with sound and reliable actuarial principles whether chapter 305, Laws of 1986 requires an insurer to grant its policyholders a credit in such casualty rate filing. Upon determining that data in support of such a credit is actuarially credible, the commissioner shall approve or disapprove such casualty rate filing in accordance therewith. The commissioner shall not approve any casualty rate that is inadequate, excessive, or unfairly discriminatory. [1986 c 305 § 907.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.19.460 Automobile insurance—Premium reductions for older insureds completing accident prevention course.** Any schedule of rates or rating plan for automobile liability and physical damage insurance submitted to or filed with the commissioner shall provide for an appropriate reduction in premium charges except for underinsured motorist coverage for those insureds who are fifty-five years of age and older, for a two-year period after successfully completing a motor vehicle accident prevention course meeting the criteria of the department of licensing with a minimum of eight hours, or additional hours as determined by rule of the department of licensing. The classroom course may be conducted by a public or private agency approved by the department. An eight-hour course meeting the criteria of the department of licensing may be offered via an alternative delivery method of instruction, which may include internet, video, or other technology-based delivery methods. An agency seeking approval from the department to offer an alternative delivery method course of instruction is not required to conduct classroom courses under this section. The department of licensing may adopt rules to ensure that insureds who seek certification for taking a course offered via an alternative delivery method have completed the course. [2007 c 258 § 1; 1987 c 377 § 1; 1986 c 235 § 1.]

**48.19.470 Automobile insurance—Premium reductions for persons eligible under RCW 48.19.460.** All insurance companies writing automobile liability and physical

damage insurance in this state shall allow an appropriate reduction in premium charges except for underinsured motorist coverage to all eligible persons subject to RCW 48.19.460. [1986 c 235 § 2.]

**48.19.480 Automobile insurance—Completion of accident prevention course, certificate.** Upon successfully completing the approved course, each participant shall be issued by the course's sponsoring agency, a certificate that shall be the basis of qualification for the discount on insurance. [1986 c 235 § 3.]

**48.19.490 Automobile insurance—Continued eligibility for discount.** Each participant shall take an approved course every two years to continue to be eligible for the discount on insurance. [1986 c 235 § 4.]

**48.19.500 Motor vehicle insurance—Seat belts, etc.** Due consideration in making rates for motor vehicle insurance shall be given to any anticipated change in losses that may be attributable to the use of seat belts, child restraints, and other lifesaving devices. An exhibit detailing these changes and any credits or discounts resulting from any such changes shall be included in each filing pertaining to private passenger automobile (or motor vehicle) insurance. [1989 c 11 § 20; 1987 c 310 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.19.501 Motor vehicle insurance—Anti-theft devices—Lights—Multiple vehicles.** Due consideration in making rates for motor vehicle insurance shall be given to:

(1) Any anticipated change in losses that may be attributable to the use of properly installed and maintained anti-theft devices in the insured private passenger automobile. An exhibit detailing these losses and any credits or discounts resulting from any such changes shall be included in each filing pertaining to private passenger automobile (or motor vehicle) insurance.

(2) Any anticipated change in losses that may be attributable to the use of lights and lighting devices that have been proven effective in increasing the visibility of motor vehicles during daytime or in poor visibility conditions and to the use of rear stop lights that have been proven effective in reducing rear-end collisions. An exhibit detailing these losses and any credits or discounts resulting from any such changes shall be included in each filing pertaining to private passenger automobile (or motor vehicle) insurance.

(3) Any anticipated change in losses per vehicle covered that may be attributable to the fact that the insured has more vehicles covered under the policy than there are insured drivers in the same household. An exhibit detailing these changes and any credits or discounts resulting from any such changes shall be included in each filing pertaining to private passenger automobile (or motor vehicle) insurance. [1989 c 11 § 21; 1987 c 320 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

## Chapter 48.20 RCW DISABILITY INSURANCE

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- 48.20.530 Nonresident pharmacies.
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- 48.20.580 Mental health services—Definition—Coverage required, when.
- 48.20.900 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.

*Approval of policy forms:* RCW 48.18.100.

*Assignment of policies:* RCW 48.18.360.

*Exemption of proceeds:* RCW 48.18.400.

*General provisions regarding filing, approval, contents of policies, execution, applications, etc.:* Chapter 48.18 RCW.

*Grounds for disapproval of policy forms:* RCW 48.18.110.

*Insurable interest, personal insurance, nonprofit organizations:* RCW 48.18.030.

*Minimum standard conditions and terminology for disability policies, established by commissioner:* RCW 48.18.120(2).

*Minor contracting for life or disability insurance:* RCW 48.18.020.

*Payment to person designated in policy or by assignment discharges insurer:* RCW 48.18.370.

*Rates, manuals, classifications—Filing:* RCW 48.19.010(2).

*Refusal to renew or cancellation of disability insurance:* RCW 48.18.298, 48.18.299.

**48.20.002 Scope of chapter.** Nothing in this chapter shall apply to or affect (1) any policy of workers' compensation insurance or any policy of liability insurance with or without supplementary expense coverage therein; or (2) any policy or contract of reinsurance; or (3) any blanket or group policy of insurance; or (4) life insurance, endowment or annuity contracts, or contracts supplemental thereto which contain only such provisions relating to accident and sickness insurance as (a) provide additional benefits in case of death or dismemberment or loss of sight by accident, or as (b) operate to safeguard such contracts against lapse, or to give a special surrender value or special benefit or an annuity in the event that the insured or annuitant shall become totally and permanently disabled, as defined by the contract or supplemental contract. [1987 c 185 § 25; 1951 c 229 § 1.]

**Reviser's note:** For prior laws governing standard provision requirements for individual accident or health insurance policies see 1947 c 79 §§ .20.01 through .20.33 and .20.37 and Rem. Supp. 1947 §§ 45.20.01 through 45.20.33 and 45.20.37.

Many of the sections enacted in 1951 c 229 are in substance amendments of sections previously appearing in chapter 48.20 RCW, although they appear in 1951 c 229 as new sections. To assist those using the code, the prior enactment on the same subject is shown in the history note following the new section wherever practical.

**Intent—Severability—1987 c 185:** See notes following RCW 51.12.130.

**48.20.012 Format of disability policies.** No disability policy shall be delivered or issued for delivery to any person in this state unless it otherwise complies with this code, and complies with the following:

(1) It shall purport to insure only one person, except as to family expense insurance written pursuant to RCW 48.20.340.

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(2) The style, arrangement and over-all appearance of the policy shall give no undue prominence to any portion of the text, and every printed portion of the text of the policy and of any endorsements or attached papers shall be plainly printed in light-faced type of a style in general use, the size of which shall be uniform and not less than ten-point with a lower-case unspaced alphabet length not less than one hundred and twenty-point (the "text" shall include all printed matter except the name and address of the insurer, name or title of the policy, the brief description if any, and caption and subcaptions).

(3) The exceptions and reductions of indemnity shall be set forth in the policy and, other than those contained in RCW 48.20.042 to \*48.20.272, inclusive, shall be printed, at the insurer's option, either included with the benefit provision to which they apply, or under an appropriate caption such as "Exceptions," or "Exceptions and reductions," except that if an exception or reduction specifically applies only to a particular benefit of the policy, a statement of such exception or reduction shall be included with the benefit provision to which it applies.

(4) Each such form, including riders and endorsements, shall be identified by a form number in the lower left hand corner of the first page thereof.

(5) It shall contain no provision purporting to make any portion of the insurer's charter, rules, constitution, or bylaws a part of the policy unless such portion is set forth in full in the policy, except in the case of the incorporation of, or reference to, a statement of rates or classification of risks, or short-rate table filed with the commissioner. [1951 c 229 § 2; 1947 c 79 § .20.02; formerly Rem. Supp. 1949 § 45.20.02.]

**\*Reviser's note:** RCW 48.20.272 was repealed by 2004 c 112 § 6.

**48.20.013 Return of policy and refund of premium—Notice required—Effect of return.** Every individual disability insurance policy issued after January 1, 1968, except single premium nonrenewable policies, shall have printed on its face or attached thereto a notice stating in substance that the person to whom the policy is issued shall be permitted to return the policy within ten days of its delivery to the purchaser and to have the premium paid refunded if, after examination of the policy, the purchaser is not satisfied with it for any reason. An additional ten percent penalty shall be added to any premium refund due which is not paid within thirty days of return of the policy to the insurer or insurance producer. If a policy holder or purchaser pursuant to such notice, returns the policy to the insurer at its home or branch office or to the insurance producer through whom it was purchased, it shall be void from the beginning and the parties shall be in the same position as if no policy had been issued. [2008 c 217 § 21; 1983 1st ex.s. c 32 § 9; 1967 c 150 § 26.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.20.015 Endorsements.** If a contract is issued on any basis other than as applied for, an endorsement setting forth such modification(s) must accompany and be attached to the policy; and no endorsement shall be effective unless signed by the policyowner, and a signed copy thereof returned to the insurer. [1975 1st ex.s. c 266 § 9.]

[Title 48 RCW—page 129]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.20.022 Policies issued by domestic insurer for delivery in another state.** If any policy is issued by a domestic insurer for delivery to a person residing in another state, and if the insurance commissioner or corresponding public official of such other state has advised the commissioner that any such policy is not subject to approval or disapproval by such official, the commissioner may by ruling require that such policy meet the applicable standards set forth in this chapter and in chapter 48.18 RCW. [1951 c 229 § 3.]

**48.20.025 Schedule of rates for individual health benefit plans—Loss ratio—Remittance of premiums—Definitions.** (1) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Claims" means the cost to the insurer of health care services, as defined in RCW 48.43.005, provided to a policyholder or paid to or on behalf of the policyholder in accordance with the terms of a health benefit plan, as defined in RCW 48.43.005. This includes capitation payments or other similar payments made to providers for the purpose of paying for health care services for a policyholder.

(b) "Claims reserves" means: (i) The liability for claims which have been reported but not paid; (ii) the liability for claims which have not been reported but which may reasonably be expected; (iii) active life reserves; and (iv) additional claims reserves whether for a specific liability purpose or not.

(c) "Declination rate" for an insurer means the percentage of the total number of applicants for individual health benefit plans received by that insurer in the aggregate in the applicable year which are not accepted for enrollment by that insurer based on the results of the standard health questionnaire administered pursuant to RCW 48.43.018(2)(a).

(d) "Earned premiums" means premiums, as defined in RCW 48.43.005, plus any rate credits or recoupments less any refunds, for the applicable period, whether received before, during, or after the applicable period.

(e) "Incurred claims expense" means claims paid during the applicable period plus any increase, or less any decrease, in the claims reserves.

(f) "Loss ratio" means incurred claims expense as a percentage of earned premiums.

(g) "Reserves" means: (i) Active life reserves; and (ii) additional reserves whether for a specific liability purpose or not.

(2) An insurer must file supporting documentation of its method of determining the rates charged for its individual health benefit plans. At a minimum, the insurer must provide the following supporting documentation:

(a) A description of the insurer's rate-making methodology;

(b) An actuarially determined estimate of incurred claims which includes the experience data, assumptions, and justifications of the insurer's projection;

(c) The percentage of premium attributable in aggregate for nonclaims expenses used to determine the adjusted community rates charged; and

(d) A certification by a member of the American academy of actuaries, or other person approved by the commis-

sioner, that the adjusted community rate charged can be reasonably expected to result in a loss ratio that meets or exceeds the loss ratio standard of seventy-four percent, minus the premium tax rate applicable to the insurer's individual health benefit plans under RCW 48.14.020.

(3) By the last day of May each year any insurer issuing or renewing individual health benefit plans in this state during the preceding calendar year shall file for review by the commissioner supporting documentation of its actual loss ratio and its actual declination rate for its individual health benefit plans offered or renewed in the state in aggregate for the preceding calendar year. The filing shall include aggregate earned premiums, aggregate incurred claims, and a certification by a member of the American academy of actuaries, or other person approved by the commissioner, that the actual loss ratio has been calculated in accordance with accepted actuarial principles.

(a) At the expiration of a thirty-day period beginning with the date the filing is received by the commissioner, the filing shall be deemed approved unless prior thereto the commissioner contests the calculation of the actual loss ratio.

(b) If the commissioner contests the calculation of the actual loss ratio, the commissioner shall state in writing the grounds for contesting the calculation to the insurer.

(c) Any dispute regarding the calculation of the actual loss ratio shall, upon written demand of either the commissioner or the insurer, be submitted to hearing under chapters 48.04 and 34.05 RCW.

(4) If the actual loss ratio for the preceding calendar year is less than the loss ratio established in subsection (5) of this section, a remittance is due and the following shall apply:

(a) The insurer shall calculate a percentage of premium to be remitted to the Washington state health insurance pool by subtracting the actual loss ratio for the preceding year from the loss ratio established in subsection (5) of this section.

(b) The remittance to the Washington state health insurance pool is the percentage calculated in (a) of this subsection, multiplied by the premium earned from each enrollee in the previous calendar year. Interest shall be added to the remittance due at a five percent annual rate calculated from the end of the calendar year for which the remittance is due to the date the remittance is made.

(c) All remittances shall be aggregated and such amounts shall be remitted to the Washington state high risk pool to be used as directed by the pool board of directors.

(d) Any remittance required to be issued under this section shall be issued within thirty days after the actual loss ratio is deemed approved under subsection (3)(a) of this section or the determination by an administrative law judge under subsection (3)(c) of this section.

(5) The loss ratio applicable to this section shall be the percentage set forth in the following schedule that correlates to the insurer's actual declination rate in the preceding year, minus the premium tax rate applicable to the insurer's individual health benefit plans under RCW 48.14.020.

Actual Declination Rate	Loss Ratio
Under Six Percent (6%)	Seventy-Four Percent (74%)
Six Percent (6%) or more (but less than Seven Percent)	Seventy-Five Percent (75%)
Seven Percent (7%) or more (but less than Eight Percent)	Seventy-Six Percent (76%)
Eight Percent (8%) or more	Seventy-Seven Percent (77%)

[2008 c 303 § 4; 2003 c 248 § 8; 2001 c 196 § 1; 2000 c 79 § 3.]

**Effective date—2001 c 196:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [May 7, 2001]." [2001 c 196 § 14.]

**Effective date—Severability—2000 c 79:** See notes following RCW 48.04.010.

*Authority to review rates—2008 c 303: RCW 48.43.0121.*

**48.20.028 Calculation of premiums—Adjusted community rating method—Definitions.** (1) Premiums for health benefit plans for individuals shall be calculated using the adjusted community rating method that spreads financial risk across the carrier’s entire individual product population, except the individual product population covered under RCW 48.20.029. All such rates shall conform to the following:

(a) The insurer shall develop its rates based on an adjusted community rate and may only vary the adjusted community rate for:

- (i) Geographic area;
- (ii) Family size;
- (iii) Age;
- (iv) Tenure discounts; and
- (v) Wellness activities.

(b) The adjustment for age in (a)(iii) of this subsection may not use age brackets smaller than five-year increments which shall begin with age twenty and end with age sixty-five. Individuals under the age of twenty shall be treated as those age twenty.

(c) The insurer shall be permitted to develop separate rates for individuals age sixty-five or older for coverage for which medicare is the primary payer and coverage for which medicare is not the primary payer. Both rates shall be subject to the requirements of this subsection.

(d) The permitted rates for any age group shall be no more than four hundred twenty-five percent of the lowest rate for all age groups on January 1, 1996, four hundred percent on January 1, 1997, and three hundred seventy-five percent on January 1, 2000, and thereafter.

(e) A discount for wellness activities shall be permitted to reflect actuarially justified differences in utilization or cost attributed to such programs not to exceed twenty percent.

(f) The rate charged for a health benefit plan offered under this section may not be adjusted more frequently than annually except that the premium may be changed to reflect:

- (i) Changes to the family composition;
- (ii) Changes to the health benefit plan requested by the individual; or

(2010 Ed.)

(ii) Changes in government requirements affecting the health benefit plan.

(g) For the purposes of this section, a health benefit plan that contains a restricted network provision shall not be considered similar coverage to a health benefit plan that does not contain such a provision, provided that the restrictions of benefits to network providers result in substantial differences in claims costs. This subsection does not restrict or enhance the portability of benefits as provided in RCW 48.43.015.

(h) A tenure discount for continuous enrollment in the health plan of two years or more may be offered, not to exceed ten percent.

(2) Adjusted community rates established under this section shall pool the medical experience of all individuals purchasing coverage, except individuals purchasing coverage under RCW 48.20.029, and shall not be required to be pooled with the medical experience of health benefit plans offered to small employers under RCW 48.21.045.

(3) As used in this section, "health benefit plan," "adjusted community rate," and "wellness activities" mean the same as defined in RCW 48.43.005.

(4) This section shall not apply to premiums for health benefit plans covered under RCW 48.20.029. [2006 c 100 § 1; 2000 c 79 § 4; 1997 c 231 § 207; 1995 c 265 § 13.]

**Legality of purchasing pools—Federal opinion requested—2006 c 100:** "No policy or contract may be solicited, or contribution collected under this act until a federal opinion is received by the insurance commissioner indicating whether the purchasing pools referenced in sections 2, 4, and 6 of this act are legal. The commissioner shall request such an opinion from the federal departments of labor, treasury, health and human services, or other appropriate federal agencies no later than August 1, 2006. Upon receipt, the commissioner shall forward the opinion to the legislature, and within thirty days, provide the legislature with a report assessing the legality and potential impact of these purchasing pools on the uninsured and insurance markets in Washington state." [2006 c 100 § 7.]

**Effective date—Severability—2000 c 79:** See notes following RCW 48.04.010.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.20.029 Calculation of premiums—Members of a purchasing pool—Adjusted community rating method—Definitions.** (1) Premiums for health benefit plans for individuals who purchase the plan as a member of a purchasing pool:

(a) Consisting of five hundred or more individuals affiliated with a particular industry;

(b) To whom care management services are provided as a benefit of pool membership; and

(c) Which allows contributions from more than one employer to be used towards the purchase of an individual’s health benefit plan;

shall be calculated using the adjusted community rating method that spreads financial risk across the entire purchasing pool of which the individual is a member. All such rates shall conform to the following:

(i) The insurer shall develop its rates based on an adjusted community rate and may only vary the adjusted community rate for:

- (A) Geographic area;
- (B) Family size;
- (C) Age;
- (D) Tenure discounts; and
- (E) Wellness activities.

(ii) The adjustment for age in (c)(i)(C) of this subsection may not use age brackets smaller than five-year increments which shall begin with age twenty and end with age sixty-five. Individuals under the age of twenty shall be treated as those age twenty.

(iii) The insurer shall be permitted to develop separate rates for individuals age sixty-five or older for coverage for which medicare is the primary payer, and coverage for which medicare is not the primary payer. Both rates are subject to the requirements of this subsection.

(iv) The permitted rates for any age group shall be no more than four hundred twenty-five percent of the lowest rate for all age groups on January 1, 1996, four hundred percent on January 1, 1997, and three hundred seventy-five percent on January 1, 2000, and thereafter.

(v) A discount for wellness activities shall be permitted to reflect actuarially justified differences in utilization or cost attributed to such programs not to exceed twenty percent.

(vi) The rate charged for a health benefit plan offered under this section may not be adjusted more frequently than annually except that the premium may be changed to reflect:

(A) Changes to the family composition;

(B) Changes to the health benefit plan requested by the individual; or

(C) Changes in government requirements affecting the health benefit plan.

(vii) For the purposes of this section, a health benefit plan that contains a restricted network provision shall not be considered similar coverage to a health benefit plan that does not contain such a provision, provided that the restrictions of benefits to network providers result in substantial differences in claims costs. This subsection does not restrict or enhance the portability of benefits as provided in RCW 48.43.015.

(viii) A tenure discount for continuous enrollment in the health plan of two years or more may be offered, not to exceed ten percent.

(2) Adjusted community rates established under this section shall not be required to be pooled with the medical experience of health benefit plans offered to small employers under RCW 48.21.045.

(3) As used in this section, "health benefit plan," "adjusted community rates," and "wellness activities" mean the same as defined in RCW 48.43.005. [2006 c 100 § 2.]

**Legality of purchasing pools—Federal opinion requested—2006 c 100:** See note following RCW 48.20.028.

**48.20.032 Standard provisions required—Substitutions—Captions.** Except as provided in RCW 48.18.130, each such policy delivered or issued for delivery to any person in this state shall contain the provisions as specified in RCW 48.20.042 to 48.20.152, inclusive, in the words in which the same appear; except, that the insurer may, at its option, substitute for one or more of such provisions corresponding provisions of different wording approved by the commissioner which are in each instance not less favorable in any respect to the insured or the beneficiary. Each such provision shall be preceded by the applicable caption shown or, at the insurer's option, by such appropriate individual or group caption or subcaption as the commissioner may approve. [1951 c 229 § 4; 1947 c 79 § .20.03; formerly Rem. Supp. 1947 § 45.20.03.]

**48.20.042 Standard provision No. 1—Entire contract; changes.** There shall be a provision as follows:

ENTIRE CONTRACTS; CHANGES: This policy, including the endorsements and attached papers, if any, constitutes the entire contract of insurance. No change in this policy shall be valid until approved by an executive officer of the insurer and unless such approval be endorsed hereon or attached hereto. No insurance producer has authority to change this policy or to waive any of its provisions. [2008 c 217 § 22; 1951 c 229 § 5. Prior law: (i) 1947 c 79 § .20.05; Rem. Supp. 1947 § 45.20.05. (ii) 1947 c 79 § .20.06; Rem. Supp. 1947 § 45.20.06.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.20.050 Standard provision No. 2—Misstatement of age or sex.** There shall be a provision as follows:

"MISSTATEMENT OF AGE OR SEX: If the age or sex of the insured has been misstated, all amounts payable under this policy shall be such as the premium paid would have purchased at the correct age or sex."

The amount of any underpayments which may have been made on account of any such misstatement under a disability income policy shall be paid the insured along with the current payment and the amount of any overpayment may be charged against the current or succeeding payments to be made by the insurer. Interest may be applied to such underpayments or overpayments as specified in the insurance policy form but not exceeding six percent per annum. [1983 1st ex.s. c 32 § 16.]

**48.20.052 Standard provision No. 3—Time limit on certain defenses.** There shall be a provision as follows:

"TIME LIMIT ON CERTAIN DEFENSES: (a) After two years from the date of issue of this policy no misstatements except fraudulent misstatements, made by the applicant in the application for such policy shall be used to void the policy or to deny a claim for loss incurred or disability (as defined in the policy) commencing after the expiration of such two year period."

(The foregoing policy provision shall not be so construed as to affect any legal requirement for avoidance of a policy or denial of a claim during such initial two year period, nor to limit the application of RCW 48.20.050, 48.20.172, 48.20.192, 48.20.202, and 48.20.212 in the event of misstatement with respect to age or occupation or other insurance.)

(A policy which the insured has the right to continue in force subject to its terms by the timely payment of premium (1) until at least age 50 or, (2) in the case of a policy issued after age 44, for at least five years from its date of issue, may contain in lieu of the foregoing the following provision (from which the clause in parentheses may be omitted at the insurer's option) under the caption "INCONTESTABLE":

"After this policy has been in force for a period of two years during the lifetime of the insured (excluding any period during which the insured is disabled), it shall become incontestable as to the statements contained in the application."

"(b) No claim for loss incurred or disability (as defined in the policy) commencing after two years from the date of issue of this policy shall be reduced or denied on the ground that a disease or physical condition not excluded from cover-

age by name or specific description effective on the date of loss had existed prior to the effective date of coverage of this policy."

(More stringent provisions may be required by the commissioner in connection with individual disability policies sold without any application or with minimal applications.) [1983 1st ex.s. c 32 § 17; 1975 1st ex.s. c 266 § 12; 1973 1st ex.s. c 152 § 4; 1969 ex.s. c 241 § 12; 1951 c 229 § 6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **48.20.062 Standard provision No. 4—Grace period.**

There shall be a provision as follows:

**GRACE PERIOD:** A grace period of . . . (insert a number not less than "7" for weekly premium policies, "10" for monthly premium policies, and "31" for all other policies) days will be granted for the payment of each premium falling due after the first premium, during which grace period the policy shall continue in force.

(A policy which contains a cancellation provision may add, at the end of the above provision: "subject to the right of the insurer to cancel in accordance with the cancellation provision hereof.")

A policy in which the insurer reserves the right to refuse any renewal shall have, at the beginning of the above provision: "Unless not less than five days prior to the premium due date the insurer has delivered to the insured or has mailed to his or her last address as shown by the records of the insurer written notice of its intention not to renew this policy beyond the period for which the premium has been accepted.") [2009 c 549 § 7096; 1951 c 229 § 7.]

#### **48.20.072 Standard provision No. 5—Reinstatement.**

There shall be a provision as follows:

**REINSTATEMENT:** If any renewal premium be not paid within the time granted the insured for payment, a subsequent acceptance of premium by the insurer or by any insurance producer duly authorized by the insurer to accept such premium, without requiring in connection therewith an application for reinstatement, shall reinstate the policy: **PROVIDED, HOWEVER,** That if the insurer or such insurance producer requires an application for reinstatement and issues a conditional receipt for the premium tendered, the policy will be reinstated upon approval of such application by the insurer or, lacking such approval, upon the forty-fifth day following the date of such conditional receipt unless the insurer has previously notified the insured in writing of its disapproval of such application. The reinstated policy shall cover only loss resulting from such accidental injury as may be sustained after the date of reinstatement and loss due to such sickness as may begin more than ten days after such date. In all other respects the insured and insurer shall have the same rights thereunder as they had under the policy immediately before the due date of the defaulted premium, subject to any provisions endorsed hereon or attached hereto in connection with the reinstatement. Any premium accepted in connection with a reinstatement shall be applied to a period for which premium has not been previously paid, but not to any period more than sixty days prior to the date of reinstatement.

(2010 Ed.)

(The last sentence of the above provision may be omitted from any policy which the insured has the right to continue in force subject to its terms by the timely payment of premiums (1) until at least age 50 or, (2) in the case of a policy issued after age 44, for at least five years from its date of issue.) [2008 c 217 § 23; 1951 c 229 § 8; 1947 c 79 § .20.07; formerly Rem. Supp. 1947 § 45.20.07.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

#### **48.20.082 Standard provision No. 6—Notice of claim.**

There shall be a provision as follows:

**NOTICE OF CLAIM:** Written notice of claim must be given to the insurer within twenty days after the occurrence or commencement of any loss covered by the policy, or as soon thereafter as is reasonably possible. Notice given by or on behalf of the insured or the beneficiary to the insurer at . . . . . (insert the location of such office as the insurer may designate for the purpose), or to any authorized agent of the insurer, with information sufficient to identify the insured, shall be deemed notice to the insurer.

(In a policy providing a loss-of-time benefit which may be payable for at least two years, an insurer may at its option insert the following between the first and second sentences of the above provision:

"Subject to the qualifications set forth below, if the insured suffers loss of time on account of disability for which indemnity may be payable for at least two years, he or she shall at least once in every six months after having given notice of claim, give to the insurer notice of continuance of said disability, except in the event of legal incapacity. The period of six months following any filing of proof by the insured or any payment by the insurer on account of such claim or any denial of liability in whole or in part by the insurer shall be excluded in applying this provision. Delay in the giving of such notice shall not impair the insured's right to any indemnity which would otherwise have accrued during the period of six months preceding the date on which such notice is actually given.") [2009 c 549 § 7097; 1951 c 229 § 9. Prior law: 1947 c 79 § .20.08; Rem. Supp. 1947 § 45.20.08.]

#### **48.20.092 Standard provision No. 7—Claim forms.**

There shall be a provision as follows:

**CLAIM FORMS:** The insurer, upon receipt of a notice of claim, will furnish to the claimant such forms as are usually furnished by it for filing proofs of loss. If such forms are not furnished within fifteen days after the giving of such notice the claimant shall be deemed to have complied with the requirements of this policy as to proof of loss upon submitting, within the time fixed in the policy for filing proofs of loss written proof covering the occurrence, the character and the extent of the loss for which claim is made. [1951 c 229 § 10; 1947 c 79 § .20.10; formerly Rem. Supp. 1947 § 45.20.10.]

*Furnishing claim forms does not constitute waiver of any defense by insurer: RCW 48.18.470.*

*Insurer has no responsibility as to completion of claim forms: RCW 48.18.460.*

**48.20.102 Standard provision No. 8—Proofs of loss.**

There shall be a provision as follows:

**PROOFS OF LOSS:** Written proof of loss must be furnished to the insurer at its said office in case of claim for loss for which this policy provides any periodic payment contingent upon continuing loss within ninety days after the termination of the period for which the insurer is liable and in case of claim for any other loss within ninety days after the date of such loss. Failure to furnish such proof within the time required shall not invalidate nor reduce any claim if it was not reasonably possible to give proof within such time, provided such proof is furnished as soon as reasonably possible and in no event, except in the absence of legal capacity, later than one year from the time proof is otherwise required. [1951 c 229 § 11. Prior: (i) 1947 c 79 § .20.11; Rem. Supp. 1947 § 45.20.11. (ii) 1947 c 79 § .20.09, part; Rem. Supp. 1947 § 45.20.09, part.]

**48.20.112 Standard provision No. 9—Time of payment of claims.** There shall be a provision as follows:

**TIME OF PAYMENT OF CLAIMS:** Indemnities payable under this policy for any loss other than loss for which this policy provides any periodic payment will be paid immediately upon receipt of due written proof of such loss. Subject to due written proof of loss, all accrued indemnities for loss for which this policy provides periodic payment will be paid . . . . . (insert period for payment which must not be less frequently than monthly) and any balance remaining unpaid upon the termination of liability will be paid immediately upon receipt of due written proof. [1951 c 229 § 12. Prior: (i) 1947 c 79 § .20.13; Rem. Supp. 1947 § 45.20.13. (ii) 1947 c 79 § .20.14; Rem. Supp. 1947 § 45.20.14.]

**48.20.122 Standard provision No. 10—Payment of claims.** (1) There shall be a provision as follows:

**PAYMENT OF CLAIMS:** Indemnity for loss of life will be payable in accordance with the beneficiary designation and the provisions respecting such payment which may be prescribed herein and effective at the time of payment. If no such designation or provision is then effective, such indemnity shall be payable to the estate of the insured. Any other accrued indemnities unpaid at the insured's death may, at the option of the insurer, be paid either to such beneficiary or to such estate. All other indemnities will be payable to the insured.

(2) The following provisions, or either of them, may be included with the foregoing provision at the option of the insurer:

"If any indemnity of this policy shall be payable to the estate of the insured, or to an insured or beneficiary who is a minor or otherwise not competent to give a valid release, the insurer may pay such indemnity, up to an amount not exceeding \$ . . . . . (insert an amount which shall not exceed \$1000), to any relative by blood or connection by marriage of the insured or beneficiary who is deemed by the insurer to be equitably entitled thereto. Any payment made by the insurer in good faith pursuant to this provision shall fully discharge the insurer to the extent of such payment."

"Subject to any written direction of the insured in the application or otherwise all or a portion of any indemnities provided by this policy on account of hospital, nursing, med-

ical, or surgical services may, at the insurer's option and unless the insured requests otherwise in writing not later than the time of filing proofs of such loss, be paid directly to the hospital or person rendering such services; but it is not required that the service be rendered by a particular hospital or person." [1951 c 229 § 13. Prior: 1947 c 79 § .20.15; Rem. Supp. 1947 § 45.20.15.]

*Proceeds of disability policy are exempt from creditors: RCW 48.18.400.*

**48.20.132 Standard provision No. 11—Physical examination and autopsy.** There shall be a provision as follows:

**PHYSICAL EXAMINATIONS AND AUTOPSY:** The insurer at its own expense shall have the right and opportunity to examine the person of the insured when and as often as it may reasonably require during the pendency of a claim hereunder and to make an autopsy in case of death where it is not forbidden by law. [1951 c 229 § 14. Prior: 1947 c 79 § .20.12; Rem. Supp. 1947 § 45.20.12.]

**48.20.142 Standard provision No. 12—Legal actions.**

There shall be a provision as follows:

**LEGAL ACTIONS:** No action at law or in equity shall be brought to recover on this policy prior to the expiration of sixty days after written proof of loss has been furnished in accordance with the requirements of this policy. No such action shall be brought after the expiration of three years after the time written proof of loss is required to be furnished. [1951 c 229 § 15. Prior: 1947 c 79 § .20.18; Rem. Supp. 1947 § 45.20.18.]

**48.20.152 Standard provision No. 13—Change of beneficiary.** There shall be a provision as follows:

**CHANGE OF BENEFICIARY:** Unless the insured makes an irrevocable designation of beneficiary, the right to change of beneficiary is reserved to the insured and the consent of the beneficiary or beneficiaries shall not be requisite to surrender or assignment of this policy or to any change of beneficiary or beneficiaries, or to any other changes in this policy.

(The first clause of this provision, relating to the irrevocable designation of beneficiary, may be omitted at the insurer's option.) [1951 c 229 § 16. Prior: 1947 c 79 § .20.17; Rem. Supp. 1947 § 45.20.17.]

**48.20.162 Optional standard provisions.** Except as provided in RCW 48.18.130, no such policy delivered or issued for delivery to any person in this state shall contain provisions respecting the matters set forth in RCW 48.20.172 to \*48.20.272, inclusive, unless such provisions are in the words in which the same appear in the applicable section; except, that the insurer may, at its option, use in lieu of any such provision a corresponding provision of different wording approved by the commissioner which is not less favorable in any respect to the insured or the beneficiary. Any such provision contained in the policy shall be preceded individually by the appropriate caption or, at the insurer's option, by such appropriate individual or group caption or subcaption as the commissioner may approve. [1951 c 229 § 17. Prior: 1947 c 79 § .20.20; Rem. Supp. 1947 § 45.20.20.]

\*Reviser's note: RCW 48.20.272 was repealed by 2004 c 112 § 6.

**48.20.172 Optional standard provision No. 14—  
Change of occupation.** There may be a provision as follows:

CHANGE OF OCCUPATION: If the insured be injured or contract sickness after having changed his occupation to one classified by the insurer as more hazardous than that stated in this policy or while doing for compensation anything pertaining to an occupation so classified, the insurer will pay only such portion of the indemnities provided in this policy as the premium paid would have purchased at the rates and within the limits fixed by the insurer for such more hazardous occupation. If the insured changes his or her occupation to one classified by the insurer as less hazardous than that stated in this policy, the insurer, upon receipt of proof of such change of occupation, will reduce the premium rate accordingly, and will return the excess pro rata unearned premium from the date of change of occupation or from the policy anniversary date immediately preceding receipt of such proof, whichever is the more recent. In applying this provision, the classification of occupational risk and the premium rates shall be such as have been last filed by the insurer prior to the occurrence of the loss for which the insurer is liable or prior to date of proof of change in occupation with the state official having supervision of insurance in the state where the insured resided at the time this policy was issued; but if such filing was not required, then the classification of occupational risk and the premium rates shall be those last made effective by the insurer in such state prior to the occurrence of the loss or prior to the date of proof of change in occupation. [2009 c 549 § 7098; 1951 c 229 § 18.]

**48.20.192 Optional standard provision No. 15—  
Other insurance in this insurer.** There may be a provision as follows:

OTHER INSURANCE IN THIS INSURER: If an accident or sickness or accident and sickness policy or policies previously issued by the insurer to the insured be in force concurrently herewith, making the aggregate indemnity for . . . . . (insert type of coverage or coverages) in excess of \$. . . . . (insert maximum limit of indemnity or indemnities) the excess insurance shall be void and all premiums paid for such excess shall be returned to the insured or to his estate.

Or, in lieu thereof:

Insurance effective at any one time on the insured under a like policy or policies in this insurer is limited to the one such policy elected by the insured, his or her beneficiary or his estate, as the case may be, and the insurer will return all premiums paid for all other such policies. [2009 c 549 § 7099; 1951 c 229 § 20. Prior: 1947 c 79 § .20.24; Rem. Supp. 1947 § 45.20.24.]

**48.20.202 Optional standard provision No. 16—  
Insurance with other insurers (Provision of service or expense incurred basis).** (1) There may be a provision as follows:

INSURANCE WITH OTHER INSURERS: If there be other valid coverage, not with this insurer, providing benefits for the same loss on a provision of service basis or on an expense incurred basis and of which this insurer has not been

given written notice prior to the occurrence or commencement of loss, the only liability under any expense incurred coverage of this policy shall be for such proportion of the loss as the amount which would otherwise have been payable hereunder plus the total of the like amounts under all such other valid coverages for the same loss of which this insurer had notice bears to the total like amounts under all valid coverages for such loss, and for the return of such portion of the premiums paid as shall exceed the pro rata portion for the amount so determined. For the purpose of applying this provision when other coverage is on a provision of service basis, the "like amount" of such other coverage shall be taken as the amount which the services rendered would have cost in the absence of such coverage.

(2) If the foregoing policy provision is included in a policy which also contains the policy provision set out in RCW 48.20.212, there shall be added to the caption of the foregoing provision the phrase ". . . . . expense incurred benefits." The insurer may, at its option, include in this provision a definition of "other valid coverage," approved as to form by the commissioner, which definition shall be limited in subject matter to coverage provided by organizations subject to regulation by insurance law or by insurance authorities of this or any other state of the United States or any province of Canada, and by hospital or medical service organizations, and to any other coverage the inclusion of which may be approved by the commissioner. In the absence of such definition such term shall not include group insurance, automobile medical payments insurance, or coverage provided by hospital or medical service organizations or by union welfare plans or employer or employee benefit organizations. For the purpose of applying the foregoing policy provision with respect to any insured, any amount of benefit provided for such insured pursuant to any compulsory benefit statute (including any workers' compensation or employer's liability statute) whether provided by a governmental agency or otherwise shall in all cases be deemed to be "other valid coverage" of which the insurer has had notice. In applying the foregoing policy provision no third party liability coverage shall be included as "other valid coverage." [1987 c 185 § 26; 1951 c 229 § 21. Prior: 1947 c 79 § .20.22; Rem. Supp. 1947 § 45.20.22.]

**Intent—Severability—1987 c 185:** See notes following RCW 51.12.130.

**48.20.212 Optional standard provision No. 17—  
Insurance with other insurers.** (1) There may be a provision as follows:

INSURANCE WITH OTHER INSURERS: If there be other valid coverage, not with this insurer, providing benefits for the same loss on other than an expense incurred basis and of which this insurer has not been given written notice prior to the occurrence or commencement of loss, the only liability for such benefits under this policy shall be for such proportion of the indemnities otherwise provided hereunder for such loss as the like indemnities of which the insurer had notice (including the indemnities under this policy) bear to the total amount of all like indemnities for such loss, and for the return of such portion of the premium paid as shall exceed the pro rata portion for the indemnities thus determined.

(2) If the foregoing policy provision is included in a policy which also contains the policy provision set out in RCW 48.20.202, there shall be added to the caption of the foregoing provision the phrase ". . . . other benefits." The insurer may, at its option, include in this provision a definition of "other valid coverage," approved as to form by the commissioner, which definition shall be limited in subject matter to coverage provided by organizations subject to regulation by insurance law or by insurance authorities of this or any other state of the United States or any province of Canada, and to any other coverage the inclusion of which may be approved by the commissioner. In the absence of such definition such term shall not include group insurance, or benefits provided by union welfare plans or by employer or employee benefit organizations. For the purpose of applying the foregoing policy provision with respect to any insured, any amount of benefit provided for such insured pursuant to any compulsory benefit statute (including any workers' compensation or employer's liability statute) whether provided by a governmental agency or otherwise shall in all cases be deemed to be "other valid coverage" of which the insurer has had notice. In applying the foregoing policy provision no third party liability coverage shall be included as "other valid coverage." [1987 c 185 § 27; 1951 c 229 § 22. Prior: 1947 c 79 § .20.22; Rem. Supp. 1947 § 45.20.22.]

**Intent—Severability—1987 c 185:** See notes following RCW 51.12.130.

**48.20.222 Optional standard provision No. 18—Relation of earnings to insurance.** (1) There may be a provision as follows:

**RELATION OF EARNINGS TO INSURANCE:** If the total monthly amount of loss of time benefits promised for the same loss under all valid loss of time coverage upon the insured, whether payable on a weekly or monthly basis, shall exceed the monthly earnings of the insured at the time disability commenced or his or her average monthly earnings for the period of two years immediately preceding a disability for which claim is made, whichever is the greater, the insurer will be liable only for such proportionate amount of such benefits under this policy as the amount of such monthly earnings of the insured bears to the total amount of monthly benefits for the same loss under all such coverage upon the insured at the time such disability commences and for the return of such part of the premiums paid during such two years as shall exceed the pro rata amount of the premiums for the benefits actually paid hereunder; but this shall not operate to reduce the total monthly amount of benefits payable under all such coverage upon the insured below the sum of two hundred dollars or the sum of the monthly benefits specified in such coverages, whichever is the lesser, nor shall it operate to reduce benefits other than those payable for loss of time.

(2) The foregoing policy provision may be inserted only in a policy which the insured has the right to continue in force subject to its terms by the timely payment of premiums (a) until at least age 50 or, (b) in the case of a policy issued after age 44, for at least five years from its date of issue. The insurer may, at its option, include in this provision a definition of "valid loss of time coverage," approved as to form by the commissioner, which definition shall be limited in subject matter to coverage provided by governmental agencies or by

organizations subject to regulation by insurance law or by insurance authorities of this or any other state of the United States or any province of Canada, or to any other coverage the inclusion of which may be approved by the commissioner or any combination of such coverages. In the absence of such definition such term shall not include any coverage provided for such insured pursuant to any compulsory benefit statute (including any workers' compensation or employer's liability statute), or benefits provided by union welfare plans or by employer or employee benefit organizations. [2009 c 549 § 7100; 1987 c 185 § 28; 1951 c 229 § 23.]

**Intent—Severability—1987 c 185:** See notes following RCW 51.12.130.

**48.20.232 Optional standard provision No. 19—Unpaid premium.** There may be a provision as follows:

**UNPAID PREMIUM:** Upon the payment of a claim under this policy, any premium then due and unpaid or covered by any note or written order may be deducted therefrom. [1951 c 229 § 24. Prior: 1947 c 79 § .20.23; Rem. Supp. 1947 § 45.20.23.]

**48.20.242 Optional standard provision No. 20—Cancellation.** There may be a provision as follows:

**CANCELLATION:** The insurer may cancel this policy at any time by written notice delivered to the insured, or mailed to his or her last address as shown by the records of the insurer, stating when, not less than five days thereafter, such cancellation shall be effective; and after the policy has been continued beyond its original term the insured may cancel this policy at any time by written notice delivered or mailed to the insurer, effective upon receipt or on such later date as may be specified in such notice. In the event of cancellation, the insurer will return promptly the unearned portion of any premium paid. If the insured cancels, the earned premium shall be computed by the use of the short-rate table last filed with the state official having supervision of insurance in the state where the insured resided when the policy was issued. If the insurer cancels, the earned premium shall be computed pro rata. Cancellation shall be without prejudice to any claim originating prior to the effective date of cancellation. [2009 c 549 § 7101; 1951 c 229 § 25. Prior: 1947 c 79 § .20.21; Rem. Supp. 1947 § 45.20.21.]

**48.20.252 Optional standard provision No. 21—Conformity with state statutes.** There may be a provision as follows:

**CONFORMITY WITH STATE STATUTES:** Any provision of this policy which, on its effective date, is in conflict with the statutes of the state in which the insured resides on such date is hereby amended to conform to the minimum requirements of such statutes. [1951 c 229 § 26.]

**48.20.262 Optional standard provision No. 22—Illegal occupation.** There may be a provision as follows:

**ILLEGAL OCCUPATION:** The insurer shall not be liable for any loss to which a contributing cause was the insured's commission of or attempt to commit a felony or to which a contributing cause was the insured's being engaged

in an illegal occupation. [1951 c 229 § 27. Prior: 1947 c 79 § .20.26; Rem. Supp. 1947 § 45.20.26.]

**48.20.282 Order of certain policy provisions.** The provisions which are the subject of RCW 48.20.042 to \*48.20.272, inclusive, or any corresponding provisions which are used in lieu thereof in accordance with such sections, shall be printed in the consecutive order of the provisions in such sections or, at the insurer's option, any such provision may appear as a unit in any part of the policy, with other provisions to which it may be logically related, provided the resulting policy shall not be in whole or in part unintelligible, uncertain, ambiguous, abstruse, or likely to mislead a person to whom the policy is offered, delivered or issued. [1951 c 229 § 29.]

*\*Reviser's note:* RCW 48.20.272 was repealed by 2004 c 112 § 6.

**48.20.292 Third party ownership.** The word "insured," as used in this chapter, shall not be construed as preventing a person other than the insured with a proper insurable interest from making application for and owning a policy covering the insured or from being entitled under such a policy to any indemnities, benefits and rights provided therein. [1951 c 229 § 30.]

*Insurable interest defined, personal insurance, nonprofit organizations: RCW 48.18.030.*

**48.20.302 Requirements of other jurisdictions.** (1) Any policy of a foreign or alien insurer, when delivered or issued for delivery to any person in this state, may contain any provision which is not less favorable to the insured or to the beneficiary than the provisions of this chapter and which is prescribed or required by the laws of the state under which the insurer is organized.

(2) Any policy of a domestic insurer may, when issued for delivery in any other state or country, contain any provision permitted or required by the laws of such other state or country. [1951 c 229 § 31.]

*Domestic insurer may transact insurance in other state as permitted by laws thereof: RCW 48.07.140.*

**48.20.312 Age limit.** If any such policy contains a provision establishing, as an age limit or otherwise, a date after which the coverage provided by the policy will not be effective, and if such date falls within a period for which premium is accepted by the insurer or if the insurer accepts a premium after such date, the coverage provided by the policy will continue in force subject to any right of cancellation until the end of the period for which premium has been accepted. In the event the age of the insured has been misstated and if, according to the correct age of the insured, the coverage provided by the policy would not have become effective, or would have ceased prior to the acceptance of such premium or premiums, then the liability of the insurer shall be limited to the refund, upon request, of all premiums paid for the period not covered by the policy. [1951 c 229 § 32. Prior: 1947 c 79 § .20.25; Rem. Supp. 1947 § 45.20.25.]

**48.20.322 Effective date of standard provision and certain other sections—Five year period.** The provisions

contained in RCW 48.20.002 to 48.20.322, inclusive, shall take effect on September 1, 1951. A policy, rider or endorsement, which could have been lawfully used or delivered or issued for delivery to any person in this state immediately before such effective date may be used or delivered or issued for delivery to any such person during five years after such effective date. [1951 c 229 § 33.]

**48.20.340 "Family expense disability insurance" defined.** (1) Family expense disability insurance is that covering members of any one family including one or both spouses and dependents provided under a master policy issued to the head of the family.

(2) Any authorized disability insurer may issue family expense disability insurance.

(3) A disability policy providing such family expense coverage, in addition to other provisions required to be contained in disability policies under this chapter, shall contain the following provisions:

(a) A provision that the policy and the application of the head of the family shall constitute the entire contract between the parties.

(b) A provision that to the family group originally insured shall, on notice to the insurer, be added from time to time all new members of the family as they become eligible for insurance in such family group, and on the payment of such additional premium as may be required therefor. [1961 c 194 § 5; 1947 c 79 § .20.34; Rem. Supp. 1947 § 45.20.34.]

**48.20.350 "Franchise plan" defined.** (1) Disability insurance on a franchise plan is that issued to

(a) five or more employees of a common employer, or to

(b) ten or more members of any bona fide trade or professional association or labor union, which association or union was formed and exists for purposes other than that of obtaining insurance, and under which such employees or members, with or without their dependents, are issued individual policies which may vary as to amounts and kinds of coverage as applied for, under an arrangement whereby the premiums on the policies are to be paid to the insurer periodically by the employer, with or without payroll deductions, or by the association, or by some designated employee or officer of the association acting on behalf of the employer or association members.

(2) An insurer may charge different rates, provide different benefits, or employ different underwriting procedure for individuals insured under a franchise plan, if such rates, benefits, or procedures as used do not discriminate as between franchise plans, and do not discriminate unfairly as between individuals insured under franchise plans and individuals otherwise insured under similar policies. [1947 c 79 § .20.35; Rem. Supp. 1947 § 45.20.35.]

**48.20.360 Extended disability benefit.** A disability insurance contract which provides a reasonable amount of disability indemnity for both accidental injuries and sickness, other than a contract of group or blanket insurance, may provide a benefit in amount not exceeding two hundred dollars payable in event of death from any causes. Such benefit shall be deemed to constitute the payment of disability benefits

beyond the period for which otherwise payable, and shall not be deemed to constitute life insurance. [1947 c 79 § .20.36; Rem. Supp. 1947 § 45.20.36.]

**48.20.380 Incontestability after reinstatement.** The reinstatement of any policy of noncancellable disability insurance hereafter delivered or issued for delivery in this state shall be contestable only on account of fraud or misrepresentation of facts material to the reinstatement and only for the same period following reinstatement as is provided in the policy with respect to the contestability thereof after the original issuance of the policy. [1947 c 79 § .20.38; Rem. Supp. 1947 § 45.20.38.]

**48.20.385 When injury caused by intoxication or use of narcotics.** An insurer may not deny coverage for the treatment of an injury solely because the injury was sustained as a consequence of the insured's being intoxicated or under the influence of a narcotic. [2004 c 112 § 2.]

**Finding—2004 c 112:** "The legislature finds that an alcohol or drug-related injury that requires treatment in an emergency department can be a critical moment in the life of a person with a substance abuse problem. Studies have demonstrated that appropriate interventions by hospital staff at these times can reduce substance abuse and lower future health care costs. The perception among health care providers that they may be penalized by insurers for conducting these interventions prevents many of them from performing interventions which can make all the difference to a person at the crossroads of a substance abuse problem." [2004 c 112 § 1.]

**Application—2004 c 112:** "This act applies to all contracts issued or renewed on or after June 10, 2004." [2004 c 112 § 7.]

**48.20.390 Podiatric medicine and surgery.** Notwithstanding any provision of any disability insurance contract, benefits shall not be denied thereunder for any medical or surgical service performed by a holder of a license issued pursuant to chapter 18.22 RCW provided that (1) the service performed was within the lawful scope of such person's license, and (2) such contract would have provided benefits if such service had been performed by a holder of a license issued pursuant to chapter 18.71 RCW. [1963 c 87 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.20.391 Diabetes coverage.** The legislature finds that diabetes imposes a significant health risk and tremendous financial burden on the citizens and government of the state of Washington, and that access to the medically accepted standards of care for diabetes, its treatment and supplies, and self-management training and education is crucial to prevent or delay the short and long-term complications of diabetes and its attendant costs.

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

(a) "Person with diabetes" means a person diagnosed by a health care provider as having insulin using diabetes, non-insulin using diabetes, or elevated blood glucose levels induced by pregnancy; and

(b) "Health care provider" means a health care provider as defined in RCW 48.43.005.

(2) All disability insurance contracts providing health care services, delivered or issued for delivery in this state and issued or renewed after January 1, 1998, shall provide bene-

fits for at least the following services and supplies for persons with diabetes:

(a) For disability insurance contracts that include pharmacy services, appropriate and medically necessary equipment and supplies, as prescribed by a health care provider, that includes but is not limited to insulin, syringes, injection aids, blood glucose monitors, test strips for blood glucose monitors, visual reading and urine test strips, insulin pumps and accessories to the pumps, insulin infusion devices, prescriptive oral agents for controlling blood sugar levels, foot care appliances for prevention of complications associated with diabetes, and glucagon emergency kits; and

(b) For all disability insurance contracts providing health care services, outpatient self-management training and education, including medical nutrition therapy, as ordered by the health care provider. Diabetes outpatient self-management training and education may be provided only by health care providers with expertise in diabetes. Nothing in this section prevents the insurer from restricting patients to seeing only health care providers who have signed participating provider agreements with the insurer or an insuring entity under contract with the insurer.

(3) Coverage required under this section may be subject to customary cost-sharing provisions established for all other similar services or supplies within a policy.

(4) Health care coverage may not be reduced or eliminated due to this section.

(5) Services required under this section shall be covered when deemed medically necessary by the medical director, or his or her designee, subject to any referral and formulary requirements.

(6) The insurer need not include the coverage required in this section in a group contract offered to an employer or other group that offers to its eligible enrollees a self-insured health plan not subject to mandated benefits status under this title that does not offer coverage similar to that mandated under this section.

(7) This section does not apply to the health benefit plan that provides benefits identical to the schedule of services covered by the basic health plan, as required by RCW 48.20.028. [1997 c 276 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.20.392 Prostate cancer screening.** (1) Each disability insurance policy issued or renewed after December 31, 2006, that provides coverage for hospital or medical expenses shall provide coverage for prostate cancer screening, provided that the screening is delivered upon the recommendation of the patient's physician, advanced registered nurse practitioner, or physician assistant.

(2) This section shall not be construed to prevent the application of standard policy provisions applicable to other benefits, such as deductible or copayment provisions. This section does not limit the authority of an insurer to negotiate rates and contract with specific providers for the delivery of prostate cancer screening services. This section shall not apply to medicare supplemental policies or supplemental contracts covering a specified disease or other limited benefits. [2006 c 367 § 2.]

**48.20.393 Mammograms—Insurance coverage.**

Each disability insurance policy issued or renewed after January 1, 1990, that provides coverage for hospital or medical expenses shall provide coverage for screening or diagnostic mammography services, provided that such services are delivered upon the recommendation of the patient's physician or advanced registered nurse practitioner as authorized by the nursing care quality assurance commission pursuant to chapter 18.79 RCW or physician assistant pursuant to chapter 18.71A RCW.

This section shall not be construed to prevent the application of standard policy provisions applicable to other benefits such as deductible or copayment provisions. This section does not limit the authority of an insurer to negotiate rates and contract with specific providers for the delivery of mammography services. This section shall not apply to medicare supplement policies or supplemental contracts covering a specified disease or other limited benefits. [1994 sp.s. c 9 § 728; 1989 c 338 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.20.395 Reconstructive breast surgery.** (1) Any disability insurance contract providing hospital and medical expenses and health care services delivered or issued in this state after July 24, 1983, shall provide coverage for reconstructive breast surgery resulting from a mastectomy which resulted from disease, illness, or injury.

(2) Any disability insurance contract providing hospital and medical expenses and health care services delivered or issued in this state after January 1, 1986, shall provide coverage for all stages of one reconstructive breast reduction on the nondiseased breast to make it equal in size with the diseased breast after definitive reconstructive surgery on the diseased breast has been performed. [1985 c 54 § 5; 1983 c 113 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.20.397 Mastectomy, lumpectomy.** No person engaged in the business of insurance under this chapter may refuse to issue any contract of insurance or cancel or decline to renew the contract solely because of a mastectomy or lumpectomy performed on the insured or prospective insured more than five years previously. The amount of benefits payable, or any term, rate, condition, or type of coverage shall not be restricted, modified, excluded, increased, or reduced solely on the basis of a mastectomy or lumpectomy performed on the insured or prospective insured more than five years previously. [1985 c 54 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.20.410 Optometry.** Notwithstanding any provision of any disability insurance contract, benefits shall not be denied thereunder for any eye care service rendered by a holder of a license issued pursuant to chapter 18.53 RCW, provided, that (1) the service rendered was within the lawful scope of such person's license, and (2) such contract would have provided the benefits for such service if rendered by a holder of a license issued pursuant to chapter 18.71 RCW. [1965 c 149 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.20.411 Registered nurses or advanced registered nurses.** Notwithstanding any provision of any disability insurance contract as provided for in this chapter, benefits shall not be denied thereunder for any health care service performed by a holder of a license for registered nursing practice or advanced registered nursing practice issued pursuant to chapter 18.79 RCW if (1) the service performed was within the lawful scope of such person's license, and (2) such contract would have provided benefits if such service had been performed by a holder of a license issued pursuant to chapter 18.71 RCW: PROVIDED, HOWEVER, That no provision of chapter 18.71 RCW shall be asserted to deny benefits under this section.

The provisions of this section are intended to be remedial and procedural to the extent they do not impair the obligation of any existing contract. [1994 sp.s. c 9 § 729; 1973 1st ex.s. c 188 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.20.412 Chiropractic.** Notwithstanding any provision of any disability insurance contract as provided for in this chapter, benefits shall not be denied thereunder for any health care service performed by a holder of a license issued pursuant to chapter 18.25 RCW if (1) the service performed was within the lawful scope of such person's license, and (2) such contract would have provided benefits if such service had been performed by a holder of a license issued pursuant to chapter 18.71 RCW: PROVIDED, HOWEVER, That no provision of chapter 18.71 RCW shall be asserted to deny benefits under this section.

The provisions of this section are intended to be remedial and procedural to the extent they do not impair the obligation of any existing contract. [1971 ex.s. c 13 § 1.]

**48.20.414 Psychological services.** Notwithstanding any provision of any disability insurance contract, benefits shall not be denied thereunder for any psychological service rendered by a holder of a license issued pursuant to chapter 18.83 RCW: PROVIDED, That (1) the service rendered was within the lawful scope of such person's license, and (2) such contract would have provided the benefits for such service if rendered by a holder of a license issued pursuant to chapter 18.71 RCW. [1971 ex.s. c 197 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.20.416 Dentistry.** Notwithstanding any provision of any disability insurance contract as provided for in this chapter, benefits shall not be denied thereunder for any health care service performed by a holder of a license issued pursuant to chapter 18.32 RCW if (1) the service performed was within the lawful scope of such person's license, and (2) such contract would have provided benefits if such service has [had] been performed by a holder of a license issued [pursuant] to chapter 18.71 RCW: PROVIDED, HOWEVER, That no provision of chapter 18.71 RCW shall be asserted to deny benefits under this section.

The provisions of this section are intended to be remedial and procedural to the extent they do not impair the obligation of any existing contract. [1974 ex.s. c 42 § 1.]

**48.20.417 Dental services that are not subject to contract or provider agreement.** (1) Notwithstanding any other provisions of law, no disability insurance policy of any disability insurer as provided in this chapter subject to the jurisdiction of the state of Washington that covers any dental services, and no contract or participating provider agreement with a dentist may:

(a) Require, directly or indirectly, that a dentist who is a participating provider provide services to a subscriber at a fee set by, or at a fee subject to the approval of, the disability insurer unless the dental services are covered services, including services that would be reimbursable but for the application of contractual limitations such as benefit maximums, deductibles, coinsurance, waiting periods, or frequency limitations, under the applicable disability insurance policy; nor

(b) Prohibit, directly or indirectly, a dentist who is a participating provider from offering or providing to a subscriber dental services that are not covered services on any terms or conditions acceptable to the dentist and the subscriber.

(2) For the purposes of this section, "covered services" means dental services that are reimbursable under the applicable insurance policy or subscriber agreement or would be reimbursable but for the application of contractual limitations such as benefit maximums, deductibles, coinsurance, waiting periods or frequency limitations. [2010 c 228 § 1.]

**48.20.418 Denturist services.** Notwithstanding any provision of any disability insurance contract covering dental care as provided for in this chapter, effective January 1, 1995, benefits shall not be denied thereunder for any service performed by a denturist licensed under chapter 18.30 RCW if (1) the service performed was within the lawful scope of such person's license, and (2) such contract would have provided benefits if such service had been performed by a dentist licensed under chapter 18.32 RCW. [1995 c 1 § 21 (Initiative Measure No. 607, approved November 8, 1994).]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.20.420 Dependent child coverage—Continuation for incapacity.** Any disability insurance contract providing health care services, delivered or issued for delivery in this state more than one hundred twenty days after August 11, 1969, which provides that coverage of a dependent child shall terminate upon attainment of the limiting age for dependent children specified in the contract, shall also provide in substance that attainment of such limiting age shall not operate to terminate the coverage of such child while the child is and continues to be both (1) incapable of self-sustaining employment by reason of developmental disability or physical handicap and (2) chiefly dependent upon the subscriber for support and maintenance, provided proof of such incapacity and dependency is furnished to the insurer by the subscriber within thirty-one days of the child's attainment of the limiting age and subsequently as may be required by the insurer but not more frequently than annually after the two year period following the child's attainment of the limiting age. [1985 c 264 § 10; 1969 ex.s. c 128 § 3.]

[Title 48 RCW—page 140]

**48.20.430 Dependent child coverage—From moment of birth—Congenital anomalies—Notification of birth.** (1) Any disability insurance contract providing hospital and medical expenses and health care services, delivered or issued for delivery in this state more than one hundred twenty days after February 16, 1974, which provides coverage for dependent children of the insured, shall provide coverage for newborn infants of the insured from and after the moment of birth. Coverage provided in accord with this section shall include, but not be limited to, coverage for congenital anomalies of such infant children from the moment of birth.

(2) If payment of an additional premium is required to provide coverage for a child, the contract may require that notification of birth of a newly born child and payment of the required premium must be furnished to the insurer. The notification period shall be no less than sixty days from the date of birth. This subsection applies to policies issued or renewed on or after January 1, 1984. [1983 1st ex.s. c 32 § 18; 1974 ex.s. c 139 § 1.]

**48.20.435 Option to cover dependents under age twenty-five.** Any disability insurance contract that provides coverage for a subscriber's dependent must offer the option of covering any unmarried dependent under the age of twenty-five. [2007 c 259 § 19.]

**Effective date—2007 c 259 §§ 18-22:** See note following RCW 41.05.095.

**Severability—Subheadings not law—2007 c 259:** See notes following RCW 41.05.033.

**48.20.450 Standardization and simplification of terms and coverages—Disclosure requirements.** The commissioner shall issue regulations to establish specific standards, including standards of full and fair disclosure, that set forth the manner, content, and required disclosure for the sale of individual policies of disability insurance which shall be in addition to and in accordance with applicable laws of this state, including RCW 48.20.450 through 48.20.480, which may cover but shall not be limited to:

- (1) Terms of renewability;
- (2) Initial and subsequent conditions of eligibility;
- (3) Nonduplication of coverage provisions;
- (4) Coverage of dependents;
- (5) Preexisting conditions;
- (6) Termination of insurance;
- (7) Probationary periods;
- (8) Limitations;
- (9) Exceptions;
- (10) Reductions;
- (11) Elimination periods;
- (12) Requirements for replacement;
- (13) Recurrent conditions; and
- (14) The definition of terms including but not limited to the following: Hospital, accident, sickness, injury, physician, accidental means, total disability, partial disability, nervous disorder, guaranteed renewable, and noncancellable. [1985 c 264 § 11; 1975 1st ex.s. c 266 § 16.]

**Purpose—1975 1st ex.s. c 266:** "The purpose of \*sections 14 through 18 of this 1975 amendatory act is to provide reasonable standardization and simplification of terms and coverages of individual disability insurance policies to facilitate public understanding and comparison, to eliminate provisions contained in individual disability insurance policies which may be mis-

leading or unreasonably confusing in connection either with the purchase of such coverages or with the settlement of claims, and to provide for full disclosure in the sale of disability coverages." [1975 1st ex.s. c 266 § 15.]

**\*Reviser's note:** During the course of passage of 1975 1st ex.s. c 266 [Substitute House Bill No. 198], the section numbering was changed, but the internal references were not changed accordingly. Thus the reference "sections 14 through 18 of this 1975 amendatory act" appears to be erroneous. Reference to "sections 15 through 19," codified herein as this section and RCW 48.20.450 through 48.20.480, was apparently intended.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.20.460 Standardization and simplification—Minimum standards for benefits and coverages.** (1) The commissioner shall issue regulations to establish minimum standards for benefits under each of the following categories of coverage in individual policies, other than conversion policies issued pursuant to a contractual conversion privilege under a group policy, of disability insurance:

- (a) Basic hospital expense coverage;
- (b) Basic medical-surgical expense coverage;
- (c) Hospital confinement indemnity coverage;
- (d) Major medical expense coverage;
- (e) Disability income protection coverage;
- (f) Accident only coverage;
- (g) Specified disease or specified accident coverage;
- (h) Medicare supplemental coverage; and
- (i) Limited benefit coverage.

(2) Nothing in this section shall preclude the issuance of any policy which combines two or more of the categories of coverage enumerated in items (a) through (f) of subsection (1) of this section.

(3) No policy shall be delivered or issued for delivery in this state which does not meet the prescribed minimum standards for the categories of coverage listed in items (a) through (i) of subsection (1) of this section, unless the commissioner finds such policy will be in the public interest and such policy meets the requirements set forth in RCW 48.18.110.

(4) The commissioner shall prescribe the method of identification of policies based upon coverages provided. [1981 c 339 § 19; 1975 1st ex.s. c 266 § 17.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.20.470 Standardization and simplification—Outline of coverage—Format and contents.** (1) No policy of individual disability insurance shall be delivered or issued for delivery in this state unless an outline of coverage described in subsection (2) of this section is furnished to the applicant in accord with such rules or regulations as the commissioner shall prescribe.

(2) The commissioner shall prescribe the format and content of the outline of coverage required by subsection (1) of this section. "Format" means style, arrangement, and overall appearance, including such items as the size, color, and prominence of type and the arrangement of text and captions. Such outline of coverage shall include:

(a) A statement identifying the applicable category or categories of coverage provided by the policy as prescribed in RCW 48.20.450;

(b) A description of the principal benefits and coverage provided in the policy;

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(c) A statement of the exceptions, reductions and limitations contained in the policy;

(d) A statement of the renewal provisions including any reservation by the insurer of a right to change premiums; and

(e) A statement that the outline is a summary of the policy issued or applied for and that the policy should be consulted to determine governing contractual provisions. [1985 c 264 § 12; 1975 1st ex.s. c 266 § 18.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.20.480 Standardization and simplification—Simplified application form—Coverage of loss from preexisting health condition.** Notwithstanding the provisions of RCW 48.20.052, if an insurer elects to use a simplified application form, with or without a question as to the applicant's health at the time of application, but without any questions concerning the insured's health history or medical treatment history, the policy must cover any loss occurring after twelve months from any preexisting condition not specifically excluded from coverage by terms of the policy, and, except as so provided, the policy shall not include wording that would permit a defense based upon preexisting conditions. [1975 1st ex.s. c 266 § 19.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.20.490 Continuation of coverage by former spouse and dependents.** Every policy of disability insurance issued, amended, or renewed after June 12, 1980, for an individual and his/her dependents shall contain provisions to assure that the covered spouse and/or dependents, in the event that any cease to be a qualified family member by reason of termination of marriage or death of the principal insured, shall have the right to continue the policy coverage without a physical examination, statement of health, or other proof of insurability. [1980 c 10 § 1.]

**48.20.500 Coverage for adopted children.** (1) Any disability insurance contract providing hospital and medical expenses and health care services, delivered or issued for delivery in this state, which provides coverage for dependent children, as defined in the contract of the insured, shall cover adoptive children placed with the insured on the same basis as other dependents, as provided in RCW 48.01.180.

(2) If payment of an additional premium is required to provide coverage for a child, the contract may require that notification of placement of a child for adoption and payment of the required premium must be furnished to the insurer. The notification period shall be no less than sixty days from the date of placement. [1986 c 140 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.20.510 Cancellation of rider.** Upon application by an insured, a rider shall be canceled if at least five years after its issuance, no health care services have been received by the insured during that time for the condition specified in the rider, and a physician, selected by the carrier for that purpose, agrees in writing to the full medical recovery of the insured from that condition, such agreement not to be unreasonably withheld. The option of the insured to apply for cancellation

shall be disclosed on the face of the rider in clear and conspicuous language.

For purposes of this section, a rider is a legal document that modifies a contract to exclude, limit, or reduce coverage or benefits for specifically named or described preexisting diseases or physical conditions. [1987 c 37 § 1.]

**48.20.520 Phenylketonuria.** (1) The legislature finds that:

(a) Phenylketonuria is a rare inherited genetic disorder.

(b) Children with phenylketonuria are unable to metabolize an essential amino acid, phenylalanine, which is found in the proteins of most food.

(c) To remain healthy, children with phenylketonuria must maintain a strict diet and ingest a mineral and vitamin-enriched formula.

(d) Children who do not maintain their diets with the formula acquire severe mental and physical difficulties.

(e) Originally, the formulas were listed as prescription drugs but were reclassified as medical foods to increase their availability.

(2) Subject to requirements and exceptions which may be established by rules adopted by the commissioner, any disability insurance contract delivered or issued for delivery or renewed in this state on or after September 1, 1988, that insures for hospital or medical expenses shall provide coverage for the formulas necessary for the treatment of phenylketonuria. [1988 c 173 § 1.]

**48.20.525 Prescriptions—Preapproval of individual claims—Subsequent rejection prohibited—Written record required.** Disability insurance companies who through an authorized representative have first approved, by any means, an individual prescription claim as eligible may not reject that claim at some later date. Pharmacists or drug dispensing outlets who obtain preapproval of claims shall keep a written record of the preapproval that consists of identification by name and telephone number of the person who approved the claim. [1993 c 253 § 2.]

**Findings—1993 c 253:** "The legislature finds that many health care insurance entities are initially approving claims as eligible under an identified program, over the telephone, but denying those same claims when they are submitted for payment. The legislature finds this to be an untenable situation for the providers." [1993 c 253 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.20.530 Nonresident pharmacies.** For the purposes of this chapter, a nonresident pharmacy is defined as any pharmacy located outside this state that ships, mails, or delivers, in any manner, except when delivered in person to an enrolled participant or his/her representative, controlled substances, legend drugs, or devices into this state.

After October 1, 1991, an insurer providing coverage of prescription drugs from nonresident pharmacies may only provide coverage from licensed nonresident pharmacies. The insurers shall obtain proof of current licensure in conformity with this section and RCW 18.64.350 through 18.64.400 from the nonresident pharmacy and keep that proof of licensure on file.

The department of health may request from the insurer the proof of current licensure for all nonresident pharmacies

through which the insurer is providing coverage for prescription drugs to residents of the state of Washington. This information, which may constitute a full or partial customer list, shall be confidential and exempt from public disclosure, and from the requirements of chapter 42.56 RCW. The board or the department shall not be restricted in the disclosure of the name of a nonresident pharmacy that is or has been licensed under RCW 18.64.360 or 18.64.370 or of the identity of a nonresident pharmacy disciplined under RCW 18.64.350 through 18.64.400. [2005 c 274 § 310; 1991 c 87 § 7.]

**Part headings not law—Effective date—2005 c 274:** See RCW 42.56.901 and 42.56.902.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.20.550 Fixed payment insurance—Standard disclosure form.** The commissioner shall adopt rules setting forth the content of a standard disclosure form to be provided to all applicants for individual, illness-triggered fixed payment insurance, hospital confinement fixed payment insurance, or other fixed payment insurance. The standard disclosure shall provide information regarding the level, type, and amount of benefits provided and the limitations, exclusions, and exceptions under the policy, as well as additional information to enhance consumer understanding. The disclosure shall specifically disclose that the coverage is not comprehensive in nature and will not cover the cost of most hospital and other medical services. Such disclosure form must be filed for approval with the commissioner prior to use. The standard disclosure forms must be provided at the time of solicitation and completion of the application form. All advertising and marketing materials other than the standard disclosure form must be filed with the commissioner at least thirty days prior to use. [2007 c 296 § 2.]

**48.20.555 Fixed payment insurance—Benefit restrictions.** Illness-triggered fixed payment insurance, hospital confinement fixed payment insurance, or other fixed payment insurance policies are not considered to provide coverage for hospital or medical expenses under this chapter, if the benefits provided are a fixed dollar amount that is paid regardless of the amount charged. The benefits may not be related to, or be a percentage of, the amount charged by the provider of service and must be offered as an independent and noncoordinated benefit with any other health plan as defined in RCW 48.43.005(19). [2007 c 296 § 3.]

**48.20.580 Mental health services—Definition—Coverage required, when.** (1) For the purposes of this section, "mental health services" means medically necessary outpatient and inpatient services provided to treat mental disorders covered by the diagnostic categories listed in the most current version of the diagnostic and statistical manual of mental disorders, published by the American psychiatric association, on July 24, 2005, or such subsequent date as may be provided by the insurance commissioner by rule, consistent with the purposes of chapter 6, Laws of 2005, with the exception of the following categories, codes, and services: (a) Substance related disorders; (b) life transition problems, currently referred to as "V" codes, and diagnostic codes 302 through 302.9 as found in the diagnostic and statistical manual of

mental disorders, 4th edition, published by the American psychiatric association; (c) skilled nursing facility services, home health care, residential treatment, and custodial care; and (d) court-ordered treatment unless the insurer's medical director or designee determines the treatment to be medically necessary.

(2) Each disability insurance contract delivered, issued for delivery, or renewed on or after January 1, 2008, providing coverage for medical and surgical services shall provide coverage for:

(a) Mental health services. The copayment or coinsurance for mental health services may be no more than the copayment or coinsurance for medical and surgical services otherwise provided under the disability insurance contract. Wellness and preventive services that are provided or reimbursed at a lesser copayment, coinsurance, or other cost sharing than other medical and surgical services are excluded from this comparison. If the disability insurance contract imposes a maximum out-of-pocket limit or stop loss, it shall be a single limit or stop loss for medical, surgical, and mental health services; and

(b) Prescription drugs intended to treat any of the disorders covered in subsection (1) of this section to the same extent, and under the same terms and conditions, as other prescription drugs covered by the disability insurance contract.

(3) Each disability insurance contract delivered, issued for delivery, or renewed on or after July 1, 2010, providing coverage for medical and surgical services shall provide coverage for:

(a) Mental health services. The copayment or coinsurance for mental health services may be no more than the copayment or coinsurance for medical and surgical services otherwise provided under the disability insurance contract. Wellness and preventive services that are provided or reimbursed at a lesser copayment, coinsurance, or other cost sharing than other medical and surgical services are excluded from this comparison. If the disability insurance contract imposes a maximum out-of-pocket limit or stop loss, it shall be a single limit or stop loss for medical, surgical, and mental health services. If the disability insurance contract imposes any deductible, mental health services shall be included with medical and surgical services for the purpose of meeting the deductible requirement. Treatment limitations or any other financial requirements on coverage for mental health services are only allowed if the same limitations or requirements are imposed on coverage for medical and surgical services; and

(b) Prescription drugs intended to treat any of the disorders covered in subsection (1) of this section to the same extent, and under the same terms and conditions, as other prescription drugs covered by the disability insurance contract.

(4) In meeting the requirements of this section, disability insurance contracts may not reduce the number of mental health outpatient visits or mental health inpatient days below the level in effect on July 1, 2002.

(5) This section does not prohibit a requirement that mental health services be medically necessary as determined by the medical director or designee, if a comparable requirement is applicable to medical and surgical services.

(6) Nothing in this section shall be construed to prevent the management of mental health services. [2007 c 8 § 1.]

(2010 Ed.)

**Effective date—2007 c 8:** "This act takes effect January 1, 2008." [2007 c 8 § 8.]

**48.20.900 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.** For the purposes of this chapter, the terms spouse, marriage, marital, husband, wife, widow, widower, next of kin, and family shall be interpreted as applying equally to state registered domestic partnerships or individuals in state registered domestic partnerships as well as to marital relationships and married persons, and references to dissolution of marriage shall apply equally to state registered domestic partnerships that have been terminated, dissolved, or invalidated, to the extent that such interpretation does not conflict with federal law. Where necessary to implement chapter 521, Laws of 2009, gender-specific terms such as husband and wife used in any statute, rule, or other law shall be construed to be gender neutral, and applicable to individuals in state registered domestic partnerships. [2009 c 521 § 115.]

## Chapter 48.21 RCW

### GROUP AND BLANKET DISABILITY INSURANCE

#### Sections

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48.21.900	Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.

*Irrigation district may contract for and pay premiums on group insurance for employees: RCW 87.03.160.*

*Minimum standards for disability policies may be promulgated by commissioner: RCW 48.18.120.*

*Payment to person designated in policy or by assignment discharges insurer: RCW 48.18.370.*

*Policy dividends are payable to real party in interest: RCW 48.18.340.*

*Policy forms, execution, filing, etc.: Chapter 48.18 RCW.*

*Refusal to renew or cancellation of disability insurance: RCW 48.18.298, 48.18.299.*

#### **48.21.010 "Group disability insurance" defined.**

Group disability insurance is that form of disability insurance, including stop loss insurance as defined in RCW 48.11.030, provided by a master policy issued to an employer, to a trustee appointed by an employer or employers, or to an association of employers formed for purposes other than obtaining such insurance, covering, with or without their dependents, the employees, or specified categories of the employees, of such employers or their subsidiaries or affiliates, or issued to a labor union, or to an association of employees formed for purposes other than obtaining such insurance, covering, with or without their dependents, the members, or specified categories of the members, of the labor union or association, or issued pursuant to RCW 48.21.030. Group disability insurance includes the following groups that qualify for group life insurance:

RCW 48.24.020, 48.24.035, 48.24.040, 48.24.045, 48.24.050, 48.24.060, 48.24.070, 48.24.080, 48.24.090, and 48.24.095. A group under RCW 48.24.027 does not qualify as a group for the purposes of this chapter. [2010 c 13 § 3; 1992 c 226 § 2; 1949 c 190 § 27; 1947 c 79 § .21.01; Rem. Supp. 1949 § 45.21.01.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.21.015 "Group stop loss insurance" defined for the purpose of exemption—Scope of application.** Group stop loss insurance is exempt from all sections of this chapter and chapter 48.32A RCW except for RCW 48.21.010 and this section. For the purpose of this exemption, group stop loss is further defined as follows:

(1) The policy must be issued to and insure the employer, the trustee or other sponsor of the plan, or the plan itself, but not the employees, members, or participants;

(2) Payment by the insurer must be made to the employer, the trustee, or other sponsor of the plan or the plan itself, but not to the employees, members, participants, or health care providers;

(3) The policy must contain a provision that establishes an aggregate attaching point or retention that is at the minimum one hundred twenty percent of the expected claims; and

(4) The policy may provide for an individual attaching point or retention that is not less than five percent of the expected claims or one hundred thousand dollars, whichever is less. [2000 c 80 § 8; 1992 c 226 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.21.020 "Employees," "employer" defined.** The term "employees" as used in this chapter shall be deemed to include as employees of a single employer, the compensated officers, managers, and employees of the employer and of subsidiary or affiliated corporations of a corporation employer, and the individual proprietors, partners, and employees of individuals and firms of which the business is controlled by the insured employer through stock ownership, contract or otherwise. The term "employer" as used in this chapter shall be deemed to include any municipal corporation or governmental unit, agency or department thereof as well as private individuals, firms, corporations and other persons. [1947 c 79 § .21.02; Rem. Supp. 1947 § 45.21.02.]

**48.21.030 Health care groups.** A policy of group disability insurance may be issued to a corporation, as policyholder, existing primarily for the purpose of assisting individuals who are its subscribers in securing medical, hospital, dental, and other health care services for themselves and their dependents, covering all and not less than five hundred such subscribers and dependents, with respect only to medical, hospital, dental, and other health care services. [1947 c 79 § .21.03; Rem. Supp. 1947 § 45.21.03.]

**48.21.040 "Blanket disability insurance" defined.** (1) Any policy or contract of disability insurance which conforms with the description and complies with the requirements contained in one of the following six paragraphs shall be deemed a blanket disability insurance policy:

(a) A policy issued to any common carrier of passengers, which carrier shall be deemed the policyholder, covering a group defined as all persons who may become such passengers, and whereby such passengers shall be insured against loss or damage resulting from death or bodily injury either while, or as a result of, being such passengers.

(b) A policy issued in the name of any volunteer fire department, first aid or ambulance squad or volunteer police organization, which shall be deemed the policyholder, and covering all the members of any such organization against loss from accidents resulting from hazards incidental to duties in connection with such organizations.

(c) A policy issued in the name of any established organization whether incorporated or not, having community recognition and operated for the welfare of the community and

its members and not for profit, which shall be deemed the policyholder, and covering all volunteer workers who serve without pecuniary compensation and the members of the organization, against loss from accidents occurring while engaged in the actual performance of duties on behalf of such organization or in the activities thereof.

(d) A policy issued to an employer, who shall be deemed the policyholder, covering any group of employees defined by reference to exceptional hazards incident to such employment, insuring such employees against death or bodily injury resulting while, or from, being exposed to such exceptional hazards.

(e) A policy covering students or employees issued to a college, school, or other institution of learning or to the head or principal thereof, who or which shall be deemed the policyholder.

(f) A policy or contract issued to any other substantially similar group, which, in the commissioner's discretion, may be subject to the insurance of a blanket disability policy or contract.

(2) Nothing contained in this section shall be deemed to affect the liability of policyholders for the death of, or injury to, any such members of such group.

(3) Individual applications shall not be required from individuals covered under a blanket disability insurance contract. [1959 c 225 § 7; 1947 c 79 § .21.04; Rem. Supp. 1947 § 45.21.04.]

**48.21.045 Health plan benefits for small employers—Coverage—Exemption from statutory requirements—Premium rates—Requirements for providing coverage for small employers—Definitions.** (1)(a) An insurer offering any health benefit plan to a small employer, either directly or through an association or member-governed group formed specifically for the purpose of purchasing health care, may offer and actively market to the small employer a health benefit plan featuring a limited schedule of covered health care services. Nothing in this subsection shall preclude an insurer from offering, or a small employer from purchasing, other health benefit plans that may have more comprehensive benefits than those included in the product offered under this subsection. An insurer offering a health benefit plan under this subsection shall clearly disclose all covered benefits to the small employer in a brochure filed with the commissioner.

(b) A health benefit plan offered under this subsection shall provide coverage for hospital expenses and services rendered by a physician licensed under chapter 18.57 or 18.71 RCW but is not subject to the requirements of RCW 48.21.130, 48.21.140, 48.21.141, 48.21.142, 48.21.144, 48.21.146, 48.21.160 through 48.21.197, 48.21.200, 48.21.220, 48.21.225, 48.21.230, 48.21.235, 48.21.244, 48.21.250, 48.21.300, 48.21.310, or 48.21.320.

(2) Nothing in this section shall prohibit an insurer from offering, or a purchaser from seeking, health benefit plans with benefits in excess of the health benefit plan offered under subsection (1) of this section. All forms, policies, and contracts shall be submitted for approval to the commissioner, and the rates of any plan offered under this section shall be reasonable in relation to the benefits thereto.

(3) Premium rates for health benefit plans for small employers as defined in this section shall be subject to the following provisions:

(a) The insurer shall develop its rates based on an adjusted community rate and may only vary the adjusted community rate for:

- (i) Geographic area;
- (ii) Family size;
- (iii) Age; and
- (iv) Wellness activities.

(b) The adjustment for age in (a)(iii) of this subsection may not use age brackets smaller than five-year increments, which shall begin with age twenty and end with age sixty-five. Employees under the age of twenty shall be treated as those age twenty.

(c) The insurer shall be permitted to develop separate rates for individuals age sixty-five or older for coverage for which medicare is the primary payer and coverage for which medicare is not the primary payer. Both rates shall be subject to the requirements of this subsection (3).

(d) The permitted rates for any age group shall be no more than four hundred twenty-five percent of the lowest rate for all age groups on January 1, 1996, four hundred percent on January 1, 1997, and three hundred seventy-five percent on January 1, 2000, and thereafter.

(e) A discount for wellness activities shall be permitted to reflect actuarially justified differences in utilization or cost attributed to such programs. Up to a twenty percent variance may be allowed for small employers that develop and implement a wellness program or activities that directly improve employee wellness. Employers shall document program activities with the carrier and may, after three years of implementation, request a reduction in premiums based on improved employee health and wellness. While carriers may review the employer's claim history when making a determination regarding whether the employer's wellness program has improved employee health, the carrier may not use maternity or prevention services claims to deny the employer's request. Carriers may consider issues such as improved productivity or a reduction in absenteeism due to illness if submitted by the employer for consideration. Interested employers may also work with the carrier to develop a wellness program and a means to track improved employee health.

(f) The rate charged for a health benefit plan offered under this section may not be adjusted more frequently than annually except that the premium may be changed to reflect:

- (i) Changes to the enrollment of the small employer;
- (ii) Changes to the family composition of the employee;
- (iii) Changes to the health benefit plan requested by the small employer; or
- (iv) Changes in government requirements affecting the health benefit plan.

(g) On the census date, as defined in RCW 48.21.047, rating factors shall produce premiums for identical groups that differ only by the amounts attributable to plan design, and differences in census date between new and renewal groups, with the exception of discounts for health improvement programs.

(h) For the purposes of this section, a health benefit plan that contains a restricted network provision shall not be considered similar coverage to a health benefit plan that does not

contain such a provision, provided that the restrictions of benefits to network providers result in substantial differences in claims costs. A carrier may develop its rates based on claims costs due to network provider reimbursement schedules or type of network. This subsection does not restrict or enhance the portability of benefits as provided in RCW 48.43.015.

(i) Adjusted community rates established under this section shall pool the medical experience of all small groups purchasing coverage, including the small group participants in the health insurance partnership established in RCW 70.47A.030. However, annual rate adjustments for each small group health benefit plan may vary by up to plus or minus four percentage points from the overall adjustment of a carrier's entire small group pool, such overall adjustment to be approved by the commissioner, upon a showing by the carrier, certified by a member of the American academy of actuaries that: (i) The variation is a result of deductible leverage, benefit design, or provider network characteristics; and (ii) for a rate renewal period, the projected weighted average of all small group benefit plans will have a revenue neutral effect on the carrier's small group pool. Variations of greater than four percentage points are subject to review by the commissioner, and must be approved or denied within sixty days of submittal. A variation that is not denied within sixty days shall be deemed approved. The commissioner must provide to the carrier a detailed actuarial justification for any denial within thirty days of the denial.

(j) For health benefit plans purchased through the health insurance partnership established in chapter 70.47A RCW:

(i) Any surcharge established pursuant to RCW 70.47A.030(2)(e) shall be applied only to health benefit plans purchased through the health insurance partnership; and

(ii) Risk adjustment or reinsurance mechanisms may be used by the health insurance partnership program to redistribute funds to carriers participating in the health insurance partnership based on differences in risk attributable to individual choice of health plans or other factors unique to health insurance partnership participation. Use of such mechanisms shall be limited to the partnership program and will not affect small group health plans offered outside the partnership.

(k) If the rate developed under this section varies the adjusted community rate for the factors listed in (a) of this subsection, the date for determining those factors must be no more than ninety days prior to the effective date of the health benefit plan.

(4) Nothing in this section shall restrict the right of employees to collectively bargain for insurance providing benefits in excess of those provided herein.

(5)(a) Except as provided in this subsection and subsection (3)(g) of this section, requirements used by an insurer in determining whether to provide coverage to a small employer shall be applied uniformly among all small employers applying for coverage or receiving coverage from the carrier.

(b) An insurer shall not require a minimum participation level greater than:

(i) One hundred percent of eligible employees working for groups with three or less employees; and

(ii) Seventy-five percent of eligible employees working for groups with more than three employees.

(c) In applying minimum participation requirements with respect to a small employer, a small employer shall not consider employees or dependents who have similar existing coverage in determining whether the applicable percentage of participation is met.

(d) An insurer may not increase any requirement for minimum employee participation or modify any requirement for minimum employer contribution applicable to a small employer at any time after the small employer has been accepted for coverage.

(e) Minimum participation requirements and employer premium contribution requirements adopted by the health insurance partnership board under RCW 70.47A.110 shall apply only to the employers and employees who purchase health benefit plans through the health insurance partnership.

(6) An insurer must offer coverage to all eligible employees of a small employer and their dependents. An insurer may not offer coverage to only certain individuals or dependents in a small employer group or to only part of the group. An insurer may not modify a health plan with respect to a small employer or any eligible employee or dependent, through riders, endorsements or otherwise, to restrict or exclude coverage or benefits for specific diseases, medical conditions, or services otherwise covered by the plan.

(7) As used in this section, "health benefit plan," "small employer," "adjusted community rate," and "wellness activities" mean the same as defined in RCW 48.43.005. [2010 c 292 § 7; 2009 c 131 § 1; 2008 c 143 § 6; 2007 c 260 § 7; 2004 c 244 § 1; 1995 c 265 § 14; 1990 c 187 § 2.]

**Application—2010 c 292:** See note following RCW 48.43.005.

**Application—2004 c 244:** "Sections 1 through 15 of this act apply to all small group health benefit plans issued or renewed on or after June 10, 2004." [2004 c 244 § 17.]

**Finding—Intent—1990 c 187:** "The legislature finds that the rising cost of comprehensive group health coverage is exceeding the affordability of many small businesses and their employees. The legislature further finds that certain public policies have an adverse impact on the cost of such coverage. It is therefore the intent of the legislature to reduce costs by authorizing the development of basic hospital and medical coverage for small groups." [1990 c 187 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.21.047 Requirements for plans offered to small employers—Definitions.** (1) An insurer may not offer any health benefit plan to any small employer without complying with RCW 48.21.045(3).

(2) Employers purchasing health plans provided through associations or through member-governed groups formed specifically for the purpose of purchasing health care are not small employers and the plans are not subject to RCW 48.21.045(3).

(3) For purposes of this section, "health benefit plan," "health plan," and "small employer" mean the same as defined in RCW 48.43.005.

(4) For purposes of this section, "census date" has the same meaning as defined in RCW 48.44.010. [2010 c 292 § 8; 2005 c 223 § 11; 1995 c 265 § 22.]

**Application—2010 c 292:** See note following RCW 48.43.005.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.21.050 Standard provisions required.** Every policy of group or blanket disability insurance shall contain in

substance the provisions as set forth in RCW 48.21.060 to 48.21.090, inclusive, or provisions which in the opinion of the commissioner are more favorable to the individuals insured, or at least as favorable to such individuals and more favorable to the policyholder. No such policy of group or blanket disability insurance shall contain any provision relative to notice or proof of loss, or to the time for paying benefits, or to the time within which suit may be brought upon the policy, which in the opinion of the commissioner is less favorable to the individuals insured than would be permitted by the standard provisions required for individual disability insurance policies. [1947 c 79 § .21.05; Rem. Supp. 1947 § 45.21.05.]

**48.21.060 The contract—Representations.** There shall be a provision that a copy of the application, if any, of the policyholder shall be attached to the policy when issued; that all statements made by the policyholder or by the individuals insured shall in the absence of fraud be deemed representations and not warranties, and that no statement made by any individual insured shall be used in any contest unless a copy of the instrument containing the statement is or has been furnished to such individual or to his or her beneficiary, if any. [2009 c 549 § 7102; 1947 c 79 § .21.06; Rem. Supp. 1947 § 45.21.06.]

**48.21.070 Payment of premiums.** There shall be a provision that all premiums due under the policy shall be remitted by the employer or employers of the persons insured, by the policyholder, or by some other designated person acting on behalf of the association or group insured, to the insurer on or before the due date thereof with such period of grace as may be specified therein. [1947 c 79 § .21.07; Rem. Supp. 1947 § 45.21.07.]

**48.21.075 Payment of premiums by employee in event of suspension of compensation due to labor dispute.** Any employee whose compensation includes group disability or blanket disability insurance providing health care services, the premiums for which are paid in full or in part by an employer including the state of Washington, its political subdivisions, or municipal corporations, or paid by payroll deduction, may pay the premiums as they become due directly to the policyholder whenever the employee's compensation is suspended or terminated directly or indirectly as the result of a strike, lockout, or other labor dispute, for a period not exceeding six months and at the rate and coverages as the policy provides. During that period of time the policy may not be altered or changed. Nothing in this section shall be deemed to impair the right of the insurer to make normal decreases or increases of the premium rate upon expiration and renewal of the policy, in accordance with the provisions of the policy. Thereafter, if such insurance coverage is no longer available, then the employee shall be given the opportunity to purchase an individual policy at a rate consistent with rates filed by the insurer with the commissioner. When the employee's compensation is so suspended or terminated, the employee shall be notified immediately by the policyholder in writing, by mail addressed to the address last on record with the policyholder, that the employee may pay the

premiums to the policyholder as they become due as provided in this section.

Payment of the premiums must be made when due or the insurance coverage may be terminated by the insurer.

The provisions of any insurance policy contrary to provisions of this section are void and unenforceable after May 29, 1975. [1975 1st ex.s. c 117 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.21.080 Certificates of coverage.** In group disability insurance policies there shall be a provision that the insurer shall issue to the employer, the policyholder, or other person or association in whose name such policy is issued, for delivery to each insured employee or member, a certificate setting forth in summary form a statement of the essential features of the insurance coverage, and to whom the benefits thereunder are payable described by name, relationship, or reference to the insurance records of the policyholder or insurer. If family members are insured, only one certificate need be issued for each family. This section shall not apply to blanket disability insurance policies. [1961 c 194 § 6; 1947 c 79 § .21.08; Rem. Supp. 1947 § 45.21.08.]

**48.21.090 Age limitations.** There shall be a provision specifying the ages, if any there be, to which the insurance provided therein shall be limited; and the ages, if any there be, for which additional restrictions are placed on benefits, and the additional restrictions placed on the benefits at such ages. [1947 c 79 § .21.09; Rem. Supp. 1947 § 45.21.09.]

**48.21.100 Examination and autopsy.** There may be a provision that the insurer shall have the right and opportunity to examine the person of the insured employee, member or dependent when and so often as it may reasonably require during the pendency of claim under the policy and also the right and opportunity to make an autopsy in case of death where it is not prohibited by law. [1947 c 79 § .21.10; Rem. Supp. 1947 § 45.21.10.]

**48.21.110 Payment of benefits.** The benefits payable under any policy or contract of group or blanket disability insurance shall be payable to the employee or other insured member of the group or to the beneficiary designated by him or her, other than the policyholder, employer or the association or any officer thereof as such, subject to provisions of the policy in the event there is no designated beneficiary as to all or any part of any sum payable at the death of the individual insured.

The policy may provide that any hospital, medical, or surgical benefits thereunder may be made payable jointly to the insured employee or member and the person furnishing such hospital, medical, or surgical services. [2009 c 549 § 7103; 1955 c 303 § 17; 1947 c 79 § .21.11; Rem. Supp. 1947 § 45.21.11.]

**48.21.120 Readjustment of premiums—Dividends.** Any contract of group disability insurance may provide for the readjustment of the rate of premium based on the experience thereunder at the end of the first year or of any subsequent year of insurance thereunder, and such readjustment

may be made retroactive only for such policy year. Any refund under any plan for readjustment of the rate of premium based on the experience under group policies heretofore or hereafter issued, and any dividend paid under such policies may be used to reduce the employer's share of the cost of the coverage, except that if the aggregate refunds or dividends under such group policy and any other group policy or contract issued to the policyholder exceed the aggregate contributions of the employer toward the cost of the coverages, such excess shall be applied by the policyholder for the sole benefit of insured employees. [1947 c 79 § .21.12; Rem. Supp. 1947 § 45.21.12.]

**48.21.125 When injury caused by intoxication or use of narcotics.** An insurer may not deny coverage for the treatment of an injury solely because the injury was sustained as a consequence of the insured's being intoxicated or under the influence of a narcotic. [2004 c 112 § 3.]

**Finding—Application—2004 c 112:** See notes following RCW 48.20.385.

**48.21.130 Podiatric medicine and surgery.** Notwithstanding any provision of any group disability insurance contract or blanket disability insurance contract, benefits shall not be denied thereunder for any medical or surgical service performed by a holder of a license issued pursuant to chapter 18.22 RCW provided that (1) the service performed was within the lawful scope of such person's license, and (2) such contract would have provided benefits if such service had been performed by a holder of a license issued pursuant to chapter 18.71 RCW. [1963 c 87 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.21.140 Optometry.** Notwithstanding any provision of any group disability insurance contract or blanket disability insurance contract, benefits shall not be denied thereunder for any eye care service rendered by a holder of a license issued pursuant to chapter 18.53 RCW, provided, that (1) the service rendered was within the lawful scope of such person's license, and (2) such contract would have provided the benefits for such service if rendered by a holder of a license issued pursuant to chapter 18.71 RCW. [1965 c 149 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.21.141 Registered nurses or advanced registered nurses.** Notwithstanding any provision of any group disability insurance contract or blanket disability insurance contract as provided for in this chapter, benefits shall not be denied thereunder for any health service performed by a holder of a license for registered nursing practice or advanced registered nursing practice issued pursuant to chapter 18.79 RCW if (1) the service performed was within the lawful scope of such person's license, and (2) such contract would have provided benefits if such service had been performed by a holder of a license issued pursuant to chapter 18.71 RCW: PROVIDED, HOWEVER, That no provision of chapter 18.71 RCW shall be asserted to deny benefits under this section.

The provisions of this section are intended to be remedial and procedural to the extent they do not impair the obligation

of any existing contract. [1994 sp.s. c 9 § 730; 1973 1st ex.s. c 188 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.21.142 Chiropractic.** Notwithstanding any provision of any group disability insurance contract or blanket disability insurance contract as provided for in this chapter, benefits shall not be denied thereunder for any health service performed by a holder of a license issued pursuant to chapter 18.25 RCW if (1) the service performed was within the lawful scope of such person's license, and (2) such contract would have provided benefits if such service had been performed by a holder of a license issued pursuant to chapter 18.71 RCW: PROVIDED, HOWEVER, That no provision of chapter 18.71 RCW shall be asserted to deny benefits under this section.

The provisions of this section are intended to be remedial and procedural to the extent they do not impair the obligation of any existing contract. [1971 ex.s. c 13 § 2.]

**48.21.143 Diabetes coverage—Definitions.** The legislature finds that diabetes imposes a significant health risk and tremendous financial burden on the citizens and government of the state of Washington, and that access to the medically accepted standards of care for diabetes, its treatment and supplies, and self-management training and education is crucial to prevent or delay the short and long-term complications of diabetes and its attendant costs.

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

(a) "Person with diabetes" means a person diagnosed by a health care provider as having insulin using diabetes, non-insulin using diabetes, or elevated blood glucose levels induced by pregnancy; and

(b) "Health care provider" means a health care provider as defined in RCW 48.43.005.

(2) All group disability insurance contracts and blanket disability insurance contracts providing health care services, issued or renewed after January 1, 1998, shall provide benefits for at least the following services and supplies for persons with diabetes:

(a) For group disability insurance contracts and blanket disability insurance contracts that include coverage for pharmacy services, appropriate and medically necessary equipment and supplies, as prescribed by a health care provider, that includes but is not limited to insulin, syringes, injection aids, blood glucose monitors, test strips for blood glucose monitors, visual reading and urine test strips, insulin pumps and accessories to the pumps, insulin infusion devices, prescriptive oral agents for controlling blood sugar levels, foot care appliances for prevention of complications associated with diabetes, and glucagon emergency kits; and

(b) For all group disability insurance contracts and blanket disability insurance contracts providing health care services, outpatient self-management training and education, including medical nutrition therapy, as ordered by the health care provider. Diabetes outpatient self-management training and education may be provided only by health care providers with expertise in diabetes. Nothing in this section prevents the insurer from restricting patients to seeing only health care

providers who have signed participating provider agreements with the insurer or an insuring entity under contract with the insurer.

(3) Coverage required under this section may be subject to customary cost-sharing provisions established for all other similar services or supplies within a policy.

(4) Health care coverage may not be reduced or eliminated due to this section.

(5) Services required under this section shall be covered when deemed medically necessary by the medical director, or his or her designee, subject to any referral and formulary requirements.

(6) The insurer need not include the coverage required in this section in a group contract offered to an employer or other group that offers to its eligible enrollees a self-insured health plan not subject to mandated benefits status under this title that does not offer coverage similar to that mandated under this section.

(7) This section does not apply to the health benefit plan that provides benefits identical to the schedule of services covered by the basic health plan. [2004 c 244 § 10; 1997 c 276 § 3.]

**Application—2004 c 244:** See note following RCW 48.21.045.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.21.144 Psychological services.** Notwithstanding any provision of any group disability insurance contract or blanket disability insurance contract, benefits shall not be denied thereunder for any psychological service rendered by a holder of a license issued pursuant to chapter 18.83 RCW: PROVIDED, That (1) the service rendered was within the lawful scope of such person's license, and (2) such contract would have provided the benefits for such service if rendered by a holder of a license issued pursuant to chapter 18.71 RCW. [1971 ex.s. c 197 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.21.146 Dentistry.** Notwithstanding any provision of any group disability insurance contract or blanket disability insurance contract as provided for in this chapter, benefits shall not be denied thereunder for any health service performed by a holder of a license issued pursuant to chapter 18.32 RCW if (1) the service performed was within the lawful scope of such person's license, and (2) such contract would have provided benefits if such service had been performed by a holder of a license issued pursuant to chapter 18.71 RCW: PROVIDED, HOWEVER, That no provision of chapter 18.71 RCW shall be asserted to deny benefits under this section.

The provisions of this section are intended to be remedial and procedural to the extent they do not impair the obligation of any existing contract. [1974 ex.s. c 42 § 2.]

**48.21.147 Dental services that are not subject to contract or provider agreement.** (1) Notwithstanding any other provisions of law, no group disability insurance contract or blanket disability insurance contract of any disability insurer as provided for in this chapter subject to the jurisdiction of the state of Washington that covers any dental ser-

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VICES, and no contract or participating provider agreement with a dentist may:

(a) Require, directly or indirectly, that a dentist who is a participating provider provide services to a subscriber at a fee set by, or at a fee subject to the approval of, the disability insurer unless the dental services are covered services, including services that would be reimbursable but for the application of contractual limitations such as benefit maximums, deductibles, coinsurance, waiting periods, or frequency limitations, under the applicable group plan or disability insurance policy; nor

(b) Prohibit, directly or indirectly, a dentist who is a participating provider from offering or providing to a subscriber dental services that are not covered services on any terms or conditions acceptable to the dentist and the subscriber.

(2) For the purposes of this section, "covered services" means dental services that are reimbursable under the applicable insurance policy, group plan, or subscriber agreement or would be reimbursable but for the application of contractual limitations such as benefit maximums, deductibles, coinsurance, waiting periods or frequency limitations. [2010 c 228 § 2.]

**48.21.148 Denturist services.** Notwithstanding any provision of any group disability insurance contract or blanket disability insurance contract covering dental care as provided for in this chapter, effective January 1, 1995, benefits shall not be denied thereunder for any service performed by a denturist licensed under chapter 18.30 RCW if (1) the service performed was within the lawful scope of such person's license, and (2) such contract would have provided benefits if such service had been performed by a dentist licensed under chapter 18.32 RCW. [1995 c 1 § 22 (Initiative Measure No. 607, approved November 8, 1994).]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.21.150 Dependent child coverage—Continuation for incapacity.** Any group disability insurance contract or blanket disability insurance contract, providing health care services, delivered or issued for delivery in this state more than one hundred twenty days after August 11, 1969, which provides that coverage of a dependent child of an employee or other member of the covered group shall terminate upon attainment of the limiting age for dependent children specified in the contract shall also provide in substance that attainment of such limiting age shall not operate to terminate the coverage of such child while the child is and continues to be both (1) incapable of self-sustaining employment by reason of developmental disability or physical handicap and (2) chiefly dependent upon the employee or member for support and maintenance, provided proof of such incapacity and dependency is furnished to the insurer by the employee or member within thirty-one days of the child's attainment of the limiting age and subsequently as may be required by the insurer, but not more frequently than annually after the two year period following the child's attainment of the limiting age. [1977 ex.s. c 80 § 32; 1969 ex.s. c 128 § 4.]

**Purpose—Intent—Severability—1977 ex.s. c 80:** See notes following RCW 4.16.190.

**48.21.155 Dependent child coverage—From moment of birth—Congenital anomalies—Notification of birth.**

(1) Any group disability insurance contract except blanket disability insurance contract, providing hospital and medical expenses and health care services, renewed, delivered or issued for delivery in this state more than one hundred twenty days after February 16, 1974, which provides coverage for the dependent children of persons in the insured group, shall provide coverage for newborn infant children of persons in the insured group from and after the moment of birth. Coverage provided in accord with this section shall include, but not be limited to, coverage for congenital anomalies of such infant children from the moment of birth.

(2) If payment of an additional premium is required to provide coverage for a child, the contract may require that notification of birth of a newly born child and payment of the required premium must be furnished to the insurer. The notification period shall be no less than sixty days from the date of birth. This subsection applies to policies issued or renewed on or after January 1, 1984. [1983 1st ex.s. c 32 § 20; 1974 ex.s. c 139 § 2.]

**48.21.157 Option to cover dependents under age twenty-five.** Any group disability insurance contract or blanket disability insurance contract that provides coverage for a participating member's dependent must offer each participating member the option of covering any unmarried dependent under the age of twenty-five. [2007 c 259 § 20.]

**Effective date—2007 c 259 §§ 18-22:** See note following RCW 41.05.095.

**Severability—Subheadings not law—2007 c 259:** See notes following RCW 41.05.033.

**48.21.160 Chemical dependency benefits—Legislative declaration.** The legislature recognizes that chemical dependency is a disease and, as such, warrants the same attention from the health care industry as other similarly serious diseases warrant; the legislature further recognizes that health insurance contracts and contracts for health care services include inconsistent provisions providing benefits for the treatment of chemical dependency. In order to assist the many citizens of this state who suffer from the disease of chemical dependency, and who are presently effectively precluded from obtaining adequate coverage for medical assistance under the terms of their health insurance contract or health care service contract, the legislature hereby declares that provisions providing benefits for the treatment of chemical dependency shall be included in new contracts and that this section, RCW 48.21.180, 48.21.190, 48.44.240, 48.46.350, and RCW 48.21.195, 48.44.245, and 48.46.355 are necessary for the protection of the public health and safety. Nothing in this section, RCW 48.21.180, 48.21.190, 48.44.240, 48.46.350, and RCW 48.21.195, 48.44.245, and 48.46.355 shall be construed to relieve any person of any civil or criminal liability for any act or omission that is the result of a chemical dependency or to grant any person with a chemical dependency any special right, privilege, or status under the law against discrimination, chapter 49.60 RCW. [1987 c 458 § 13; 1974 ex.s. c 119 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.21.180 Chemical dependency benefits—Contracts issued or renewed after January 1, 1988.** Each group disability insurance contract which is delivered or issued for delivery or renewed, on or after January 1, 1988, and which insures for hospital or medical care must contain provisions providing benefits for the treatment of chemical dependency rendered to the insured by a provider which is an "approved treatment program" under RCW 70.96A.020(3). [2003 c 248 § 9; 1990 1st ex.s. c 3 § 7; 1987 c 458 § 14; 1974 ex.s. c 119 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.21.190 Chemical dependency benefits—RCW 48.21.160 through 48.21.190, 48.44.240 inapplicable, when.** RCW 48.21.160 through 48.21.190 and 48.44.240 as now or hereafter amended shall not apply to the renewal of a contract in force prior to the pertinent date provided for such contract under RCW 48.21.160 through 48.21.190 and 48.44.240 as now or hereafter amended where there exists a right of renewal on the part of the insured or subscriber without any change in any provision of the contract: PROVIDED FURTHER, That RCW 48.21.160 through 48.21.190 and 48.44.240 as now or hereafter amended shall not apply to contracts which provide only accident coverage, nor to any contract written as supplemental coverage to any federal or state programs of health care including, but not limited to, Title XVIII health insurance for the aged (commonly referred to as Medicare, Parts A and B), and amendments thereto. [1975 1st ex.s. c 266 § 10; 1974 ex.s. c 119 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.21.195 "Chemical dependency" defined.** For the purposes of RCW 48.21.160 and 48.21.180 "chemical dependency" means an illness characterized by a physiological or psychological dependency, or both, on a controlled substance regulated under chapter 69.50 RCW and/or alcoholic beverages. It is further characterized by a frequent or intense pattern of pathological use to the extent the user exhibits a loss of self-control over the amount and circumstances of use; develops symptoms of tolerance or physiological and/or psychological withdrawal if use of the controlled substance or alcoholic beverage is reduced or discontinued; and the user's health is substantially impaired or endangered or his or her social or economic function is substantially disrupted. [1987 c 458 § 15.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.21.197 Chemical dependency benefits—Rules.** By September 1, 1987, the insurance commissioner shall adopt rules governing benefits for treatment of chemical dependency under medical plans issued under chapters 48.21, 48.44, and 48.46 RCW. These rules shall recognize that many persons are dependent on both alcohol and drugs; they shall prohibit the stacking of benefits and shall require that benefits for chemical dependency be equivalent to benefits previously required for alcoholism. [1987 c 458 § 21.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.21.200 Individual or group disability, health care service contract, health maintenance agreement—Reduc-**

**tion of benefits on basis of other existing coverages.** (1) No individual or group disability insurance policy, health care service contract, or health maintenance agreement providing hospital, medical or surgical expense benefits and which contains a provision for the reduction of benefits otherwise payable or available thereunder on the basis of other existing coverages, shall provide that such reduction will operate to reduce total benefits payable below an amount equal to one hundred percent of total allowable expenses.

(2) The commissioner shall by rule establish guidelines for the application of this section, including:

(a) The procedures by which persons covered under such policies, contracts, and agreements are to be made aware of the existence of such a provision;

(b) The benefits which may be subject to such a provision;

(c) The effect of such a provision on the benefits provided;

(d) Establishment of the order of benefit determination;

(e) Exceptions necessary to preserve policy, contract, or agreement requirements for use of particular health care facilities or providers; and

(f) Reasonable claim administration procedures to expedite claim payments and prevent duplication of payments or benefits under such a provision. [2007 c 80 § 3; 1993 c 492 § 282. Prior: 1983 c 202 § 16; 1983 c 106 § 24; 1975 1st ex.s. c 266 § 20.]

**Findings—Intent—1993 c 492:** See notes following RCW 43.20.050.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.21.220 Home health care, hospice care, optional coverage required—Standards, limitations, restrictions—Rules—Medicare supplemental contracts excluded.** (1) Every insurer entering into or renewing group or blanket disability insurance policies governed by this chapter shall offer optional coverage for home health care and hospice care for persons who are homebound and would otherwise require hospitalization. Such optional coverage need only be offered in conjunction with a policy that provides payment for hospitalization as a part of health care coverage.

(2) Home health care and hospice care coverage offered under subsection (1) of this section shall conform to the following standards, limitations, and restrictions in addition to those set forth in chapter 70.126 RCW:

(a) The coverage may include reasonable deductibles, coinsurance provisions, and internal maximums;

(b) The coverage should be structured to create incentives for the use of home health care and hospice care as an alternative to hospitalization;

(c) The coverage may contain provisions for utilization review and quality assurance;

(d) The coverage may require that home health agencies and hospices have written treatment plans approved by a physician licensed under chapter 18.57 or 18.71 RCW, and may require such treatment plans to be reviewed at designated intervals;

(e) The coverage shall provide benefits for, and restrict benefits to, services rendered by home health and hospice

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agencies licensed by the department of social and health services;

(f) Hospice care coverage shall provide benefits for terminally ill patients for an initial period of care of not less than six months and may provide benefits for an additional six months of care in cases where the patient is facing imminent death or is entering remission if certified in writing by the attending physician;

(g) Home health care coverage shall provide benefits for a minimum of one hundred thirty health care visits per calendar year. However, a visit of any duration by an employee of a home health agency for the purpose of providing services under the plan of treatment constitutes one visit;

(h) The coverage may be structured so that services or supplies included in the primary contract are not duplicated in the optional home health and hospice coverage.

(3) The insurance commissioner shall adopt any rules necessary to implement this section.

(4) The requirements of this section shall not apply to contracts or policies governed by chapter 48.66 RCW.

(5) An insurer, as a condition of reimbursement, may require compliance with home health and hospice certification regulations established by the United States department of health and human services. [1988 c 245 § 31; 1984 c 22 § 1; 1983 c 249 § 1.]

*Home health care, hospice care, rules: Chapter 70.126 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **48.21.225 Mammograms—Insurance coverage.**

Each group disability insurance policy issued or renewed after January 1, 1990, that provides coverage for hospital or medical expenses shall provide coverage for screening or diagnostic mammography services, provided that such services are delivered upon the recommendation of the patient's physician or advanced registered nurse practitioner as authorized by the nursing care quality assurance commission pursuant to chapter 18.79 RCW or physician assistant pursuant to chapter 18.71A RCW.

This section shall not be construed to prevent the application of standard policy provisions applicable to other benefits such as deductible or copayment provisions. This section does not limit the authority of an insurer to negotiate rates and contract with specific providers for the delivery of mammography services. This section shall not apply to medicare supplement policies or supplemental contracts covering a specified disease or other limited benefits. [1994 sp.s. c 9 § 731; 1989 c 338 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.21.227 Prostate cancer screening.** (1) Each group disability insurance policy issued or renewed after December 31, 2006, that provides coverage for hospital or medical expenses shall provide coverage for prostate cancer screening, provided that the screening is delivered upon the recommendation of the patient's physician, advanced registered nurse practitioner, or physician assistant.

(2) This section shall not be construed to prevent the application of standard policy provisions applicable to other benefits, such as deductible or copayment provisions. This section does not limit the authority of an insurer to negotiate

rates and contract with specific providers for the delivery of prostate cancer screening services. This section shall not apply to medicare supplemental policies or supplemental contracts covering a specified disease or other limited benefits. [2006 c 367 § 3.]

**48.21.230 Reconstructive breast surgery.** (1) Each group disability insurance contract issued or renewed after July 24, 1983, which insures for hospital or medical care shall provide coverage for reconstructive breast surgery resulting from a mastectomy which resulted from disease, illness, or injury.

(2) Each group disability insurance contract issued or renewed after January 1, 1986, which insures for hospital or medical care shall provide coverage for all stages of one reconstructive breast reduction on the nondiseased breast to make it equal in size with the diseased breast after definitive reconstructive surgery on the diseased breast has been performed. [1985 c 54 § 6; 1983 c 113 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.21.235 Mastectomy, lumpectomy.** No person engaged in the business of insurance under this chapter may refuse to issue any contract of insurance or cancel or decline to renew the contract solely because of a mastectomy or lumpectomy performed on the insured or prospective insured more than five years previously. The amount of benefits payable, or any term, rate, condition, or type of coverage shall not be restricted, modified, excluded, increased, or reduced solely on the basis of a mastectomy or lumpectomy performed on the insured or prospective insured more than five years previously. [1985 c 54 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.21.241 Mental health services—Group health plans—Definition—Coverage required, when.** (1) For the purposes of this section, "mental health services" means medically necessary outpatient and inpatient services provided to treat mental disorders covered by the diagnostic categories listed in the most current version of the diagnostic and statistical manual of mental disorders, published by the American psychiatric association, on July 24, 2005, or such subsequent date as may be provided by the insurance commissioner by rule, consistent with the purposes of chapter 6, Laws of 2005, with the exception of the following categories, codes, and services: (a) Substance related disorders; (b) life transition problems, currently referred to as "V" codes, and diagnostic codes 302 through 302.9 as found in the diagnostic and statistical manual of mental disorders, 4th edition, published by the American psychiatric association; (c) skilled nursing facility services, home health care, residential treatment, and custodial care; and (d) court ordered treatment unless the insurer's medical director or designee determines the treatment to be medically necessary.

(2) All group disability insurance contracts and blanket disability insurance contracts providing health benefit plans that provide coverage for medical and surgical services shall provide:

(a) For all group health benefit plans for groups other than small groups, as defined in RCW 48.43.005 delivered,

issued for delivery, or renewed on or after January 1, 2006, coverage for:

(i) Mental health services. The copayment or coinsurance for mental health services may be no more than the copayment or coinsurance for medical and surgical services otherwise provided under the health benefit plan. Wellness and preventive services that are provided or reimbursed at a lesser copayment, coinsurance, or other cost sharing than other medical and surgical services are excluded from this comparison; and

(ii) Prescription drugs intended to treat any of the disorders covered in subsection (1) of this section to the same extent, and under the same terms and conditions, as other prescription drugs covered by the health benefit plan.

(b) For all group health benefit plans delivered, issued for delivery, or renewed on or after January 1, 2008, coverage for:

(i) Mental health services. The copayment or coinsurance for mental health services may be no more than the copayment or coinsurance for medical and surgical services otherwise provided under the health benefit plan. Wellness and preventive services that are provided or reimbursed at a lesser copayment, coinsurance, or other cost sharing than other medical and surgical services are excluded from this comparison. If the health benefit plan imposes a maximum out-of-pocket limit or stop loss, it shall be a single limit or stop loss for medical, surgical, and mental health services; and

(ii) Prescription drugs intended to treat any of the disorders covered in subsection (1) of this section to the same extent, and under the same terms and conditions, as other prescription drugs covered by the health benefit plan.

(c) For all group health benefit plans delivered, issued for delivery, or renewed on or after July 1, 2010, coverage for:

(i) Mental health services. The copayment or coinsurance for mental health services may be no more than the copayment or coinsurance for medical and surgical services otherwise provided under the health benefit plan. Wellness and preventive services that are provided or reimbursed at a lesser copayment, coinsurance, or other cost sharing than other medical and surgical services are excluded from this comparison. If the health benefit plan imposes a maximum out-of-pocket limit or stop loss, it shall be a single limit or stop loss for medical, surgical, and mental health services. If the health benefit plan imposes any deductible, mental health services shall be included with medical and surgical services for the purpose of meeting the deductible requirement. Treatment limitations or any other financial requirements on coverage for mental health services are only allowed if the same limitations or requirements are imposed on coverage for medical and surgical services; and

(ii) Prescription drugs intended to treat any of the disorders covered in subsection (1) of this section to the same extent, and under the same terms and conditions, as other prescription drugs covered by the health benefit plan.

(3) In meeting the requirements of subsection (2)(a) and (b) of this section, health benefit plans may not reduce the number of mental health outpatient visits or mental health inpatient days below the level in effect on July 1, 2002.

(4) This section does not prohibit a requirement that mental health services be medically necessary as determined by the medical director or designee, if a comparable requirement is applicable to medical and surgical services.

(5) Nothing in this section shall be construed to prevent the management of mental health services. [2007 c 8 § 2; 2006 c 74 § 1; 2005 c 6 § 3.]

**Effective date—2007 c 8:** See note following RCW 48.20.580.

**Effective date—2006 c 74:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [March 15, 2006]." [2006 c 74 § 4.]

**Findings—Intent—Severability—2005 c 6:** See notes following RCW 41.05.600.

**48.21.242 Mental health treatment—Waiver of preauthorization for persons involuntarily committed.** An insurer providing group disability insurance coverage for health care in this state shall waive a preauthorization requirement from the insurer before an insured or the insured's covered dependents receive mental health care and treatment rendered by a state hospital if the insured or any of the insured's covered dependents are involuntarily committed to a state hospital as defined in RCW 72.23.010. [1993 c 272 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.21.244 Benefits for prenatal diagnosis of congenital disorders—Contracts entered into or renewed on or after January 1, 1990.** On or after January 1, 1990, every group disability contract entered into or renewed that covers hospital, medical, or surgical expenses on a group basis, and which provides benefits for pregnancy, childbirth, or related medical conditions to enrollees of such groups, shall offer benefits for prenatal diagnosis of congenital disorders of the fetus by means of screening and diagnostic procedures during pregnancy to such enrollees when those services are determined to be medically necessary by the disability contractor in accord with standards set in rule by the board of health. Every group disability contractor shall communicate the availability of such coverage to all group disability contract holders and to all groups with whom they are negotiating. [1988 c 276 § 6.]

*Prenatal testing—Limitation on changes to coverage: RCW 48.42.090.*

**48.21.250 Continuation option to be offered.** Every insurer that issues policies providing group coverage for hospital or medical expense shall offer the policyholder an option to include a policy provision granting a person who becomes ineligible for coverage under the group policy, the right to continue the group benefits for a period of time and at a rate agreed upon. The policy provision shall provide that when such coverage terminates, the covered person may convert to a policy as provided in RCW 48.21.260. [1984 c 190 § 2.]

**Legislative intent—1984 c 190:** "The legislature recognizes that when people covered by a group health insurance policy lose their group insurance benefits because they are no longer eligible, they need time to obtain a suitable form of replacement coverage or time to complete a reasonable course of medical treatment for a health condition that existed when the group benefits ended.

Spouses and dependents can lose their group insurance and may not

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have any other health insurance when one spouse covered under a group policy dies, obtains a divorce, or becomes unemployed. Often the cost of an individual policy prevents these persons from obtaining any other health insurance.

The intent of this act is to require insurers, health care service contractors, and health maintenance organizations to:

(1) Offer to the contract holder the option to continue health and medical benefits for employees, members, spouses, or dependents whose eligibility for coverage under a group policy, contract, or agreement is terminated; and

(2) Provide a conversion policy, contract, or agreement to employees, members, spouses, or dependents whose eligibility for coverage under a group policy, contract, or agreement is terminated." [1984 c 190 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.21.260 Conversion policy to be offered—Exceptions, conditions.** (1) Except as otherwise provided by this section, any group disability insurance policy that provides benefits for hospital or medical expenses must contain a provision granting a person covered by the group policy the right to obtain a conversion policy from the insurer upon termination of the person's eligibility for coverage under the group policy.

(2) An insurer need not offer a conversion policy to:

(a) A person whose coverage under the group policy ended when the person's employment or membership was terminated for misconduct: PROVIDED, That when a person's employment or membership is terminated for misconduct, a conversion policy shall be offered to the spouse and/or dependents of the terminated employee or member. The policy shall include in the conversion provisions the same conversion rights and conditions which are available to employees or members and their spouses and/or dependents who are terminated for reasons other than misconduct;

(b) A person who is eligible for federal medicare coverage; or

(c) A person who is covered under another group plan, policy, contract, or agreement providing benefits for hospital or medical care.

(3) To obtain the conversion policy, a person must submit a written application and the first premium payment for the conversion policy not later than thirty-one days after the date the person's group coverage terminates or thirty-one days after the date the person received notice of termination of coverage, whichever is later. The conversion policy shall become effective, without lapse of coverage, immediately following termination of coverage under the group policy.

(4) If an insurer or group policyholder does not renew, cancels, or otherwise terminates the group policy, the insurer must offer a conversion policy to any person who was covered under the terminated policy unless the person is eligible to obtain group hospital or medical expense coverage within thirty-one days after such nonrenewal, cancellation, or termination of the group policy or thirty-one days after the date the person received notice of termination of coverage, whichever is later.

(5) The insurer shall determine the premium for the conversion policy in accordance with the insurer's table of premium rates applicable to the age and class of risk of each person to be covered under the policy and the type and amount of benefits provided. [2010 c 110 § 1; 1984 c 190 § 3.]

**Application—2010 c 110:** "This act applies to any group disability insurance policy, group health care service contract, and group health main-

tenance agreement issued, entered into, or renewed on or after January 1, 2011." [2010 c 110 § 4.]

**Legislative intent—Severability—1984 c 190:** See notes following RCW 48.21.250.

**48.21.270 Conversion policy—Restrictions and requirements.** (1) An insurer shall not require proof of insurability as a condition for issuance of the conversion policy.

(2) A conversion policy may not contain an exclusion for preexisting conditions except to the extent that a waiting period for a preexisting condition has not been satisfied under the group policy.

(3) An insurer must offer at least three policy benefit plans that comply with the following:

(a) A major medical plan with a five thousand dollar deductible and a lifetime benefit maximum of two hundred fifty thousand dollars per person;

(b) A comprehensive medical plan with a five hundred dollar deductible and a lifetime benefit maximum of five hundred thousand dollars per person; and

(c) A basic medical plan with a one thousand dollar deductible and a lifetime maximum of seventy-five thousand dollars per person.

(4) The insurance commissioner may revise the deductibles and lifetime benefit amounts in subsection (3) of this section from time to time to reflect changing health care costs.

(5) The insurance commissioner shall adopt rules to establish minimum benefit standards for conversion policies.

(6) The commissioner shall adopt rules to establish specific standards for conversion policy provisions. These rules may include but are not limited to:

- (a) Terms of renewability;
- (b) Nonduplication of coverage;
- (c) Benefit limitations, exceptions, and reductions; and
- (d) Definitions of terms. [1984 c 190 § 4.]

**Legislative intent—Severability—1984 c 190:** See notes following RCW 48.21.250.

**48.21.280 Coverage for adopted children.** (1) Any group disability insurance contract, except a blanket disability insurance contract, providing hospital and medical expenses and health care services, delivered or issued for delivery in this state, which provides coverage for dependent children, as defined in the contract of the insured, shall cover adoptive children placed with the insured on the same basis as other dependents, as provided in RCW 48.01.180.

(2) If payment of an additional premium is required to provide coverage for a child, the contract may require that notification of placement of a child for adoption and payment of the required premium must be furnished to the insurer. The notification period shall be no less than sixty days from the date of placement. [1986 c 140 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.21.290 Cancellation of rider.** Upon application by an insured, a rider shall be canceled if at least five years after its issuance, no health care services have been received by the insured during that time for the condition specified in the rider, and a physician, selected by the carrier for that purpose,

agrees in writing to the full medical recovery of the insured from that condition, such agreement not to be unreasonably withheld. The option of the insured to apply for cancellation shall be disclosed on the face of the rider in clear and conspicuous language.

For purposes of this section, a rider is a legal document that modifies a contract to exclude, limit, or reduce coverage or benefits for specifically named or described preexisting diseases or physical conditions. [1987 c 37 § 2.]

**48.21.300 Phenylketonuria.** (1) The legislature finds that:

(a) Phenylketonuria is a rare inherited genetic disorder.

(b) Children with phenylketonuria are unable to metabolize an essential amino acid, phenylalanine, which is found in the proteins of most food.

(c) To remain healthy, children with phenylketonuria must maintain a strict diet and ingest a mineral and vitamin-enriched formula.

(d) Children who do not maintain their diets with the formula acquire severe mental and physical difficulties.

(e) Originally, the formulas were listed as prescription drugs but were reclassified as medical foods to increase their availability.

(2) Subject to requirements and exceptions which may be established by rules adopted by the commissioner, any group disability insurance contract delivered or issued for delivery or renewed in this state on or after September 1, 1988, that insures for hospital or medical expenses shall provide coverage for the formulas necessary for the treatment of phenylketonuria. [1988 c 173 § 2.]

**48.21.310 Neurodevelopmental therapies—Employer-sponsored group contracts.** (1) Each employer-sponsored group policy for comprehensive health insurance which is entered into, or renewed, on or after twelve months after July 23, 1989, shall include coverage for neurodevelopmental therapies for covered individuals age six and under.

(2) Benefits provided under this section shall cover the services of those authorized to deliver occupational therapy, speech therapy, and physical therapy. Benefits shall be payable only where the services have been delivered pursuant to the referral and periodic review of a holder of a license issued pursuant to chapter 18.71 or 18.57 RCW or where covered services have been rendered by such licensee. Nothing in this section shall prohibit an insurer from negotiating rates with qualified providers.

(3) Benefits provided under this section shall be for medically necessary services as determined by the insurer. Benefits shall be payable for services for the maintenance of an insured in cases where significant deterioration in the patient's condition would result without the service. Benefits shall be payable to restore and improve function.

(4) It is the intent of this section that employers purchasing comprehensive health insurance, including the benefits required by this section, together with the insurer, retain authority to design and employ utilization and cost controls. Therefore, benefits delivered under this section may be subject to contractual provisions regarding deductible amounts and/or copayments established by the employer purchasing

insurance and the insurer. Benefits provided under this section may be subject to standard waiting periods for preexisting conditions, and may be subject to the submission of written treatment plans.

(5) In recognition of the intent expressed in subsection (4) of this section, benefits provided under this section may be subject to contractual provisions establishing annual and/or lifetime benefit limits. Such limits may define the total dollar benefits available or may limit the number of services delivered as agreed by the employer purchasing insurance and the insurer. [1989 c 345 § 2.]

**48.21.320 Temporomandibular joint disorders—Insurance coverage.** (1) Except as provided in this section, a group disability policy entered into or renewed after December 31, 1989, shall offer optional coverage for the treatment of temporomandibular joint disorders.

(a) Insurers offering medical coverage only may limit benefits in such coverages to medical services related to treatment of temporomandibular joint disorders. Insurers offering dental coverage only may limit benefits in such coverage to dental services related to treatment of temporomandibular joint disorders. No insurer offering medical coverage only may define all temporomandibular joint disorders as purely dental in nature, and no insurer offering dental coverage only may define all temporomandibular joint disorders as purely medical in nature.

(b) Insurers offering optional temporomandibular joint disorder coverage as provided in this section may, but are not required to, offer lesser or no temporomandibular joint disorder coverage as part of their basic group disability contract.

(c) Benefits and coverage offered under this section may be subject to negotiation to promote broad flexibility in potential benefit coverage. This flexibility shall apply to services to be reimbursed, determination of treatments to be considered medically necessary, systems through which services are to be provided, including referral systems and use of other providers, and related issues.

(2) Unless otherwise directed by law, the insurance commissioner shall adopt rules, to be implemented on January 1, 1993, establishing minimum benefits, terms, definitions, conditions, limitations, and provisions for the use of reasonable deductibles and copayments.

(3) An insurer need not make the offer of coverage required by this section to an employer or other group that offers to its eligible enrollees a self-insured health plan not subject to mandated benefit statutes under Title 48 RCW that does not provide coverage for temporomandibular joint disorders. [1989 c 331 § 2.]

**Legislative finding—1989 c 331:** "The legislature finds that:

(1) Temporomandibular joint disorders are conditions for which treatment often is not covered in medical and dental group insurance contracts;

(2) Individuals with temporomandibular joint disorders experience substantial pain and financial hardship;

(3) Public awareness is needed concerning temporomandibular joint disorders and would be promoted by a mandated offering of temporomandibular joint disorders coverage to group purchasers; and

(4) A mandated offering of temporomandibular joint disorders coverage shall not prescribe minimum initial benefits so that the insurers and the purchasers are allowed broad flexibility in benefit design and application." [1989 c 331 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.21.325 Prescriptions—Preapproval of individual claims—Subsequent rejection prohibited—Written record required.** Group disability insurance companies who through an authorized representative have first approved, by any means, an individual prescription claim as eligible may not reject that claim at some later date. Pharmacists or drug dispensing outlets who obtain preapproval of claims shall keep a written record of the preapproval that consists of identification by name and telephone number of the person who approved the claim. [1993 c 253 § 3.]

**Findings—Effective date—1993 c 253:** See notes following RCW 48.20.525.

**48.21.330 Nonresident pharmacies.** For the purposes of this chapter, a nonresident pharmacy is defined as any pharmacy located outside this state that ships, mails, or delivers, in any manner, except when delivered in person to an enrolled participant or his/her representative, controlled substances, legend drugs, or devices into this state.

After October 1, 1991, an insurer providing coverage of prescription drugs from nonresident pharmacies may only provide coverage from licensed nonresident pharmacies. The insurers shall obtain proof of current licensure in conformity with this section and RCW 18.64.350 through 18.64.400 from the nonresident pharmacy and keep that proof of licensure on file.

The department may request from the insurer the proof of current licensure for all nonresident pharmacies through which the insurer is providing coverage for prescription drugs for residents of the state of Washington. This information, which may constitute a full or partial customer list, shall be confidential and exempt from public disclosure, and from the requirements of chapter 42.56 RCW. The board or the department shall not be restricted in the disclosure of the name of a nonresident pharmacy that is or has been licensed under RCW 18.64.360 or 18.64.370 or of the identity of a nonresident pharmacy disciplined under RCW 18.64.350 through 18.64.400. [2005 c 274 § 311; 1991 c 87 § 8.]

**Part headings not law—Effective date—2005 c 274:** See RCW 42.56.901 and 42.56.902.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.21.370 Fixed payment insurance—Standard disclosure form.** The commissioner shall adopt rules setting forth the content of a standard disclosure form to be delivered to all applicants for group illness-triggered fixed payment insurance, hospital confinement fixed payment insurance, or other fixed payment insurance. The standard disclosure shall provide information regarding the level, type, and amount of benefits provided and the limitations, exclusions, and exceptions under the policy, as well as additional information to enhance consumer understanding. The disclosure shall specifically disclose that the coverage is not comprehensive in nature and will not cover the cost of most hospital and other medical services. Such disclosure form must be filed for approval with the commissioner prior to use. The standard disclosure form must be provided to the master policyholders at the time of solicitation and completion of the application and to all enrollees at the time of enrollment. All advertising and marketing materials other than the standard disclosure

form must be filed with the commissioner at least thirty days prior to use. [2007 c 296 § 4.]

**48.21.375 Fixed payment insurance—Benefit restrictions.** Illness-triggered fixed payment insurance, hospital confinement fixed payment insurance, or other fixed payment insurance policies are not considered to provide coverage for hospital or medical expenses or care under this chapter, if the benefits provided are a fixed dollar amount that is paid regardless of the amount charged. The benefits may not be related to, or be a percentage of, the amount charged by the provider of service and must be offered as an independent and noncoordinated benefit with any other health plan as defined in RCW 48.43.005(19). [2007 c 296 § 5.]

**48.21.900 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.** For the purposes of this chapter, the terms spouse, marriage, marital, husband, wife, widow, widower, next of kin, and family shall be interpreted as applying equally to state registered domestic partnerships or individuals in state registered domestic partnerships as well as to marital relationships and married persons, and references to dissolution of marriage shall apply equally to state registered domestic partnerships that have been terminated, dissolved, or invalidated, to the extent that such interpretation does not conflict with federal law. Where necessary to implement chapter 521, Laws of 2009, gender-specific terms such as husband and wife used in any statute, rule, or other law shall be construed to be gender neutral, and applicable to individuals in state registered domestic partnerships. [2009 c 521 § 116.]

## Chapter 48.21A RCW

### DISABILITY INSURANCE—EXTENDED HEALTH

#### Sections

- 48.21A.010 Declaration of purpose.
- 48.21A.020 Definitions.
- 48.21A.030 Insurers may join—Policyholder—Reduced benefit provision—Master group policy—Offering—Cancellation.
- 48.21A.040 Insurance producers.
- 48.21A.050 Powers and duties of associations.
- 48.21A.060 Commissioner's powers—Forms—Rates—Standard provisions—Withdrawal of approval—Federal, state benefits—Annual reports.
- 48.21A.070 Documents to be filed—Deceptive name or advertising.
- 48.21A.080 Remedies.
- 48.21A.090 Home health care, hospice care, optional coverage required—Standards, limitations, restrictions—Rules—Medicare supplemental contracts excluded.
- 48.21A.900 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.

*Refusal to renew or cancellation of disability insurance: RCW 48.18.298, 48.18.299.*

**48.21A.010 Declaration of purpose.** It is the purpose of this chapter to provide a means of more adequately meeting the needs of persons who are sixty-five years of age or older and their spouses for insurance coverage against financial loss from accident or disease through the combined resources and experience of a number of insurers; to make possible the fullest extension of such coverage by encouraging insurers to combine their resources and experience and to exercise their collective efforts in the development and offer-

ing of policies of such insurance to all applicants; and to regulate the joint activities herein authorized in accordance with the intent of Congress as expressed in the Act of Congress of March 9, 1945 (Public Law 15, 79th Congress), as amended. [1965 ex.s. c 70 § 27.]

**48.21A.020 Definitions.** Wherever used in this chapter, the following terms shall have the meanings hereinafter set forth or indicated, unless the context otherwise requires:

(a) "Association" means a voluntary unincorporated association of insurers formed for the purpose of enabling cooperative action to provide disability insurance in accordance with this chapter in this or any other state having legislation enabling the issuance of insurance of the type provided in this chapter.

(b) "Insurer" means any insurance company which is authorized to transact disability insurance in this state.

(c) "Extended health insurance" means hospital, surgical and medical expense insurance provided by a policy issued as provided by this chapter. [1965 ex.s. c 70 § 28.]

**48.21A.030 Insurers may join—Policyholder—Reduced benefit provision—Master group policy—Offering—Cancellation.** Notwithstanding any other provision of this code or any other law which may be inconsistent herewith, any insurer may join with one or more other insurers, to plan, develop, underwrite, and offer and provide to any person who is sixty-five years of age or older and to the spouse of such person, extended health insurance against financial loss from accident or disease, or both. Such insurance may be offered, issued and administered jointly by two or more insurers by a group policy issued to a policyholder through an association formed for the purpose of offering, selling, issuing and administering such insurance. The policyholder may be an association, a trustee, or any other person. Any such policy may provide, among other things, that the benefits payable thereunder are subject to reduction if the individual insured has any other coverage providing hospital, surgical or medical benefits whether on an indemnity basis or a provision of service basis resulting in such insured being eligible for more than one hundred percent of covered expenses which he or she is required to pay, and any insurer issuing individual policies providing extended hospital, surgical or medical benefits to persons sixty-five years of age and older and their spouses may also use such a policy provision. A master group policy issued to an association or to a trustee or any person appointed by an association for the purpose of providing the insurances described in this section shall be another form of group disability insurance.

Any form of policy approved by the commissioner for an association shall be offered throughout Washington to all persons sixty-five and older and their spouses, and the coverage of any person insured under such a form of policy shall not be cancellable except for nonpayment of premiums unless the coverage of all persons insured under such form of policy is also canceled. [2009 c 549 § 7104; 1965 ex.s. c 70 § 29.]

**48.21A.040 Insurance producers.** Any person licensed to transact disability insurance as an insurance pro-

ducer may transact extended health insurance and may be paid a commission thereon. [2008 c 217 § 25; 1965 ex.s. c 70 § 30.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.21A.050 Powers and duties of associations.** Any association formed for the purposes of this chapter may hold title to property, may enter into contracts, and may limit the liability of its members to their respective pro rata shares of the liability of such association. Any such association may sue and be sued in its associate name and for such purpose only shall be treated as a domestic corporation. Service of process against such association, made upon a managing agent, any member thereof or any agent authorized by appointment to receive service of process, shall have the same force and effect as if such service had been made upon all members of the association. Such association's books and records shall also be subject to examination under the provisions of RCW 48.03.010 through 48.03.070, inclusive, either separately or concurrently with examination of any of its member insurers. [1983 c 3 § 151; 1965 ex.s. c 70 § 31.]

**48.21A.060 Commissioner's powers—Forms—Rates—Standard provisions—Withdrawal of approval—Federal, state benefits—Annual reports.** The forms of the policies, applications, certificates or other evidence of insurance coverage and applicable premium rates relating thereto shall be filed with the commissioner. No such policy, contract, or other evidence of insurance, application or other form shall be sold, issued or used and no endorsement shall be attached to or printed or stamped thereon unless the form thereof shall have been approved by the commissioner or thirty days shall have expired after such filing without written notice from the commissioner of disapproval thereof. The commissioner shall disapprove the forms of such insurance if he or she finds that they are unjust, unfair, inequitable, misleading or deceptive or that the rates are by reasonable assumption excessive in relation to the benefits provided. In determining whether such rates by reasonable assumptions are excessive in relation to the benefits provided, the commissioner shall give due consideration to past and prospective claim experience, within and outside this state, and to fluctuations in such claim experience, to a reasonable risk charge, to contribution to surplus and contingency funds, to past and prospective expenses, both within and outside this state, and to all other relevant factors within and outside this state including any differing operating methods of the insurers joining in the issue of the policy. In exercising the powers conferred upon him or her by this chapter, the commissioner shall not be bound by any other requirement of this code with respect to standard provisions to be included in disability policies or forms.

The commissioner may, after hearing upon written notice, withdraw an approval previously given, upon such grounds as in his or her opinion would authorize disapproval upon original submission thereof. Any such withdrawal of approval after hearing shall be by notice in writing specifying the ground thereof and shall be effective at the expiration of such period, not less than ninety days after the giving of

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notice of withdrawal, as the commissioner shall in such notice prescribe.

If and when a program of hospital, surgical and medical benefits is enacted by the federal government or the state of Washington, the extended health insurance benefits provided by policies issued under this chapter shall be adjusted to avoid any duplication of benefits offered by the federal or state programs and the premium rates applicable thereto shall be adjusted to conform with the adjusted benefits.

The association shall submit an annual report to the insurance commissioner which shall become public information and shall provide information as to the number of persons insured, the names of the insurers participating in the association with respect to insurance offered under this chapter and the calendar year experience applicable to such insurance offered under this chapter, including premiums earned, claims paid during the calendar year, the amount of claims reserve established, administrative expenses, commissions, promotional expenses, taxes, contingency reserve, other expenses, and profit and loss for the year. The commissioner shall require the association to provide any and all information concerning the operations of the association deemed relevant by him for inclusion in the report. [2009 c 549 § 7105; 1965 ex.s. c 70 § 32.]

**48.21A.070 Documents to be filed—Deceptive name or advertising.** The articles of association of any association formed in accordance with this chapter, all amendments and supplements thereto, a designation in writing of a resident of this state as agent for the service of process, and a list of insurers who are members of the association and all supplements thereto shall be filed with the commissioner.

The name of any association or any advertising or promotional material used in connection with extended health insurance to be sold, offered, or issued, pursuant to this chapter shall not be such as to mislead or deceive the public. [1965 ex.s. c 70 § 33.]

**48.21A.080 Remedies.** No act done, action taken or agreement made pursuant to the authority conferred by this chapter shall constitute a violation of or grounds for prosecution or civil proceedings under any other law of this state heretofore or hereafter enacted which does not specifically refer to insurance. [1965 ex.s. c 70 § 34.]

**48.21A.090 Home health care, hospice care, optional coverage required—Standards, limitations, restrictions—Rules—Medicare supplemental contracts excluded.** (1) Every insurer entering into or renewing extended health insurance governed by this chapter shall offer optional coverage for home health care and hospice care for persons who are homebound and would otherwise require hospitalization. Such optional coverage need only be offered in conjunction with a policy that provides payment for hospitalization as a part of health care coverage.

(2) Home health care and hospice care coverage offered under subsection (1) of this section shall conform to the following standards, limitations, and restrictions in addition to those set forth in chapters 70.126 and 70.127 RCW:

(a) The coverage may include reasonable deductibles, coinsurance provisions, and internal maximums;

(b) The coverage should be structured to create incentives for the use of home health care and hospice care as an alternative to hospitalization;

(c) The coverage may contain provisions for utilization review and quality assurance;

(d) The coverage may require that home health agencies and hospices have written treatment plans approved by a physician licensed under chapter 18.57 or 18.71 RCW, and may require such treatment plans to be reviewed at designated intervals;

(e) The coverage shall provide benefits for, and restrict benefits to, services rendered by home health and hospice agencies licensed under chapter 70.127 RCW;

(f) Hospice care coverage shall provide benefits for terminally ill patients for an initial period of care of not less than six months and may provide benefits for an additional six months of care in cases where the patient is facing imminent death or is entering remission if certified in writing by the attending physician;

(g) Home health care coverage shall provide benefits for a minimum of one hundred thirty health care visits per calendar year. However, a visit of any duration by an employee of a home health agency for the purpose of providing services under the plan of treatment constitutes one visit;

(h) The coverage may be structured so that services or supplies included in the primary contract are not duplicated in the optional home health and hospice coverage.

(3) The insurance commissioner shall adopt any rules necessary to implement this section.

(4) The requirements of this section shall not apply to contracts or policies governed by chapter 48.66 RCW.

(5) An insurer, as a condition of reimbursement, may require compliance with home health and hospice certification regulations established by the United States department of health and human services. [1989 1st ex.s. c 9 § 220; 1988 c 245 § 32; 1984 c 22 § 2; 1983 c 249 § 2.]

*Home health care, hospice care, rules: Chapter 70.126 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.21A.900 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.** For the purposes of this chapter, the terms spouse, marriage, marital, husband, wife, widow, widower, next of kin, and family shall be interpreted as applying equally to state registered domestic partnerships or individuals in state registered domestic partnerships as well as to marital relationships and married persons, and references to dissolution of marriage shall apply equally to state registered domestic partnerships that have been terminated, dissolved, or invalidated, to the extent that such interpretation does not conflict with federal law. Where necessary to implement chapter 521, Laws of 2009, gender-specific terms such as husband and wife used in any statute, rule, or other law shall be construed to be gender neutral, and applicable to individuals in state registered domestic partnerships. [2009 c 521 § 117.]

## Chapter 48.22 RCW CASUALTY INSURANCE

### Sections

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*Casualty rates, rating organization: Chapter 48.19 RCW.*

*Injured public assistance recipient, department has lien, payment to recipient does not discharge lien: RCW 74.09.180, 43.20B.040, and 43.20B.050.*

*Policy forms, execution, filing, etc.: Chapter 48.18 RCW.*

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

(1) "Automobile" means a passenger car as defined in RCW 46.04.382 registered or principally garaged in this state other than:

(a) A farm-type tractor or other self-propelled equipment designed for use principally off public roads;

(b) A vehicle operated on rails or crawler-treads;

(c) A vehicle located for use as a residence;

(d) A motor home as defined in RCW 46.04.305; or

(e) A moped as defined in RCW 46.04.304.

(2) "Bodily injury" means bodily injury, sickness, or disease, including death at any time resulting from the injury, sickness, or disease.

(3) "Income continuation benefits" means payments for the insured's loss of income from work, because of bodily injury sustained by the insured in an automobile accident, less income earned during the benefit payment period. The combined weekly payment an insured may receive under personal injury protection coverage, worker's compensation,

disability insurance, or other income continuation benefits may not exceed eighty-five percent of the insured's weekly income from work. The benefit payment period begins fourteen days after the date of the automobile accident and ends at the earliest of the following:

(a) The date on which the insured is reasonably able to perform the duties of his or her usual occupation;

(b) Fifty-four weeks from the date of the automobile accident; or

(c) The date of the insured's death.

(4) "Insured automobile" means an automobile described on the declarations page of the policy.

(5) "Insured" means:

(a) The named insured or a person who is a resident of the named insured's household and is either related to the named insured by blood, marriage, or adoption, or is the named insured's ward, foster child, or stepchild; or

(b) A person who sustains bodily injury caused by accident while: (i) Occupying or using the insured automobile with the permission of the named insured; or (ii) a pedestrian accidentally struck by the insured automobile.

(6) "Loss of services benefits" means reimbursement for payment to others, not members of the insured's household, for expenses reasonably incurred for services in lieu of those the insured would usually have performed for his or her household without compensation, provided the services are actually rendered. The maximum benefit is forty dollars per day. Reimbursement for loss of services ends the earliest of the following:

(a) The date on which the insured person is reasonably able to perform those services;

(b) Fifty-two weeks from the date of the automobile accident; or

(c) The date of the insured's death.

(7) "Medical and hospital benefits" means payments for all reasonable and necessary expenses incurred by or on behalf of the insured for injuries sustained as a result of an automobile accident for health care services provided by persons licensed under Title 18 RCW, including pharmaceuticals, prosthetic devices and eye glasses, and necessary ambulance, hospital, and professional nursing service. Medical and hospital benefits are payable for expenses incurred within three years from the date of the automobile accident.

(8) "Automobile liability insurance policy" means a policy insuring against loss resulting from liability imposed by law for bodily injury, death, or property damage suffered by any person and arising out of the ownership, maintenance, or use of an insured automobile. An automobile liability policy does not include:

(a) Vendors single interest or collateral protection coverage;

(b) General liability insurance; or

(c) Excess liability insurance, commonly known as an umbrella policy, where coverage applies only as excess to an underlying automobile policy.

(9) "Named insured" means the individual named in the declarations of the policy and includes his or her spouse if a resident of the same household.

(10) "Occupying" means in or upon or entering into or alighting from.

(11) "Pedestrian" means a natural person not occupying a motor vehicle as defined in RCW 46.04.320.

(12) "Personal injury protection" means the benefits described in this section and RCW 48.22.085 through 48.22.100. Payments made under personal injury protection coverage are limited to the actual amount of loss or expense incurred. [2003 c 115 § 1; 1993 c 242 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.22.020 Assigned risk plans.** The commissioner shall after consultation with the insurers licensed to write motor vehicle liability insurance in this state, approve a reasonable plan or plans for the equitable apportionment among such insurers of applicants for such insurance who are in good faith entitled to but are unable to procure insurance through ordinary methods and, when such plan has been approved, all such insurers shall subscribe thereto and shall participate therein. Any applicant for such insurance, any person insured under such plan and any insurer affected may appeal to the commissioner from any ruling or decision of the manager or committee designated to operate such plan. [1947 c 79 § .22.02; Rem. Supp. 1947 § 45.22.02.]

*Rate modifications for assigned risks: RCW 48.19.400.*

**48.22.030 Underinsured, hit-and-run, phantom vehicle coverage to be provided—Purpose—Definitions—Exceptions—Conditions—Deductibles—Information on motorcycle or motor-driven cycle coverage—Intended victims.** (1) "Underinsured motor vehicle" means a motor vehicle with respect to the ownership, maintenance, or use of which either no bodily injury or property damage liability bond or insurance policy applies at the time of an accident, or with respect to which the sum of the limits of liability under all bodily injury or property damage liability bonds and insurance policies applicable to a covered person after an accident is less than the applicable damages which the covered person is legally entitled to recover.

(2) No new policy or renewal of an existing policy insuring against loss resulting from liability imposed by law for bodily injury, death, or property damage, suffered by any person arising out of the ownership, maintenance, or use of a motor vehicle shall be issued with respect to any motor vehicle registered or principally garaged in this state unless coverage is provided therein or supplemental thereto for the protection of persons insured thereunder who are legally entitled to recover damages from owners or operators of underinsured motor vehicles, hit-and-run motor vehicles, and phantom vehicles because of bodily injury, death, or property damage, resulting therefrom, except while operating or occupying a motorcycle or motor-driven cycle, and except while operating or occupying a motor vehicle owned or available for the regular use by the named insured or any family member, and which is not insured under the liability coverage of the policy. The coverage required to be offered under this chapter is not applicable to general liability policies, commonly known as umbrella policies, or other policies which apply only as excess to the insurance directly applicable to the vehicle insured.

(3) Except as to property damage, coverage required under subsection (2) of this section shall be in the same

amount as the insured's third party liability coverage unless the insured rejects all or part of the coverage as provided in subsection (4) of this section. Coverage for property damage need only be issued in conjunction with coverage for bodily injury or death. Property damage coverage required under subsection (2) of this section shall mean physical damage to the insured motor vehicle unless the policy specifically provides coverage for the contents thereof or other forms of property damage.

(4) A named insured or spouse may reject, in writing, underinsured coverage for bodily injury or death, or property damage, and the requirements of subsections (2) and (3) of this section shall not apply. If a named insured or spouse has rejected underinsured coverage, such coverage shall not be included in any supplemental or renewal policy unless a named insured or spouse subsequently requests such coverage in writing. The requirement of a written rejection under this subsection shall apply only to the original issuance of policies issued after July 24, 1983, and not to any renewal or replacement policy. When a named insured or spouse chooses a property damage coverage that is less than the insured's third party liability coverage for property damage, a written rejection is not required.

(5) The limit of liability under the policy coverage may be defined as the maximum limits of liability for all damages resulting from any one accident regardless of the number of covered persons, claims made, or vehicles or premiums shown on the policy, or premiums paid, or vehicles involved in an accident.

(6) The policy may provide that if an injured person has other similar insurance available to him or her under other policies, the total limits of liability of all coverages shall not exceed the higher of the applicable limits of the respective coverages.

(7)(a) The policy may provide for a deductible of not more than three hundred dollars for payment for property damage when the damage is caused by a hit-and-run driver or a phantom vehicle.

(b) In all other cases of underinsured property damage coverage, the policy may provide for a deductible of not more than one hundred dollars.

(8) For the purposes of this chapter, a "phantom vehicle" shall mean a motor vehicle which causes bodily injury, death, or property damage to an insured and has no physical contact with the insured or the vehicle which the insured is occupying at the time of the accident if:

(a) The facts of the accident can be corroborated by competent evidence other than the testimony of the insured or any person having an underinsured motorist claim resulting from the accident; and

(b) The accident has been reported to the appropriate law enforcement agency within seventy-two hours of the accident.

(9) An insurer who elects to write motorcycle or motor-driven cycle insurance in this state must provide information to prospective insureds about the coverage.

(10) An insurer who elects to write motorcycle or motor-driven cycle insurance in this state must provide an opportunity for named insureds, who have purchased liability coverage for a motorcycle or motor-driven cycle, to reject underin-

sured coverage for that motorcycle or motor-driven cycle in writing.

(11) If the covered person seeking underinsured motorist coverage under this section was the intended victim of the tortfeasor, the incident must be reported to the appropriate law enforcement agency and the covered person must cooperate with any related law enforcement investigation.

(12) The purpose of this section is to protect innocent victims of motorists of underinsured motor vehicles. Covered persons are entitled to coverage without regard to whether an incident was intentionally caused. However, a person is not entitled to coverage if the insurer can demonstrate that the covered person intended to cause the event for which a claim is made under the coverage described in this section. As used in this section, and in the section of policies providing the underinsured motorist coverage described in this section, "accident" means an occurrence that is unexpected and unintended from the standpoint of the covered person.

(13) "Underinsured coverage," for the purposes of this section, means coverage for "underinsured motor vehicles," as defined in subsection (1) of this section. [2009 c 549 § 7106; 2007 c 80 § 14. Prior: 2006 c 187 § 1; 2006 c 110 § 1; 2006 c 25 § 17; 2004 c 90 § 1; 1985 c 328 § 1; 1983 c 182 § 1; 1981 c 150 § 1; 1980 c 117 § 1; 1967 c 150 § 27.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.22.040 Underinsured motor vehicle coverage where liability insurer is insolvent—Extent of coverage—Rights of insurer upon making payment.** (1) The term "underinsured motor vehicles" with reference to coverage offered under any insurance policy regulated under this chapter shall, subject to the terms and conditions of such coverage, be deemed to include an insured motor vehicle where the liability insurer thereof is unable to make payment with respect to the legal liability of its insured within the limits specified therein because of insolvency.

(2) An insurer's insolvency protection shall be applicable only to accidents occurring during a policy period in which its insured's underinsured motorist coverage is in effect where the liability insurer of the tort-feasor becomes insolvent within three years after such an accident. Nothing herein contained shall be construed to prevent any insurer from affording insolvency protection under terms and conditions more favorable to its insureds than is provided hereunder.

(3) In the event of payment to an insured under the coverage required by this chapter and subject to the terms and conditions of such coverage, the insurer making such payment shall, to the extent thereof, be entitled to the proceeds of any settlement or judgment resulting from the exercise of any rights of recovery of such insured against any person or organization legally responsible for the bodily injury, death, or property damage for which such payment is made, including the proceeds recoverable from the assets of the insolvent insurer. Whenever an insurer shall make payment under the coverage required by this section and which payment is occasioned by an insolvency, such insurer's right of recovery or reimbursement shall not include any rights against the insured of said insolvent insurer for any amounts which

would have been paid by the insolvent insurer. Such paying insurer shall have the right to proceed directly against the insolvent insurer or its receiver, and in pursuance of such right such paying insurer shall possess any rights which the insured of the insolvent company might otherwise have had, if the insured of the insolvent insurer had personally made the payment. [1983 c 182 § 2; 1980 c 117 § 2; 1967 ex.s. c 95 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.22.050 Market assistance plans.** The commissioner shall by regulation require insurers authorized to write casualty insurance in this state to form a market assistance plan to assist persons and other entities unable to purchase casualty insurance in an adequate amount from either the admitted market or nonadmitted market.

For the purpose of this section, a market assistance plan means a voluntary mechanism by insurers writing casualty insurance in this state in either the admitted or nonadmitted market to provide casualty insurance for a class of insurance designated in writing to the plan by the commissioner.

The bylaws and method of operation of any market assistance plan shall be approved by the commissioner prior to its operation.

A market assistance plan shall have a minimum of twenty-five insurers willing to insure risks within the class designated by the commissioner. If twenty-five insurers do not voluntarily agree to participate, the commissioner may require casualty insurers to participate in a market assistance plan as a condition of continuing to do business in this state. The commissioner shall make such a requirement to fulfill the quota of at least twenty-five insurers. The commissioner shall make his or her designation on the basis of the insurer's premium volume of casualty insurance in this state. [1986 c 305 § 906.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.22.060 Debt and financing coverage.** Every insurer that writes collision and comprehensive coverage for loss or damage to "private passenger automobiles" or "motor homes," as those terms are defined in RCW 48.18.297 and 46.04.305, respectively, shall provide, upon the insured's request, coverage that will pay, in the event of total loss, an amount, in excess of the actual cash value of the vehicle, sufficient to satisfy any outstanding indebtedness secured by and incurred in conjunction with the financing of the purchase of a new private passenger automobile or motor home.

Nothing in this section prohibits an insurer from denying or excluding such coverage where the insured or someone acting on the insured's behalf acts in a fraudulent manner to obtain or file a claim under such coverage. [1988 c 248 § 16; 1987 c 240 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.22.070 Longshoreman's and harbor worker's compensation coverage—Rules—Plan creation.** (1) The commissioner shall adopt rules establishing a reasonable plan to insure that workers' compensation coverage as required by the United States longshore and harbor workers' compensation act, 33 U.S.C. Secs. 901 through 950, and maritime

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employer's liability coverage incidental to the workers' compensation coverage is available to those unable to purchase it through the normal insurance market. This plan shall require the participation of all authorized insurers writing primary or excess United States longshore and harbor workers' compensation insurance in the state of Washington and the Washington state industrial insurance fund as defined in RCW 51.08.175 which is authorized to participate in the plan and to make payments in support of the plan in accordance with this section. Any underwriting losses or surpluses incurred by the plan shall be determined by the governing committee of the plan and shall be shared by plan participants in accordance with the following ratios: The state industrial insurance fund, fifty percent; and authorized insurers writing primary or excess United States longshore and harbor workers' compensation insurance, fifty percent.

(2) The Washington state industrial insurance fund may obtain or provide reinsurance coverage for the plan created under subsection (1) of this section the terms of which shall be negotiated between the state fund and the plan. This coverage shall not be obtained or provided if the commissioner determines that the premium to be charged would result in unaffordable rates for coverage provided by the plan. In considering whether excess of loss coverage premiums would result in unaffordable rates for workers' compensation coverage provided by the plan, the commissioner shall compare the resulting plan rates to those provided under any similar pool or plan of other states.

(3) An applicant for plan insurance, a person insured under the plan, or an insurer, affected by a ruling or decision of the manager or committee designated to operate the plan may appeal to the commissioner for resolution of a dispute. In adopting rules under this section, the commissioner shall require that the plan use generally accepted actuarial principles for rate making. [1997 c 110 § 1; 1993 c 177 § 1; 1992 c 209 § 2.]

**Finding—Declaration—1992 c 209:** "The legislature finds and declares that the continued existence of a strong and healthy maritime industry in this state is threatened by the unavailability and excessive cost of workers' compensation coverage required by the United States longshoreman's and harbor worker's compensation act. The legislature, therefore, acting under its authority to protect industry and employment in this state hereby establishes a commission to devise and implement both a near and long-term solution to this problem, for the purpose of maintaining employment for Washington workers and a vigorous maritime industry." [1992 c 209 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.22.080 Health care liability risk management training program.** Effective July 1, 1994, a casualty insurer's issuance of a new medical malpractice policy or renewal of an existing medical malpractice policy to a physician or other independent health care practitioner shall be conditioned upon that practitioner's participation in, and completion of, an insurer-designed health care liability risk management training program once every three years. Completion of said training program during 1994 shall satisfy the first three-year training requirement. The risk management training shall provide information related to avoiding adverse health outcomes resulting from substandard practice and minimizing damages associated with the adverse health outcomes that do occur. For purposes of this section, "independent health care practitioners" means those health care practi-

tioner licensing classifications designated by the department of health in rule pursuant to \*RCW 18.130.330. [1994 c 102 § 2; 1993 c 492 § 413.]

\*Reviser's note: RCW 18.130.330 was repealed by 1995 c 265 § 27, effective July 1, 1995.

**Findings—Intent—1993 c 492:** See notes following RCW 43.20.050. Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.22.085 Automobile liability insurance policy—Optional coverage for personal injury protection—Rejection by insured.** (1) No new automobile liability insurance policy or renewal of such an existing policy may be issued unless personal injury protection coverage is offered as an optional coverage.

(2) A named insured may reject, in writing, personal injury protection coverage and the requirements of subsection (1) of this section shall not apply. If a named insured rejects personal injury protection coverage:

(a) That rejection is valid and binding as to all levels of coverage and on all persons who might have otherwise been insured under such coverage; and

(b) The insurer is not required to include personal injury protection coverage in any supplemental, renewal, or replacement policy unless a named insured subsequently requests such coverage in writing. [2003 c 115 § 2; 1993 c 242 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.22.090 Personal injury protection coverage—Exceptions.** An insurer is not required to provide personal injury protection coverage to or on behalf of:

(1) A person who intentionally causes injury to himself or herself;

(2) A person who is injured while participating in a pre-arranged or organized racing or speed contest or in practice or preparation for such a contest;

(3) A person whose bodily injury is due to war, whether or not declared, or to an act or condition incident to such circumstances;

(4) A person whose bodily injury results from the radioactive, toxic, explosive, or other hazardous properties of nuclear material;

(5) The named insured or a relative while occupying a motor vehicle owned by the named insured or furnished for the named insured's regular use, if such motor vehicle is not described on the declaration page of the policy under which a claim is made;

(6) A relative while occupying a motor vehicle owned by the relative or furnished for the relative's regular use, if such motor vehicle is not described on the declaration page of the policy under which a claim is made; or

(7) An insured whose bodily injury results or arises from the insured's use of an automobile in the commission of a felony. [2003 c 115 § 3; 1993 c 242 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.22.095 Automobile insurance policies—Minimum personal injury protection coverage.** Insurers providing automobile insurance policies must offer minimum personal injury protection coverage for each insured with benefit limits as follows:

- (1) Medical and hospital benefits of ten thousand dollars;
- (2) A funeral expense benefit of two thousand dollars;
- (3) Income continuation benefits of ten thousand dollars, subject to a limit of two hundred dollars per week; and
- (4) Loss of services benefits of five thousand dollars, subject to a limit of two hundred dollars per week. [2003 c 115 § 4; 1993 c 242 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.22.100 Automobile insurance policies—Personal injury protection coverage—Request by named insured—Benefit limits.** If requested by a named insured, an insurer providing automobile liability insurance policies must offer personal injury protection coverage for each insured with benefit limits as follows:

(1) Medical and hospital benefits of thirty-five thousand dollars;

(2) A funeral expense benefit of two thousand dollars;

(3) Income continuation benefits of thirty-five thousand dollars, subject to a limit of seven hundred dollars per week; and

(4) Loss of services benefits of fourteen thousand six hundred dollars. [2003 c 115 § 5; 1993 c 242 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.22.105 Rule making.** The commissioner may adopt such rules as are necessary to implement RCW 48.22.005 and 48.22.085 through 48.22.100. [1993 c 242 § 9.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.22.110 Vendor single-interest or collateral protection coverage—Definitions. (Effective until July 1, 2011.)** Unless the context clearly requires otherwise, the definitions in this section apply throughout this section and RCW 48.22.115 through 48.22.135.

(1) "Borrower" means a person who receives a loan or enters into a retail installment contract under chapter 63.14 RCW to purchase a motor vehicle or vessel in which the secured party holds an interest.

(2) "Motor vehicle" means a motor vehicle in this state subject to registration under chapter 46.16 RCW, except motor vehicles governed by RCW 46.16.020 or registered with the Washington utilities and transportation commission as common or contract carriers.

(3) "Secured party" means a person, corporation, association, partnership, or venture that possesses a bona fide security interest in a motor vehicle or vessel.

(4) "Vendor single-interest" or "collateral protection coverage" means insurance coverage insuring primarily or solely the interest of a secured party but which may include the interest of the borrower in a motor vehicle or vessel serving as collateral and obtained by the secured party or its agent after the borrower has failed to obtain or maintain insurance coverage required by the financing agreement for the motor vehicle or vessel. Vendor single-interest or collateral protection coverage does not include insurance coverage purchased by a secured party for which the borrower is not charged.

(5) "Vessel" means a vessel as defined in RCW 88.02.010 and includes personal watercraft as defined in RCW 79A.60.010. [2003 c 248 § 10; 1994 c 186 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.22.110 Vendor single-interest or collateral protection coverage—Definitions.** (*Effective July 1, 2011.*) Unless the context clearly requires otherwise, the definitions in this section apply throughout this section and RCW 48.22.115 through 48.22.135.

(1) "Borrower" means a person who receives a loan or enters into a retail installment contract under chapter 63.14 RCW to purchase a motor vehicle or vessel in which the secured party holds an interest.

(2) "Motor vehicle" means a motor vehicle in this state subject to registration under \*chapter 46.16 RCW, except motor vehicles governed by RCW 46.16A.170 or registered with the Washington utilities and transportation commission as common or contract carriers.

(3) "Secured party" means a person, corporation, association, partnership, or venture that possesses a bona fide security interest in a motor vehicle or vessel.

(4) "Vendor single-interest" or "collateral protection coverage" means insurance coverage insuring primarily or solely the interest of a secured party but which may include the interest of the borrower in a motor vehicle or vessel serving as collateral and obtained by the secured party or its agent after the borrower has failed to obtain or maintain insurance coverage required by the financing agreement for the motor vehicle or vessel. Vendor single-interest or collateral protection coverage does not include insurance coverage purchased by a secured party for which the borrower is not charged.

(5) "Vessel" means a vessel as defined in RCW 88.02.310 and includes personal watercraft as defined in RCW 79A.60.010. [2010 c 161 § 1148; 2003 c 248 § 10; 1994 c 186 § 1.]

**\*Reviser's note:** Although directed to be recodified within chapter 46.16 RCW pursuant to chapter 161, Laws of 2010, a majority of chapter 46.16 RCW was recodified under chapter 46.16A RCW pursuant to RCW 1.08.015 (2)(k) and (3).

**Effective date—Intent—Legislation to reconcile chapter 161, Laws of 2010 and other amendments made during the 2010 legislative session—2010 c 161:** See notes following RCW 46.04.013.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.22.115 Vendor single-interest or collateral protection coverage—Warning.** In a contract or loan agreement, or on a separate document accompanying the contract or loan agreement and signed by the borrower, that provides financing for a motor vehicle or vessel and authorizes a secured party to purchase vendor single interest or collateral protection coverage, the following or substantially similar warning must be set forth in ten-point print:

WARNING

UNLESS YOU PROVIDE US WITH EVIDENCE OF THE INSURANCE COVERAGE AS REQUIRED BY OUR LOAN AGREEMENT, WE MAY PURCHASE INSURANCE AT YOUR EXPENSE TO PROTECT OUR INTEREST. THIS INSURANCE MAY, BUT NEED NOT, ALSO PROTECT YOUR INTEREST. IF THE COLLATERAL BECOMES DAMAGED, THE COVERAGE WE PURCHASE MAY NOT PAY ANY

CLAIM YOU MAKE OR ANY CLAIM MADE AGAINST YOU. YOU MAY LATER CANCEL THIS COVERAGE BY PROVIDING EVIDENCE THAT YOU HAVE OBTAINED PROPER COVERAGE ELSEWHERE.

YOU ARE RESPONSIBLE FOR THE COST OF ANY INSURANCE PURCHASED BY US. THE COST OF THIS INSURANCE MAY BE ADDED TO YOUR LOAN BALANCE. IF THE COST IS ADDED TO THE LOAN BALANCE, THE INTEREST RATE ON THE UNDERLYING LOAN WILL APPLY TO THIS ADDED AMOUNT. THE EFFECTIVE DATE OF COVERAGE MAY BE THE DATE YOUR PRIOR COVERAGE LAPSED OR THE DATE YOU FAILED TO PROVIDE PROOF OF COVERAGE.

THE COVERAGE WE PURCHASE MAY BE CONSIDERABLY MORE EXPENSIVE THAN INSURANCE YOU CAN OBTAIN ON YOUR OWN AND MAY NOT SATISFY WASHINGTON'S MANDATORY LIABILITY INSURANCE LAWS.

[1994 c 186 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.22.120 Vendor single-interest or collateral protection coverage—Final notice and warning—No requirement to purchase—Effective date of coverage.** (1) A secured party shall not impose charges, that may include but are not limited to interest, finance, and premium charges, on a borrower for vendor single interest or collateral protection coverage for the motor vehicle or vessel as provided in subsection (2) of this section until the following or a substantially similar warning printed in ten-point type is sent to the borrower:

FINAL NOTICE AND WARNING

UNLESS YOU PROVIDE US WITH EVIDENCE OF THE INSURANCE COVERAGE AS REQUIRED BY OUR LOAN AGREEMENT WITHIN FIVE DAYS AFTER THE POSTMARK ON THIS LETTER, WE WILL PURCHASE INSURANCE AT YOUR EXPENSE TO PROTECT OUR INTEREST. THIS INSURANCE MAY, BUT NEED NOT, ALSO PROTECT YOUR INTEREST. IF THE COLLATERAL BECOMES DAMAGED, THE COVERAGE WE PURCHASE MAY NOT PAY ANY CLAIM YOU MAKE OR ANY CLAIM MADE AGAINST YOU. YOU MAY LATER CANCEL THIS COVERAGE BY PROVIDING EVIDENCE THAT YOU HAVE OBTAINED PROPER COVERAGE ELSEWHERE OR HAVE PAID OFF THE LOAN ON THE COLLATERAL IN ITS ENTIRETY.

YOU ARE RESPONSIBLE FOR THE COST OF THE INSURANCE PURCHASED BY US. THE COST OF THIS INSURANCE MAY BE ADDED TO YOUR LOAN BALANCE. IF THE COST IS

ADDED TO THE LOAN BALANCE, THE INTEREST RATE ON THE UNDERLYING LOAN WILL APPLY TO THIS ADDED AMOUNT. THE EFFECTIVE DATE OF COVERAGE MAY BE THE DATE YOUR COVERAGE LAPSED OR THE DATE YOU FAILED TO PROVIDE PROOF OF COVERAGE.

THE COVERAGE WE PURCHASE WILL COST YOU A TOTAL OF APPROXIMATELY \$ . . . . (PLUS INTEREST) AND MAY BE CONSIDERABLY MORE EXPENSIVE THAN INSURANCE YOU CAN OBTAIN ON YOUR OWN.

The final notice and warning shall identify whether the coverage to be purchased is vendor single interest or collateral protection coverage and disclose the extent of the borrower's coverage, if any, including a statement of whether the coverage satisfies Washington's mandatory liability insurance laws.

(2) If reasonable efforts to provide the borrower with the notice required under subsection (1) of this section fail to produce evidence of the required insurance, the secured party may proceed to impose charges for vendor single interest or collateral protection coverage no sooner than eight days after giving notice as required under this chapter. Reasonable efforts to provide notice under this section means:

(a) Within thirty days before the secured party is required to send the final notice and warning in compliance with subsection (1) of this section, the secured party shall mail a notice by first-class mail to the borrower's last known address as contained in the secured party's records. The notice shall state that the secured party intends to charge the borrower for vendor single interest or collateral protection coverage on the collateral if the borrower fails to provide evidence of proper insurance to the lender; and

(b) The secured party shall send the final notice and warning notice in compliance with subsection (1) of this section by certified mail to the borrower's last known address as contained in the secured party's records at least eight days before the insurance is charged to the borrower by the insurer.

(3) The secured party is responsible for complying with subsection (2)(a) and (b) of this section. However, a secured party may seek the services of other entities to fulfill the requirements of subsection (2)(a) and (b) of this section.

(4) Nothing contained in this chapter, or a secured party's compliance with or failure to comply with this chapter, shall be construed to require the secured party to purchase vendor single interest or collateral protection coverage, and the secured party shall not be liable to the borrower or any third party as a result of its failure to purchase vendor single interest or collateral protection coverage.

(5) Substantial compliance by a secured party with RCW 48.22.110 through 48.22.130 constitutes a complete defense to any claim arising under the laws of this state challenging the secured party's placement of vendor single interest or collateral protection coverage.

(6) The effective date of vendor single interest or collateral protection coverage placed under this chapter shall be either the date that the borrower's prior coverage lapsed or the date that the borrower failed to provide proof of coverage

on the vehicle or vessel as required under the contract or loan agreement. Premiums for vendor single interest or collateral protection coverage placed under this chapter shall be calculated on a basis that does not exceed the outstanding credit balance as of the effective date of the coverage even though the coverage may limit liability to the outstanding balance, actual cash value, or cost of repair.

(7) If the secured party has purchased the contract or loan agreement relating to the motor vehicle or vessel from the seller of the motor vehicle or vessel under an agreement that the seller must repurchase the contract or loan agreement in the event of a default by the borrower, the secured party shall send a copy of the notice provided under subsection (2)(a) of this section by first-class mail to the seller at the seller's last known address on file with the secured party when such notice is sent to the borrower under subsection (2)(a) of this section. [1994 c 186 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.22.125 Vendor single-interest or collateral protection coverage—Cancellation when borrower has obtained insurance—Interest rate for financing.**

(1) The secured party shall cancel vendor single interest or collateral protection coverage charged to the borrower effective the date of receipt of proper evidence from the borrower that the borrower has obtained insurance to protect the secured party's interest. Proper evidence includes an insurance binder that is no older than ninety days from the date of issuance and that contains physical damage coverage as provided in the borrower's loan agreement with respect to the motor vehicle or vessel.

(2) If the underlying loan or extension of credit for the underlying loan is satisfied, the secured party may not require the borrower to maintain vendor single interest or collateral protection coverage that has been purchased.

(3) The interest rate for financing the cost of vendor single interest or collateral protection coverage may not exceed the interest rate applied to the underlying loan obligation. [1994 c 186 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.22.130 Vendor single-interest or collateral protection coverage—Canceled or discontinued—Premium refund.**

If vendor single interest or collateral protection coverage is canceled or discontinued under RCW 48.22.125 (1) or (2), the amount of unearned premium must be refunded to the borrower. At the option of the secured party, this refund may take the form of a credit against the borrower's obligation to the secured party. If the refund is taken as a credit against the borrower's obligation to the secured party, the secured party shall provide the borrower with an itemized statement that indicates the amount of the credit and where the credit has been applied. [1994 c 186 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.22.135 Vendor single-interest or collateral protection coverage—Application.**

The failure of a secured party prior to January 1, 1995, to provide notice as contemplated in this chapter, or otherwise to administer a vendor single interest or collateral protection coverage program in a manner

similar to that required under this chapter, shall not be admissible in any court or arbitration proceeding or otherwise used to prove that a secured party's actions with respect to vendor single interest or collateral protection coverage or similar coverage were unlawful or otherwise improper. A secured party shall not be liable to the borrower or any other party for placing vendor single interest or collateral protection coverage in accordance with the terms of an otherwise legal loan or other written agreement with the borrower entered prior to January 1, 1995. The provisions of this section shall be applicable with respect to actions pending or commenced on or after June 9, 1994. [1994 c 186 § 7.]

**48.22.140 Driver's license suspension for nonpayment of child support—Exclusion of unlicensed driver from insurance coverage not applicable—Notation in driving record.** In the event that the department of licensing suspends a driver's license solely for the nonpayment of child support as provided in chapter 74.20A RCW or for noncompliance with a residential or visitation order as provided in \*chapter 26.09 RCW, any provision in the driver's motor vehicle liability insurance policy excluding insurance coverage for an unlicensed driver shall not apply to the driver for ninety days from the date of suspension. When a driver's license is suspended under chapter 74.20A RCW, the driving record for the suspended driver shall include a notation that explains the reason for the suspension. [1997 c 58 § 808.]

**\*Reviser's note:** 1997 c 58 § 886 requiring a court to order certification of noncompliance with residential provisions of a court-ordered parenting plan was vetoed. Provisions ordering the department of social and health services to certify a responsible parent based on a court order to certify for noncompliance with residential provisions of a parenting plan were vetoed. See RCW 74.20A.320.

**Effective dates—Intent—1997 c 58:** See notes following RCW 74.20A.320.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.22.900 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.** For the purposes of this chapter, the terms spouse, marriage, marital, husband, wife, widow, widower, next of kin, and family shall be interpreted as applying equally to state registered domestic partnerships or individuals in state registered domestic partnerships as well as to marital relationships and married persons, and references to dissolution of marriage shall apply equally to state registered domestic partnerships that have been terminated, dissolved, or invalidated, to the extent that such interpretation does not conflict with federal law. Where necessary to implement chapter 521, Laws of 2009, gender-specific terms such as husband and wife used in any statute, rule, or other law shall be construed to be gender neutral, and applicable to individuals in state registered domestic partnerships. [2009 c 521 § 118.]

**Chapter 48.23 RCW**

**LIFE INSURANCE AND ANNUITIES**

Sections

- 48.23.010 Scope of chapter.
- 48.23.015 Purchase or exchange of annuities—Definitions—Standards—Requirements—Conduct—Records—Penalties—Rules.

(2010 Ed.)

- 48.23.020 Standard provisions required—Life insurance.
- 48.23.030 Grace period.
- 48.23.040 Entire contract—Representations.
- 48.23.050 Incontestability.
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- 48.23.070 Participation in surplus.
- 48.23.075 Participation in surplus—Requirements for forms.
- 48.23.080 Policy loan.
- 48.23.085 Policy loan interest rates.
- 48.23.090 Table of values and options.
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- 48.23.130 Settlement on proof of death.
- 48.23.140 Standard provisions—Annuities, pure endowment contracts.
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- 48.23.160 Incontestability—Annuities, pure endowments.
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- 48.23.370 Duties of insurer issuing both participating and nonparticipating policies—Rules.
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- 48.23.410 Short title.
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- 48.23.430 Paid-up annuity and cash surrender provisions required.
- 48.23.440 Minimum nonforfeiture amounts.
- 48.23.450 Minimum present value of paid-up annuity benefit.
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- 48.23.470 Contracts without cash surrender, death benefits—Minimum present value of paid-up annuity benefits.
- 48.23.480 Optional maturity dates.
- 48.23.490 Statement required in contract without cash surrender or death benefits.
- 48.23.500 Calculation of benefits available other than on contract anniversary.
- 48.23.510 Additional benefits.
- 48.23.520 Operative date of RCW 48.23.410 through 48.23.520.
- 48.23.525 Individual life insurance—Noninsurance benefits—Rules.
- 48.23.900 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.

*Assignment of policies:* RCW 48.18.360.

*Charitable gift annuity business:* Chapter 48.38 RCW.

*Exemption of proceeds commutation, annuities:* RCW 48.18.430.  
*life insurance:* RCW 48.18.410.

*Insurable interest, personal insurance, nonprofit organizations:* RCW 48.18.030.

*Minor may contract for life or disability insurance:* RCW 48.18.020.

*Payment to person designated in policy or by assignment discharges insurer:* RCW 48.18.370.

*Policy forms, execution, filing, etc.:* Chapter 48.18 RCW.

*Simultaneous deaths:* RCW 48.18.390.

*Spouses' rights in life insurance policy:* RCW 48.18.440.

**48.23.010 Scope of chapter.** This chapter applies to contracts of life insurance and annuities other than group life insurance, group annuities, and, except for RCW 48.23.260, 48.23.270, and 48.23.340, other than industrial life insurance. However, Title 48 RCW does not apply to charitable gift

annuities issued by a board of a state university, regional university, or a state college, nor to the issuance thereof. [2005 c 223 § 12; 1979 c 130 § 2; 1947 c 79 § .23.01; Rem. Supp. 1947 § 45.23.01.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.23.015 Purchase or exchange of annuities—Definitions—Standards—Requirements—Conduct—Records—Penalties—Rules.** (1) For the purposes of this section:

(a) "Annuity" means a fixed annuity or variable annuity that is individually solicited, whether the product is classified as an individual or group annuity.

(b) "Recommendation" means advice provided by an insurance producer, or an insurer when no producer is involved, to an individual consumer that results in a purchase or exchange of an annuity in accordance with that advice.

(2) Insurers and insurance producers must comply with the following requirements in recommending and executing a purchase or exchange of an annuity:

(a) In recommending the purchase of an annuity or the exchange of an annuity that results in another insurance transaction or series of insurance transactions to a consumer, the insurance producer, or the insurer when no producer is involved, must have reasonable grounds for believing that the recommendation is suitable for the consumer on the basis of the facts disclosed by the consumer about their investments and other insurance products and as to their financial situation and needs.

(b) Prior to the execution of a purchase or exchange of an annuity resulting from a recommendation, an insurance producer, or an insurer when no producer is involved, shall make reasonable efforts to obtain information concerning:

- (i) The consumer's financial status;
- (ii) The consumer's tax status;
- (iii) The consumer's investment objectives; and
- (iv) Other information used or considered to be reasonable by the insurance producer, or the insurer when no producer is involved, in making recommendations to the consumer.

(3) An insurer or insurance producer's recommendation must be reasonable under all circumstances actually known to the insurer or insurance producer at the time of the recommendation. Neither an insurance producer nor an insurer when no producer is involved, has any obligation to a consumer under subsection (2) of this section related to any recommendation if a consumer:

- (a) Refuses to provide relevant information requested by the insurer or insurance producer;
- (b) Decides to enter into an insurance transaction that is not based on a recommendation of the insurer or insurance producer; or
- (c) Fails to provide complete or accurate information.

(4) An insurer must assure that a system to supervise recommendations, reasonably designed to achieve compliance with this section, is established and maintained. The system must include, but is not limited to, written procedures and conducting periodic review of its records that are reasonably designed to assist in detecting and preventing violations of this section.

(a) An insurer may contract with a third party, including insurance producers, a general agent, or independent agency, to establish and maintain a system of supervision as required in this subsection with respect to insurance producers under contract with or employed by the third party. An insurer must make reasonable inquiry to assure that the third party is performing the functions required in this subsection and must take action as is reasonable under the circumstances to enforce the contractual obligation to perform the functions. An insurer may comply with its obligation to make reasonable inquiry by doing all of the following:

(i) Annually obtaining a certification from a third party senior manager with responsibility for the delegated functions that the manager has a reasonable basis to represent, and does represent, that the third party is performing the required functions; and

(ii) Based on reasonable selection criteria, periodically selecting third parties contracting under this subsection for a review to determine whether the third parties are performing the required functions. The insurer shall perform those procedures to conduct the review that are reasonable under the circumstances.

(b) An insurer, or the contracted third party if a general agent or independent agency, is not required to:

(i) Review, or provide for review of, all insurance producer solicited transactions; or

(ii) Include in its system of supervision an insurance producer's recommendations to consumers of products other than the annuities offered by the insurer, general agent, or independent agency.

(c) A general agent or independent agency contracting with an insurer to supervise compliance with this section shall promptly, when requested by the insurer, give a certification of compliance or give a clear statement that it is unable to meet the certification criteria. A person may not provide a certification unless the person:

(i) Is a senior manager with responsibility for the delegated functions; and

(ii) Has a reasonable basis for making the certification.

(5) Compliance with the financial industry regulatory authority conduct rules pertaining to suitability satisfies the requirements under this section for the recommendation of annuities registered under the securities act of 1933 (15 U.S.C. Sec. 77(a) et seq. or as hereafter amended). The insurance commissioner must notify the appropriate committees of the house of representatives and senate if there are changes regarding the registration of annuities under the securities act of 1933 that affect the application of this subsection. This subsection does not limit the insurance commissioner's ability to enforce this section.

(6) The commissioner may order an insurer, an insurance producer, or both, to take reasonably appropriate corrective action for any consumer harmed by the insurer's or insurance producer's violation of this section.

(a) Any applicable penalty under this or other sections of Title 48 RCW may be reduced or eliminated by the commissioner if corrective action for the consumer was taken promptly after a violation was discovered.

(b) This subsection does not limit the commissioner's ability to enforce this section or other applicable sections of Title 48 RCW.

(7) Insurers and insurance producers must maintain or be able to make available to the commissioner records of the information collected from the consumer and other information used in making the recommendations that were the basis for the insurance transaction for five years after the insurance transaction is completed by the insurer, or for five years after the annuity begins paying benefits, whichever is longer. An insurer is permitted, but is not required, to maintain documentation on behalf of an insurance producer. This section does not relieve an insurance producer of the obligation to maintain records of insurance transactions as required by RCW 48.17.470.

(8) The commissioner may adopt rules to implement and administer this section.

(9) Unless otherwise specifically included, this section does not apply to recommendations involving:

(a) Direct response solicitations when there is no recommendation based on information collected from the consumer under this section; or

(b) Contracts used to fund:

(i) An employee pension or welfare benefit plan that is covered by the employment and income security act;

(ii) A plan described by sections 401(a), 401(k), 403(b), 408(k), or 408(p) of the internal revenue code, as amended, if established or maintained by an employer;

(iii) A government or church plan defined in section 414 of the internal revenue code, a government or church welfare benefit plan or a deferred compensation plan of a state or local government or tax exempt organization under section 457 of the internal revenue code;

(iv) A nonqualified deferred compensation arrangement established or maintained by an employer or plan sponsor;

(v) Settlements of or assumptions of liabilities associated with personal injury litigation or any dispute or claim resolution process; or

(vi) Formal prepaid funeral contracts.

(10) This section does not affect the application of chapter 21.20 RCW. [2009 c 18 § 2.]

**Purpose—2009 c 18:** "The purpose of this act is to permit and set standards for producers and insurers selling annuity products issued after July 26, 2009, that ensure consumers purchase annuities suitable to their financial and insurance needs and life circumstances." [2009 c 18 § 1.]

**48.23.020 Standard provisions required—Life insurance.** (1) No policy of life insurance other than industrial, group and pure endowments with or without return of premiums or of premiums and interest, shall be delivered or issued for delivery in this state unless it contains in substance all of the provisions required by RCW 48.23.030 to 48.23.130, inclusive. This provision shall not apply to annuity contracts.

(2) Any of such provisions or portions thereof not applicable to single premium or term policies shall to that extent not be incorporated therein. [1947 c 79 § .23.02; Rem. Supp. 1947 § 45.23.02.]

**48.23.030 Grace period.** There shall be a provision that the insured is entitled to a grace period of one month, but not less than thirty days, within which the payment of any premium after the first may be made, subject at the option of the insurer to an interest charge not in excess of six percent per annum for the number of days of grace elapsing before the

payment of the premium, during which period of grace the policy shall continue in force, but in case the policy becomes a claim during the grace period before the overdue premium is paid, or the deferred premiums of the current policy year, if any, are paid, the amount of such premium or premiums with interest thereon may be deducted in any settlement under the policy. [1947 c 79 § .23.03; Rem. Supp. 1947 § 45.23.03.]

**48.23.040 Entire contract—Representations.** In all such policies other than those containing a clause making the policy incontestable from date of issue, there shall be a provision that the policy and the application therefor, if a copy thereof has been endorsed upon or attached to the policy at issue and made a part thereof, shall constitute the entire contract between the parties, and that all statements made by the applicant or by the insured, shall, in the absence of fraud, be deemed representations and not warranties. [1947 c 79 § .23.04; Rem. Supp. 1947 § 45.23.04.]

**48.23.050 Incontestability.** There shall be a provision that the policy shall be incontestable after it has been in force during the lifetime of the insured for a period of two years from its date of issue, except for nonpayment of premiums and except, at the option of the insurer, as to provisions relative to benefits in event of total and permanent disability and as to provisions which grant additional insurance specifically against accidental death. [1947 c 79 § .23.05; Rem. Supp. 1947 § 45.23.05.]

**48.23.060 Misstatement of age.** There shall be a provision that if it is found that the age of the insured (or the age of any other individual considered in determining the premium) has been misstated, the amount payable under the policy shall be such as the premium would have purchased at the correct age or ages, according to the insurer's rate at date of issue. [1947 c 79 § .23.06; Rem. Supp. 1947 § 45.23.06.]

**48.23.070 Participation in surplus.** (1) In all policies which provide for participation in the insurer's surplus, there shall be a provision that the policy shall so participate annually in the insurer's divisible surplus as apportioned by the insurer, beginning not later than the end of the third policy year. Any policy containing provision for annual participation beginning at the end of the first policy year, may also provide that each dividend shall be paid subject to the payment of the premiums for the next ensuing year. The insured under any annual dividend policy shall have the right each year to have the current dividend arising from such participation either paid in cash, or applied in accordance with such other dividend option as may be specified in the policy and elected by the insured. The policy shall further provide which of the options shall be effective if the insured shall fail to notify the insurer in writing of his or her election within the period of grace allowed for the payment of premium.

(2) This section shall not apply to paid-up nonforfeiture benefits nor paid-up policies issued on default in payment of premiums. [2009 c 549 § 7107; 1947 c 79 § .23.07; Rem. Supp. 1947 § 45.23.07.]

**48.23.075 Participation in surplus—Requirements for forms.** (1) Life insurance and annuity policy forms of the following types shall be defined and designated as participating forms of insurance only if they contain a provision for participation in the insurer's surplus, and shall be defined and designated as nonparticipating forms if they do not contain a provision for participation in the insurer's surplus:

(a) Forms which provide that the premium or consideration at the time of issue and subsequent premiums or considerations will be established by the insurer based on current, or then current, projected assumptions for such factors as interest, mortality, persistency, expense, or other factors, subject to a maximum guaranteed premium or premiums set forth in the policy; and

(b) Forms (except those for variable life insurance and variable annuity plans which are subject to chapter 48.18A RCW) which provide that their premiums or considerations are credited to an account to which interest is credited, and from which the cost of any life insurance or annuity benefits or other benefits or specified expenses are deducted.

(2) The commissioner may by regulation further clarify the definitions and requirements contained in subsection (1) of this section, and may classify any other types of forms as participating or nonparticipating, consistent therewith. [1982 c 181 § 19.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.23.080 Policy loan.** (1) There shall be a provision that after three full years' premiums have been paid thereon, the insurer at any time, while the policy is in force, will advance, on proper assignment or pledge of the policy and on the sole security thereof, at a rate of interest provided in this chapter as now or hereafter amended, a sum to be determined as follows:

(a) If such policy is issued prior to the operative date of \*RCW 48.23.350, the sum, including any interest paid in advance but not beyond the end of the current policy year, shall be equal to or at the option of the owner of the policy less than, the reserve at the end of the current policy year on the policy and on any dividend additions thereto, less a sum not more than two and one-half percent of the amount insured by the policy and of any dividend additions thereto. The policy may contain a provision by which the insurer reserves the right to defer the making of the loan, except when made to pay premiums, for a period not exceeding six months after the date of application therefor.

(b) If such policy is issued on or after such operative date, the sum, including any interest to the end of the current policy year shall not exceed the cash surrender value at the end of the current policy year, as required by \*RCW 48.23.350.

(c)(i) The policy shall contain (A) a provision that policy loans shall bear interest at a specified rate not exceeding six percent per annum, or (B) a provision that policy loans shall bear interest at a variable of not less than four nor more than eight percent per annum.

(ii) The variable rate shall not be changed more frequently than once per year and no change may exceed one percent per annum except reductions. The insurer shall give at least thirty days' notice to the policy owner or the owner's designee of any changes in the interest rate.

(iii) The provisions of (c)(i) and (c)(ii) of this subsection shall apply only in policies in existence prior to August 1, 1981.

(2) Such policy shall further provide that the insurer may deduct from such loan value any existing indebtedness on the policy (unless such indebtedness has already been deducted in determining the cash surrender value) and any unpaid balance of the premium for the current policy year; and that if the loan is made or repaid on a date other than the anniversary of the policy, the insurer shall be entitled to interest for the portion of the current policy year at the rate of interest specified in the policy.

(3) Such policy may further provide that if the interest on the loan is not paid when due, it shall be added to the existing indebtedness and shall bear interest at the same rate; and that if and when the total indebtedness on the policy, including interest due or accruing, equals or exceeds the amount of the loan value thereof which would otherwise exist at such time, the policy shall terminate in full settlement of such indebtedness and become void; except, that it shall be stipulated in the policy that no such termination shall be effective prior to the expiration of at least thirty days after notice of the pendency of the termination was mailed by the insurer to the insured and the assignee, if any, at their respective addresses last of record with the insurer.

(4) The insurer shall provide in any policy issued on or after the operative date of \*RCW 48.23.350 that the making of any loan, other than a loan to pay premiums, may be deferred for not exceeding six months after the application for the loan has been received by it. [1981 c 247 § 3; 1977 ex.s. c 250 § 1; 1947 c 79 § .23.08; Rem. Supp. 1947 § 45.23.08.]

**\*Reviser's note:** RCW 48.23.350 was repealed by 1982 1st ex.s. c 9 § 36; later enactment, see chapter 48.76 RCW.

**Purpose—Effective date—1981 c 247:** See notes following RCW 48.23.085.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.23.085 Policy loan interest rates.** (1) As used in this section, "published monthly average" means:

(a) The "Moody's Corporate Bond Yield Average - Monthly Average Corporates" as published by Moody's Investors Service, Incorporated or any successor thereto; or

(b) If the "Moody's Corporate Bond Yield Average - Monthly Average Corporates" is no longer published, a substantially similar average, established by rule issued by the commissioner.

(2) Policies issued on or after August 1, 1981, shall provide for policy loan interest rates by containing:

(a) A provision permitting a maximum interest rate of not more than eight percent per annum; or

(b) A provision permitting an adjustable maximum interest rate established from time to time by the life insurer as permitted by law.

(3) The rate of interest charged on a policy loan made under (2)(b) of this section shall not exceed the higher of the following:

(a) The published monthly average for the calendar month ending two months before the date on which the rate is determined; or

(b) The rate used to compute the cash surrender values under the policy during the applicable period plus one percent per annum.

(4) If the maximum rate of interest is determined pursuant to (2)(b) of this section, the policy shall contain a provision setting forth the frequency at which the rate is to be determined for that policy.

(5) The maximum rate for each policy shall be determined at regular intervals at least once every twelve months, but not more frequently than once in any three-month period. At the intervals specified in the policy:

(a) The rate being charged may be increased whenever such increase as determined under subsection (3) of this section would increase that rate by one-half of one percent or more per annum; and

(b) The rate being charged shall be reduced whenever such reduction as determined under subsection (3) of this section would decrease that rate by one-half of one percent or more per annum.

(6) The life insurer shall:

(a) Notify the policyholder at the time a cash loan is made of the initial rate of interest on the loan;

(b) Notify the policyholder with respect to premium loans of the initial rate of interest on the loan as soon as it is reasonably practical to do so after making the initial loan. Notice need not be given to the policyholder when a further premium loan is added, except as provided in (c) of this subsection;

(c) Send to policyholders with loans reasonable advance notice of any increase in the rate; and

(d) Include in the notices required in this subsection the substance of the pertinent provisions of subsections (2) and (4) of this section.

(7) The substance of the pertinent provisions of subsections (2) and (4) of this section shall be set forth in the policies to which they apply.

(8) The loan value of the policy shall be determined in accordance with RCW 48.23.080, but no policy shall terminate in a policy year as the sole result of change in the interest rate during that policy year, and the life insurer shall maintain coverage during that policy year until the time at which it would otherwise have terminated if there had been no change during that policy year.

(9) For purposes of this section:

(a) The rate of interest on policy loans permitted under this section includes the interest rate charged on reinstatement of policy loans for the period during and after any lapse of a policy;

(b) The term "policy loan" includes any premium loan made under a policy to pay one or more premiums that were not paid to the life insurer as they fell due;

(c) The term "policyholder" includes the owner of the policy or the person designated to pay premiums as shown on the records of the life insurer; and

(d) The term "policy" includes certificates issued by a fraternal benefit society and annuity contracts which provide for policy loans.

(10) No other provision of law shall apply to policy loan interest rates unless made specifically applicable to such rates. [1981 c 247 § 2.]

(2010 Ed.)

**Purpose—1981 c 247:** "The purpose of this act is to permit and set guidelines for life insurers to include in life insurance policies issued after the effective date of this act a provision for periodic adjustment of policy loan interest rates." [1981 c 247 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.23.090 Table of values and options.** There shall be a table showing in figures the loan value, if any, and any options available under the policy each year upon default in premium payments, during at least the first twenty years of the policy, or for its life if maturity or expiry occurs in less than twenty years. [1947 c 79 § .23.09; Rem. Supp. 1947 § 45.23.09.]

**48.23.100 Nonforfeiture options.** There shall be a provision specifying the option to which the policyholder is automatically entitled in the absence of the election of other nonforfeiture options upon default in premium payment after nonforfeiture values become available. [1947 c 79 § .23.10; Rem. Supp. 1947 § 45.23.10.]

**48.23.110 Table of installments.** If the policy provides for payment of its proceeds in installments or as an annuity, a table showing the amount and period of such installments or annuity shall be included in the policy. Except, that if in the judgment of the commissioner it is not practical to include certain tables in the policy, the requirements of this section may be met as to such policy by the insurer filing such tables with the commissioner. [1947 c 79 § .23.11; Rem. Supp. 1947 § 45.23.11.]

**48.23.120 Reinstatement.** There shall be a provision that the policy may be reinstated at any time within three years after the date of default in the payment of any premium, unless the policy has been surrendered for its cash value, or the period of any extended insurance provided by the policy has expired, upon evidence of insurability satisfactory to the insurer and the payment of all overdue premiums, and payment (or, within the limits permitted by the then cash values of the policy, reinstatement) of any other indebtedness to the insurer upon the policy with interest as to premiums at a rate not exceeding six percent per annum compounded annually. [1981 c 247 § 4; 1947 c 79 § .23.12; Rem. Supp. 1947 § 45.23.12.]

**Purpose—Effective date—1981 c 247:** See notes following RCW 48.23.085.

**48.23.130 Settlement on proof of death.** There shall be a provision that when a policy becomes a claim by the death of the insured, settlement shall be made upon receipt of due proof of death and surrender of the policy. [1947 c 79 § .23.13; Rem. Supp. 1947 § 45.23.13.]

**48.23.140 Standard provisions—Annuities, pure endowment contracts.** No annuity or pure endowment contract, other than reversionary annuities, or survivorship annuities, or group annuities, shall be delivered or issued for delivery in this state unless it contains in substance each of the provisions specified in RCW 48.23.150 to 48.23.210 inclusive. Any of such provisions not applicable to single premium

annuities or single premium pure endowment contracts shall not, to that extent, be incorporated therein.

This section shall not apply to contracts for deferred annuities included in, or upon the lives of beneficiaries under, life insurance policies. [1947 c 79 § .23.14; Rem. Supp. 1947 § 45.23.14.]

**48.23.150 Grace period—Annuities, pure endowments.** In such contracts, there shall be a provision that there shall be a period of grace of one month, but not less than thirty days, within which any stipulated payment to the insurer falling due after the first may be made, subject at the option of the insurer, to an interest charge thereon at a rate to be specified in the contract but not exceeding six percent per annum for the number of days of grace elapsing before such payment, during which period of grace, the contract shall continue in full force; but in case a claim arises under the contract on account of death prior to expiration of the period of grace before the overdue payment to the insurer of the deferred payments of the current contract year, if any, are made, the amount of such payments, with interest on any overdue payments, may be deducted from any amount payable under the contract in settlement. [1947 c 79 § .23.15; Rem. Supp. 1947 § 45.23.15.]

**48.23.160 Incontestability—Annuities, pure endowments.** If any statements, other than those relating to age, sex, and identity, are required as a condition to issuing such an annuity or pure endowment contract, and subject to RCW 48.23.180, there shall be a provision that the contract shall be incontestable after it has been in force during the lifetime of the person or of each of the persons as to whom such statements are required, for a period of two years from its date of issue, except for nonpayment of stipulated payments to the insurer; and at the option of the insurer, such contract may also except any provisions relative to benefits in the event of total and permanent disability and any provisions which grant insurance specifically against death by accident. [1947 c 79 § .23.16; Rem. Supp. 1947 § 45.23.16.]

**48.23.170 Entire contract—Annuities, pure endowments.** In such contracts there shall be a provision that the contract shall constitute the entire contract between the parties, or, if a copy of the application is endorsed upon or attached to the contract when issued, a provision that the contract and the application therefor shall constitute the entire contract between the parties. [1947 c 79 § .23.17; Rem. Supp. 1947 § 45.23.17.]

**48.23.180 Misstatement of age or sex—Annuities, pure endowments.** In such contracts there shall be a provision that if the age or sex of the person or persons upon whose life or lives the contract is made, or if any of them has been misstated, the amount payable or benefit accruing under the contract shall be such as the stipulated payment or payments to the insurer would have purchased according to the correct age or sex; and that if the insurer shall make or has made any underpayment or underpayments or any overpayment or overpayments on account of any such misstatement, the amount thereof, with interest at the rate to be specified in the

contract but not exceeding six percent per annum, shall, in the case of underpayment, be paid the insured or, in the case of overpayment, may be charged against the current or next succeeding payment or payments to be made by the insurer under the contract. [1982 c 181 § 12; 1947 c 79 § .23.18; Rem. Supp. 1947 § 45.23.18.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.23.190 Dividends—Annuities, pure endowments.** If such contract is participating, there shall be a provision that the insurer shall annually ascertain and apportion any divisible surplus accruing on the contract. [1947 c 79 § .23.19; Rem. Supp. 1947 § 45.23.19.]

**48.23.200 Nonforfeiture benefits—Annuities, pure endowments.** Such contracts issued after the operative date of RCW 48.23.360 and individual deferred annuities issued before the operative date of RCW 48.23.420 through 48.23.520 shall contain:

(1) A provision that in the event of default in any stipulated payment, the insurer will grant a paid-up nonforfeiture benefit on a plan stipulated in the contract, effective as of such date, of such value as is hereinafter specified.

(2) A statement of the mortality table and interest rate used in calculating the paid-up nonforfeiture benefit available under the contract.

(3) An explanation of the manner in which the paid-up nonforfeiture benefits are altered by the existence of any paid-up additions credited to the contract or any indebtedness to the insurer on the contract. [1982 1st ex.s. c 9 § 34; 1979 c 157 § 3; 1947 c 79 § .23.20; Rem. Supp. 1947 § 45.23.20.]

**48.23.210 Reinstatement—Annuities, pure endowments.** In such contracts there shall be a provision that the contract may be reinstated at any time within one year from the date of default in making stipulated payments to the insurer, unless the cash surrender value has been paid, but all overdue stipulated payments and any indebtedness to the insurer on the contract shall be paid or reinstated, with interest thereon at a rate to be specified in the contract but not exceeding six percent per annum payable annually, and in cases where applicable, the insurer may also include a requirement of evidence of insurability satisfactory to the insurer. [1947 c 79 § .23.21; Rem. Supp. 1947 § 45.23.21.]

**48.23.220 Standard provisions—Reversionary annuities.** No contract for a reversionary annuity shall be delivered or issued for delivery in this state unless it contains in substance each of the provisions specified in RCW 48.23.230 and 48.23.240. Any of such provisions not applicable to single premium annuities shall not, to that extent, be incorporated therein.

This section shall not apply to group annuities or to annuities included in life insurance policies. [1947 c 79 § .23.22; Rem. Supp. 1947 § 45.23.22.]

**48.23.230 Sections applicable.** Any such reversionary annuity contract shall contain the provisions specified in RCW 48.23.150 to 48.23.190, inclusive, except that under RCW 48.23.150 the insurer may at its option provide for an

equitable reduction of the amount of the annuity payments in settlement of an overdue or deferred payment in lieu of providing for a deduction of such payments from an amount payable upon a settlement under the contract. [1947 c 79 § .23.23; Rem. Supp. 1947 § 45.23.23.]

**48.23.240 Reinstatement—Reversionary annuities.**

In such reversionary annuity contracts there shall be a provision that the contract may be reinstated at any time within three years from the date of default in making stipulated payments to the insurer, upon production of evidence of insurability satisfactory to the insurer, and upon condition that all overdue payments and any indebtedness to the insurer on account of the contract be paid, or, within the limits permitted by the then cash values of the contract, reinstated, with interest as to both payments and indebtedness at a rate to be specified in the contract but not exceeding six percent per annum compounded annually. [1947 c 79 § .23.24; Rem. Supp. 1947 § 45.23.24.]

**48.23.250 Supplemental benefits.** The commissioner may make reasonable rules and regulations concerning the conditions in provisions granting additional benefits in event of the insured's accidental death, or in event the insured becomes totally and permanently disabled, which are a part of or supplemental to life insurance contracts. [1947 c 79 § .23.25; Rem. Supp. 1947 § 45.23.25.]

**48.23.260 Limitation of liability.** (1) The insurer may in any life insurance policy or annuity or pure endowment contract limit its liability to a determinable amount not less than the full reserve of the policy and of dividend additions thereto in event only of death occurring:

(a) As a result of war, or any act of war, declared or undeclared, or of service in the military, naval or air forces or in civilian forces auxiliary thereto, or from any cause while a member of any such military, naval or air forces of any country at war, declared or undeclared.

(b) As a result of suicide of the insured, whether sane or insane, within two years from date of issue of the policy.

(c) As a result of aviation under conditions specified in the policy.

(2) An insurer may specify conditions pertaining to the items of subsection (1) of this section which in the commissioner's opinion are more favorable to the policyholder. [1947 c 79 § .23.26; Rem. Supp. 1947 § 45.23.26.]

**48.23.270 Incontestability after reinstatement.** The reinstatement of any policy of life insurance or contract of annuity hereafter delivered or issued for delivery in this state may be contestable on account of fraud or misrepresentation of facts material to the reinstatement only for the same period following reinstatement as the policy provides with respect to contestability after original issuance. [1947 c 79 § .23.27; Rem. Supp. 1947 § 45.23.27.]

**48.23.290 Premium deposits.** (1) A life insurer may, under such policy provisions or agreements as have been approved by the commissioner consistent with this section, contract for and accept premium deposits in addition to the

regular premiums specified in the policy, for the purpose of paying future premiums, or to facilitate conversion of the policy, or to increase the benefits thereof.

(2) The unused accumulation from such deposits shall be held and accounted for as a premium deposit fund, and the policy or agreement shall provide for the manner of application of the premium deposit fund to the payment of premiums otherwise in default and for the disposition of the fund if it is not sufficient to pay the next premium.

(3) Such fund shall:

(a) Be available upon surrender of the policy, in addition to the cash surrender value; and

(b) be payable upon the insured's death or upon maturity of the policy; and

(c) be paid to the insured whenever the cash surrender value together with the premium deposit fund equals or exceeds the amount of insurance provided by the policy, unless the amount of the deposit does not exceed that which may be required to facilitate conversion of the policy to another plan in accordance with its terms.

(4) No part of the premium deposit fund shall be paid to the insured during the continuance of the policy except at such times and in such amounts as is specified in the policy or in the deposit agreement. [1947 c 79 § .23.29; Rem. Supp. 1947 § 45.23.29.]

**48.23.300 Policy settlements—Interest.** Any life insurer shall have the power to hold under agreement the proceeds of any policy issued by it, upon such terms and restrictions as to revocation by the policyholder and control by beneficiaries, and with such exemptions from the claims of creditors of beneficiaries other than the policyholder as set forth in the policy or as agreed to in writing by the insurer and the policyholder. Upon maturity of a policy in the event the policyholder has made no such agreement, the insurer shall have the power to hold the proceeds of the policy under an agreement with the beneficiaries. The insurer shall not be required to segregate funds so held but may hold them as part of its general assets.

An insurer shall pay interest on death benefits payable under the terms of a life insurance policy insuring the life of any person who was a resident of this state at the time of death. Such interest shall accrue commencing on the date of death at the rate then paid by the insurer on other withdrawable policy proceeds left with the company, but not less than eight percent. Benefits payable that have not been tendered to the beneficiary within ninety days of the receipt of proof of death shall accrue interest, commencing on the ninety-first day, at the aforementioned rate plus three percent. This section applies to death of insureds that occur on or after September 1, 1985. [1985 c 264 § 23; 1983 1st ex.s. c 32 § 21; 1947 c 79 § .23.30; Rem. Supp. 1947 § 45.23.30.]

**48.23.310 Deduction of indebtedness.** In determining the amount due under any life insurance policy heretofore or hereafter issued, deduction may be made of

(1) any unpaid premiums or installments thereof for the current policy year due under the terms of the policy, and of

(2) the amount of principal and accrued interest of any policy loan or other indebtedness against the policy then

remaining unpaid, such principal increased by unpaid interest and compounded as provided in this chapter. [1947 c 79 § .23.31; Rem. Supp. 1947 § 45.23.31.]

**48.23.320 Miscellaneous proceeds.** Upon the death of the insured and except as is otherwise expressly provided by the policy or premium deposit agreement, a life insurer may pay to the surviving spouse, children, beneficiary, or other person other than the insured’s estate, appearing to the insurer to be equitably entitled thereto, sums held by it and comprising:

- (1) Premiums paid in advance, and which premiums did not fall due prior to such death, or funds held on deposit for the payment of future premiums.
- (2) Dividends theretofore declared on the policy and held by the insurer under the insured’s option.
- (3) Dividends becoming payable on or after the death of the insured. [1947 c 79 § .23.32; Rem. Supp. 1947 § 45.23.32.]

**48.23.330 Trafficking in dividend rights.** No life insurer nor any of its representatives, agents, or affiliates, shall buy, take by assignment other than in connection with policy loans, or otherwise deal or traffic in any rights to dividends existing under participating life insurance policies issued by the insurer. [1947 c 79 § .23.33; Rem. Supp. 1947 § 45.23.33.]

**48.23.340 Prohibited policy plans.** No life insurer shall hereafter issue for delivery or deliver in this state any life insurance policy:

- (1) Issued under any plan for the segregation of policyholders into mathematical groups and providing benefits for a surviving policyholder of a group arising out of the death of another policyholder of such group, or under any other similar plan.
- (2) Providing benefits or values for surviving or continuing policyholders contingent upon the lapse or termination of the policies of other policyholders, whether by death or otherwise. [1947 c 79 § .23.34; Rem. Supp. 1947 § 45.23.34.]

**48.23.345 Juvenile life insurance—Speculative or fraudulent purposes.** Life insurers shall develop and implement underwriting standards and procedures designed to detect and prevent the purchase of juvenile life insurance for speculative or fraudulent purposes. These standards and procedures shall be made available for review by the commissioner.

Life insurers shall maintain records of underwriting rejections of applications for life insurance on juvenile lives for a period of ten years. [2001 c 197 § 1.]

**Effective date—2001 c 197:** "This act takes effect August 1, 2001." [2001 c 197 § 2.]

**48.23.360 Calculation of nonforfeiture benefits under annuities.** (1) Nonforfeiture benefits: Any paid-up nonforfeiture benefit available under any annuity or pure endowment contract pursuant to RCW 48.23.200, in the event of default in a consideration due on any contract anniversary shall be such that its present value as of such anniver-

sary shall be not less than the excess, if any, of the present value, on such anniversary, of the future guaranteed benefits (excluding any total disability benefits attached to such contracts) which would have been provided for by the contract including any existing paid-up additions, if there had been no default, over the sum of (a) the then present value of the net consideration defined in subsection (2) of this section corresponding to considerations which would have fallen due on and after such anniversary, and (b) the amount of any indebtedness to the company on the contract, including interest due or accrued. In determining the benefits referred to in this section and in calculating the net consideration referred to in such subsection (2), in the case of annuity contracts under which an election may be made to have annuity payments commence at optional dates, the annuity payments shall be deemed to commence at the latest date permitted by the contract for the commencement of such payments and the considerations shall be deemed to be payable until such date, which, however, shall not be later than the contract anniversary nearest the annuitant’s seventieth birthday.

(2) Net considerations: The net considerations for any annuity or pure endowment contract referred to in subsection (1) of this section shall be calculated on an annual basis, shall be such that the present value thereof at date of issue of the annuity shall equal the then present value of the future benefits thereunder (excluding any total disability benefits attached to such contracts) and shall be not less than the following percentages of the respective considerations specified in the contracts for the respective contract years:

First year . . . . .	fifty percent
Second and subsequent years . . . . .	ninety percent

PROVIDED, That in the case of participating annuity contracts the percentages hereinbefore specified may be decreased by five.

(3) Basis of calculation: All net considerations and present values for such contracts referred to in this section shall be calculated on the basis of the 1937 Standard Annuity Mortality Table or, at the option of the insurer, the Annuity Mortality Table for 1949, Ultimate, or any modification of either of these tables approved by the commissioner, and the rate of interest, not exceeding three and one-half percent per annum, specified in the contract for calculating cash surrender values, if any, and paid-up nonforfeiture benefits; except that with respect to annuity and pure endowment contracts issued on or after the operative date of \*RCW 48.12.150(3)(b)(ii) for such contracts, such rate of interest may be as high as four percent per annum: PROVIDED, That if such rate of interest exceeds three and one-half percent per annum, all net considerations and present values for such contracts referred to in this section shall be calculated on the 1971 Individual Annuity Mortality Table, or any modification of this table approved by the commissioner.

(4) Calculations on default: Any cash surrender value and any paid-up nonforfeiture benefit, available under any such contract in the event of default in the payment of any consideration due at any time other than on the contract anniversary, shall be calculated with allowance for the lapse of time and the payment of fractional considerations beyond the last preceding contract anniversary. All values herein referred to may be calculated upon the assumption that any

death benefit is payable at the end of the contract year of death.

(5) **Deferment of payment:** If an insurer provides for the payment of a cash surrender value, it shall reserve the right to defer the payment of such value for a period of six months after demand therefor with surrender of the contract.

(6) **Lump sum in lieu:** Notwithstanding the requirements of this section, any deferred annuity contract may provide that if the annuity allowed under any paid-up nonforfeiture benefit would be less than one hundred twenty dollars annually, the insurer may at its option grant a cash surrender value in lieu of such paid-up nonforfeiture benefit of such amount as may be required by subsection (3) of this section.

(7) **Operative date:** If no election is made by an insurer for an operative date prior to July 1, 1948, such date shall be the operative date for this section. [1973 1st ex.s. c 162 § 6; 1951 c 190 § 1; 1947 c 79 § .23.36; Rem. Supp. 1947 § 45.23.36.]

\***Reviser's note:** RCW 48.12.150 was repealed by 1982 1st ex.s. c 9 § 36; later enactment, see chapter 48.74 RCW.

**48.23.370 Duties of insurer issuing both participating and nonparticipating policies—Rules.** (1) A life insurer issuing both participating and nonparticipating policies shall maintain records which segregate the participating from the nonparticipating business and clearly show the profits and losses upon each such category of business.

(2) For the purposes of such accounting the insurer shall make a reasonable allocation as between the respective such categories of the expenses of such general operations or functions as are jointly shared. Any allocation of expense as between the respective categories shall be made upon a reasonable basis, to the end that each category shall bear a just portion of joint expense involved in the administration of the business of such category.

(3) No policy hereafter delivered or issued for delivery in this state shall provide for, and no life insurer or representative shall hereafter knowingly offer or promise payment, credit or distribution of participating "dividends," "earnings," "profits," or "savings," by whatever name called, to participating policies out of such profits, earnings or savings on nonparticipating policies.

(4) The commissioner may promulgate rules for the purpose of assuring the equitable treatment of all policyholders so that one group of policyholders shall not support or be supported by another group of policyholders. [1982 c 181 § 13; 1965 ex.s. c 70 § 22.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.23.380 Return of policy and refund of premium—Grace period—Notice—Effect.** (1) Every individual life insurance policy issued after September 1, 1977, shall have printed on its face or attached thereto a notice stating in substance that the policy owner shall be permitted to return the policy within ten days after it is received by the policy owner and to have the premium paid refunded if, after examination of the policy, the policy owner is not satisfied with it for any reason. An additional ten percent penalty shall be added to any premium refund due which is not paid within thirty days of return of the policy to the insurer or insurance producer. If a policy owner pursuant to such notice, returns the policy to

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the insurer at its home or branch office or to the insurance producer through whom it was purchased, it shall be void from the beginning and the parties shall be in the same position as if no policy had been issued.

(2) This section shall not apply to individual life insurance policies issued in connection with a credit transaction or issued under a contractual policy change or conversion privilege provision contained in a policy.

(3) No later than January 1, 2010, or when the insurer has used all of its existing paper individual life insurance policy forms which were in its possession on July 1, 2009, whichever is earlier, the notice required by subsection (1) of this section shall use the term insurance producer in place of agent. [2008 c 217 § 26; 1983 1st ex.s. c 32 § 10; 1977 c 60 § 1.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.23.410 Short title.** RCW 48.23.420 through 48.23.520 shall be known as the standard nonforfeiture law for individual deferred annuities. [1982 1st ex.s. c 9 § 21.]

**48.23.420 Inapplicability of enumerated sections to certain policies.** RCW 48.23.420 through 48.23.520 do not apply to any reinsurance; group annuity purchased under a retirement plan or plan of deferred compensation established or maintained by an employer (including a partnership or sole proprietorship) or by an employee organization, or by both, other than a plan providing individual retirement accounts or individual retirement annuities under Section 408 of the Internal Revenue Code, as now or hereafter amended; premium deposit fund; variable annuity; investment annuity; immediate annuity; any deferred annuity contract after annuity payments have commenced; or reversionary annuity; nor to any contract which is delivered outside this state through an insurance producer or other representative of the company issuing the contract. [2008 c 217 § 27; 1982 1st ex.s. c 9 § 22.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.23.430 Paid-up annuity and cash surrender provisions required.** In the case of contracts issued on or after the operative date of this section as defined in RCW 48.23.520, no contract of annuity, except as stated in RCW 48.23.420, may be delivered or issued for delivery in this state unless it contains in substance the following provisions, or corresponding provisions which in the opinion of the commissioner are at least as favorable to the contract holder, upon cessation of payment of considerations under the contract:

(1) That upon cessation of payment of considerations under a contract, or upon the written request of the contract owner, the company shall grant a paid-up annuity benefit on a plan stipulated in the contract of such value as is specified in RCW 48.23.450, 48.23.460, 48.23.470, 48.23.480, and 48.23.500;

(2) If a contract provides for a lump sum settlement at maturity, or at any other time, that upon surrender of the contract at or before the commencement of any annuity payments, the company shall pay in lieu of any paid-up annuity benefit a cash surrender benefit of such amount as is specified

in RCW 48.23.450, 48.23.460, 48.23.480, and 48.23.500. The company may reserve the right to defer the payment of such cash surrender benefit for a period not to exceed six months after demand therefor with surrender of the contract after making written request and receiving written approval of the commissioner. The request shall address the necessity and equitability to all policyholders of the deferral;

(3) A statement of the mortality table, if any, and interest rates used in calculating any minimum paid-up annuity, cash surrender, or death benefits that are guaranteed under the contract, together with sufficient information to determine the amounts of such benefits; and

(4) A statement that any paid-up annuity, cash surrender, or death benefits that may be available under the contract are not less than the minimum benefits required by any statute of the state in which the contract is delivered and an explanation of the manner in which such benefits are altered by the existence of any additional amounts credited by the company to the contract, any indebtedness to the company on the contract, or any prior withdrawals from or partial surrenders of the contract.

Notwithstanding the requirements of this section, any deferred annuity contract may provide that if no considerations have been received under a contract for a period of two full years and the portion of the paid-up annuity benefit at maturity on the plan stipulated in the contract arising from considerations paid before such period would be less than twenty dollars monthly, the company may at its option terminate the contract by payment in cash of the then present value of the portion of the paid-up annuity benefit, calculated on the basis of the mortality table, if any, and interest rate specified in the contract for determining the paid-up annuity benefit, and by such payment is relieved of any further obligation under such contract. [2004 c 91 § 1; 1982 1st ex.s. c 9 § 23.]

**Effective date—2004 c 91:** "This act takes effect July 1, 2004." [2004 c 91 § 3.]

**48.23.440 Minimum nonforfeiture amounts.** The minimum values as specified in RCW 48.23.450, 48.23.460, 48.23.470, 48.23.480, and 48.23.500 of any paid-up annuity, cash surrender, or death benefits available under an annuity contract shall be based upon minimum nonforfeiture amounts as defined in this section.

(1) The minimum nonforfeiture amount at any time at or prior to the commencement of any annuity payments is equal to an accumulation up to such time at rates of interest as indicated in subsection (2) of this section of the net considerations, as defined in this subsection, paid prior to such time, decreased by the sum of the following:

(a) Any prior withdrawals from or partial surrenders of the contract accumulated at rates of interest as indicated in subsection (2) of this section;

(b) An annual contract charge of fifty dollars, accumulated at rates of interest as indicated in subsection (2) of this section;

(c) Any premium tax paid by the insurer for the contract, accumulated at rates of interest as indicated in subsection (2) of this section; and

(d) The amount of any indebtedness to the company on the contract, including interest due and accrued.

The net considerations for a given contract year used to define the minimum nonforfeiture amount shall be an amount equal to eighty-seven and one-half percent of the gross considerations credited to the contract during that contract year.

(2) The interest rate used in determining minimum nonforfeiture amounts shall be an annual rate of interest determined as the lesser of three percent per annum and the following, which shall be specified in the contract if the interest rate will be reset:

(a) The five-year constant maturity treasury rate reported by the federal reserve as of a date certain, or averaged over a period, rounded to the nearest one-twentieth of one percent, specified in the contract no longer than fifteen months prior to the contract issue date or redetermination date under (d) of this subsection;

(b) Reduced by one hundred twenty-five basis points;

(c) Where the resulting interest rate is not less than one percent; and

(d) The interest rate shall apply to an initial period and may be redetermined for additional periods. The redetermination date, basis, and period, if any, shall be stated in the contract. The basis is the date or average over a specified period that produces the value of the five-year constant maturity treasury rate to be used at each redetermination date.

(3) During the period or term that a contract provides substantive participation in an equity indexed benefit, it may increase the reduction described in subsection (2)(b) of this section by up to an additional one hundred basis points to reflect the value of the equity index benefit. The present value at the contract issue date, and at each redetermination date thereafter, of the additional reduction may not exceed the market value of the benefit. The commissioner may require a demonstration that the present value of the additional reduction does not exceed the market value of the benefit. If a demonstration is not acceptable to the commissioner, the commissioner may disallow or limit the additional reduction.

(4) The commissioner may adopt rules to implement subsection (3) of this section and to provide for further adjustments to the calculation of minimum nonforfeiture amounts for contracts that provide substantive participation in an equity index benefit and for other policies that the commissioner determines justify an adjustment.

(5) Before January 1, 2006, an insurer may issue an annuity policy under this section as in effect on December 31, 2003; or issue an annuity policy under this section as in effect on July 1, 2004. On or after January 1, 2006, an insurer must issue an annuity policy under this section as in effect on or after July 1, 2004. [2004 c 91 § 2; 1982 1st ex.s. c 9 § 24.]

**Effective date—2004 c 91:** See note following RCW 48.23.430.

**48.23.450 Minimum present value of paid-up annuity benefit.** Any paid-up annuity benefit available under a contract shall be such that its present value on the date annuity payments are to commence is at least equal to the minimum nonforfeiture amount on that date. Such present value shall be computed using the mortality table, if any, and the interest rate specified in the contract for determining the minimum paid-up annuity benefits guaranteed in the contract. [1982 1st ex.s. c 9 § 25.]

**48.23.460 Minimum cash surrender benefits—Death benefit.** For contracts which provide cash surrender benefits, such cash surrender benefits available before maturity shall not be less than the present value as of the date of surrender of that portion of the maturity value of the paid-up annuity benefit which would be provided under the contract at maturity arising from considerations paid prior to the time of cash surrender reduced by the amount appropriate to reflect any prior withdrawals from or partial surrenders of the contract, such present value being calculated on the basis of an interest rate not more than one percent higher than the interest rate specified in the contract for accumulating the net considerations to determine such maturity value, decreased by the amount of any indebtedness to the company on the contract, including interest due and accrued, and increased by any existing additional amounts credited by the company to the contract. In no event may any cash surrender benefit be less than the minimum nonforfeiture amount at that time. The death benefit under such contracts shall be at least equal to the cash surrender benefit. [1982 1st ex.s. c 9 § 26.]

**48.23.470 Contracts without cash surrender, death benefits—Minimum present value of paid-up annuity benefits.** For contracts which do not provide cash surrender benefits, the present value of any paid-up annuity benefit available as a nonforfeiture option at any time prior to maturity shall not be less than the present value of that portion of the maturity value of the paid-up annuity benefit provided under the contract arising from considerations paid before the time the contract is surrendered in exchange for, or changed to, a deferred paid-up annuity, such present value being calculated for the period prior to the maturity date on the basis of the interest rate specified in the contract for accumulating the net considerations to determine such maturity value, and increased by any existing additional amounts credited by the company to the contract. For contracts which do not provide any death benefits prior to the commencement of any annuity payments, such present values shall be calculated on the basis of such interest rate and the mortality table specified in the contract for determining the maturity value of the paid-up annuity benefit. However, in no event may the present value of a paid-up annuity benefit be less than the minimum nonforfeiture amount at that time. [1982 1st ex.s. c 9 § 27.]

**48.23.480 Optional maturity dates.** For the purpose of determining the benefits calculated under RCW 48.23.460 and 48.23.470, in the case of annuity contracts under which an election may be made to have annuity payments commence at optional maturity dates, the maturity date shall be deemed to be the latest date for which election is permitted by the contract, but shall not be deemed to be later than the anniversary of the contract next following the annuitant's seventieth birthday or the tenth anniversary of the contract, whichever is later. [1982 1st ex.s. c 9 § 28.]

**48.23.490 Statement required in contract without cash surrender or death benefits.** Any contract which does not provide cash surrender benefits or does not provide death benefits at least equal to the minimum nonforfeiture amount prior to the commencement of any annuity payments shall

include a statement in a prominent place in the contract that such benefits are not provided. [1982 1st ex.s. c 9 § 29.]

**48.23.500 Calculation of benefits available other than on contract anniversary.** Any paid-up annuity, cash surrender, or death benefits available at any time, other than on the contract anniversary under any contract with fixed scheduled considerations, shall be calculated with allowance for the lapse of time and the payment of any scheduled considerations beyond the beginning of the contract year in which cessation of payment of considerations under the contract occurs. [1982 1st ex.s. c 9 § 30.]

**48.23.510 Additional benefits.** For any contract which provides, within the same contract by rider or supplemental contract provision, both annuity benefits and life insurance benefits that are in excess of the greater of cash surrender benefits or a return of the gross considerations with interest, the minimum nonforfeiture benefits shall be equal to the sum of the minimum nonforfeiture benefits for the annuity portion and the minimum nonforfeiture benefits, if any, for the life insurance portion computed as if each portion were a separate contract. Notwithstanding the provisions of RCW 48.23.450, 48.23.460, 48.23.470, 48.23.480, and 48.23.500, additional benefits payable (1) in the event of total and permanent disability, (2) as reversionary annuity or deferred reversionary annuity benefits, or (3) as other policy benefits additional to life insurance, endowment, and annuity benefits, and considerations for all such additional benefits, shall be disregarded in ascertaining the minimum nonforfeiture amounts, paid-up annuity, or cash surrender and death benefits that may be required by RCW 48.23.410 through 48.23.520. The inclusion of such additional benefits shall not be required in any paid-up benefits, unless such additional benefits separately would require minimum nonforfeiture amounts, paid-up annuity, or cash surrender and death benefits. [1982 1st ex.s. c 9 § 31.]

**48.23.520 Operative date of RCW 48.23.410 through 48.23.520.** After July 10, 1982, any company may file with the commissioner a written notice of its election to comply with the provisions of RCW 48.23.410 through 48.23.520 after a specified date before the second anniversary of July 10, 1982. After the filing of such notice, then upon such specified date, which shall be the operative date of RCW 48.23.410 through 48.23.520 for such company, RCW 48.23.410 through 48.23.520 shall become operative with respect to annuity contracts thereafter issued by such company. If a company makes no such election, the operative date of RCW 48.23.410 through 48.23.520 for such company shall be the second anniversary of July 10, 1982. [1982 1st ex.s. c 9 § 32.]

**48.23.525 Individual life insurance—Noninsurance benefits—Rules.** (1) A life insurer may include the following noninsurance benefits as part of a policy of individual life insurance, with the prior approval of the commissioner:

- (a) Will preparation services;
- (b) Financial planning and estate planning services;
- (c) Probate and estate settlement services; and

(d) Such other services as the commissioner may identify by rule.

(2) The commissioner may adopt rules to ensure disclosure of the noninsurance benefits permitted under this section, including but not limited to guidelines concerning the provision of the coverage.

(3) Those providing the services listed in subsection (1) of this section must be appropriately licensed.

(4) This section does not require the commissioner to approve any particular proposed noninsurance benefit. The commissioner may disapprove any proposed noninsurance benefit that the commissioner determines may tend to promote or facilitate the violation of any other section of this title.

(5) This section does not expand, limit, or otherwise affect the authority and ethical obligations of those who are authorized by the state supreme court to practice law in this state. This section does not limit the prohibition against the unauthorized practice of law under chapter 2.48 RCW.

(6) This section does not affect the application of chapter 21.20 RCW. [2009 c 76 § 1.]

**48.23.900 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.** For the purposes of this chapter, the terms spouse, marriage, marital, husband, wife, widow, widower, next of kin, and family shall be interpreted as applying equally to state registered domestic partnerships or individuals in state registered domestic partnerships as well as to marital relationships and married persons, and references to dissolution of marriage shall apply equally to state registered domestic partnerships that have been terminated, dissolved, or invalidated, to the extent that such interpretation does not conflict with federal law. Where necessary to implement chapter 521, Laws of 2009, gender-specific terms such as husband and wife used in any statute, rule, or other law shall be construed to be gender neutral, and applicable to individuals in state registered domestic partnerships. [2009 c 521 § 119.]

### Chapter 48.23A RCW

#### LIFE INSURANCE POLICY ILLUSTRATIONS

##### Sections

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48.23A.900	Severability—1997 c 313.
48.23A.901	Effective date—Application—1997 c 313.

**48.23A.005 Purpose—Standards for life insurance policy illustrations.** The purpose of this chapter is to provide standards for life insurance policy illustrations that will protect consumers and foster consumer education by providing illustration formats, prescribing standards to be followed when illustrations are used, and specifying the disclosures that are required in connection with illustrations. The goals of these standards are to ensure that illustrations do not mislead purchasers of life insurance and to make illustrations more understandable. Insurers will, as far as possible, eliminate the use of footnotes and caveates and define terms used in the illustration in language that would be understood by a typical person within the segment of the public to which the illustration is directed. [1997 c 313 § 1.]

**48.23A.010 Scope of chapter—Exceptions.** This chapter applies to all group and individual life insurance policies and certificates except:

- (1) Variable life insurance;
- (2) Individual and group annuity contracts;
- (3) Credit life insurance; or
- (4) Life insurance policies with no illustrated death benefits on any individual exceeding ten thousand dollars. [1997 c 313 § 2.]

**48.23A.015 Definitions.** The definitions in this section apply throughout this chapter unless the context requires otherwise.

(1) "Actuarial standards board" means the board established by the American academy of actuaries to develop and adopt standards of actuarial practice.

(2) "Contract premium" means the gross premium that is required to be paid under a fixed premium policy, including the premium for a rider for which benefits are shown in the illustration.

(3) "Currently payable scale" means a scale of nonguaranteed elements in effect for a policy form as of the preparation date of the illustration or declared to become effective within the next ninety-five days.

(4) "Disciplined current scale" means a scale of nonguaranteed elements constituting a limit on illustrations currently being illustrated by an insurer that is reasonably based on actual recent historical experience, as certified annually by an illustration actuary designated by the insurer. Further guidance in determining the disciplined current scale as contained in standards established by the actuarial standards board may be relied upon if the standards:

- (a) Are consistent with all provisions of this chapter;
- (b) Limit a disciplined current scale to reflect only actions that have already been taken or events that have already occurred;
- (c) Do not permit a disciplined current scale to include any projected trends of improvements in experience or any assumed improvements in experience beyond the illustration date; and
- (d) Do not permit assumed expenses to be less than minimum assumed expenses.

(5) "Generic name" means a short title descriptive of the policy being illustrated, such as whole life, term life, or flexible premium adjustable life.

(6) "Guaranteed elements" means the premiums, benefits, values, credits, or charges under a policy of life insurance that are guaranteed and determined at issue.

(7) "Nonguaranteed elements" means the premiums, benefits, values, credits, or charges under a policy of life insurance that are not guaranteed or not determined at issue.

(8) "Illustrated scale" means a scale of nonguaranteed elements currently being illustrated that is not more favorable to the policy owner than the lesser of:

- (a) The disciplined current scale; or
- (b) The currently payable scale.

(9) "Illustration" means a presentation or depiction that includes nonguaranteed elements of a policy of life insurance over a period of years and that is one of the three types defined below:

(a) "Basic illustration" means a ledger or proposal used in the sale of a life insurance policy that shows both guaranteed and nonguaranteed elements.

(b) "Supplemental illustration" means an illustration furnished in addition to a basic illustration that meets the applicable requirements of this chapter, and that may be presented in a format differing from the basic illustration, but may only depict a scale of nonguaranteed elements that is permitted in a basic illustration.

(c) "In-force illustration" means an illustration furnished at any time after the policy that it depicts has been in force for one year or more.

(10) "Illustration actuary" means an actuary meeting the requirements of RCW 48.23A.080 who certifies to illustrations based on the standard of practice adopted by the actuarial standards board.

(11) "Lapse-supported illustration" means an illustration of a policy form failing the test of self-supporting, as defined in this section, under a modified persistency rate assumption using persistency rates underlying the disciplined current scale for the first five years and one hundred percent policy persistency thereafter.

(a) "Minimum assumed expenses" means the minimum expenses that may be used in the calculation of the disciplined current scale for a policy form. The insurer may choose to designate each year the method of determining assumed expenses for all policy forms from the following:

- (i) Fully allocated expenses;
- (ii) Marginal expenses; and
- (iii) A generally recognized expense table based on fully allocated expenses representing a significant portion of insurance companies and approved by the national association of insurance commissioners.

(b) Marginal expenses may be used only if greater than a generally recognized expense table. If no generally recognized expense table is approved, fully allocated expenses must be used.

(12) "Nonterm group life" means a group policy or individual policies of life insurance issued to members of an employer group or other permitted group where:

(a) Every plan of coverage was selected by the employer or other group representative;

(b) Some portion of the premium is paid by the group or through payroll deduction; and

(c) Group underwriting or simplified underwriting is used.

(13) "Policy owner" means the owner named in the policy or the certificate holder in the case of a group policy.

(14) "Premium outlay" means the amount of premium assumed to be paid by the policy owner or other premium payer out-of-pocket.

(15) "Self-supporting illustration" means an illustration of a policy form for which it can be demonstrated that, when using experience assumptions underlying the disciplined current scale, for all illustrated points in time on or after the fifteenth policy anniversary or the twentieth policy anniversary for second-or-later-to-die policies, or upon policy expiration if sooner, the accumulated value of all policy cash flows equals or exceeds the total policy owner value available. For this purpose, policy owner value will include cash surrender values and any other illustrated benefit amounts available at the policy owner's election. [1997 c 313 § 3.]

**48.23A.020 Marketing with or without an illustration—Notice to commissioner—Conditions—Availability.**

(1) Each insurer marketing policies to which this chapter is applicable shall notify the commissioner whether a policy form is to be marketed with or without an illustration. For all policy forms being actively marketed on January 1, 1998, the insurer shall identify in writing those forms and whether or not an illustration will be used with them. For policy forms filed after January 1, 1998, the identification shall be made at the time of filing. Any previous identification may be changed by notice to the commissioner.

(2) If the insurer identifies a policy form as one to be marketed without an illustration, any use of an illustration for any policy using that form prior to the first policy anniversary is prohibited.

(3) If a policy form is identified by the insurer as one to be marketed with an illustration, a basic illustration prepared and delivered in accordance with this chapter is required, except that a basic illustration need not be provided to individual members of a group or to individuals insured under multiple lives coverage issued to a single applicant unless the coverage is marketed to these individuals. The illustration furnished an applicant for a group life insurance policy or policies issued to a single applicant on multiple lives may be either an individual or composite illustration representative of the coverage on the lives of members of the group or the multiple lives covered.

(4) Potential enrollees of nonterm group life subject to this chapter shall be furnished a quotation with the enrollment materials. The quotation shall show potential policy values for sample ages and policy years on a guaranteed and nonguaranteed basis appropriate to the group and the coverage. This quotation is not considered an illustration for purposes of this chapter, but all information provided shall be consistent with the illustrated scale. A basic illustration shall be provided at delivery of the certificate to enrollees for nonterm group life who enroll for more than the minimum premium necessary to provide pure death benefit protection. In addition, the insurer shall make a basic illustration available to any nonterm group life enrollee who requests it. [1997 c 313 § 4.]

**48.23A.030 Illustration used in sale—Label—Required basic information—Prohibitions—Use of interest rate.** (1) An illustration used in the sale of a life insurance policy shall satisfy the applicable requirements of this chapter, be clearly labeled "life insurance illustration," and contain the following basic information:

- (a) Name of insurer;
- (b) Name and business address of producer or insurer's authorized representative, if any;
- (c) Name, age, and sex of proposed insured, except where a composite illustration is permitted under this chapter;
- (d) Underwriting or rating classification upon which the illustration is based;
- (e) Generic name of policy, the company product name, if different, and form number;
- (f) Initial death benefit; and
- (g) Dividend option election or application of nonguaranteed elements, if applicable.

(2) When using an illustration in the sale of a life insurance policy, an insurer or its producers or other authorized representatives shall not:

- (a) Represent the policy as anything other than life insurance policy;
  - (b) Use or describe nonguaranteed elements in a manner that is misleading or has the capacity or tendency to mislead;
  - (c) State or imply that the payment or amount of nonguaranteed elements is guaranteed;
  - (d) Use an illustration that does not comply with the requirements of this chapter;
  - (e) Use an illustration that at any policy duration depicts policy performance more favorable to the policy owner than that produced by the illustrated scale of the insurer whose policy is being illustrated;
  - (f) Provide an applicant with an incomplete illustration;
  - (g) Represent in any way that premium payments will not be required for each year of the policy in order to maintain the illustrated death benefits, unless that is the fact;
  - (h) Use the term "vanish" or "vanishing premium," or a similar term that implies the policy becomes paid up, to describe a plan for using nonguaranteed elements to pay a portion of future premiums;
  - (i) Except for policies that can never develop nonforfeiture values, use an illustration that is "lapse-supported"; or
  - (j) Use an illustration that is not "self-supporting."
- (3) If an interest rate used to determine the illustrated nonguaranteed elements is shown, it shall not be greater than the earned interest rate underlying the disciplined current scale. [1997 c 313 § 5.]

**48.23A.040 Basic illustration—Conforming requirements—Brief descriptions—Numeric summaries—Required statements.** (1) A basic illustration shall conform with the following requirements:

- (a) The illustration shall be labeled with the date on which it was prepared.
- (b) Each page, including any explanatory notes or pages, shall be numbered and show its relationship to the total number of pages in the illustration (for example, the fourth page of a seven-page illustration shall be labeled "page 4 of 7 pages").

(c) The assumed dates of payment receipt and benefit payout within a policy year shall be clearly identified.

(d) If the age of the proposed insured is shown as a component of the tabular detail, it shall be issue age plus the numbers of years the policy is assumed to have been in force.

(e) The assumed payments on which the illustrated benefits and values are based shall be identified as premium outlay or contract premium, as applicable. For policies that do not require a specific contract premium, the illustrated payments shall be identified as premium outlay.

(f) Guaranteed death benefits and values available upon surrender, if any, for the illustrated premium outlay or contract premium shall be shown and clearly labeled guaranteed.

(g) If the illustration shows any nonguaranteed elements, they cannot be based on a scale more favorable to the policy owner than the insurer's illustrated scale at any duration. These elements shall be clearly labeled nonguaranteed.

(h) The guaranteed elements, if any, shall be shown before corresponding nonguaranteed elements and shall be specifically referred to on any page of an illustration that shows or describes only the nonguaranteed elements (for example, "see page one for guaranteed elements").

(i) The account or accumulation value of a policy, if shown, shall be identified by the name this value is given in the policy being illustrated and shown in close proximity to the corresponding value available upon surrender.

(j) The value available upon surrender shall be identified by the name this value is given in the policy being illustrated and shall be the amount available to the policy owner in a lump sum after deduction of surrender charges, policy loans, and policy loan interest, as applicable.

(k) Illustrations may show policy benefits and values in graphic or chart form in addition to the tabular form.

(l) Any illustration of nonguaranteed elements shall be accompanied by a statement indicating that:

- (i) The benefits and values are not guaranteed;
- (ii) The assumptions on which they are based are subject to change by the insurer; and
- (iii) Actual results may be more or less favorable.

(m) If the illustration shows that the premium payer may have the option to allow policy charges to be paid using nonguaranteed values, the illustration must clearly disclose that a charge continues to be required and that, depending on actual results, the premium payer may need to continue or resume premium outlays. Similar disclosure shall be made for premium outlay of lesser amounts or shorter durations than the contract premium. If a contract premium is due, the premium outlay display shall not be left blank or show zero unless accompanied by an asterisk or similar mark to draw attention to the fact that the policy is not paid up.

(n) If the applicant plans to use dividends or policy values, guaranteed or nonguaranteed, to pay all or a portion of the contract premium or policy charges, or for any other purpose, the illustration may reflect those plans and the impact on future policy benefits and values.

(2) A basic illustration shall include the following:

- (a) A brief description of the policy being illustrated, including a statement that it is a life insurance policy;
- (b) A brief description of the premium outlay or contract premium, as applicable, for the policy. For a policy that does not require payment of a specific contract premium, the illus-

tration shall show the premium outlay that must be paid to guarantee coverage for the term of the contract, subject to maximum premiums allowable to qualify as a life insurance policy under the applicable provisions of the internal revenue code;

(c) A brief description of any policy features, riders, or options, guaranteed or nonguaranteed, shown in the basic illustration and the impact they may have on the benefits and values of the policy;

(d) Identification and a brief definition of column headings and key terms used in the illustration; and

(e) A statement containing in substance the following: "This illustration assumes that the currently illustrated, nonguaranteed elements will continue unchanged for all years shown. This is not likely to occur, and actual results may be more or less favorable than those shown."

(3)(a) Following the narrative summary, a basic illustration shall include a numeric summary of the death benefits and values and the premium outlay and contract premium, as applicable. For a policy that provides for a contract premium, the guaranteed death benefits and values shall be based on the contract premium. This summary shall be shown for at least policy years five, ten, and twenty and at age seventy, if applicable, on the three bases shown below. For multiple life policies the summary shall show policy years five, ten, twenty, and thirty.

(i) Policy guarantees;

(ii) Insurer's illustrated scale;

(iii) Insurer's illustrated scale used but with the nonguaranteed elements reduced as follows:

(A) Dividends at fifty percent of the dividends contained in the illustrated scale used;

(B) Nonguaranteed credited interest at rates that are the average of the guaranteed rates and the rates contained in the illustrated scale used; and

(C) All nonguaranteed charges, including but not limited to, term insurance charges and mortality and expense charges, at rates that are the average of the guaranteed rates and the rates contained in the illustrated scale used.

(b) In addition, if coverage would cease prior to policy maturity or age one hundred, the year in which coverage ceases shall be identified for each of the three bases.

(4) Statements substantially similar to the following shall be included on the same page as the numeric summary and signed by the applicant, or the policy owner in the case of an illustration provided at time of delivery, as required in this chapter.

(a) A statement to be signed and dated by the applicant or policy owner reading as follows: "I have received a copy of this illustration and understand that any nonguaranteed elements illustrated are subject to change and could be either higher or lower. The insurance producer has told me they are not guaranteed."

(b) A statement to be signed and dated by the insurance producer or other authorized representative of the insurer reading as follows: "I certify that this illustration has been presented to the applicant and that I have explained that any nonguaranteed elements illustrated are subject to change. I have made no statements that are inconsistent with the illustration."

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(5)(a) A basic illustration shall include the following for at least each policy year from one to ten and for every fifth policy year thereafter ending at age one hundred, policy maturity, or final expiration; and except for term insurance beyond the twentieth year, for any year in which the premium outlay and contract premium, if applicable, is to change:

(i) The premium outlay and mode the applicant plans to pay and the contract premium, as applicable;

(ii) The corresponding guaranteed death benefit, as provided in the policy; and

(iii) The corresponding guaranteed value available upon surrender, as provided in the policy.

(b) For a policy that provides for a contract premium, the guaranteed death benefit and value available upon surrender shall correspond to the contract premium.

(c) Nonguaranteed elements may be shown if described in the contract. In the case of an illustration for a policy on which the insurer intends to credit terminal dividends, they may be shown if the insurer's current practice is to pay terminal dividends. If any nonguaranteed elements are shown, they must be shown at the same durations as the corresponding guaranteed elements, if any. If no guaranteed benefit or value is available at any duration for which a nonguaranteed benefit or value is shown, a zero shall be displayed in the guaranteed column. [2008 c 217 § 28; 1997 c 313 § 6.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.23A.050 Supplemental illustration—Conditions for use—Reference to basic illustration.** (1) A supplemental illustration may be provided so long as:

(a) It is appended to, accompanied by, or preceded by a basic illustration that complies with this chapter;

(b) The nonguaranteed elements shown are not more favorable to the policy owner than the corresponding elements based on the scale used in the basic illustration;

(c) It contains the same statement required of a basic illustration that nonguaranteed elements are not guaranteed; and

(d) For a policy that has a contract premium, the contract premium underlying the supplemental illustration is equal to the contract premium shown in the basic illustration. For policies that do not require a contract premium, the premium outlay underlying the supplemental illustration shall be equal to the premium outlay shown in the basic illustration.

(2) The supplemental illustration shall include a notice referring to the basic illustration for guaranteed elements and other important information. [1997 c 313 § 7.]

**48.23A.060 Illustration used or not used during sale—Signed copy of illustration or acknowledgment of no use—Computer screen—Retained copies.** (1)(a) If a basic illustration is used by an insurance producer or other authorized representative of the insurer in the sale of a life insurance policy and the policy is applied for as illustrated, a copy of that illustration, signed in accordance with this chapter, shall be submitted to the insurer at the time of policy application. A copy shall also be provided to the applicant.

(b) If the policy is issued other than as applied for, a revised basic illustration conforming to the policy as issued shall be sent with the policy. The revised illustration shall

conform to the requirements of this chapter, be labeled "revised illustration," and be signed and dated by the applicant or policy owner and producer or other authorized representative of the insurer no later than the time the policy is delivered. A copy shall be provided to the insurer and the policy owner.

(2)(a) If no illustration is used by an insurance producer or other authorized representative in the sale of a life insurance policy, or if the policy is applied for other than as illustrated, the producer or representative shall certify to that effect in writing on a form provided by the insurer. On the same form the applicant shall acknowledge that no illustration conforming to the policy applied for was provided and shall further acknowledge an understanding that an illustration conforming to the policy as issued will be provided no later than at the time of policy delivery. This form shall be submitted to the insurer at the time of policy application.

(b) If the policy is issued, a basic illustration conforming to the policy as issued shall be sent with the policy and signed no later than the time the policy is delivered. A copy shall be provided to the insurer and the policy owner.

(3)(a) Where a computer screen illustration is used that cannot be printed out during use, the producer shall certify in writing on a form provided by the insurer that a computer screen illustration was displayed. Such form shall require the producer to provide, as applicable, the generic name of the policy and any riders illustrated, the guaranteed and nonguaranteed interest rates illustrated, the number of policy years illustrated, the initial death benefit, the premium amount illustrated, and the assumed number of years of premiums. On the same form the applicant shall acknowledge that an illustration matching that which was displayed on the computer screen will be provided no later than the time of policy delivery. A copy of this signed form shall be provided to the applicant at the time it is signed.

(b) If the policy is issued, a basic illustration conforming to the policy as issued shall be sent with the policy and signed by the policy owner no later than the time the policy is delivered. A copy shall be provided to the policy owner and retained by the insurer.

(c) If a computer screen illustration is used that can be printed during use, a copy of that illustration, signed in accordance with this chapter, shall be submitted to the insurer at the time of policy application. A copy shall also be provided to the applicant.

(d) If the basic illustration or revised illustration is sent to the applicant or policy owner by mail from the insurer, it shall include instructions for the applicant or policy owner to sign the duplicate copy of the numeric summary page of the illustration for the policy issued and return the signed copy to the insurer. The insurer's obligation under this subsection is satisfied if it can demonstrate that it has made a diligent effort to secure a signed copy of the numeric summary page. The requirement to make a diligent effort shall be deemed satisfied if the insurer includes in the mailing a self-addressed, postage prepaid envelope with instructions for the return of the signed numeric summary page.

(4) A copy of the basic illustration and a revised basic illustration, if any, signed as applicable, along with any certification that either no illustration was used or that the policy was applied for other than as illustrated, shall be retained by

the insurer until three years after the policy is no longer in force. A copy need not be retained if no policy is issued. [1997 c 313 § 8.]

**48.23A.070 Policy designated for use of illustrations—Annual report—Required information—In-force illustrations—Notice of adverse changes.** (1) In the case of a policy designated as one for which illustrations will be used, the insurer shall provide each policy owner with an annual report on the status of the policy that shall contain at least the following information:

(a) For universal life policies, the report shall include the following:

(i) The beginning and end date of the current report period;

(ii) The policy value at the end of the previous report period and at the end of the current report period;

(iii) The total amounts that have been credited or debited to the policy value during the current report period, identifying each type, such as interest, mortality, expense, and riders;

(iv) The current death benefit at the end of the current report period on each life covered by the policy;

(v) The net cash surrender value of the policy as of the end of the current report period;

(vi) The amount of outstanding loans, if any, as of the end of the current report period; and

(vii) For fixed premium policies: If, assuming guaranteed interest, mortality, and expense loads and continued scheduled premium payments, the policy's net cash surrender value is such that it would not maintain insurance in force until the end of the next reporting period, a notice to this effect shall be included in the report; or

(viii) For flexible premium policies: If, assuming guaranteed interest, mortality, and expense loads, the policy's net cash surrender value will not maintain insurance in force until the end of the next reporting period unless further premium payments are made, a notice to this effect shall be included in the report.

(b) For all other policies, where applicable:

(i) Current death benefit;

(ii) Annual contract premium;

(iii) Current cash surrender value;

(iv) Current dividend;

(v) Application of current dividend; and

(vi) Amount of outstanding loan.

(c) Insurers writing life insurance policies that do not build nonforfeiture values shall only be required to provide an annual report with respect to these policies for those years when a change has been made to nonguaranteed policy elements by the insurer.

(2) If the annual report does not include an in-force illustration, it shall contain the following notice displayed prominently: "IMPORTANT POLICY OWNER NOTICE: You should consider requesting more detailed information about your policy to understand how it may perform in the future. You should not consider replacement of your policy or make changes in your coverage without requesting a current illustration. You may annually request, without charge, such an illustration by calling (insurer's phone number), writing to (insurer's name) at (insurer's address) or contacting your insurance producer. If you do not receive a current illustra-

tion of your policy within 30 days from your request, you should contact your state insurance department." The insurer may vary the sequential order of the methods for obtaining an in-force illustration.

(3) Upon the request of the policy owner, the insurer shall furnish an in-force illustration of current and future benefits and values based on the insurer's present illustrated scale. This illustration shall comply with the requirements of RCW 48.23A.030 (1) and (2) and 48.23A.040 (1) and (5). No signature or other acknowledgment of receipt of this illustration shall be required.

(4) If an adverse change in nonguaranteed elements that could affect the policy has been made by the insurer since the last annual report, the annual report shall contain a notice of that fact and the nature of the change prominently displayed. [2008 c 217 § 29; 1997 c 313 § 9.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.23A.080 Illustration actuaries—Conditions for appointment—Duties—Certifications—Disclosures to commissioner.** (1) The board of directors of each insurer shall appoint one or more illustration actuaries.

(2) The illustration actuary shall certify that the disciplined current scale used in illustrations is in conformity with the actuarial standard of practice for compliance with the national association of insurance commissioners model regulation on life insurance illustrations adopted by the actuarial standards board, and that the illustrated scales used in insurer-authorized illustrations meet the requirements of this chapter.

(3) The illustration actuary shall:

(a) Be a member in good standing of the American academy of actuaries;

(b) Be familiar with the standard of practice regarding life insurance policy illustrations;

(c) Not have been found by the commissioner, following appropriate notice and hearing to have:

(i) Violated any provision of, or any obligation imposed by, the insurance law or other law in the course of his or her dealings as an illustration actuary;

(ii) Been found guilty of fraudulent or dishonest practices;

(iii) Demonstrated his or her incompetence, lack of cooperation, or untrustworthiness to act as an illustration actuary; or

(iv) Resigned or been removed as an illustration actuary within the past five years as a result of acts or omissions indicated in any adverse report on examination or as a result of a failure to adhere to generally acceptable actuarial standards;

(d) Not fail to notify the commissioner of any action taken by a commissioner of another state similar to that under (c) of this subsection;

(e) Disclose in the annual certification whether, since the last certification, a currently payable scale applicable for business issued within the previous five years and within the scope of the certification has been reduced for reasons other than changes in the experience factors underlying the disciplined current scale. If nonguaranteed elements illustrated for new policies are not consistent with those illustrated for similar in-force policies, this must be disclosed in the annual

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certification. If nonguaranteed elements illustrated for both new and in-force policies are not consistent with the nonguaranteed elements actually being paid, charged, or credited to the same or similar forms, this must be disclosed in the annual certification; and

(f) Disclose in the annual certification the method used to allocate overhead expenses for all illustrations:

(i) Fully allocated expenses;

(ii) Marginal expenses; or

(iii) A generally recognized expense table based on fully allocated expenses representing a significant portion of insurance companies and approved by the national association of insurance commissioners.

(4)(a) The illustration actuary shall file a certification with the board of directors and with the commissioner:

(i) Annually for all policy forms for which illustrations are used; and

(ii) Before a new policy form is illustrated.

(b) If an error in a previous certification is discovered, the illustration actuary shall notify the board of directors of the insurer and the commissioner promptly.

(5) If an illustration actuary is unable to certify the scale for any policy form illustration the insurer intends to use, the actuary shall notify the board of directors of the insurer and the commissioner promptly of his or her inability to certify.

(6) A responsible officer of the insurer, other than the illustration actuary, shall certify annually:

(a) That the illustration formats meet the requirements of this chapter and that the scales used in insurer-authorized illustrations are those scales certified by the illustration actuary; and

(b) That the company has provided its insurance producers with information about the expense allocation method used by the company in its illustrations and disclosed as required in subsection (3)(f) of this section.

(7) The annual certifications shall be provided to the commissioner each year by a date determined by the insurer.

(8) If an insurer changes the illustration actuary responsible for all or a portion of the company's policy forms, the insurer shall notify the commissioner of that fact promptly and disclose the reason for the change. [2008 c 217 § 30; 1997 c 313 § 10.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.23A.090 Violations—RCW 48.30.010(1).** In addition to any other penalties provided by law, an insurer or producer that violates a requirement of this chapter is guilty of a violation of RCW 48.30.010(1). [1997 c 313 § 11.]

**48.23A.900 Severability—1997 c 313.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1997 c 313 § 12.]

**48.23A.901 Effective date—Application—1997 c 313.** This act takes effect January 1, 1998, and applies to policies sold on or after January 1, 1998. [1997 c 313 § 13.]

**Chapter 48.24 RCW**  
**GROUP LIFE AND ANNUITIES**

## Sections

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*Payroll deduction of public employees for insurance and medical benefits authorized: RCW 41.04.020.*

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*Policy dividends are payable to real party in interest: RCW 48.18.340.*

*Policy forms, execution, filing, etc.: Chapter 48.18 RCW.*

**48.24.010 Group requirements.** (1) No contract of life insurance shall hereafter be delivered or issued for delivery in this state insuring the lives of more than one individual unless to one of the groups as provided for in this chapter, and unless in compliance with the other provisions of this chapter.

(2) Subsection (1) of this section shall not apply to contracts of life insurance

(a) insuring only individuals related by marriage, by blood, or by legal adoption; or

(b) insuring only individuals having a common interest through ownership of a business enterprise, or of a substantial legal interest or equity therein, and who are actively engaged in the management thereof; or

(c) insuring the lives of employees and retirees under contracts executed with the state health care authority under the provisions of chapter 41.05 RCW. [1988 c 107 § 22; 1973 1st ex.s. c 147 § 11; 1947 c 79 § .24.01; Rem. Supp. 1947 § 45.24.01.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.24.020 Employee groups.** The lives of a group of individuals may be insured under a policy issued to an employer, or to the trustees of a fund established by an employer, which employer or trustee is deemed the policyholder, insuring employees of the employer for the benefit of persons other than the employer, subject to the following requirements:

(1) The employees eligible for insurance under the policy shall be all of the employees of the employer, or all of any class or classes thereof determined by conditions pertaining to their employment. The policy may provide that the term "employees" shall include the employees of one or more subsidiary corporations, and the employees, individual proprietors, and partners of one or more affiliated corporations, proprietors or partnerships if the business of the employer and of such affiliated corporations, proprietors or partnerships is under common control through stock ownership, contract or otherwise. The policy may provide that the term "employees" shall include the individual proprietor or partners if the employer is an individual proprietor or a partnership. The policy may provide that the term "employees" shall include retired employees.

(2) The premium for the policy shall be paid by the policyholder, either wholly from the employer's funds or funds contributed by him or her, or partly from such funds and partly from funds contributed by the insured employees, or from funds contributed entirely by the insured employees. A policy on which no part of the premium is to be derived from funds contributed by the insured employees must insure all eligible employees, or all except any as to whom evidence of individual insurability is not satisfactory to the insurer.

(3) The policy must cover at least two employees at date of issue.

(4) The amounts of insurance under the policy must be based upon some plan precluding individual selection either by the employees or by the employer or trustees. [2005 c 222 § 1; 1955 c 303 § 29; 1947 c 79 § .24.02; Rem. Supp. 1947 § 45.24.02.]

**48.24.025 Payment of premium by employee when compensation suspended due to labor dispute.** Any employee whose compensation includes group life insurance, the premiums for which are paid in full or in part by an employer including the state of Washington, its political subdivisions, or municipal corporations, or paid by payroll deduction, may pay the premiums as they become due directly to the policyholder whenever the employee's compensation is suspended or terminated directly or indirectly as the result of a strike, lockout, or other labor dispute, for a period not exceeding six months and at the rate and coverages as the policy provides. During that period of time the policy may not be altered or changed. Nothing in this section shall be deemed to impair the right of the insurer to make normal decreases or increases of the premium rate upon expiration and renewal of the policy, in accordance with the provisions of the policy. Thereafter, if such insurance coverage is no longer available, then the employee shall be given the opportunity to purchase an individual policy at a rate consistent with rates filed by the insurer with the commissioner. When the employee's compensation is so suspended or terminated, the employee shall be notified immediately by the policy-

holder in writing, by mail addressed to the address last on record with the policyholder, that the employee may pay the premiums to the policyholder as they become due as provided in this section.

Payment of the premiums must be made when due or the insurance coverage may be terminated by the insurer.

The provisions of any insurance policy contrary to provisions of this section are void and unenforceable after May 29, 1975. [1975 1st ex.s. c 117 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.24.027 Offering group life insurance to state residents—Commissioner's findings.** (1) Group life insurance offered to a resident of this state under a group life insurance policy may be issued to a group other than one described in RCW 48.24.020, 48.24.035, 48.24.040, 48.24.045, 48.24.050, 48.24.060, 48.24.070, 48.24.080, 48.24.090, or 48.24.095 subject to the requirements in this subsection. No such group life insurance policy may be delivered in this state unless the commissioner finds that:

(a) The issuance of the group policy is not contrary to the best interest of the public;

(b) The issuance of the group policy would result in economies of acquisition or administration; and

(c) The benefits are reasonable in relation to the premiums charged.

(2) No such group life insurance coverage may be offered under this section in this state by an insurer under a policy issued in another state unless the commissioner or the insurance commissioner of another state having requirements substantially similar to those contained in subsection (1)(a) through (c) of this section has made a determination that the requirements have been met.

(3) The premium for the policy shall be paid either from the policyholder's funds or from funds contributed by the covered persons, or from both. [2010 c 13 § 1.]

**48.24.030 Dependents of employees or members of certain groups.** (1) Insurance under any group life insurance policy issued under RCW 48.24.020, 48.24.050, 48.24.060, 48.24.070, 48.24.090, or 48.24.027 may be extended to insure the spouse and dependent children, or any class or classes thereof, of each insured employee or member who so elects, in amounts in accordance with a plan that precludes individual selection by the employees or members or by the employer or labor union or trustee, and which insurance on the life of any one family member including a spouse shall not be in excess of the amount on the life of the insured employee or member.

Premiums for the insurance on the family members shall be paid by the policyholder, either from the employer's funds, funds contributed to him or her, employee's funds, trustee's funds, or labor union funds.

(2) A spouse insured under this section has the same conversion right as to the insurance on his or her life as is vested in the employee or member under this chapter. [2010 c 13 § 2; 2006 c 25 § 14. Prior: 2005 c 223 § 13; 2005 c 222 § 2; 1993 c 132 § 1; 1975 1st ex.s. c 266 § 11; 1965 ex.s. c 70 § 23; 1963 c 192 § 1; 1953 c 197 § 10; 1947 c 79 § .24.03; Rem. Supp. 1947 § 45.24.03.]

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Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.24.035 Credit union groups.** The lives of a group of individuals may be insured under a policy issued to a credit union, which shall be deemed the policyholder, to insure eligible members of such credit union for the benefit of persons other than the credit union or its officials, subject to the following requirements:

(1) The members eligible for insurance under the policy shall be all of the members of a credit union, or all except any as to whom evidence of individual insurability is not satisfactory to the insurer, or all of any class or classes thereof determined by conditions pertaining to their age or membership in the credit union or both.

(2) The premium for the policy shall be paid by the policyholder, either wholly from the credit union's funds, or partly from such funds and partly from funds contributed by the insured members specifically for their insurance. No policy may be issued for which the entire premium is to be derived from funds contributed by the insured members specifically for their insurance.

(3) The policy must cover at least twenty-five members at the date of issue.

(4) The amount of insurance under the policy shall not exceed the amount of the total shares and deposits of the member.

(5) As used herein, "credit union" means a credit union organized and operating under the federal credit union act of 1934 or chapter 31.12 RCW. [1982 c 181 § 14; 1961 c 194 § 8.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.24.040 Debtor groups.** The lives of a group of individuals may be insured under a policy issued to a creditor, who shall be deemed the policyholder, to insure debtors of the creditors, subject to the provisions of the insurance code relating to credit life insurance and credit accident and health insurance and to the following requirements:

(1) The debtors eligible for insurance under the policy shall be all of the debtors of the creditor whose indebtedness is repayable in installments, or all of any class or classes thereof determined by conditions pertaining to the indebtedness or to the purchase giving rise to the indebtedness, except that nothing in this section shall preclude an insurer from excluding from the classes eligible for insurance classes of debtors determined by age. The policy may provide that the term "debtors" shall include the debtors of one or more subsidiary corporations, and the debtors of one or more affiliated corporations, proprietors or partnerships if the business of the policyholder and of such affiliated corporations, proprietors or partnerships is under common control through stock ownership, contract, or otherwise.

(2) The premium for the policy shall be paid by the policyholder, either from the creditor's funds, or from charges collected from the insured debtors, or from both. A policy on which part or all of the premium is to be derived from the collection from the insured debtors of identifiable charges not required of uninsured debtors shall not include, in the class or classes of debtors eligible for insurance, debtors under obligations outstanding at its date of issue without evidence of individual insurability unless at least seventy-five percent of

the then eligible debtors elect to pay the required charges. A policy on which no part of the premium is to be derived from the collection of such identifiable charges must insure all eligible debtors, or all except any as to whom evidence of individual insurability is not satisfactory to the insurer.

(3) The policy may be issued only if the group of eligible debtors is then receiving new entrants at the rate of at least one hundred persons yearly, or may reasonably be expected to receive at least one hundred new entrants during the first policy year, and only if the policy reserves to the insurer the right to require evidence of individual insurability if less than seventy-five percent of the new entrants become insured.

(4) Payment by the debtor insured under any such group life insurance contract of the premium charged the creditor by the insurer for such insurance pertaining to the debtor, shall not be deemed to constitute a charge upon a loan in violation of any usury law. [1967 c 150 § 28; 1961 c 194 § 9; 1955 c 303 § 18; 1947 c 79 § .24.04; Rem. Supp. 1947 § 45.24.04.]

**48.24.045 Certain associations as groups.** The lives of a group of individuals may be insured under a policy issued to an association which has been in active existence for at least one year, which has a constitution and bylaws, and which has been organized and is maintained in good faith for purposes other than that of obtaining insurance. Under this group life insurance policy, the association shall be deemed the policyholder. The policy may insure association employees, members, or their employees. Beneficiaries under the policy shall be persons other than the association or its officers or trustees. The term "employees" as used in this section may include retired employees. [1979 ex.s. c 44 § 1.]

**48.24.050 Labor union groups.** The lives of a group of individuals may be insured under a policy issued to a labor union, which shall be deemed the policyholder, to insure members of such union for the benefit of persons other than the union or any of its officials, representatives or agents, subject to the following requirements:

(1) The members eligible for insurance under the policy shall be all of the members of the union, or all of any class or classes thereof determined by conditions pertaining to their employment, or to membership in the union, or both.

(2) The premium for the policy shall be paid by the policyholder, either wholly from the union's funds, or partly from such funds and partly from funds contributed by the insured members specifically for their insurance. No policy may be issued of which the entire premium is to be derived from funds contributed by the insured members specifically for their insurance. A policy on which the premium is to be derived in part from funds contributed by the insured members specifically for their insurance may be placed in force only if at least seventy-five percent of the then eligible members, excluding any as to whom evidence of individual insurability is not satisfactory to the insurer, elect to make the required contributions. A policy on which no part of the premium is to be derived from funds contributed by the insured members specifically for their insurance must insure all eligible members, or all except any as to whom evidence of individual insurability is not satisfactory to the insurer.

(3) The policy must cover at least twenty-five members at date of issue.

(4) The amounts of insurance under the policy must be based upon some plan precluding individual selection either by the members or by the union. [1955 c 303 § 19; 1947 c 79 § .24.05; Rem. Supp. 1947 § 45.24.05.]

**48.24.060 Public employee associations.** The lives of a group of public employees may be insured under a policy issued to the departmental head or to a trustee, or issued to an association of public employees formed for purposes other than obtaining insurance and having, when the policy is placed in force, a membership in the classes eligible for insurance of not less than seventy-five percent of the number of employees eligible for membership in such classes, which department head or trustee or association shall be deemed the policyholder, to insure such employees for the benefit of persons other than the policyholder or any of its officials, subject to the following requirements:

(1) The persons eligible for insurance under the policy shall be all of the employees of the department or members of the association, or all of any class or classes thereof determined by conditions pertaining to their employment, or to membership in the association, or both.

(2) The premium for the policy shall be paid by the policyholder, in whole or in part either from salary deductions authorized by, or charges collected from, the insured employees or members specifically for the insurance, or from the association's own funds, or from both. Any such deductions from salary may be paid by the employer to the association or directly to the insurer. No policy may be placed in force unless and until at least seventy-five percent of the then eligible employees or association members, excluding any as to whom evidence of individual insurability is not satisfactory to the insurer, have elected to be covered and have authorized their employer to make any required deductions from salary.

(3) The rate of charges to the insured employees or members specifically for the insurance, and the dues of the association if they include the cost of insurance, shall be determined according to each attained age or in not less than four reasonably spaced attained age groups. In no event shall the rate of such dues or charges be level for all members regardless of attained age.

(4) The policy must cover at least twenty-five persons at date of issue.

(5) The amounts of insurance under the policy must be based upon some plan precluding individual selection either by the employees or members or by the association.

As used herein, "public employees" means employees of the United States government, or of any state, or of any political subdivision or instrumentality of any of them. [1989 c 10 § 9. Prior: 1973 1st ex.s. c 163 § 8; 1973 1st ex.s. c 152 § 5; 1963 c 195 § 21; 1955 c 303 § 20; 1953 c 197 § 11; 1947 c 79 § .24.06; Rem. Supp. 1947 § 45.24.06.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.24.070 Trustee groups.** The lives of a group of individuals may be insured under a policy issued to the trustees of a fund established by two or more employers or by two or more employer members of an employers' association, or by

one or more labor unions, or by one or more employers and one or more labor unions, or by one or more employers and one or more labor unions whose members are in the same or related occupations or trades, which trustees shall be deemed the policyholder, to insure employees or members for the benefit of persons other than the employers or the unions, subject to the following requirements:

(1) If the policy is issued to two or more employer members of an employers' association, such policy may be issued only if (a) the association has been in existence for at least five years and was formed for purposes other than obtaining insurance and (b) the participating employers, meaning such employer members whose employees are to be insured, constitute at date of issue at least fifty percent of the total employers eligible to participate, unless the number of persons covered at date of issue exceeds six hundred, in which event such participating employers must constitute at least twenty-five percent of such total employers in either case omitting from consideration any employer whose employees are already covered for group life insurance.

(2) The persons eligible for insurance shall be all of the employees of the employers or all of the members of the unions, or all of any class or classes thereof determined by conditions pertaining to their employment, or to membership in the unions, or to both. The policy may provide that the term "employees" shall include the individual proprietor or partners if an employer is an individual proprietor or a partnership. The policy may provide that the term "employees" shall include the trustees or their employees, or both, if their duties are connected with such trusteeship. The policy may provide that the term "employees" shall include retired employees.

(3) The premium for the policy shall be paid by the trustees wholly from funds contributed by the employer or employers of the insured persons, or by the union or unions, or partly or wholly from funds contributed by the insured persons, or any combination thereof. A policy on which all or part of the premium is to be derived from funds contributed by the insured persons specifically for their insurance may be placed in force if the eligible persons elect to make the required contributions. A policy on which no part of the premium is to be derived from funds contributed by the insured persons specifically for their insurance must insure all eligible persons, or all except any as to whom evidence of individual insurability is not satisfactory to the insurer.

(4) The policy must cover at least twenty persons at date of issue.

(5) The amounts of insurance under the policy must be based upon some plan precluding individual selection either by the insured persons or by the policyholder, employers, or unions. [2007 c 80 § 9; 1973 1st ex.s. c 163 § 9; 1963 c 86 § 1; 1959 c 225 § 9; 1955 c 303 § 21; 1953 c 197 § 12; 1947 c 79 § .24.07; Rem. Supp. 1947 § 45.24.07.]

**48.24.080 Insurance producer groups.** The lives of a group of individuals may be insured under a policy issued to a principal, or if such principal is a life insurer, by or to such principal, covering when issued not less than twenty-five insurance producers of such principal, subject to the following requirements:

(1) The insurance producers eligible for insurance under the policy shall be those who are under contract to render personal services for such principal for a commission or other fixed or ascertainable compensation.

(2) The policy must insure either all of the insurance producers or all of any class or classes thereof, determined by conditions pertaining to the services to be rendered by such insurance producers, except that if a policy is intended to insure several such classes it may be issued to insure any such class of which seventy-five percent are covered and extended to other classes as seventy-five percent thereof express the desire to be covered.

(3) The premium on the policy shall be paid by the principal or by the principal and the insurance producers jointly. When the premium is paid by the principal and insurance producers jointly and the benefits of the policy are offered to all eligible insurance producers, the policy, when issued, must insure not less than seventy-five percent of such insurance producers.

(4) The amounts of insurance shall be based upon some plan which will preclude individual selection.

(5) The insurance shall be for the benefit of persons other than the principal.

(6) Such policy shall terminate if, subsequent to issue, the number of insurance producers insured falls below twenty-five lives or seventy-five percent of the number eligible and the contribution of the insurance producers, if the premiums are on a renewable term insurance basis, exceed one dollar per month per one thousand dollars of insurance coverage plus any additional premium per one thousand dollars of insurance coverage charged to cover one or more hazardous occupations. [2008 c 217 § 32; 1949 c 190 § 33; Rem. Supp. 1949 § 45.24.08.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.24.090 Washington state patrol.** The lives of a group of individuals may be insured under a policy issued to the commanding officer, which commanding officer shall be deemed the policyholder, to insure not less than twenty-five of the members of the Washington state patrol. Such policy shall be for the benefit of beneficiaries as designated by the individuals so insured, and the premium thereon may be paid by such members. Not less than seventy-five percent of all eligible members of such Washington state patrol, or of any unit thereof determined by conditions pertaining to their employment, may be so insured. [1947 c 79 § .24.09; Rem. Supp. 1947 § 45.24.09.]

**48.24.095 Financial institutions.** The lives of a group of individuals may be insured under a policy issued to a state or federally regulated financial institution, which financial institution shall be deemed the policyholder. The purpose of the policy shall be to insure the depositors or depositor members of the financial institution for the benefit of persons other than the financial institution or its officers. The issuance of the policy shall be subject to the following requirements:

(1) The persons eligible for insurance under the policy shall be the depositors or deposit members of such financial institution, except any as to whom evidence of individual

insurability is not satisfactory to the insurer, or any class or classes thereof determined by conditions of age.

(2) The policy must cover at least one hundred persons at the date of issue.

(3) The amount of insurance under the policy shall not exceed the amount of the deposit account of the insured person or five thousand dollars whichever is less.

(4) Financial institutions referred to herein must be authorized to do business in the state of Washington and have their depositors' or members' deposit accounts insured against loss to the amount of at least fifteen thousand dollars by a corporate agency of the federal government. [1967 ex.s. c 95 § 15.]

**48.24.100 Standard provisions.** No policy of group life insurance shall be delivered or issued for delivery in this state unless it contains in substance the standard provisions as required by RCW 48.24.110 to 48.24.200, inclusive, or provisions which in the opinion of the commissioner are more favorable to the individuals insured, or at least as favorable to such individuals and more favorable to the policyholder; except that:

(1) Provisions set forth in RCW 48.24.160 to 48.24.200, inclusive, shall not apply to policies issued to a creditor to insure its debtors.

(2) If the group life insurance policy is on a plan of insurance other than the term plan, it shall contain a nonforfeiture provision or provisions which in the opinion of the commissioner is or are equitable to the insured persons and to the policyholder, but such nonforfeiture benefits are not required to be the same as those required for individual life insurance policies. [1947 c 79 § .24.10; Rem. Supp. 1947 § 45.24.10.]

**48.24.110 Grace period.** There shall be a provision that the policyholder is entitled to a grace period of thirty-one days for the payment of any premium due except the first, during which grace period the death benefit coverage shall continue in force, unless the policyholder has given the insurer written notice of discontinuance in advance of the date of discontinuance and in accordance with the terms of the policy. The policy may provide that the policyholder shall be liable to the insurer for the payment of a pro rata premium for the time the policy was in force during such grace period. [1947 c 79 § .24.11; Rem. Supp. 1947 § 45.24.11.]

**48.24.120 Incontestability.** There shall be a provision that the validity of the policy shall not be contested, except for nonpayment of premiums, after it has been in force for two years from its date of issue; and that no statement made by an individual insured under the policy relating to his or her insurability shall be used in contesting the validity of the insurance with respect to which such statement was made after such insurance has been in force prior to the contest for a period of two years during such individual's lifetime nor unless it is contained in a written instrument signed by him [or her]. [2009 c 549 § 7108; 1947 c 79 § 24.12; Rem. Supp. 1947 § 45.24.12.]

**48.24.130 The contract—Representations.** There shall be a provision that a copy of the application, if any, of

the policyholder shall be attached to the policy when issued and become a part of the contract; that all statements made by the policyholder or by the persons insured shall be deemed representations and not warranties, and that no statement made by any person insured shall be used in any contest unless a copy of the instrument containing the statement is or has been furnished to such person or to his or her beneficiary. [2009 c 549 § 7109; 1947 c 79 § .24.13; Rem. Supp. 1947 § 45.24.13.]

**48.24.140 Insurability.** There shall be a provision setting forth the conditions, if any, under which the insurer reserves the right to require a person eligible for insurance to furnish evidence of individual insurability satisfactory to the insurer as a condition to part or all of his or her coverage. [2009 c 549 § 7110; 1947 c 79 § .24.14; Rem. Supp. 1947 § 45.24.14.]

**48.24.150 Misstatement of age or sex.** There shall be a provision specifying an equitable adjustment of premiums or of benefits or of both to be made in the event the age or sex of a person insured has been misstated, such provision to contain a clear statement of the method of adjustment to be used. [1983 1st ex.s. c 32 § 22; 1947 c 79 § .24.15; Rem. Supp. 1947 § 45.24.15.]

**48.24.160 Beneficiary—Funeral, last illness expenses.** There shall be a provision that any sum becoming due by reason of the death of the individual insured shall be payable to the beneficiary designated by such individual, subject to the provisions of the policy in the event there is no designated beneficiary, as to all or any part of such sum, living at the death of the individual insured and subject to any right reserved by the insurer in the policy and set forth in the certificate to pay at its option a part of such sum not exceeding ten percent of such amount or one thousand dollars, whichever is greater, to any person appearing to the insurer to be equitably entitled thereto by reason of having incurred funeral or other expenses incident to the last illness or death of the individual insured. [1981 c 333 § 1; 1979 ex.s. c 199 § 9; 1955 c 303 § 23; 1947 c 79 § .24.16; Rem. Supp. 1947 § 45.24.16.]

**48.24.170 Certificates.** There shall be a provision that the insurer will issue to the policyholder for delivery to each individual insured a certificate setting forth a statement as to the insurance protection to which he or she is entitled, to whom the insurance benefits are payable, described by name, relationship, or reference to the insurance records of the policyholder or insurer, and the rights and conditions set forth in RCW 48.24.180, 48.24.190 and 48.24.200, following. [2009 c 549 § 7111; 1961 c 194 § 10; 1947 c 79 § .24.17; Rem. Supp. 1947 § 45.24.17.]

**48.24.180 Conversion on termination of eligibility.** There shall be a provision that if the insurance, or any portion of it, on an individual covered under the policy, other than a child insured pursuant to RCW 48.24.030, ceases because of termination of employment or of membership in the class or classes eligible for coverage under the policy, such individual

shall be entitled to have issued to him or her by the insurer, without evidence of insurability, an individual policy of life insurance without disability or other supplementary benefits, provided application for the individual policy shall be made, and the first premium paid to the insurer, within thirty-one days after such termination, and provided further that,

(1) the individual policy shall, at the option of such individual, be on any one of the forms, except term insurance, then customarily issued by the insurer at the age and for the amount applied for;

(2) the individual policy shall be in an amount not in any event in excess of the amount of life insurance which ceases because of such termination nor less than one thousand dollars unless a smaller amount of coverage was provided for such individual under the group policy: PROVIDED, That any amount of insurance which matures on the date of such termination or has matured prior thereto under the group policy as an endowment payable to the individual insured, whether in one sum or in installments or in the form of an annuity, shall not, for the purposes of this provision, be included in the amount which is considered to cease because of such termination; and

(3) the premium on the individual policy shall be at the insurer's then customary rate applicable to the form and amount of the individual policy, to the class of risk to which such individual then belongs, and to his or her age attained on the effective date of the individual policy. [2009 c 549 § 7112; 1955 c 303 § 24; 1947 c 79 § .24.18; Rem. Supp. 1947 § 45.24.18.]

#### **48.24.190 Conversion on termination of policy.**

There shall be a provision that if the group policy terminates or is amended so as to terminate the insurance of any class of insured individuals, every individual insured thereunder at the date of such termination, other than a child insured pursuant to RCW 48.24.030, whose insurance terminates and who has been so insured for at least five years prior to such termination date shall be entitled to have issued to him or her by the insurer an individual policy of life insurance, subject to the same conditions and limitations as are provided by RCW 48.24.180, except that the group policy may provide that the amount of such individual policy shall not exceed the smaller of (a) [(1)] the amount of the individual's life insurance protection ceasing because of the termination or amendment of the group policy, less the amount of any life insurance for which he or she is or becomes eligible under any group policy issued or reinstated by the same or another insurer within thirty-one days of such termination and (b) [(2)] two thousand dollars. [2009 c 549 § 7113; 1953 c 197 § 13; 1947 c 79 § .24.19; Rem. Supp. 1947 § 45.24.19.]

**48.24.200 Death pending conversion.** There shall be a provision that if a person insured under the group policy dies during the period within which he or she would have been entitled to have an individual policy issued to him or her in accordance with RCW 48.24.180 and 48.24.190, and before such an individual policy shall have become effective, the amount of life insurance which he or she would have been entitled to have issued to him or her under such individual policy shall be payable as a claim under the group policy,

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whether or not application for the individual policy or the payment of the first premium therefor has been made. [2009 c 549 § 7114; 1947 c 79 § .24.20; Rem. Supp. 1947 § 45.24.20.]

**48.24.210 Limitation of liability.** (1) The insurer may in any group life insurance contract provide that it is not liable, or is liable only in a reduced amount, for losses resulting:

(a) From war or any act of war, declared or undeclared, or of service in the military, naval or air forces or in civilian forces auxiliary thereto, or from any cause while a member of any such military, naval or air forces, of any country at war, declared or undeclared.

(b) From aviation under conditions specified in the policy.

(2) The insurer may in any such contract provide that any amount of insurance in excess of one thousand dollars on an individual life may be reduced to one thousand dollars or to any greater amount upon attainment of any age not less than age sixty-five or upon the anniversary of the policy nearest attainment of such age. [1947 c 79 § .24.21; Rem. Supp. 1947 § 45.24.21.]

**48.24.240 Readjustment of premium.** Any group life insurance contract may provide for a readjustment of the premium rate based on experience under that contract, at the end of the first or of any subsequent year of insurance, and which readjustment may be made retroactive for such policy year only. [1947 c 79 § .24.24; Rem. Supp. 1947 § 45.24.24.]

**48.24.260 Application of dividends or rate reductions.** Any policy dividends hereafter declared, or reduction in rate of premiums hereafter made or continued for the first or any subsequent year of insurance, under any policy of group life insurance heretofore or hereafter issued to any policyholder may be applied to reduce the policyholder's part of the cost of such insurance, except that if the aggregate dividends or refunds or credits under such group policy and any other group policy or contract issued to the policyholder exceed the aggregate contributions of the policyholder toward the cost of the coverages, such excess shall be applied by the policyholder for the sole benefit of insured individuals. [1947 c 79 § .24.26; Rem. Supp. 1947 § 45.24.26.]

**48.24.270 Payment of proceeds—Interest, when delayed.** (1) An insurer shall pay the proceeds of any benefits under a policy of group life insurance insuring the life of any person who was a resident of this state at the time of death. The proceeds must be paid not more than thirty days after the insurer has received satisfactory proof of death of the insured. If the proceeds are not paid within the thirty-day period, the insurer shall also pay interest on the proceeds from the date of death of the insured to the date when the proceeds are paid.

(2) The interest required under subsection (1) of this section accrues commencing on the date of death at the rate then paid by the insurer on other withdrawable policy proceeds left with the company or eight percent, whichever is greater.

(3) Benefits payable that have not been tendered to the beneficiary within ninety days of the receipt of proof of death

accrue interest, commencing on the ninety-first day, at the rate under subsection (2) of this section plus three percent. [2008 c 310 § 1.]

**48.24.280 Group life insurance—Noninsurance benefits.** (1) A life insurer may include the following noninsurance benefits as part of a policy or certificate of group life insurance, with the prior approval of the commissioner:

- (a) Will preparation services;
- (b) Financial planning and estate planning services;
- (c) Probate and estate settlement services; and
- (d) Such other services as the commissioner may identify by rule.

(2) The commissioner may adopt rules to regulate the disclosure of noninsurance benefits permitted under this section, including but not limited to guidelines regarding the coverage provided under the policy or certificate of insurance.

(3) Those providing the services listed in subsection (1) of this section must be appropriately licensed.

(4) This section does not require the commissioner to approve any particular proposed noninsurance benefit. The commissioner may disapprove any proposed noninsurance benefit that the commissioner determines may tend to promote or facilitate the violation of any other section of this title.

(5) This section does not expand, limit, or otherwise affect the authority and ethical obligations of those who are authorized by the state supreme court to practice law in this state. This section does not limit the prohibition against the unauthorized practice of law under chapter 2.48 RCW.

(6) This section does not affect the application of chapter 21.20 RCW. [2009 c 76 § 2.]

**48.24.900 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.** For the purposes of this chapter, the terms spouse, marriage, marital, husband, wife, widow, widower, next of kin, and family shall be interpreted as applying equally to state registered domestic partnerships or individuals in state registered domestic partnerships as well as to marital relationships and married persons, and references to dissolution of marriage shall apply equally to state registered domestic partnerships that have been terminated, dissolved, or invalidated, to the extent that such interpretation does not conflict with federal law. Where necessary to implement chapter 521, Laws of 2009, gender-specific terms such as husband and wife used in any statute, rule, or other law shall be construed to be gender neutral, and applicable to individuals in state registered domestic partnerships. [2009 c 521 § 120.]

## Chapter 48.25 RCW

### INDUSTRIAL LIFE INSURANCE

#### Sections

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*Exemption of proceeds, life insurance: RCW 48.18.410.*

*Insurable interest, personal insurance, nonprofit organizations: RCW 48.18.030.*

*Minor may contract for life or disability insurance: RCW 48.18.020.*

*Payment to person designated in policy or by assignment discharges insurer: RCW 48.18.370.*

*Policy forms, execution, filing, etc.: Chapter 48.18 RCW.*

**48.25.010 Scope of chapter.** The provisions of this chapter apply only to industrial life insurance contracts. [1947 c 79 § .25.01; Rem. Supp. 1947 § 45.25.01.]

**48.25.020 Industrial life insurance defined.** "Industrial" life insurance is any life insurance provided by an individual insurance contract issued in face amount of less than one thousand dollars, under which premiums are payable monthly or oftener, and bearing the words "industrial policy" printed upon the policy as a part of the descriptive matter. [1947 c 79 § .25.02; Rem. Supp. 1947 § 45.25.02.]

**48.25.030 Compliance enjoined.** No policy of industrial life insurance shall be delivered or be issued for delivery in this state after January 1, 1948, except in compliance with the provisions of this chapter and with other applicable provisions of this code. [1947 c 79 § .25.03; Rem. Supp. 1947 § 45.25.03.]

**48.25.040 Standard provisions.** No such policy shall be so issued or delivered unless it contains in substance the provisions as required by this chapter, or provisions which in the opinion of the commissioner are more favorable to the policyholder. [1947 c 79 § .25.04; Rem. Supp. 1947 § 45.25.04.]

**48.25.050 Grace period.** There shall be a provision that the insured is entitled to a grace period of four weeks within which the payment of any premium after the first may be made, except that in policies the premiums for which are payable monthly, the period of grace shall be one month but not less than thirty days; and that during the period of grace the policy shall continue in full force, but if during the grace period the policy becomes a claim, then any overdue and unpaid premiums may be deducted from any settlement under the policy. [1947 c 79 § .25.05; Rem. Supp. 1947 § 45.25.05.]

**48.25.060 Entire contract.** There shall be a provision that the policy shall constitute the entire contract between the parties, or, if a copy of the application is endorsed upon or attached to the policy when issued, a provision that the policy and the application therefor shall constitute the entire contract. If the application is so made a part of the contract, the policy shall also provide that all statements made by the applicant in such application shall, in the absence of fraud, be deemed to be representations and not warranties. [1947 c 79 § .25.06; Rem. Supp. 1947 § 45.25.06.]

**48.25.070 Incontestability.** There shall be a provision that the policy shall be incontestable after it has been in force during the lifetime of the insured for a period of two years from its date of issue except for nonpayment of premiums, and except, at the option of the insurer, as to supplemental provisions providing benefits for total and permanent disability or specifically for accidental death. [1947 c 79 § .25.07; Rem. Supp. 1947 § 45.25.07.]

**48.25.080 Misstatement of age.** There shall be a provision that if it is found that the age of the individual insured, or the age of any other individual considered in determining the premium, has been misstated, any amount payable or benefit accruing under the policy shall be such as the premium would have purchased at the correct age or ages. [1947 c 79 § .25.08; Rem. Supp. 1947 § 45.25.08.]

**48.25.090 Dividends.** If a participating policy, there shall be a provision that the insurer shall annually ascertain and apportion any divisible surplus accruing on the policy, and that dividends arising from such apportionment shall be credited annually beginning not later than the fifth contract year. This provision shall not prohibit the payment of additional dividends on default of payment of premiums or termination of the policy. [1947 c 79 § .25.09; Rem. Supp. 1947 § 45.25.09.]

**48.25.100 Nonforfeiture benefits.** There shall be a provision for nonforfeiture benefits as required by chapter 48.76 RCW. [1983 c 3 § 152; 1947 c 79 § .25.10; Rem. Supp. 1947 § 45.25.10.]

**48.25.110 Cash surrender value.** There shall be a provision for a cash surrender value as required by chapter 48.76 RCW. [1983 c 3 § 153; 1947 c 79 § .25.11; Rem. Supp. 1947 § 45.25.11.]

**48.25.120 Reinstatement.** There shall be a provision that the policy may be reinstated at any time within two years from the due date of the premium in default unless the cash surrender value has been paid, or the extension period expired, upon the production of evidence of insurability satisfactory to the insurer and the payment of all overdue premiums and payment or reinstatement of any unpaid loans or advances made by the insurer against the policy with interest at a rate not exceeding six percent per annum and payable annually. [1947 c 79 § .25.12; Rem. Supp. 1947 § 45.25.12.]

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**48.25.130 Settlement.** There shall be a provision that when the policy becomes a claim by the death of the insured, settlement shall be made upon receipt of due proof of death or after a specified period not exceeding two months after receipt of such proof. [1947 c 79 § .25.13; Rem. Supp. 1947 § 45.25.13.]

**48.25.140 Authority to alter policy.** (1) There shall be a provision that no insurance producer shall have the power or authority to waive, change, or alter any of the terms or conditions of any policy; except that, at the option of the insurer, the terms or conditions may be changed by an endorsement signed by a duly authorized officer of the insurer.

(2) No later than January 1, 2010, or when the insurer has used all of its existing paper industrial life insurance contract forms which were in its possession on July 1, 2009, whichever is earlier, the notice required by subsection (1) of this section shall use the term insurance producer in place of agent. [2008 c 217 § 33; 1947 c 79 § .25.14; Rem. Supp. 1947 § 45.25.14.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.25.150 Beneficiary.** (1) Each such policy shall have a space on the front or back page of the policy for the name of the beneficiary designated with a reservation of the right to designate or change the beneficiary after the issuance of the policy.

(2) The policy may also provide that no designation or change of beneficiary shall be binding on the insurer until endorsed on the policy by the insurer, and that the insurer may refuse to endorse the name of any proposed beneficiary who does not appear to the insurer to have an insurable interest in the life of the insured. [1947 c 79 § .25.15; Rem. Supp. 1947 § 45.25.15.]

**48.25.160 Facility of payment clause.** Such a policy may also provide that if the beneficiary designated in the policy does not surrender the policy with due proof of death within the period stated in the policy, which shall not be less than thirty days after the death of the insured, or if the beneficiary is the estate of the insured or is a minor, or dies before the insured or is not legally competent to give a valid release, then the insurer may make payment thereunder to the executor or administrator of the insured, or to any of the insured's relatives by blood or legal adoption or connection by marriage, or to any person appearing to the insurer to be equitably entitled thereto by reason of having been named beneficiary, or by reason of having incurred expense for the maintenance, medical attention or burial of the insured. Such policy may also include a similar provision applicable to any other payment due under the policy. [1947 c 79 § .25.16; Rem. Supp. 1947 § 45.25.16.]

**48.25.170 Payment of premiums direct.** In the case of weekly premium policies, there may be a provision that upon proper notice to the insurer while premiums on the policy are not in default beyond the grace period, of the intention to pay future premiums directly to the insurer at its home office or any office designated by the insurer for the purpose, the insurer will, at the end of each period of a year from the due

date of the first premium so paid, for which period such premiums are so paid continuously without default beyond the grace period, refund a stated percentage of the premiums in an amount which fairly represents the savings in collection expense. [1947 c 79 § .25.17; Rem. Supp. 1947 § 45.25.17.]

**48.25.180 Conversion—Weekly premium policies.**

There shall be a provision in the case of weekly premium policies granting, upon proper written request and upon presentation of evidence of the insurability of the insured satisfactory to the insurer, the privilege of converting his or her weekly premium industrial insurance to any form of life insurance with less frequent premium payments regularly issued by the insurer, in accordance with terms and conditions agreed upon with the insurer. The privilege of making such conversion need be granted only if the insurer's weekly premium industrial policies on the life insured, in force as premium paying insurance and on which conversion is requested, grant benefits in event of death, exclusive of additional accidental death benefits and exclusive of any dividend additions, in an amount not less than the minimum amount of such insurance with less frequent premium payments issued by the insurer at the age of the insured on the plan of industrial or ordinary insurance desired. [2009 c 549 § 7115; 1947 c 79 § .25.18; Rem. Supp. 1947 § 45.25.18.]

**48.25.190 Conversion—Monthly premium policies.**

There shall be a provision, in the case of monthly premium industrial policies, granting, upon proper written request and upon presentation of evidence of the insurability of the insured satisfactory to the insurer, the privilege of converting his or her monthly premium industrial insurance to any form of ordinary life insurance regularly issued by the insurer, in accordance with terms and conditions agreed upon with the insurer. The privilege of making such conversions need be granted only if the insurer's monthly premium industrial policies on the life insured, in force as premium paying insurance and on which conversion is requested, grant benefits in event of death, exclusive of additional accidental death benefits and exclusive of any dividend additions, in an amount not less than the minimum amount of ordinary insurance issued by the insurer at the age of the insured on the plan of ordinary insurance desired. [2009 c 549 § 7116; 1947 c 79 § .25.19; Rem. Supp. 1947 § 45.25.19.]

**48.25.200 Title on policy.** There shall be a title on the face of each such policy briefly describing its form. [1947 c 79 § .25.20; Rem. Supp. 1947 § 45.25.20.]

**48.25.210 Application to term and specified insurance.** Any of the provisions required by this chapter or any portion thereof which are not applicable to single premium or term policies or to policies issued or granted pursuant to non-forfeiture provisions, shall to that extent not be incorporated therein. [1947 c 79 § .25.21; Rem. Supp. 1947 § 45.25.21.]

**48.25.220 Prohibited provisions.** No such policy shall contain:

(1) A provision by which the insurer may deny liability under the policy for the reason that the insured has previously obtained other insurance from the same insurer.

(2) A provision giving the insurer the right to declare the policy void because the insured has had any disease or ailment, whether specified or not, or because the insured has received institutional, hospital, medical or surgical treatment or attention, except a provision which gives the insurer the right to declare the policy void if the insured has, within two years prior to the issuance of the policy, received institutional, hospital, medical or surgical treatment or attention and if the insured or claimant under the policy fails to show that the condition occasioning such treatment or attention was not of a serious nature or was not material to the risk.

(3) A provision giving the insurer the right to declare the policy void because the insured had been rejected for insurance, unless such right be conditioned upon a showing by the insurer, that knowledge of such rejection would have led to a refusal by the insurer to make such contract. [1947 c 79 § .25.22; Rem. Supp. 1947 § 45.25.22.]

**48.25.230 Limitation of liability.** The insurer may in any such policy limit its liability for the same causes and to the same extent as is provided in RCW 48.23.260 for other life insurance contracts. [1947 c 79 § .25.23; Rem. Supp. 1947 § 45.25.23.]

**48.25.900 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.** For the purposes of this chapter, the terms spouse, marriage, marital, husband, wife, widow, widower, next of kin, and family shall be interpreted as applying equally to state registered domestic partnerships or individuals in state registered domestic partnerships as well as to marital relationships and married persons, and references to dissolution of marriage shall apply equally to state registered domestic partnerships that have been terminated, dissolved, or invalidated, to the extent that such interpretation does not conflict with federal law. Where necessary to implement chapter 521, Laws of 2009, gender-specific terms such as husband and wife used in any statute, rule, or other law shall be construed to be gender neutral, and applicable to individuals in state registered domestic partnerships. [2009 c 521 § 121.]

**Chapter 48.25A RCW**

**LIFE INSURANCE—PROFIT-SHARING, CHARTER, FOUNDERS, AND COUPON POLICIES**

Sections

- 48.25A.010 Definitions.
- 48.25A.020 Certain policies not to be issued or delivered after September 1, 1967.
- 48.25A.030 Coupon policies—Approval by commissioner.
- 48.25A.040 Coupon policies—Requirements.
- 48.25A.050 Revocation of certificates of authority and licenses for violation of chapter.

**48.25A.010 Definitions.** As used in this chapter:

(1) "Profit-sharing policy" means:

(a) A life insurance policy which by its terms expressly provides that the policyholder will participate in the distribution of earnings or surplus other than earnings or surplus

attributable, by reasonable and nondiscriminatory standards, to the participating policies of the company and allocated to the policyholder on reasonable and nondiscriminatory standards; or

(b) A life insurance policy the provisions of which, through sales material or oral presentations, are interpreted by the company to prospective policyholders as entitling the policyholder to the benefits described in subsection (a) of this section.

(2) "Charter policy" or "founders policy" means:

(a) A life insurance policy which by its terms expressly provides that the policyholder will receive some preferential or discriminatory advantage or benefit not available to persons who purchase insurance from the company at future dates or under other circumstances; or

(b) A life insurance policy the provisions of which, through sales material or oral presentations, are interpreted by the company to prospective policyholders as entitling the policyholder to the benefits described in subsection (a) of this section.

(3) "Coupon policy" means a life insurance policy which provides a series of pure endowments maturing periodically in amounts not exceeding the gross annual policy premiums. The term "pure endowment" or "endowment" is used in its accepted actuarial sense, meaning a benefit becoming payable at a specific future date if the insured person is then living. [1967 ex.s. c 95 § 5.]

**48.25A.020 Certain policies not to be issued or delivered after September 1, 1967.** No profit-sharing, charter, or founders policy shall be issued or delivered in this state after September 1, 1967. [1967 ex.s. c 95 § 6.]

**48.25A.030 Coupon policies—Approval by commissioner.** No coupon policy shall be issued or delivered in this state until the form of the same has been filed with and approved by the commissioner. [1967 ex.s. c 95 § 7.]

**48.25A.040 Coupon policies—Requirements.** Coupon policies issued or delivered in this state shall be subject to the following provisions:

(1) No detachable coupons or certificates or passbooks may be used. No other device may be used which tends to emphasize the periodic endowment benefits or which tends to create the impression that the endowments represent interest earnings or anything other than benefits which have been purchased by part of the policyholder's premium payments.

(2) Each endowment benefit must have a fixed maturity date and payment of the endowment benefit shall not be contingent upon the payment of any premium becoming due on or after such maturity date.

(3) The endowment benefits must be expressed in dollar amounts rather than as percentages of other quantities or in other ways, both in the policy itself and in the sale thereof.

(4) A separate premium for the periodic endowment benefits must be shown in the policy adjacent to the rest of the policy premium information and must be given the same emphasis in the policy and in the sale thereof as that given the rest of the policy premium information. This premium shall be calculated with mortality, interest and expense factors

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which are consistent with those for the basic policy premium. [1967 ex.s. c 95 § 8.]

**48.25A.050 Revocation of certificates of authority and licenses for violation of chapter.** The commissioner may revoke all certificates of authority and licenses granted to any insurance company, its officers or agents violating any provision of this chapter. [1967 ex.s. c 95 § 9.]

#### Chapter 48.26 RCW

### MARINE AND TRANSPORTATION INSURANCE (RESERVED)

#### Chapter 48.27 RCW

### PROPERTY INSURANCE

#### Sections

48.27.010	Over-insurance prohibited.
48.27.020	Replacement insurance.
48.27.030	Policy does not cover flood damage—Notice to policyholder.

*Binders:* RCW 48.18.230.

*Insurable interest, property insurance, nonprofit organizations:* RCW 48.18.040.

*Policy forms, execution, filing, etc.:* Chapter 48.18 RCW.

*Rates:* Chapter 48.19 RCW.

*Standard form of fire policy:* RCW 48.18.120.

**48.27.010 Over-insurance prohibited.** (1) Over-insurance shall be deemed to exist if property or an insurable interest therein is insured by one or more insurance contracts against the same hazard in any amount in excess of the fair value of the property or of such interest, as determined as of the effective date of the insurance or of any renewal thereof, or in those instances when insured value is for improvements and land.

(2) For the purposes of this section only the term "fair value" means the cost of replacement less such depreciation as is properly applicable to the subject insured.

(3) No person shall knowingly require, request, issue, place, procure, or accept any insurance contract which would result in over-insurance of the property or interest therein proposed to be insured, except as is provided in RCW 48.27.020.

(4) No person shall compel an insured or applicant for insurance to procure property insurance in an amount in excess of the amount which could reasonably be expected to be paid under the policy (or combination of policies) in the event of a loss, whether such insurance is required in connection with a loan or otherwise.

(5) Each violation of this section shall subject the violator to the penalties provided by this code. [1984 c 6 § 1; 1947 c 79 § .27.01; Rem. Supp. 1947 § 45.27.01.]

**48.27.020 Replacement insurance.** By any contract of insurance of property or of any insurable interest therein, the insurer may in connection with a special provision or endorsement made a part of the policy insure the cost of repair or replacement of such property, if damaged or destroyed by a hazard insured against, and without deduction of depreciation, subject to such reasonable rules and regula-

tions as may be made by the commissioner. [1951 c 194 § 1; 1947 c 79 § .27.02; formerly Rem. Supp. 1947 § 45.27.02.]

**48.27.030 Policy does not cover flood damage—Notice to policyholder.** (1) Every insurer issuing a homeowner, condominium unit owner, residential tenant, and residential fire insurance policy that does not cover damage caused by flood must notify the policyholder that the policy does not cover damage caused by flood. The notice must also inform the policyholder how to contact the national flood insurance program ("NFIP") or one of the NFIP's agents. This notice must be provided:

- (a) At the time the policy is issued; and
- (b) At the time the policy is renewed.

(2) The following language, when combined with current information about how to contact the NFIP or its agent, satisfies the notice requirements of this section:

"This policy does not cover damage to your property caused by flooding. The federal government offers flood insurance through the National Flood Insurance Program to residents of communities that participate in its program. You can learn more about the National Flood Insurance Program at [www.floodsmart.gov](http://www.floodsmart.gov) or by calling (888) 379-9531."

(3) Nothing in this section invalidates a flood exclusion, or any other exclusion, in an insurance policy subject to this section. [2009 c 14 § 1.]

### Chapter 48.28 RCW SURETY INSURANCE

#### Sections

48.28.010	Requirements deemed met by surety insurer.
48.28.020	Fiduciary bonds—Premium as lawful expense.
48.28.030	Judicial bonds—Premium as part of recoverable costs.
48.28.040	Official bonds—Payment of premiums.
48.28.050	Release from liability.

*Binders:* RCW 48.18.230.

*Official bonds in general:* Chapter 42.08 RCW.

*Policy forms, execution, filing, etc.:* Chapter 48.18 RCW.

**48.28.010 Requirements deemed met by surety insurer.** Whenever by law or by rule of any court, public official, or public body, any surety bond, recognizance, obligation, stipulation or undertaking is required or is permitted to be given, any such bond, recognizance, obligation, stipulation, or undertaking which is otherwise proper and the conditions of which are guaranteed by an authorized surety insurer, or by an unauthorized surety insurer as a surplus line pursuant to chapter 48.15 RCW of this code, shall be approved and accepted and shall be deemed to fulfill all requirements as to number of sureties, residence or status of sureties, and other similar requirements, and no justification by such surety shall be necessary. [1947 c 79 § .28.01; Rem. Supp. 1947 § 45.28.01.]

**48.28.020 Fiduciary bonds—Premium as lawful expense.** Any fiduciary required by law to give bonds, may include as part of his or her lawful expense to be allowed by the court or official by whom he or she was appointed, the reasonable amount paid as premium for such bonds to the

authorized surety insurer or to the surplus line surety insurer which issued or guaranteed such bonds. [2009 c 549 § 7117; 1955 c 30 § 1. Prior: 1947 c 79 § .28.02; Rem. Supp. 1947 § 45.28.02.]

**48.28.030 Judicial bonds—Premium as part of recoverable costs.** In any proceeding the party entitled to recover costs may include therein such reasonable sum as was paid to such surety insurer as premium for any bond or undertaking required therein, and as may be allowed by the court having jurisdiction of such proceeding. [1955 c 30 § 2. Prior: 1947 c 79 § .28.03; Rem. Supp. 1947 § 45.28.03.]

*Rules of court:* Cf. RAP 14.3, 18.22.

**48.28.040 Official bonds—Payment of premiums.** The premium for bonds given by such surety insurers for appointive or elective public officers and for such of their deputies or employees as are required to give bond shall be paid by the state, political subdivision, or public body so served. [1955 c 30 § 3. Prior: 1947 c 79 § .28.04; Rem. Supp. 1947 § 45.28.04.]

**48.28.050 Release from liability.** A surety insurer may be released from its liability on the same terms and conditions as are provided by law for the release of individuals as sureties. [1947 c 79 § .28.05; Rem. Supp. 1947 § 45.28.05.]

### Chapter 48.29 RCW TITLE INSURERS

#### Sections

48.29.005	Administration of chapter—Rules.
48.29.010	Scope of chapter—Definitions.
48.29.015	Requirement to maintain records—Report to commissioner.
48.29.020	Certificate of authority—Qualifications.
48.29.040	May do business in two or more counties—Restrictions.
48.29.120	Reserve requirements.
48.29.130	Investments.
48.29.140	Premium rates—Required filings—Transition date set by rule.
48.29.143	Premium rates—Actuarially sound estimates.
48.29.147	Required filings—Informational subject to review—Commissioner's powers—Timing.
48.29.150	Taxation of title insurers.
48.29.155	Agent license—Financial responsibility—Definitions.
48.29.160	Agents—County tract indexes required.
48.29.170	Agents—Separate licenses for individuals not required.
48.29.180	Disclosure of energy conservation payment obligations—Informational note—Liability.
48.29.190	Conducting business as escrow agent—Requirements—Violation, penalties.
48.29.193	Escrow services—Schedule of fees filed with commissioner.
48.29.195	Escrow services—Schedule of fees made available to public.
48.29.200	Prohibited practices.
48.29.210	Business inducements—Prohibited practices.
48.29.213	Return on ownership interest—Certain payments authorized.
48.29.900	Severability—2008 c 110.
48.29.901	Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.

**48.29.005 Administration of chapter—Rules.** The commissioner may adopt rules to implement and administer this chapter, including but not limited to:

- (1) Establishing the information to be included in the report required under RCW 48.29.015;
- (2) Establishing the information required for the filing of rates for title insurance under RCW 48.29.147;

(3) Establishing standards which title insurance rate filings must satisfy under RCW 48.29.147;

(4) Establishing a date, which date shall not be earlier than January 1, 2010, by which all title insurers selling policies in this state must file their rates with the commissioner under RCW 48.29.143 and 48.29.147 rather than under RCW 48.29.140 and refile any rates that were in effect prior to the date established by the commissioner; and

(5) Defining what things of value a title insurance insurer or title insurance agent is permitted to give to any person in a position to refer or influence the referral of title insurance business under RCW 48.29.210(2). In adopting rules under this subsection, the commissioner shall work with representatives of the title insurance and real estate industries and consumer groups in developing the rules. [2008 c 110 § 9.]

**48.29.010 Scope of chapter—Definitions.** (1) This chapter relates only to title insurers for real property.

(2) This code does not apply to persons engaged in the business of preparing and issuing abstracts of title to property and certifying to their correctness so long as the persons do not guarantee or insure the titles.

(3) For purposes of this chapter, unless the context clearly requires otherwise:

(a) "Title policy" means any written instrument, contract, or guarantee by means of which title insurance liability is assumed.

(b) "Abstract of title" means a written representation, provided under contract, whether written or oral, intended to be relied upon by the person who has contracted for the receipt of this representation, listing all recorded conveyances, instruments, or documents that, under the laws of the state of Washington, impart constructive notice with respect to the chain of title to the real property described. An abstract of title is not a title policy as defined in this subsection.

(c) "Preliminary report," "commitment," or "binder" means reports furnished in connection with an application for title insurance and are offers to issue a title policy subject to the stated exceptions in the reports, the conditions and stipulations of the report and the issued policy, and other matters as may be incorporated by reference. The reports are not abstracts of title, nor are any of the rights, duties, or responsibilities applicable to the preparation and issuance of an abstract of title applicable to the issuance of any report. The report is not a representation as to the condition of the title to real property, but is a statement of terms and conditions upon which the issuer is willing to issue its title policy, if the offer is accepted.

(d) "Financial interest" means any interest, legal or beneficial, that entitles the holder directly or indirectly to any of the net profits or net worth of the entity in which the interest is held.

(e) "Producers of title insurance business" means real estate agents and brokers, lawyers, mortgagees, mortgage loan brokers, financial institutions, escrow agents, persons who lend money for the purchase of real estate or interests therein, building contractors, real estate developers and subdividers, and any other person who is or may be in a position to influence the selection of a title insurer or title insurance agent whether or not the consent or approval of any other per-

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son is sought or obtained with respect to the selection of the title insurer or title insurance agent.

(f) "Associates of producers" means any person who has one or more of the following relationships with a producer of title insurance business:

(i) A spouse, parent, or child of a producer;

(ii) A corporation or business entity that controls, is controlled by, or is under common control with a producer;

(iii) An employer, employee, independent contractor, officer, director, partner, franchiser, or franchisee of a producer; or

(iv) Anyone who has an agreement, arrangement, or understanding with a producer, the purpose or substantial effect of which is to enable the person in a position to influence the selection of a title insurer or title insurance agent to benefit financially from the selection of the title insurer or title insurance agent. [2008 c 110 § 1; 2005 c 223 § 14; 1997 c 14 § 1; 1947 c 79 § .29.01; Rem. Supp. 1947 § 45.29.01.]

**48.29.015 Requirement to maintain records—Report to commissioner.** (1) A title insurance agent shall maintain records of its title orders sufficient to indicate the source of the title orders.

(2) Every title insurance agent shall file with the commissioner annually by March 15th of each year for the previous calendar year, unless the commissioner for good cause shown extends the time for filing, a report, on a form prescribed by the commissioner, setting forth:

(a) The names and addresses of those persons, if any, who have had a financial interest in the title insurance agent during the calendar year, who are known or reasonably believed by the title insurance agent to be producers of title business or associates of producers; and

(b) The percent of title orders originating from each person who owns, or had owned during the preceding calendar year, a financial interest in the title insurance agent.

(3) Each title insurance agent shall keep current the information required by that portion of the report required by subsection (2)(a) of this section by reporting all changes or additions within fifteen days after the end of the month in which it learns of each change or addition.

(4) Each title insurance agent shall file that portion of the report required by subsection (2)(a) of this section with its application for a license.

(5) Each title insurance agent licensed on June 12, 2008, shall file the report required under this section within thirty days after June 12, 2008. [2008 c 110 § 2.]

**48.29.020 Certificate of authority—Qualifications.** A title insurer is not entitled to have a certificate of authority unless:

(1) It is a stock corporation;

(2) It owns or leases and maintains a complete set of tract indexes of the county in this state in which its principal office is located; and

(3) It has and maintains the capital and surplus requirements set forth in RCW 48.05.340. [2005 c 223 § 15; 1990 c 76 § 1; 1955 c 86 § 12; 1947 c 79 § .29.02; Rem. Supp. 1947 § 45.29.02.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.29.040 May do business in two or more counties—Restrictions.** (1) Subject to the deposit requirements of \*RCW 48.29.030, a title insurer having its principal offices in one county may be authorized to transact business in only such additional counties as to which it owns or leases and maintains, or has a duly authorized agent that owns or leases and maintains, a complete set of tract indexes.

(2) A title insurer not authorized to transact business in a certain county may purchase a title policy on property located therein from another title insurer which is so authorized in that county. The first title insurer may thereafter issue its own policy of title insurance to the owner of such property. The first title insurer may combine the insurance on the title of such property in a single policy which also insures the title of one or more other pieces of property. The first title insurer must pay the full premium based on filed rates for the policy, and must charge the precise same amount to its own customer for the insurance as to the title of such property. A title insurer using the authority granted by this subsection in a transaction must so notify its customer. [1990 c 76 § 2; 1957 c 193 § 17; 1947 c 79 § .29.04; Rem. Supp. 1947 § 45.29.04.]

\*Reviser's note: RCW 48.29.030 was repealed by 2005 c 223 § 35.

**48.29.120 Reserve requirements.** In determining the financial condition of a title insurer doing business under this title, the general provisions of chapter 48.12 RCW requiring the establishment of reserves sufficient to cover all known and unknown liabilities including allocated and unallocated loss adjustment expense apply, except that a title insurer shall establish and maintain:

(1) A known claim reserve in an amount estimated to be sufficient to cover all unpaid losses, claims, and allocated loss adjustment expenses arising under title insurance policies, guaranteed certificates of title, guaranteed searches, and guaranteed abstracts of title, and all unpaid losses, claims, and allocated loss adjustment expenses for which the title insurer may be liable, and for which the insurer has received notice by or on behalf of the insured, holder of a guarantee or escrow, or security depositor;

(2)(a) A statutory or unearned premium reserve consisting of:

(i) The amount of the special reserve fund that was required prior to July 24, 2005, which balance must be released in accordance with (b) of this subsection; and

(ii) Additions to the reserve after July 24, 2005, must be made out of total charges for title insurance policies and guarantees written, as set forth in the title insurer's most recent annual statement on file with the commissioner, equal to the sum of the following:

(A) For each title insurance policy on a single risk written or assumed after July 24, 2005, fifteen cents per one thousand dollars of net retained liability for policies under five hundred thousand dollars; and

(B) For each title insurance policy on a single risk written or assumed after July 24, 2005, ten cents per one thousand dollars of net retained liability for policies of five hundred thousand or greater.

(b) The aggregate of the amounts set aside in this reserve in any calendar year pursuant to (a) of this subsection must be released from the reserve and restored to net profits over a period of twenty years under the following formula:

(i) Thirty-five percent of the aggregate sum on July 1st of the year next succeeding the year of addition;

(ii) Fifteen percent of the aggregate sum on July 1st of each of the succeeding two years;

(iii) Ten percent of the aggregate sum on July 1st of the next succeeding year;

(iv) Three percent of the aggregate sum on July 1st of each of the next three succeeding years;

(v) Two percent of the aggregate sum on July 1st of each of the next three succeeding years; and

(vi) One percent of the aggregate sum on July 1st of each of the next succeeding ten years.

(c) The insurer shall calculate an adjusted statutory unearned premium reserve as of July 24, 2005. The adjusted reserve is calculated as if (a)(ii) and (b) of this subsection had been in effect for all years beginning twenty years prior to July 24, 2005. For purposes of this calculation, the balance of the reserve as of that date is deemed to be zero. If the adjusted reserve so calculated exceeds the aggregate amount set aside for statutory or unearned premiums in the insurer's annual statement on file with the commissioner on July 24, 2005, the insurer shall, out of total charges for policies of title insurance, increase its statutory or unearned premium reserve by an amount equal to one-sixth of that excess in each of the succeeding six years, commencing with the calendar year that includes July 24, 2005, until the entire excess has been added.

(d) The aggregate of the amounts set aside in this reserve in any calendar year as adjustments to the insurer's statutory or unearned premium reserve under (c) of this subsection shall be released from the reserve and restored to net profits, or equity if the additions required by (c) of this subsection reduced equity directly, over a period not exceeding ten years under to the [under the] following table:

Year of Addition	Release
Year 1 <sup>1</sup>	Equally over 10 years
Year 2	Equally over 9 years
Year 3	Equally over 8 years
Year 4	Equally over 7 years
Year 5	Equally over 6 years
Year 6	Equally over 5 years

<sup>1</sup>(The calendar year following July 24, 2005).

(3) A supplemental reserve shall be established consisting of any other reserves necessary, when taken in combination with the reserves required by subsections (1) and (2) of this section, to cover the company's liabilities with respect to all losses, claims, and loss adjustment expenses.

(4) The supplemental reserve required under subsection (3) of this section shall be phased in as follows: Twenty-five percent of the otherwise applicable supplemental reserve is required until December 31, 2006; fifty percent of the otherwise applicable supplemental reserve is required until December 31, 2007; and seventy-five percent of the otherwise applicable supplemental reserve is required until December 31, 2008. [2005 c 223 § 16; 1947 c 79 § .29.12; Rem. Supp. 1947 § 45.29.12.]

**48.29.130 Investments.** A domestic title insurer shall invest its funds as follows:

(1) Funds in an amount not less than its reserve required by RCW 48.29.120 must be kept invested in investments eligible for domestic life insurers.

(2) Other funds may be invested in:

(a) The insurer's plant and equipment, up to a maximum of fifty percent of capital plus surplus.

(b) Stocks and bonds of abstract companies when approved by the commissioner.

(c) Investments eligible for the investment of funds of any domestic insurer. [2005 c 223 § 17; 1967 c 150 § 30; 1947 c 79 § .29.13; Rem. Supp. 1947 § 45.29.13.]

**48.29.140 Premium rates—Required filings—Transition date set by rule.** (1) Premium rates for the insuring or guaranteeing of titles shall not be excessive, inadequate, or unfairly discriminatory.

(2) Each title insurer shall forthwith file with the commissioner a schedule showing the premium rates to be charged by it. Every addition to or modification of such schedule or of any rate therein contained shall likewise be filed with the commissioner, and no such addition or modification shall be effective until expiration of fifteen days after date of such filing.

(3) The commissioner may order the modification of any premium rate or schedule of premium rates found by him or her after a hearing to be excessive, or inadequate, or unfairly discriminatory. No such order shall require retroactive modification.

(4) The commissioner shall by rule set a date, which shall not be earlier than January 1, 2010, by which title insurers must file every manual of rules and rates, rating plan, rate schedule, minimum rate, class rate, and rating rule, and every modification of any of these filings, under RCW 48.29.143 and 48.29.147, rather than under this section. [2008 c 110 § 8; 1947 c 79 § .29.14; Rem. Supp. 1947 § 45.29.14.]

**48.29.143 Premium rates—Actuarially sound estimates.** (1) Premium rates for the insuring or guaranteeing of titles shall not be excessive, inadequate, or unfairly discriminatory.

(2) A rate is not excessive, inadequate, or unfairly discriminatory if it is an actuarially sound estimate of the expected value of all future costs associated with an individual risk transfer. Such costs include claims, claim settlement expenses, operational and administrative expenses, and the cost of capital. [2008 c 110 § 4.]

**48.29.147 Required filings—Information subject to review—Commissioner's powers—Timing.** (1) Every title insurer shall, before using, file with the commissioner every manual of title insurance rules and rates, rating plan, rate schedule, minimum rate, class rate, and rating rule, and every modification of any of the filings under this subsection which it proposes.

(2) Every filing shall be accompanied by sufficient information to permit the commissioner to determine whether the filing meets the requirements of RCW 48.29.143.

(3) Data used to justify title insurance rates may not include escrow income or expenses. The title insurance company shall include a detailed explanation showing how

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expenses are allocated between the title operations and escrow operations of the insurer or title insurance agent.

(4) Every such filing shall state its proposed effective date.

(5) The commissioner shall review a filing as soon as reasonably possible after it is received, to determine whether it meets the requirements of RCW 48.29.143.

(6) The filing's proposed effective date shall be no earlier than thirty days after the date on which the filing is received by the commissioner. By giving notice to the insurer within this thirty days, the commissioner may extend this waiting period for an additional period not to exceed an additional fifteen days. The commissioner may, upon application and for cause shown, waive part or all of the waiting period with respect to a filing the commissioner has not disapproved. If the commissioner does not disapprove the filing during the waiting period, the filing takes effect on its proposed effective date.

(7) If within the waiting period or any extension thereof as provided in subsection (6) of this section, the commissioner finds that a filing does not meet the requirements of RCW 48.29.143 or the requirements of subsections (2) through (4) of this section, the commissioner shall disapprove the filing and shall give notice to the insurer that the filing has been disapproved. This notice shall specify the respect in which the commissioner finds the filing fails to meet the requirements and shall state that the filing does not become effective as proposed.

(8) If a filing is not disapproved by the commissioner within the waiting period or any extension thereof, the filing becomes effective as proposed.

(9) A filing made under this section is exempt from RCW 48.02.120(3). However, the filing and all supporting information accompanying it is open to public inspection only after the filing becomes effective.

(10) A title insurer or title insurance agent shall not make or issue a title insurance contract or policy, or use or collect any premium on or after a date set by the commissioner by rule, which date shall not be any earlier than January 1, 2010, except in accordance with rates and rules filed with the commissioner as required by this section.

(11) If at any time subsequent to the applicable review period provided for in subsection (6) of this section, the commissioner has reason to believe that a title insurer's rates do not meet the requirements of RCW 48.29.143 or are otherwise contrary to law, or if any person having an interest in the rates makes a written complaint to the commissioner setting forth specific and reasonable grounds for the complaint and requests a hearing, or if any insurer upon notice of the commissioner's disapproval of a filing made under this section requests a hearing, the commissioner shall hold a hearing within thirty days and shall, in advance of it, give written notice of the hearing to all parties in interest. The commissioner may, by issuing an order, confirm, modify, change, or rescind any previous action, if it is warranted by the facts shown at the hearing. The order shall not affect any contract or policy made or issued prior to a reasonable period of time, to be specified in the order, after the order is issued.

(12) In any hearing regarding rates filed under this chapter the burden shall be upon the title insurer to prove by a pre-

ponderance of the evidence that the rates comply with RCW 48.29.143. [2008 c 110 § 5.]

**48.29.150 Taxation of title insurers.** Title insurers and their property shall be taxed by this state in accordance with the general laws relating to taxation, and not otherwise. [1947 c 79 § .29.15; Rem. Supp. 1947 § 45.29.15.]

**48.29.155 Agent license—Financial responsibility—Definitions.** (1) At the time of filing an application for a title insurance agent license, or any renewal or reinstatement of a title insurance agent license, the applicant shall provide satisfactory evidence to the commissioner of having obtained the following as evidence of financial responsibility:

(a) A fidelity bond or fidelity insurance providing coverage in the aggregate amount of two hundred thousand dollars with a deductible no greater than ten thousand dollars covering the applicant and each corporate officer, partner, escrow officer, and employee of the applicant conducting the business of an escrow agent as defined in RCW 18.44.011 and exempt from licensing under RCW 18.44.021(6), or a guarantee from a licensed title insurance company as authorized by subsection (5) of this section; and

(b) A surety bond in the amount of ten thousand dollars executed by the applicant as obligor and by a surety company authorized, or eligible under chapter 48.15 RCW, to do a surety business in this state as surety, or some other security approved by the commissioner, unless the fidelity bond or fidelity insurance obtained by the licensee to satisfy the requirement in (a) of this subsection does not have a deductible. The bond shall run to the state of Washington as obligee, and shall run to the benefit of the state and any person or persons who suffer loss by reason of the applicant's or its employee's violation of this chapter. The bond shall be conditioned that the obligor as licensee will faithfully conform to and abide by this chapter and all rules adopted under this chapter, and shall reimburse all persons who suffer loss by reason of a violation of this chapter or rules adopted under this chapter. The bond shall be continuous and may be canceled by the surety upon the surety giving written notice to the commissioner of its intent to cancel the bond. The cancellation shall be effective thirty days after the notice is received by the commissioner. Whether or not the bond is renewed, continued, reinstated, reissued, or otherwise extended, replaced, or modified, including increases or decreases in the penal sum, it shall be considered one continuous obligation, and the surety upon the bond shall not be liable in an aggregate amount exceeding the penal sum set forth on the face of the bond. In no event shall the penal sum, or any portion thereof, at two or more points in time be added together in determining the surety's liability. The bond is not liable for any penalties imposed on the licensee, including but not limited to any increased damages or attorneys' fees, or both, awarded under RCW 19.86.090.

(2) For the purposes of this section, a "fidelity bond" means a primary commercial blanket bond or its equivalent satisfactory to the commissioner and written by an insurer authorized, or eligible under chapter 48.15 RCW, to transact this line of business in the state of Washington. The bond shall provide fidelity coverage for any fraudulent or dishonest

acts committed by any one or more of the employees, officers, or owners as defined in the bond, acting alone or in collusion with others. The bond shall be for the sole benefit of the title insurance agent and under no circumstances whatsoever shall the bonding company be liable under the bond to any other party. The bond shall name the title insurance agent as obligee and shall protect the obligee against the loss of money or other real or personal property belonging to the obligee, or in which the obligee has a pecuniary interest, or for which the obligee is legally liable or held by the obligee in any capacity, whether the obligee is legally liable therefor or not. The bond may be canceled by the insurer upon delivery of thirty days' written notice to the commissioner and to the title insurance agent.

(3) For the purposes of this section, "fidelity insurance" means employee dishonesty insurance or its equivalent satisfactory to the commissioner and written by an insurer authorized, or eligible under chapter 48.15 RCW, to transact this line of business in the state of Washington. The insurance shall provide coverage for any fraudulent or dishonest acts committed by any one or more of the employees, officers, or owners as defined in the policy of insurance, acting alone or in collusion with others. The insurance shall be for the sole benefit of the title insurance agent and under no circumstances whatsoever shall the insurance company be liable under the insurance to any other party. The insurance shall name the title insurance agent as the named insured and shall protect the named insured against the loss of money or other real or personal property belonging to the named insured, or in which the named insured has a pecuniary interest, or for which the named insured is legally liable or held by the named insured in any capacity, whether the named insured is legally liable therefor or not. The insurance coverage may be canceled by the insurer upon delivery of thirty days' written notice to the commissioner and to the title insurance agent.

(4) The fidelity bond or fidelity insurance, and the surety bond or other form of security approved by the commissioner, shall be kept in full force and effect as a condition precedent to the title insurance agent's authority to transact business in this state, and the title insurance agent shall supply the commissioner with satisfactory evidence thereof upon request.

(5) A title insurance company authorized to do business in Washington under RCW 48.05.030 may provide a guarantee in a form satisfactory to the commissioner accepting financial responsibility, up to the aggregate amount of two hundred thousand dollars, for any fraudulent or dishonest acts committed by any one or more of the employees, officers, or owners of a title insurance agent that is appointed as the title insurance company's agent. A title insurance company providing a guarantee as permitted under this subsection may only do so on behalf of its properly appointed title insurance agents. If the title insurance agent is an agent for two or more title insurance companies, any liability under the guarantee shall be borne by the title insurance company for those escrows for which a title insurance commitment or policy was issued on behalf of that title insurance company. If no commitment or policy was issued regarding the escrow for which moneys were lost, including but not limited to collection escrows, each title insurance company, for which the agent was appointed at the time of the fraudulent or dishonest

act, shares in the liability. The liability will be shared proportionally, as follows: The premium the agent remitted to the title insurance company in the year prior to the fraudulent or dishonest act will be compared to the total premium the agent remitted to all title insurance companies, for whom the title insurance agent was appointed, during the same period.

(6) All title insurance agents licensed on or before July 24, 2005, shall comply with this section within thirty days following July 24, 2005. [2005 c 115 § 1; 2003 c 202 § 1.]

**48.29.160 Agents—County tract indexes required.**

To be licensed as [an] agent of a title insurer, the applicant must own or lease and maintain a complete set of tract indexes of the county or counties in which such agent will do business. [1981 c 223 § 1.]

**48.29.170 Agents—Separate licenses for individuals not required.** Title insurance agents are exempt from the provisions of \*RCW 48.17.180(1) that require that each individual empowered to exercise the authority of a licensed firm or corporation must be separately licensed. [2005 c 223 § 18; 1981 c 223 § 2.]

\*Reviser's note: RCW 48.17.180 was amended by 2007 c 117 § 15, deleting subsection (1), effective July 1, 2009.

**48.29.180 Disclosure of energy conservation payment obligations—Informational note—Liability.** The existence of notices of payment obligations in RCW 80.28.065 may be disclosed as an informational note to a preliminary commitment for policy of title insurance. Neither the inclusion nor the exclusion of any such informational note shall create any liability against such title insurer under any preliminary commitment for title insurance, policy or otherwise. [1993 c 245 § 4.]

**Findings—Intent—1993 c 245:** See note following RCW 80.28.065.

**48.29.190 Conducting business as escrow agent—Requirements—Violation, penalties.** (1) Every title insurance company and title insurance agent conducting the business of an escrow agent as defined in RCW 18.44.011 and exempt from licensing under RCW 18.44.021(6) shall:

(a) Keep adequate records, as determined by rule by the insurance commissioner, of all transactions handled by the title insurance company or title insurance agent, including itemization of all receipts and disbursements of each transaction. These records shall be maintained in this state, unless otherwise approved by the insurance commissioner, for a period of six years from completion of the transaction. These records shall be open to inspection by the insurance commissioner or his or her authorized representatives;

(b) Keep separate escrow fund account or accounts in a recognized Washington state depository or depositories authorized to receive funds, in which shall be kept separate and apart and segregated from the title insurance company or title insurance agent's own funds, all funds or moneys of clients which are being held by the title insurance company or title insurance agent pending the closing of a transaction and such funds shall be deposited not later than the first banking day following receipt thereof; and

(c) Not make disbursements on any escrow account without first receiving deposits directly relating to the account in amounts at least equal to the disbursements. A title insurance company or title insurance agent shall not make disbursements until the next business day after the business day on which the funds are deposited unless the deposit is made in cash, by interbank electronic transfer, or in a form that permits conversion of the deposit to cash on the same day the deposit is made. The deposits shall be in one of the following forms:

(i) Cash;

(ii) Interbank electronic transfers such that the funds are unconditionally received by the title insurance company or the title insurance agent or the title insurance company or title insurance agent's depository;

(iii) Checks, negotiable orders of withdrawal, money orders, cashier's checks, and certified checks that are payable in Washington state and drawn on financial institutions located in Washington state;

(iv) Checks, negotiable orders of withdrawal, money orders, and any other item that has been finally paid as described in RCW 62A.4-213 before any disbursement; or

(v) Any depository check, including any cashier's check, certified check, or teller's check, which is governed by the provisions of the federal expedited funds availability act, 12 U.S.C. Sec. 4001 et seq.

(2) For purposes of this section, "item" means any instrument for the payment of money even though it is not negotiable, but does not include money.

(3) Violation of this section shall subject a title insurance company or title insurance agent to penalties as prescribed in Title 9A RCW and remedies as provided in chapter 19.86 RCW and shall constitute grounds for suspension or revocation of the certificate of authority of a title insurance company or the license of a title insurance agent. In addition, a violation of this section may subject a title insurance company or a title insurance agent to penalties as prescribed in this title. [1999 c 30 § 34.]

**48.29.193 Escrow services—Schedule of fees filed with commissioner.** (1) Each title insurer and title insurance agent shall immediately file with the commissioner a schedule of its fees for providing escrow services.

(2) The schedule shall:

(a) Be dated to show the date the fees for providing escrow services are to become effective, which date shall be no earlier than fifteen days after the schedule has been filed with the commissioner; and

(b) Set forth the total fees for providing escrow services by clearly stating the amounts to be charged for the escrow services, the manner in which the fees for the escrow services are to be determined, and any charges that will be charged to the consumer that are not included in the total escrow fee. [2008 c 110 § 6.]

**48.29.195 Escrow services—Schedule of fees made available to public.** (1) Each title insurer and title insurance agent shall make available to the public schedules of its currently effective title insurance premiums and fees for providing escrow services.

(2) The schedules shall:

(a) Be dated to show the date the title insurance premiums or fees for providing escrow services became effective;

(b) Be made available to the public during normal business hours in each office of the title insurer and its appointed title insurance agents in this state;

(c) Be made available on the title insurer's and title insurance agent's web site, if the title insurer or title insurance agent has a web site;

(d) Set forth the total title insurance premium charged for the title insurance policy issued by the title insurer either by stating the premium for each title insurance policy in given amounts of coverage, or by stating the charge per unit amount of coverage, or by a combination of the two; and

(e) Set forth the total fees for providing escrow services by clearly stating the amounts to be charged for the escrow services, the manner in which the fees for the escrow services are to be determined, and any charges that will be charged to the consumer that are not included in the total escrow fee.

(3) Each title insurer and title insurance agent shall keep a complete file of its schedules of title insurance premiums and fees for providing escrow services and all changes and amendments to those schedules until at least one year after they have ceased to be in effect. [2008 c 110 § 7.]

**48.29.200 Prohibited practices.** It is a violation of this chapter for any title insurance company and title insurance agent in the conduct of the business of an escrow agent as defined in RCW 18.44.011 and exempt from licensing under RCW 18.44.021(6) to:

(1) Directly or indirectly employ any scheme, device, or artifice to defraud or mislead borrowers or lenders or to defraud any person;

(2) Directly or indirectly engage in any unfair or deceptive act or practice toward any person;

(3) Directly or indirectly obtain property by fraud or misrepresentation;

(4) Knowingly make, publish, or disseminate any false, deceptive, or misleading information in the conduct of the business of escrow, or relative to the business of escrow or relative to any person engaged therein;

(5) Knowingly receive or take possession for personal use of any property of any escrow business, other than in payment authorized by this chapter, and with intent to defraud, omit to make, or cause or direct to be made, a full and true entry thereof in the books and accounts of the title insurance company or title insurance agent;

(6) Make or concur in making any false entry, or omit or concur in omitting to make any material entry, in its books or accounts;

(7) Knowingly make or publish, or concur in making or publishing any written report, exhibit, or statement of its affairs or pecuniary condition containing any material statement which is false, or omit or concur in omitting any statement required by law to be contained therein;

(8) Willfully fail to make any proper entry in the books of the escrow business as required by law;

(9) Fail to disclose in a timely manner to the other officers, directors, controlling persons, or employees the receipt of service of a notice of an application for an injunction or other legal process affecting the property or business of a title

insurance company or title insurance agent conducting an escrow business, including an order to cease and desist or other order of the insurance commissioner; or

(10) Fail to make any report or statement lawfully required by the insurance commissioner or other public official. [1999 c 30 § 35.]

**48.29.210 Business inducements—Prohibited practices.** (1) A title insurer, title insurance agent, or employee, agent, or other representative of a title insurer or title insurance agent shall not, directly or indirectly, give any fee, kick-back, or other thing of value to any person as an inducement, payment, or reward for placing business, referring business, or causing title insurance business to be given to either the title insurer, or title insurance agent, or both.

(2) A title insurer, title insurance agent, or employee, agent, or other representative of a title insurer or title insurance agent shall not, directly or indirectly, give anything of value to any person in a position to refer or influence the referral of title insurance business to either the title insurance company or title insurance agent, or both, except as permitted under rules adopted by the commissioner. [2008 c 110 § 3.]

**48.29.213 Return on ownership interest—Certain payments authorized.** (1) RCW 48.29.210, 18.85.053, 18.44.305, or 19.146.103 does not make unlawful the payment by a title insurer or title insurance agent and the receipt by a producer of title insurance business of a return on ownership interest in the title insurer or title insurance agent.

(2) A return on ownership interest may include:

(a) Bona fide dividends, and capital or equity distributions, related to ownership interest or franchise relationship, between entities in an affiliated relationship; and

(b) Bona fide business loans, advances, and capital or equity contributions between entities in an affiliate relationship (in any direction), so long as they are for ordinary business purposes and are not fees for the referral of settlement service business or unearned fees.

(3) A return on ownership interest does not include:

(a) Any payment which has a basis of calculation of no apparent business motive other than distinguishing among recipients of payments on the basis of the amount of their actual, estimated, or anticipated referrals;

(b) Any payment which varies according to the relative amount of referrals by the different recipients of similar payments; or

(c) A payment based on an ownership, partnership, or joint venture share which has been adjusted on the basis of previous relative referrals by recipients of similar payments. [2008 c 110 § 13.]

**48.29.900 Severability—2008 c 110.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [2008 c 110 § 14.]

**48.29.901 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.** For the purposes of this chapter, the terms spouse, marriage, marital,

husband, wife, widow, widower, next of kin, and family shall be interpreted as applying equally to state registered domestic partnerships or individuals in state registered domestic partnerships as well as to marital relationships and married persons, and references to dissolution of marriage shall apply equally to state registered domestic partnerships that have been terminated, dissolved, or invalidated, to the extent that such interpretation does not conflict with federal law. Where necessary to implement chapter 521, Laws of 2009, gender-specific terms such as husband and wife used in any statute, rule, or other law shall be construed to be gender neutral, and applicable to individuals in state registered domestic partnerships. [2009 c 521 § 122.]

**Chapter 48.30 RCW**

**UNFAIR PRACTICES AND FRAUDS**

Sections

- 48.30.010 Unfair practices in general—Remedies and penalties.
- 48.30.015 Unreasonable denial of a claim for coverage or payment of benefits.
- 48.30.020 Anticompetitive law.
- 48.30.030 False financial statements.
- 48.30.040 False information and advertising.
- 48.30.050 Advertising must show name and domicile.
- 48.30.060 Insurer name—Deceptive use prohibited.
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- 48.30.120 Misconduct of officers, employees.
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- 48.30.270 Public building or construction contracts—Surety bonds or insurance—Violations concerning—Exemption.
- 48.30.300 Unfair discrimination, generally.
- 48.30.310 Commercial motor vehicle employment driving record not to be considered, when.
- 48.30.320 Notice of reason for cancellation, restrictions based on handicaps.
- 48.30.330 Immunity from libel or slander.
- 48.30.340 Auto glass repair—Restrictions on insurer-owned facilities.
- 48.30.900 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.

*Discrimination prohibited: RCW 48.18.480.*

**48.30.010 Unfair practices in general—Remedies and penalties.** (1) No person engaged in the business of insurance shall engage in unfair methods of competition or in unfair or deceptive acts or practices in the conduct of such business as such methods, acts, or practices are defined pursuant to subsection (2) of this section.

(2) In addition to such unfair methods and unfair or deceptive acts or practices as are expressly defined and pro-

hibited by this code, the commissioner may from time to time by regulation promulgated pursuant to chapter 34.05 RCW, define other methods of competition and other acts and practices in the conduct of such business reasonably found by the commissioner to be unfair or deceptive after a review of all comments received during the notice and comment rule-making period.

(3)(a) In defining other methods of competition and other acts and practices in the conduct of such business to be unfair or deceptive, and after reviewing all comments and documents received during the notice and comment rule-making period, the commissioner shall identify his or her reasons for defining the method of competition or other act or practice in the conduct of insurance to be unfair or deceptive and shall include a statement outlining these reasons as part of the adopted rule.

(b) The commissioner shall include a detailed description of facts upon which he or she relied and of facts upon which he or she failed to rely, in defining the method of competition or other act or practice in the conduct of insurance to be unfair or deceptive, in the concise explanatory statement prepared under RCW 34.05.325(6).

(c) Upon appeal the superior court shall review the findings of fact upon which the regulation is based de novo on the record.

(4) No such regulation shall be made effective prior to the expiration of thirty days after the date of the order by which it is promulgated.

(5) If the commissioner has cause to believe that any person is violating any such regulation, the commissioner may order such person to cease and desist therefrom. The commissioner shall deliver such order to such person direct or mail it to the person by registered mail with return receipt requested. If the person violates the order after expiration of ten days after the cease and desist order has been received by him or her, he or she may be fined by the commissioner a sum not to exceed two hundred and fifty dollars for each violation committed thereafter.

(6) If any such regulation is violated, the commissioner may take such other or additional action as is permitted under the insurance code for violation of a regulation.

(7) An insurer engaged in the business of insurance may not unreasonably deny a claim for coverage or payment of benefits to any first party claimant. "First party claimant" has the same meaning as in RCW 48.30.015. [2007 c 498 § 2 (Referendum Measure No. 67, approved November 6, 2007); 1997 c 409 § 107; 1985 c 264 § 13; 1973 1st ex.s. c 152 § 6; 1965 ex.s. c 70 § 24; 1947 c 79 § .30.01; Rem. Supp. 1947 § 45.30.01.]

**Short title—2007 c 498:** See note following RCW 48.30.015.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.30.015 Unreasonable denial of a claim for coverage or payment of benefits.** (1) Any first party claimant to a policy of insurance who is unreasonably denied a claim for coverage or payment of benefits by an insurer may bring an action in the superior court of this state to recover the actual damages sustained, together with the costs of the action, including reasonable attorneys' fees and litigation costs, as set forth in subsection (3) of this section.

(2) The superior court may, after finding that an insurer has acted unreasonably in denying a claim for coverage or payment of benefits or has violated a rule in subsection (5) of this section, increase the total award of damages to an amount not to exceed three times the actual damages.

(3) The superior court shall, after a finding of unreasonable denial of a claim for coverage or payment of benefits, or after a finding of a violation of a rule in subsection (5) of this section, award reasonable attorneys' fees and actual and statutory litigation costs, including expert witness fees, to the first party claimant of an insurance contract who is the prevailing party in such an action.

(4) "First party claimant" means an individual, corporation, association, partnership, or other legal entity asserting a right to payment as a covered person under an insurance policy or insurance contract arising out of the occurrence of the contingency or loss covered by such a policy or contract.

(5) A violation of any of the following is a violation for the purposes of subsections (2) and (3) of this section:

(a) WAC 284-30-330, captioned "specific unfair claims settlement practices defined";

(b) WAC 284-30-350, captioned "misrepresentation of policy provisions";

(c) WAC 284-30-360, captioned "failure to acknowledge pertinent communications";

(d) WAC 284-30-370, captioned "standards for prompt investigation of claims";

(e) WAC 284-30-380, captioned "standards for prompt, fair and equitable settlements applicable to all insurers"; or

(f) An unfair claims settlement practice rule adopted under RCW 48.30.010 by the insurance commissioner intending to implement this section. The rule must be codified in chapter 284-30 of the Washington Administrative Code.

(6) This section does not limit a court's existing ability to make any other determination regarding an action for an unfair or deceptive practice of an insurer or provide for any other remedy that is available at law.

(7) This section does not apply to a health plan offered by a health carrier. "Health plan" has the same meaning as in RCW 48.43.005. "Health carrier" has the same meaning as in RCW 48.43.005.

(8)(a) Twenty days prior to filing an action based on this section, a first party claimant must provide written notice of the basis for the cause of action to the insurer and office of the insurance commissioner. Notice may be provided by regular mail, registered mail, or certified mail with return receipt requested. Proof of notice by mail may be made in the same manner as prescribed by court rule or statute for proof of service by mail. The insurer and insurance commissioner are deemed to have received notice three business days after the notice is mailed.

(b) If the insurer fails to resolve the basis for the action within the twenty-day period after the written notice by the first party claimant, the first party claimant may bring the action without any further notice.

(c) The first party claimant may bring an action after the required period of time in (a) of this subsection has elapsed.

(d) If a written notice of claim is served under (a) of this subsection within the time prescribed for the filing of an action under this section, the statute of limitations for the

action is tolled during the twenty-day period of time in (a) of this subsection. [2007 c 498 § 3 (Referendum Measure No. 67, approved November 6, 2007).]

**Short title—2007 c 498:** "This act may be known and cited as the insurance fair conduct act." [2007 c 498 § 1.]

**48.30.020 Anticom pact law.** (1) No person shall either within or outside of this state enter into any contract, understanding or combination with any other person to do jointly or severally any act or engage in any practice for the purpose of

(a) controlling the rates to be charged for insuring any risk or any class of risks in this state; or

(b) unfairly discriminating against any person in this state by reason of his or her plan or method of transacting insurance, or by reason of his or her affiliation or nonaffiliation with any insurance organization; or

(c) establishing or perpetuating any condition in this state detrimental to free competition in the business of insurance or injurious to the insuring public.

(2) This section shall not apply relative to ocean marine and foreign trade insurances.

(3) This section shall not be deemed to prohibit the doing of things permitted to be done in accordance with the provisions of chapter 48.19 RCW of this code.

(4) Whenever the commissioner has knowledge of any violation of this section he or she shall forthwith order the offending person to discontinue such practice immediately or show cause to the satisfaction of the commissioner why such order should not be complied with. If the offender is an insurer or a licensee under this code and fails to comply with such order within thirty days after receipt thereof, the commissioner may forthwith revoke the offender's certificate of authority or licenses. [2009 c 549 § 7118; 1947 c 79 § .30.02; Rem. Supp. 1947 § 45.30.02.]

**48.30.030 False financial statements.** No person shall knowingly file with any public official nor knowingly make, publish, or disseminate any financial statement of an insurer which does not accurately state the insurer's financial condition. [1947 c 79 § .30.03; Rem. Supp. 1947 § 45.30.03.]

**48.30.040 False information and advertising.** No person shall knowingly make, publish, or disseminate any false, deceptive or misleading representation or advertising in the conduct of the business of insurance, or relative to the business of insurance or relative to any person engaged therein. [1947 c 79 § .30.04; Rem. Supp. 1947 § 45.30.04.]

**48.30.050 Advertising must show name and domicile.** Every advertisement of, by, or on behalf of an insurer shall set forth the name in full of the insurer and the location of its home office or principal office, if any, in the United States (if an alien insurer). [1947 c 79 § .30.05; Rem. Supp. 1947 § 45.30.05.]

**48.30.060 Insurer name—Deceptive use prohibited.** No person who is not an insurer shall assume or use any name which deceptively infers or suggests that it is an insurer. [1947 c 79 § .30.06; Rem. Supp. 1947 § 45.30.06.]

**48.30.070 Advertising of financial condition.** (1)

Every advertisement by or on behalf of any insurer purporting to show its financial condition may be in a condensed form but shall in substance correspond with the insurer's last verified statement filed with the commissioner.

(2) No insurer or person in its behalf shall advertise assets except those actually owned and possessed by the insurer in its own exclusive right, available for the payment of losses and claims, and held for the protection of its policyholders and creditors. [1947 c 79 § .30.07; Rem. Supp. 1947 § 45.30.07.]

**48.30.075 Using existence of insurance guaranty associations in advertising, etc., to sell insurance.** No person shall make, publish, disseminate, circulate, or place before the public, or cause, directly or indirectly, to be made, published, disseminated, circulated, or placed before the public in any newspaper, magazine, or other publication, or in the form of a notice, circular, pamphlet, letter, or poster, or over any radio station or television station, or in any other way, any advertisement, announcement, or statement which uses the existence of the Washington Insurance Guaranty Association or the Washington Life and Disability Insurance Guaranty Association for the purpose of sales, solicitation, or inducement to purchase any form of insurance covered by the Washington Insurance Guaranty Association Act or the Washington Life and Disability Insurance Guaranty Association Act. [1975-'76 2nd ex.s. c 109 § 9.]

**48.30.080 Defamation of insurer.** No person shall make, publish, or disseminate, or aid, abet or encourage the making, publishing, or dissemination of any information or statement which is false or maliciously critical and which is designed to injure in its reputation or business any authorized insurer or any domestic corporation or reciprocal being formed pursuant to this code for the purpose of becoming an insurer. [1947 c 79 § .30.08; Rem. Supp. 1947 § 45.30.08.]

**48.30.090 Misrepresentation of policies.** No person shall make, issue or circulate, or cause to be made, issued or circulated any misrepresentation of the terms of any policy or the benefits or advantages promised thereby, or the dividends or share of surplus to be received thereon, or use any name or title of any policy or class of policies misrepresenting the nature thereof. [1947 c 79 § .30.09; Rem. Supp. 1947 § 45.30.09.]

**48.30.100 Dividends not to be guaranteed.** No insurer, insurance producer, title insurance agent, or other person shall guarantee or agree to the payment of future dividends or future refunds of unused premiums or savings in any specific or approximate amounts or percentages on account of any insurance contract. [2008 c 217 § 34; 1947 c 79 § .30.10; Rem. Supp. 1947 § 45.30.10.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.30.110 Contributions to candidates for insurance commissioner.** (1) No insurer or fraternal benefit society doing business in this state shall directly or indirectly pay or

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use, or offer, consent, or agree to pay or use any money or thing of value for or in aid of any candidate for the office of insurance commissioner; nor for reimbursement or indemnification of any person for money or property so used.

(2) Any individual who violates any provision of this section, or who participates in, aids, abets, advises, or consents to any such violation, or who solicits or knowingly receives any money or thing of value in violation of this section, shall be guilty of a gross misdemeanor and shall be liable to the insurer or society for the amount so contributed or received. [1982 c 181 § 18; 1947 c 79 § .30.11; Rem. Supp. 1947 § 45.30.11.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.30.120 Misconduct of officers, employees.** No director, officer, agent, attorney-in-fact, or employee of an insurer shall:

(1) Knowingly receive or possess himself or herself of any of its property, otherwise than in payment for a just demand, and with intent to defraud, omit to make or to cause or direct to be made, a full and true entry thereof in its books and accounts; nor

(2) Make or concur in making any false entry, or concur in omitting to make any material entry, in its books or accounts; nor

(3) Knowingly concur in making or publishing any written report, exhibit or statement of its affairs or pecuniary condition containing any material statement which is false, or omit or concur in omitting any statement required by law to be contained therein; nor

(4) Having the custody or control of its books, willfully fail to make any proper entry in the books of the insurer as required by law, or to exhibit or allow the same to be inspected and extracts to be taken therefrom by any person entitled by law to inspect the same, or take extracts therefrom; nor

(5) If a notice of an application for an injunction or other legal process affecting or involving the property or business of the insurer is served upon him or her, fail to disclose the fact of such service and the time and place of such application to the other directors, officers, and managers thereof; nor

(6) Fail to make any report or statement lawfully required by a public officer. [2010 c 8 § 11004; 2009 c 549 § 7119; 1947 c 79 § .30.12; Rem. Supp. 1947 § 45.30.12.]

**48.30.130 Presumption of knowledge of director.** A director of an insurer is deemed to have such knowledge of its affairs as to enable him or her to determine whether any act, proceeding, or omission of its directors is a violation of any provision of this chapter. If present at a meeting of directors at which any act, proceeding, or omission of its directors which is a violation of any such provision occurs, he or she must be deemed to have concurred therein unless at the time he or she causes or in writing requires his or her dissent therefrom to be entered on the minutes of the directors.

If absent from such meeting, he or she must be deemed to have concurred in any such violation if the facts constituting such violation appear on the records or minutes of the proceedings of the board of directors, and he or she remains a director of the insurer for six months thereafter without caus-

ing or in writing requiring his or her dissent from such violation to be entered upon such record or minutes. [2009 c 549 § 7120; 1947 c 79 § .30.13; Rem. Supp. 1947 § 45.30.13.]

**48.30.140 Rebating.** (1) Except to the extent provided for in an applicable filing with the commissioner then in effect, no insurer, insurance producer, or title insurance agent shall, as an inducement to insurance, or after insurance has been effected, directly or indirectly, offer, promise, allow, give, set off, or pay to the insured or to any employee of the insured, any rebate, discount, abatement, or reduction of premium or any part thereof named in any insurance contract, or any commission thereon, or earnings, profits, dividends, or other benefit, or any other valuable consideration or inducement whatsoever which is not expressly provided for in the policy.

(2) Subsection (1) of this section shall not apply as to commissions paid to a licensed insurance producer, or title insurance agent for insurance placed on that person's own property or risks.

(3) This section shall not apply to the allowance by any marine insurer, or marine insurance producer, to any insured, in connection with marine insurance, of such discount as is sanctioned by custom among marine insurers as being additional to the insurance producer's commission.

(4) This section shall not apply to advertising or promotional programs conducted by insurers, insurance producers, or title insurance agents whereby prizes, goods, wares, or merchandise, not exceeding twenty-five dollars in value per person in the aggregate in any twelve month period, are given to all insureds or prospective insureds under similar qualifying circumstances.

(5) This section does not apply to an offset or reimbursement of all or part of a fee paid to an insurance producer as provided in RCW 48.17.270.

(6)(a) Subsection (1) of this section shall not be construed to prohibit a health carrier or disability insurer from including as part of a group or individual health benefit plan or contract containing health benefits, a wellness program which meets the requirements for an exception from the prohibition against discrimination based on a health factor under the health insurance portability and accountability act (P.L. 104-191; 110 Stat. 1936) and regulations adopted pursuant to that act.

(b) For purposes of this subsection: (i) "Health carrier" and "health benefit plan" have the same meaning as provided in RCW 48.43.005; and (ii) "wellness program" has the same meaning as provided in 45 C.F.R. 146.121(f). [2009 c 329 § 1; 2008 c 217 § 35; 1994 c 203 § 3; 1990 1st ex.s. c 3 § 8; 1985 c 264 § 14; 1975-'76 2nd ex.s. c 119 § 3; 1947 c 79 § .30.14; Rem. Supp. 1947 § 45.30.14.]

**Severability--Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.30.150 Illegal inducements.** (1) No insurer, insurance producer, title insurance agent, or other person shall, as an inducement to insurance, or in connection with any insurance transaction, provide in any policy for, or offer, or sell, buy, or offer or promise to buy or give, or promise, or allow to, or on behalf of, the insured or prospective insured in any manner whatsoever:

(a) Any shares of stock or other securities issued or at any time to be issued on any interest therein or rights thereto; or

(b) Any special advisory board contract, or other contract, agreement, or understanding of any kind, offering, providing for, or promising any profits or special returns or special dividends; or

(c) Any prizes, goods, wares, or merchandise of an aggregate value in excess of twenty-five dollars.

(2) Subsection (1) of this section shall not be deemed to prohibit the sale or purchase of securities as a condition to or in connection with surety insurance insuring the performance of an obligation as part of a plan of financing found by the commissioner to be designed and operated in good faith primarily for the purpose of such financing, nor shall it be deemed to prohibit the sale of redeemable securities of a registered investment company in the same transaction in which life insurance is sold.

(3)(a) Subsection (1) of this section shall not be deemed to prohibit a health carrier or disability insurer from including as part of a group or individual health benefit plan or contract providing health benefits, a wellness program which meets the requirements for an exception from the prohibition against discrimination based on a health factor under the health insurance portability and accountability act (P.L. 104-191; 110 Stat. 1936) and regulations adopted pursuant to that act.

(b) For purposes of this subsection: (i) "Health carrier" and "health benefit plan" have the same meaning as provided in RCW 48.43.005; and (ii) "wellness program" has the same meaning as provided in 45 C.F.R. 146.121(f). [2009 c 329 § 2; 2008 c 217 § 36; 1990 1st ex.s. c 3 § 9; 1975-'76 2nd ex.s. c 119 § 4; 1957 c 193 § 18; 1947 c 79 § .30.15; Rem. Supp. 1947 § 45.30.15.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.30.155 Life or disability insurers—Insurance as inducement to purchase of goods, etc.** No life or disability insurer shall directly or indirectly participate in any plan to offer or effect any kind or kinds of insurance in this state as an inducement to the purchase by the public of any goods, securities, commodities, services or subscriptions to publications. This section shall not apply to group or blanket insurance issued pursuant to this code. [1957 c 193 § 19.]

**48.30.157 Charges for extra services.** Notwithstanding the provisions of RCW 48.30.140, 48.30.150, and 48.30.155, the commissioner may permit an insurance producer to enter into reasonable arrangements with insureds and prospective insureds to charge a reduced fee in situations where services that are charged for are provided beyond the scope of services customarily provided in connection with the solicitation and procurement of insurance, so that an overall charge to an insured or prospective insured is reasonable taking into account receipt of commissions and fees and their relation, proportionally, to the value of the total work performed. [2008 c 217 § 37; 1988 c 248 § 17; 1983 c 3 § 154; 1979 ex.s. c 199 § 10.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.30.170 Rebate—Acceptance prohibited.** (1) No insured person shall receive or accept, directly or indirectly, any rebate of premium or part thereof, or any favor, advantage, share in dividends, or other benefits, or any valuable consideration or inducement not specified or provided for in the policy, or any commission on any insurance policy to which he or she is not lawfully entitled as a licensed insurance producer or title insurance agent. The retention by the nominal policyholder in any group life insurance contract of any part of any dividend or reduction of premium thereon contrary to the provisions of RCW 48.24.260, shall be deemed the acceptance and receipt of a rebate and shall be punishable as provided by this code.

(2) The amount of insurance whereon the insured has so received or accepted any such rebate or any such commission, other than as to life or disability insurances, shall be reduced in the proportion that the amount or value of the rebate or commission bears to the premium for such insurance. In addition to such reduction of insurance, if any, any such insured shall be liable to a fine of not more than two hundred dollars.

(3) This section shall not apply to an offset or reimbursement of all or part of a fee paid to an insurance producer as provided in RCW 48.17.270. [2008 c 217 § 38; 1994 c 203 § 4; 1947 c 79 § .30.17; Rem. Supp. 1947 § 45.30.17.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.30.180 "Twisting" prohibited.** No person shall by misrepresentations or by misleading comparisons, induce or tend to induce any insured to lapse, terminate, forfeit, surrender, retain, or convert any insurance policy. [1947 c 79 § .30.18; Rem. Supp. 1947 § 45.30.18.]

**48.30.190 Illegal dealing in premiums.** (1) No person shall wilfully collect any sum as premium for insurance, which insurance is not then provided or is not in due course to be provided by an insurance policy issued by an insurer as authorized by this code.

(2) No person shall wilfully collect as premium for insurance any sum in excess of the amount actually expended or in due course is to be expended for insurance applicable to the subject on account of which the premium was collected.

(3) No person shall wilfully or knowingly fail to return to the person entitled thereto within a reasonable length of time any sum collected as premium for insurance in excess of the amount actually expended for insurance applicable to the subject on account of which the premium was collected.

(4) Each violation of this section which does not amount to a felony shall constitute a misdemeanor. [1947 c 79 § .30.19; Rem. Supp. 1947 § 45.30.19.]

**48.30.200 Hypothecation of premium notes.** It shall be unlawful for any insurer or its representative, or any insurance producer, to hypothecate, sell, or dispose of any promissory note, received in payment for any premium or part thereof on any contract of life insurance or of disability insurance applied for, prior to delivery of the policy to the applicant. [2008 c 217 § 39; 1947 c 79 § .30.20; Rem. Supp. 1947 § 45.30.20.]

(2010 Ed.)

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.30.210 Misrepresentation in application for insurance.** A person who knowingly makes a false or misleading statement or impersonation, or who willfully fails to reveal a material fact, in or relative to an application for insurance to an insurer, is guilty of a gross misdemeanor, and the license of any such person may be revoked. [1995 c 285 § 18; 1990 1st ex.s. c 3 § 10; 1947 c 79 § .30.21; Rem. Supp. 1947 § 45.30.21.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.30.220 Destruction, injury, secretion, etc., of property.** Any person, who, with intent to defraud or prejudice the insurer thereof, burns or in any manner injures, destroys, secretes, abandons, or disposes of any property which is insured at the time against loss or damage by fire, theft, embezzlement, or any other casualty, whether the same be the property of or in the possession of such person or any other person, under circumstances not making the offense arson in the first degree, is guilty of a class C felony. [1995 c 285 § 19; 1965 ex.s. c 70 § 25; 1947 c 79 § .30.22; Rem. Supp. 1947 § 45.30.22.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.30.230 False claims or proof—Penalty.** (1) It is unlawful for any person, knowing it to be such, to:

(a) Present, or cause to be presented, a false or fraudulent claim, or any proof in support of such a claim, for the payment of a loss under a contract of insurance; or

(b) Prepare, make, or subscribe any false or fraudulent account, certificate, affidavit, or proof of loss, or other document or writing, with intent that it be presented or used in support of such a claim.

(2)(a) Except as provided in (b) of this subsection, a violation of this section is a gross misdemeanor.

(b) If the claim is in excess of one thousand five hundred dollars, the violation is a class C felony punishable according to chapter 9A.20 RCW. [2003 c 53 § 270; 1990 1st ex.s. c 3 § 11; 1947 c 79 § .30.23; Rem. Supp. 1947 § 45.30.23.]

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

**48.30.240 Rate wars prohibited.** (1) Any insurer which precipitates, or aids in precipitating or conducting a rate war and by so doing writes or issues a policy of insurance at a less rate than permitted under its schedules filed with the commissioner, or below the rate deemed by him or her to be proper and adequate to cover the class of risk insured, shall have its certificate of authority to do business in this state suspended until such time as the commissioner is satisfied that it is charging a proper rate of premium.

(2) Any insurer which has precipitated, or aided in precipitating or conducting a rate war for the purpose of punishing or eliminating competitors or stifling competition, or demoralizing the business, or for any other purpose, and has ordered the cancellation or rewriting of policies at a rate lower than that provided by its rating schedules where such rate war is not in operation, and has paid or attempted to pay to the insured any return premiums, on any risk so to be

rewritten, on which its appointed insurance producer has received or is entitled to receive a regular commission, such insurer shall not be allowed to charge back to such appointed insurance producer any portion of a commission on the ground that the same has not been earned. [2008 c 217 § 40; 1947 c 79 § .30.24; Rem. Supp. 1947 § 45.30.24.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.30.250 Interlocking ownership, management.** (1) Any insurer may retain, invest in or acquire the whole or any part of the capital stock of any other insurer or insurers, or have a common management with any other insurer or insurers, unless such retention, investment, acquisition or common management is inconsistent with any other provision of this title, or unless by reason thereof the business of such insurers with the public is conducted in a manner which substantially lessens competition generally in the insurance business or tends to create a monopoly therein.

(2) Any person otherwise qualified may be a director of two or more insurers which are competitors, unless the effect thereof is to substantially lessen competition between insurers generally or tends to create a monopoly.

(3) If the commissioner finds, after a hearing thereon, that there is violation of this section he or she shall order all such persons and insurers to cease and desist from such violation within such time, or extension thereof, as may be specified in such order. [2009 c 549 § 7121; 1949 c 190 § 34; Rem. Supp. 1949 § 45.30.25.]

**48.30.260 Right of debtor or borrower to select insurance producer, surplus line broker, or insurer.** (1) Every debtor or borrower, when property insurance of any kind is required in connection with the debt or loan, shall have reasonable opportunity and choice in the selection of the insurance producer, surplus line broker, and insurer through whom such insurance is to be placed; but only if the insurance is properly provided for the protection of the creditor or lender, whether by policy or binder, not later than at commencement of risk as to such property as respects such creditor or lender, and in the case of renewal of insurance, only if the renewal policy, or a proper binder therefor containing a brief description of the coverage bound and the identity of the insurer in which the coverage is bound, is delivered to the creditor or lender not later than thirty days prior to the renewal date.

(2) Every person who lends money or extends credit and who solicits insurance on real and personal property must explain to the borrower in prominently displayed writing that the insurance related to such loan or credit extension may be purchased from an insurer, surplus line broker, or insurance producer of the borrower's choice, subject only to the lender's right to reject a given insurer, surplus line broker, or insurance producer as provided in subsection (3)(b) of this section.

(3) No person who lends money or extends credit may:

(a) Solicit insurance for the protection of property, after a person indicates interest in securing a loan or credit extension, until such person has received a commitment from the lender as to a loan or credit extension;

(b) Unreasonably reject a contract of insurance furnished by the borrower for the protection of the property securing the credit or lien. A rejection shall not be deemed unreasonable if it is based on reasonable standards, uniformly applied, relating to the extent of coverage required and the financial soundness and the services of an insurer. Such standards shall not discriminate against any particular type of insurer, nor shall such standards call for rejection of an insurance contract because the contract contains coverage in addition to that required in the credit transaction;

(c) Require that any borrower, mortgagor, purchaser, insurer, surplus line broker, or insurance producer pay a separate charge, in connection with the handling of any contract of insurance required as security for a loan, or pay a separate charge to substitute the insurance policy of one insurer for that of another. This subsection does not include the interest which may be charged on premium loans or premium advancements in accordance with the terms of the loan or credit document;

(d) Use or disclose, without the prior written consent of the borrower, mortgagor, or purchaser taken at a time other than the making of the loan or extension of credit, information relative to a contract of insurance which is required by the credit transaction, for the purpose of replacing such insurance;

(e) Require any procedures or conditions of duly licensed insurance producers, surplus line brokers, or insurers not customarily required of those insurance producers, surplus line brokers, or insurers affiliated or in any way connected with the person who lends money or extends credit; or

(f) Require property insurance in an amount in excess of the amount which could reasonably be expected to be paid under the policy, or combination of policies, in the event of a loss.

(4) Nothing contained in this section shall prevent a person who lends money or extends credit from placing insurance on real or personal property in the event the mortgagor, borrower, or purchaser has failed to provide required insurance in accordance with the terms of the loan or credit document.

(5) Nothing contained in this section shall apply to credit life or credit disability insurance. [2009 c 162 § 25; 2008 c 217 § 41; 1990 1st ex.s. c 3 § 13; 1988 c 248 § 18; 1984 c 6 § 2; 1977 c 61 § 1; 1957 c 193 § 20.]

**Effective date—2009 c 162:** See note following RCW 48.03.020.

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.30.270 Public building or construction contracts—Surety bonds or insurance—Violations concerning—Exemption.** (1) No officer or employee of this state, or of any public agency, public authority or public corporation except a public corporation or public authority created pursuant to agreement or compact with another state, and no person acting or purporting to act on behalf of such officer or employee, or public agency or public authority or public corporation, shall, with respect to any public building or construction contract which is about to be, or which has been competitively bid, require the bidder to make application to, or to furnish financial data to, or to obtain or procure, any of the surety bonds or contracts of insurance specified in con-

nection with such contract, or specified by any law, general, special or local, from a particular insurer, surplus line broker, or insurance producer.

(2) No such officer or employee or any person, acting or purporting to act on behalf of such officer or employee shall negotiate, make application for, obtain or procure any of such surety bonds or contracts of insurance, except contracts of insurance for builder's risk or owner's protective liability, which can be obtained or procured by the bidder, contractor or subcontractor.

(3) This section shall not be construed to prevent the exercise by such officer or employee on behalf of the state or such public agency, public authority, or public corporation of its right to approve the form, sufficiency or manner or execution of the surety bonds or contracts of insurance furnished by the insurer selected by the bidder to underwrite such bonds, or contracts of insurance.

(4) Any provisions in any invitation for bids, or in any of the contract documents, in conflict with this section are declared to be contrary to the public policy of this state.

(5) A violation of this section shall be subject to the penalties provided by RCW 48.01.080.

(6) This section shall not apply to public construction projects, when the actual or estimated aggregate value of the project, exclusive of insurance and surety costs, exceeds two hundred million dollars. For purposes of applying the two hundred million dollar threshold set forth in this subsection, the term "public construction project" means a project that has a public owner and has phases, segments, or component parts relating to a common geographic site or public transportation system, but does not include the aggregation of unrelated construction projects.

(7) The exclusions specified in subsection (6) of this section do not apply to surety bonds. [2009 c 162 § 26; 2008 c 217 § 42; 2005 c 352 § 1; (2003 c 323 § 2 repealed by 2005 c 352 § 2); 2003 c 323 § 1. Prior: 2000 2nd sp.s. c 4 § 33; 2000 c 143 § 2; 1983 2nd ex.s. c 1 § 6; 1967 ex.s. c 12 § 3.]

**Effective date—2009 c 162:** See note following RCW 48.03.020.

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

*State convention and trade center—Corporation exempt:* RCW 67.40.020.

**48.30.300 Unfair discrimination, generally.** Notwithstanding any provision contained in Title 48 RCW to the contrary:

A person or entity engaged in the business of insurance in this state may not refuse to issue any contract of insurance or cancel or decline to renew such contract because of the sex, marital status, or sexual orientation as defined in RCW 49.60.040, or the presence of any sensory, mental, or physical handicap of the insured or prospective insured. The amount of benefits payable, or any term, rate, condition, or type of coverage may not be restricted, modified, excluded, increased, or reduced on the basis of the sex, marital status, or sexual orientation, or be restricted, modified, excluded, or reduced on the basis of the presence of any sensory, mental, or physical handicap of the insured or prospective insured. This subsection does not prohibit fair discrimination on the basis of sex, or marital status, or the presence of any sensory, mental, or physical handicap when bona fide statistical differences in risk or exposure have been substantiated. [2006 c 4

(2010 Ed.)

§ 18; 2005 c 223 § 19; 1993 c 492 § 287; 1975-'76 2nd ex.s. c 119 § 7.]

**Findings—Intent—1993 c 492:** See notes following RCW 43.20.050. Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.30.310 Commercial motor vehicle employment driving record not to be considered, when.** When an individual applies for a policy of casualty insurance providing either automobile liability coverage, uninsured motorist coverage, automobile medical payments coverage, or automobile physical damage coverage on an individually owned passenger vehicle or a renewal of such policy, an insurer shall not consider the applicant's commercial motor vehicle employment driving record in determining whether the policy will be issued or renewed or in determining the rates for the policy. An insurer shall not cancel such policy or discriminate in regard to other terms or conditions of the policy based upon the applicant's commercial motor vehicle employment driving record.

"Employment driving record" means that record maintained by the director pertaining to motor vehicle accidents or convictions for violation of motor vehicle laws while the applicant is driving a commercial motor vehicle as an employee of another. [1977 ex.s. c 356 § 3.]

**48.30.320 Notice of reason for cancellation, restrictions based on handicaps.** Every authorized insurer, upon canceling, denying, or refusing to renew any individual life, individual disability, homeowner, dwelling fire, or private passenger automobile insurance policy, shall, upon written request, directly notify in writing the applicant or insured, as the case may be, of the reasons for the action by the insurer. Any benefits, terms, rates, or conditions of such an insurance contract which are restricted, excluded, modified, increased, or reduced because of the presence of a sensory, mental, or physical handicap shall, upon written request, be set forth in writing and supplied to the insured. The written communications required by this section shall be phrased in simple language which is readily understandable to a person of average intelligence, education, and reading ability. [1979 c 133 § 1.]

**48.30.330 Immunity from libel or slander.** With respect to contracts of insurance as defined in RCW 48.30.320, there shall be no liability on the part of, and no cause of action of any nature shall arise against, the insurance commissioner, the commissioner's agents, or members of the commissioner's staff, or against any insurer, its authorized representative, its agents, its employees, furnishing to the insurer information as to reasons for cancellation or refusal to issue or renew, for libel or slander on the basis of any statement made by any of them in any written notice of cancellation or refusal to issue or renew, or in any other communications, oral or written, specifying the reasons for cancellation or refusal to issue or renew or the providing of information pertaining thereto, or for statements made or evidence submitted in any hearing conducted in connection therewith. [1979 c 133 § 2.]

**48.30.340 Auto glass repair—Restrictions on insurer-owned facilities.** (1) A person in this state has the

right to choose any glass repair facility for the repair of a loss relating to motor vehicle glass.

(2) An insurer or its third-party administrator that owns in whole or in part an automobile glass repair facility that is processing a claim limited only to auto glass shall:

(a) Verbally inform the person making the claim of loss, of the right provided under subsection (1) of this section, at the time information regarding the automobile glass repair or replacement facilities is provided; and

(b) Verbally inform the person making the claim of loss that the third-party administrator is an entity separate from the insurer that has a financial arrangement to process automobile glass claims on the insurer's behalf.

(3) An insurer or its third-party administrator that owns an interest in an automobile glass repair or replacement facility shall post the following notice in each of its repair facilities:

"THIS AUTOMOBILE GLASS REPAIR OR REPLACEMENT FACILITY IS OWNED IN WHOLE OR IN PART BY (NAME OF INSURER OR INSURER'S THIRD-PARTY ADMINISTRATOR). YOU ARE HEREBY NOTIFIED THAT YOU ARE ENTITLED UNDER WASHINGTON LAW TO SEEK REPAIRS AT ANY AUTOMOBILE GLASS REPAIR OR REPLACEMENT FACILITY OF YOUR CHOICE."

The notice must be posted, in not less than eighteen point font, prominently in a location in which it is likely to be seen and read by a customer. If the automobile glass repair or replacement facility is mobile, the notice must be given to the person making the claim verbally by the insurer or its third-party administrator prior to commencement of the repair or replacement.

(4) A person making a claim of loss whose motor vehicle is repaired at an automotive glass repair or replacement facility subject to the notice requirements of this section may file a complaint with the office of the insurance commissioner.

(5) This section does not create a private right or cause of action to or on behalf of any person. [2007 c 74 § 1.]

**48.30.900 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.** For the purposes of this chapter, the terms spouse, marriage, marital, husband, wife, widow, widower, next of kin, and family shall be interpreted as applying equally to state registered domestic partnerships or individuals in state registered domestic partnerships as well as to marital relationships and married persons, and references to dissolution of marriage shall apply equally to state registered domestic partnerships that have been terminated, dissolved, or invalidated, to the extent that such interpretation does not conflict with federal law. Where necessary to implement chapter 521, Laws of 2009, gender-specific terms such as husband and wife used in any statute, rule, or other law shall be construed to be gender neutral, and applicable to individuals in state registered domestic partnerships. [2009 c 521 § 123.]

## Chapter 48.30A RCW

### INSURANCE FRAUD

#### Sections

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48.30A.060	Insurance antifraud plan—Actions taken by insurer—Report—Not public records.
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48.30A.070	Duty to investigate, enforce, and prosecute violations.
48.30A.900	Effective date—1995 c 285.

**48.30A.005 Findings—Intent.** The legislature finds that the business of insurance is one affected by the public interest, requiring that all persons be actuated by good faith, abstain from deception, and practice honesty and equity in all insurance matters. The payment of kickbacks, bribes, or rebates for referrals to service providers, as has been occurring with increasing regularity in this state, results in inflated or fraudulent insurance claims, results in greater insurance costs for all citizens, and is contrary to the public interest. In particular, the process whereby "cappers" buy and sell insurance claims without the controls of professional licensing and discipline creates a fertile ground for illegal activity and has, in this state, resulted in frauds committed against injured claimants, insurance companies, and the public. Operations that engage in this practice have some or all of the following characteristics: Cappers, acting under an agreement or understanding that they will receive a pecuniary benefit, refer claimants with real or imaginary claims, injuries, or property damage to service providers. This sets off a chain of events that corrupts both the provision of services and casualty or property insurance for all citizens. This chain of events includes false claims for services through the use of false estimates of repair; false prescriptions of care or rehabilitative therapy; services that either do not occur or are provided by persons unqualified to provide the services; submission of false claims; submission of and demands for fraudulent costs, lost wages, pain and suffering, and the like; and other devices meant to result in false claims under casualty or property insurance policies or contracts, whether insured or self-insured, and either directly or through subrogation.

The legislature finds that combatting these practices requires laws carefully fashioned to identify practices that mimic customary business practices. The legislature does not intend this law to be used against medical and other business referral practices that are otherwise legal, customary, and unrelated to the furtherance of some or all of the corrupt practices identified in this chapter. [1995 c 285 § 1.]

**48.30A.010 Definitions.** The definitions set forth in this section apply throughout this chapter unless the context clearly indicates otherwise.

(1) "Casualty or property insurance" includes both the insurance under which a claim is filed and insurance that receives a claim through subrogation, and means insurance as defined in RCW 48.11.040 and 48.11.070 and includes self-insurance arrangements.

(2) "Claimant" means a person who has or is believed by an actor to have an insurance claim.

(3) "Group-buying arrangement" means an arrangement made by a membership organization having one hundred or more members in which the organization asks for or receives valuable consideration in exchange for referring its members to a service provider; the consideration asked for or received will be or is used to benefit the entire organization, not just one or more individuals in positions of power or influence in the organization; and reasonable efforts are made to disclose to affected members of the organization the nature of the referral relationship, including the nature, extent, amount, and use of the consideration.

(4) "Health care services" means a service provided to a claimant for treatment of physical or mental illness or injury arising in whole or substantial part from trauma.

(5) "Insurance claim" means a claim for payment, benefits, or damages under a contract, plan, or policy of casualty or property insurance.

(6) "Legal provider" means an active member in good standing of the Washington state bar association, and any other person authorized by the Washington state supreme court to engage in full or limited practice of law.

(7) "Service provider" means a person who directly or indirectly provides, advertises, or otherwise claims to provide services.

(8) "Services" means health care services, motor vehicle body or other motor vehicle repair, and preparing, processing, presenting, or negotiating an insurance claim.

(9) "Trauma" means a physical injury or wound caused by external force or violence. [1995 c 285 § 2.]

**48.30A.015 Unlawful acts—Penalties.** (1) It is unlawful for a person:

(a) Knowing that the payment is for the referral of a claimant to a service provider, either to accept payment from a service provider or, being a service provider, to pay another; or

(b) To provide or claim or represent to have provided services to a claimant, knowing the claimant was referred in violation of (a) of this subsection.

(2) It is unlawful for a service provider to engage in a regular practice of waiving, rebating, giving, paying, or offering to waive, rebate, give, or pay all or any part of a claimant's casualty or property insurance deductible.

(3) A violation of this section constitutes trafficking in insurance claims.

(4)(a) Trafficking in insurance claims is a gross misdemeanor for a single violation.

(b) Each subsequent violation, whether alleged in the same or in subsequent prosecutions, is a class C felony. [2003 c 53 § 271; 1995 c 285 § 3.]

(2010 Ed.)

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

**48.30A.020 Defenses to proceedings under this chapter.** In a proceeding under this chapter, it is a defense if proven by the defendant by a preponderance of the evidence that, at the time of the offense:

(1) The conduct alleged was authorized by the rules of professional conduct or the admission to practice rules for lawyers as adopted by the state supreme court, Washington business and professions licensing statutes, or rules adopted by the secretary of health or the director of licensing;

(2) The payment was an incidental nonmonetary gift or gratuity, or was purely social in nature;

(3) The conduct alleged was an exercise of a group-buying arrangement;

(4) The conduct alleged was a legal provider paying a service provider's bills from the proceeds of an insurance claim that included the bills;

(5) The conduct alleged was a legal provider paying for services of an expert witness, including reports, consultation, and testimony; or

(6) The conduct alleged was a service provider's purchase of advertising from an unrelated business that provides referrals from advertising for groups of ten or more service providers that are not related to the advertising business and not related to each other. [1995 c 285 § 4.]

**48.30A.030 Injunction available—Remedies—Costs—Attorneys' fees—Degree of proof—Time limit.**

Independent of authority granted to the attorney general, the prosecuting attorney may petition the superior court for an injunction against a person who has violated this chapter. Remedies in an injunctive action brought by a prosecuting attorney are limited to an order enjoining, restraining, or preventing the doing of any act or practice that constitutes a violation of this chapter and imposing a civil penalty of up to five thousand dollars for each violation. The prevailing party in the action may, in the discretion of the court, recover its reasonable investigative costs and the costs of the action including a reasonable attorney's fee. The degree of proof required in an action brought under this section is a preponderance of the evidence. An action under this section must be brought within three years after the violation of this chapter occurred. [1995 c 285 § 6.]

**48.30A.035 Detrimental judgment—Written notification to appropriate regulatory or disciplinary body or agency.**

Whenever a service provider or a person licensed by the state in a business or profession is convicted, enjoined, or found liable for damages or a civil penalty or other equitable relief under RCW 48.30A.030, the attorney general or the prosecuting attorney shall provide written notification of the judgment to the appropriate regulatory or disciplinary body or agency. [1995 c 285 § 7.]

**48.30A.040 Violation—Cause for discipline—Unprofessional conduct—Regulatory penalty.** A violation of this chapter is cause for discipline and constitutes unprofessional conduct that could result in any regulatory penalty provided by law, including refusal, revocation, or suspension of a busi-

ness or professional license, or right or admission to practice. Conduct that constitutes a violation of this chapter is unprofessional conduct in violation of RCW 18.130.180. [1995 c 285 § 8.]

**48.30A.045 Insurance antifraud plan—File plan and changes with commissioner—Exemptions.** (1) Each insurer licensed to write direct insurance in this state, except those exempted in subsection (2) of this section, shall institute and maintain an insurance antifraud plan. An insurer licensed after July 1, 1995, shall file its antifraud plan within six months of licensure. An insurer shall file any change to the antifraud plan with the insurance commissioner within thirty days after the plan has been modified.

(2) This section does not apply to:

(a) Health carriers, as defined in RCW 48.43.005;

(b) Life insurers;

(c) Title insurers;

(d) Property or casualty insurers with annual gross written medical malpractice insurance premiums in this state that exceed fifty percent of their total annual gross written premiums in this state;

(e) Credit-related insurance written in connection with a credit transaction in which the creditor is named as a beneficiary or loss payee under the policy, except vendor single-interest or collateral protection coverage as defined in RCW 48.22.110(4); or

(f) Insurers with gross written premiums of less than one thousand dollars in Washington during the reporting year. [2005 c 223 § 20; 1997 c 92 § 1; 1995 c 285 § 9.]

**48.30A.050 Insurance antifraud plan—Specific procedures.** An insurer's antifraud plan must establish specific procedures to:

(1) Prevent insurance fraud, including internal fraud involving employees or company representatives, fraud resulting from misrepresentation on applications for insurance coverage, and claims fraud;

(2) Review claims in order to detect evidence of possible insurance fraud and to investigate claims where fraud is suspected;

(3) Report fraud to appropriate law enforcement agencies and cooperate with those agencies in their prosecution of fraud cases;

(4) Undertake civil actions against persons who have engaged in fraudulent activities;

(5) Train company employees and agents in the detection and prevention of fraud. [1995 c 285 § 10.]

**48.30A.055 Insurance antifraud plan—Review—Disapproval—Notice—Audit to ensure compliance.** If after review of an insurer's antifraud plan, the commissioner finds that the plan does not comply with RCW 48.30A.050, the commissioner may disapprove the antifraud plan. Notice of disapproval must include a statement of the specific reasons for disapproval. The insurer shall refile a plan disapproved by the commissioner within sixty days of the date of the notice of disapproval. The commissioner may audit insurers to ensure compliance with antifraud plans. [1995 c 285 § 11.]

**48.30A.060 Insurance antifraud plan—Actions taken by insurer—Report—Not public records.** By March 31st of each year, each insurer shall provide to the insurance commissioner a summary report on actions taken under its antifraud plan to prevent and combat insurance fraud. The report must also include, but not be limited to, measures taken to protect and ensure the integrity of electronic data processing-generated data and manually compiled data, statistical data on the amount of resources committed to combatting fraud, and the amount of fraud identified and recovered during the reporting period. The antifraud plans and summary of the insurer's antifraud activities are not public records and are exempt from chapter 42.56 RCW, are proprietary, are not subject to public examination, and are not discoverable or admissible in civil litigation. [2005 c 274 § 312; 2005 c 223 § 21; 1995 c 285 § 12.]

**Reviser's note:** This section was amended by 2005 c 223 § 21 and by 2005 c 274 § 312, each without reference to the other. Both amendments are incorporated in the publication of this section under RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

**Part headings not law—Effective date—2005 c 274:** See RCW 42.56.901 and 42.56.902.

**48.30A.065 Insurance antifraud plan or summary report—Failure to file or exercise good faith—Penalty—Failure to follow plan—Civil penalty.** An insurer that fails to file a timely antifraud plan or summary report or that fails to make a good faith attempt to file an antifraud plan that complies with RCW 48.30A.050 or a summary report that complies with RCW 48.30A.060, is subject to the penalty provisions of RCW 48.01.080, but no penalty may be imposed for the first filing made by an insurer under this chapter. An insurer that fails to follow the antifraud plan is subject to a civil penalty not to exceed ten thousand dollars for each violation, at the discretion of the commissioner after consideration of all relevant factors, including the willfulness of the violation. [2005 c 223 § 22; 1995 c 285 § 13.]

**48.30A.070 Duty to investigate, enforce, and prosecute violations.** It is the duty of all peace officers, law enforcement officers, and law enforcement agencies within this state to investigate, enforce, and prosecute all violations of this chapter. [1995 c 285 § 14.]

**48.30A.900 Effective date—1995 c 285.** This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and shall take effect July 1, 1995. [1995 c 285 § 39.]

## Chapter 48.31 RCW

### MERGERS, REHABILITATION, LIQUIDATION, SUPERVISION

#### Sections

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**48.31.010 Merger or consolidation.** (1) Subject to the provisions of RCW 48.08.080, relating to the mutualization of stock insurers, RCW 48.09.350, relating to the conversion or reinsurance of mutual insurers, and RCW 48.10.330, relating to the consolidation or conversion of reciprocal insurers, a domestic insurer may merge or consolidate with another insurer, subject to the following conditions:

(a) The plan of merger or consolidation must be submitted to and be approved by the commissioner in advance of the merger or consolidation.

(b) The commissioner shall not approve any such plan unless, after a hearing, pursuant to such notice as the commissioner may require, he or she finds that it is fair, equitable, consistent with law, and that no reasonable objection exists. If the commissioner fails to approve the plan, he or she shall state his or her reasons for such failure in his or her order made on such hearing. The insurers involved in the merger shall bear the expense of the mailing of the notice of hearing and of the order on hearing.

(c) No director, officer, member, or subscriber of any such insurer, except as is expressly provided by the plan of merger or consolidation, shall receive any fee, commission, other compensation or valuable consideration whatsoever, for in any manner aiding, promoting or assisting in the merger or consolidation.

(d) Any merger or consolidation as to an incorporated domestic insurer shall in other respects be governed by the general laws of this state relating to business corporations. Except, that as to domestic mutual insurers, approval by two-thirds of its members who vote thereon pursuant to such notice and procedure as was approved by the commissioner shall constitute approval of the merger or consolidation as respects the insurer's members.

(2) Reinsurance of all or substantially all of the insurance in force of a domestic insurer by another insurer shall be deemed a consolidation for the purposes of this section. [2009 c 549 § 7122; 1973 1st ex.s. c 107 § 3; 1961 c 194 § 11; 1947 c 79 § .31.01; Rem. Supp. 1947 § 45.31.01.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.31.020 Definitions—Insurer, exceeded its powers, consent.** (1) For the purposes of this chapter, other than as to RCW 48.31.010, and in addition to persons included under RCW 48.99.010, the term "insurer" shall be deemed to include an insurer authorized under chapter 48.05 RCW, an insurer or institution holding a certificate of exemption under RCW 48.38.010, a health care service contractor registered under chapter 48.44 RCW, and a health maintenance organization registered under chapter 48.46 RCW, as well as all persons engaged as, or purporting to be engaged as insurers, institutions issuing charitable gift annuities, health care service contractors, or health maintenance organizations in this state, and to persons in process of organization to become insurers, institutions issuing charitable gift annuities, health care service contractors, or health maintenance organizations.

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

(a) "Exceeded its powers" means the following conditions:

(i) The insurer has refused to permit examination of its books, papers, accounts, records, or affairs by the commissioner, his or her deputies, employees, or duly commissioned examiners as required by this title or any rules adopted by the commissioner;

(ii) A domestic insurer has unlawfully removed from this state books, papers, accounts, or records necessary for an examination of the insurer;

(iii) The insurer has failed to promptly comply with the filing of any applicable financial reports as required by this title or any rules adopted by the commissioner;

(iv) The insurer has neglected or refused to observe a lawful order of the commissioner to comply, within the time prescribed by law, with any prohibited deficiency in its applicable capital, capital stock, or surplus;

(v) The insurer is continuing to transact insurance or write business after its license has been revoked or suspended by the commissioner;

(vi) The insurer, by contract or otherwise, has unlawfully or has in violation of an order of the commissioner or with respect to a transaction to which the insurer has without first having obtained written approval of the commissioner if approval is required by law:

(A) Totally reinsured its entire outstanding business; or

(B) Merged or consolidated substantially its entire property or business with another insurer; or

(vii) The insurer engaged in any transaction in which it is not authorized to engage under this title or any rules adopted by the commissioner.

(b) "Consent" means agreement to administrative supervision by the insurer. [2005 c 432 § 1; 1998 c 284 § 8; 1989 c 151 § 1; 1947 c 79 § .31.02; Rem. Supp. 1947 § 45.31.02.]

**48.31.021 Insurer—Self-funded multiple employer welfare arrangement.** A self-funded multiple employer welfare arrangement, as defined in RCW 48.125.010, is an insurer under this chapter. [2004 c 260 § 20.]

**Severability—Effective date—2004 c 260:** See RCW 48.125.900 and 48.125.901.

**48.31.025 Confidentiality of documents, materials, or other information—Commissioner's capacity as a receiver.** (1) Documents, materials, or other information that the commissioner obtains under this chapter in the commissioner's capacity as a receiver as defined in RCW 48.99.010(12), are records under the jurisdiction and control of the receivership court. These records are confidential by law and privileged, are not subject to chapter 42.56 or 40.14 RCW, and are not subject to subpoena directed to the commissioner or any person who received documents, materials, or other information while acting under the authority of the commissioner. The commissioner is authorized to use such documents, materials, or other information in the furtherance of any regulatory or legal action brought as a part of the commissioner's official duties. The confidentiality and privilege created by this section and RCW 42.56.400(17) is not waived if confidential and privileged information under this section is shared with any person acting under the authority of the commissioner, representatives of insurance guaranty associations that may have statutory obligations as a result of the insolvency of an insurer, the national association of insurance

commissioners and its affiliates and subsidiaries, regulatory and law enforcement officials of other states and nations, the federal government, and international authorities.

(2) Neither the commissioner nor any person who received documents, materials, or other information while acting under the authority of the commissioner as receiver is required to testify in any private civil action concerning any confidential and privileged documents, materials, or information subject to subsection (1) of this section.

(3) Any person who can demonstrate a legal interest in the receivership estate or a reasonable suspicion of negligence or malfeasance by the commissioner related to an insurer receivership may file a motion in the receivership matter to allow inspection of private company information or documents otherwise not subject to disclosure under subsection (1) of this section. The court shall conduct an in-camera review after notifying the commissioner and every party that produced the information. The court may order the commissioner to allow the petitioner to have access to the information provided the petitioner maintains the confidentiality of the information. The petitioner must not disclose the information to any other person, except upon further order of the court. After conducting a hearing, the court may order that the information can be disclosed publicly if the court finds that there is a public interest in the disclosure of the information and protection of the information from public disclosure is clearly unnecessary to protect any individual's right of privacy, or any company's proprietary information, and the commissioner has not demonstrated that disclosure would impair any vital governmental function, or the receiver's ability to manage the estate.

(4) The confidentiality and privilege of documents, materials, or other information obtained by the receiver set forth in subsections (1) and (2) of this section does not apply to litigation to which the insurer in receivership is a party. In such instances, discovery is governed by the Washington rules of civil procedure. [2010 c 97 § 1.]

**48.31.030 Rehabilitation—Grounds.** The commissioner may apply for an order directing him or her to rehabilitate a domestic insurer upon one or more of the following grounds: That the insurer

(1) Is insolvent; or

(2) Has refused to submit its books, records, accounts, or affairs to the reasonable examination of the commissioner; or

(3) Has failed to comply with the commissioner's order, made pursuant to law, to make good an impairment of capital (if a stock insurer) or an impairment of assets (if a mutual or reciprocal insurer) within the time prescribed by law; or

(4) Has transferred or attempted to transfer substantially its entire property or business, or has entered into any transaction the effect of which is to merge substantially its entire property or business in that of any other insurer without first having obtained the written approval of the commissioner; or

(5) Is found, after examination, to be in such condition that its further transaction of business will be hazardous to its policyholders, or to its creditors, or to its members, subscribers, or stockholders, or to the public; or

(6) Has willfully violated its charter or any law of this state; or

(7) Has an officer, director, or manager who has refused to be examined under oath, concerning its affairs, for which purpose the commissioner is authorized to conduct and to enforce by all appropriate and available means any such examination under oath in any other state or territory of the United States, in which any such officer, director, or manager may then presently be, to the full extent permitted by the laws of any such other state or territory, this special authorization considered; or

(8) Has been the subject of an application for the appointment of a receiver, trustee, custodian, or sequestrator of the insurer or of its property, or if a receiver, trustee, custodian, or sequestrator is appointed by a federal court or if such appointment is imminent; or

(9) Has consented to such an order through a majority of its directors, stockholders, members, or subscribers; or

(10) Has failed to pay a final judgment rendered against it in any state upon any insurance contract issued or assumed by it, within thirty days after the judgment became final or within thirty days after time for taking an appeal has expired, or within thirty days after dismissal of an appeal before final determination, whichever date is the later; or

(11) There is reasonable cause to believe that there has been embezzlement from the insurer, wrongful sequestration or diversion of the insurer's assets, forgery or fraud affecting the insurer, or other illegal conduct in, by, or with respect to the insurer that, if established, would endanger assets in an amount threatening the solvency of the insurer; or

(12) The insurer has failed to remove a person who in fact has executive authority in the insurer, whether an officer, manager, general agent, employee, or other person, if the person has been found after notice and hearing by the commissioner to be dishonest or untrustworthy in a way affecting the insurer's business; or

(13) Control of the insurer, whether by stock ownership or ownership or otherwise, and whether direct or indirect, is in a person or persons found after notice and hearing to be untrustworthy; or

(14) The insurer has failed to file its annual report or other financial report required by statute within the time allowed by law and, after written demand by the commissioner, has failed to give an adequate explanation immediately; or

(15) The board of directors or the holders of a majority of the shares entitled to vote, request, or consent to rehabilitation under this chapter. [1993 c 462 § 75; 1949 c 190 § 28; 1947 c 79 § .31.03; Rem. Supp. 1949 § 45.31.03.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.31.040 Rehabilitation—Order—Termination.** (1) An order to rehabilitate a domestic insurer shall direct the commissioner forthwith to take possession of the property of the insurer and to conduct the business thereof, and to take such steps toward removal of the causes and conditions which have made rehabilitation necessary as the court may direct.

(2) If at any time the commissioner deems that further efforts to rehabilitate the insurer would be useless, he or she may apply to the court for an order of liquidation.

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(3) The commissioner, or any interested person upon due notice to the commissioner, at any time may apply for an order terminating the rehabilitation proceeding and permitting the insurer to resume possession of its property and the conduct of its business, but no such order shall be granted except when, after a full hearing, the court has determined that the purposes of the proceedings have been fully accomplished.

(4) An order to rehabilitate the business of a domestic insurer, or an alien insurer domiciled in this state, shall appoint the commissioner and his or her successors in office as the rehabilitator, and shall direct the rehabilitator to immediately take possession of the assets of the insurer, and to administer them under the general supervision of the court. The filing or recording of the order with the recorder of deeds of the county in this state in which the principal business of the company is conducted, or the county in this state in which the company's principal office or place of business is located, imparts the same notice as a deed or other evidence of title duly filed or recorded with that recorder of deeds would have imparted. The order to rehabilitate the insurer by operation of law vests title to all assets of the insurer in the rehabilitator.

(5) An order issued under this section requires accountings to the court by the rehabilitator. Accountings must be done at such intervals as the court specifies in its order, but no less frequently than semiannually.

(6) Entry of an order of rehabilitation does not constitute an anticipatory breach of contracts of the insurer nor may it be grounds for retroactive revocation or retroactive cancellation of contracts of the insurer, unless the revocation or cancellation is done by the rehabilitator. [1993 c 462 § 76; 1947 c 79 § .31.04; Rem. Supp. 1947 § 45.31.04.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.31.045 Rehabilitation order against insurer—Insurer is party to action or proceeding—Stay the action—Statute of limitations or defense of laches.** (1) A court in this state before which an action or proceeding in which the insurer is a party, or is obligated to defend a party, is pending when a rehabilitation order against the insurer is entered shall stay the action or proceeding for ninety days and such additional time as is necessary for the rehabilitator to obtain proper representation and prepare for further proceedings. The rehabilitator shall take such action respecting the pending litigation as he or she deems necessary in the interests of justice and for the protection of creditors, policyholders, and the public. The rehabilitator shall immediately consider all litigation pending outside this state and shall petition the courts having jurisdiction over that litigation for stays whenever necessary to protect the estate of the insurer.

(2) A statute of limitations or defense of laches does not run with respect to an action by or against an insurer between the filing of a petition for appointment of a rehabilitator for that insurer and the order granting or denying that petition. An action against the insurer that might have been commenced when the petition was filed may be commenced for at least sixty days after the order of rehabilitation is entered or the petition is denied. The rehabilitator may institute an action or proceeding pursuant to an order of rehabilitation, within the later of two years following entry of the order or

two years of the date the rehabilitator discovers, or in the exercise of reasonable care should have discovered, the injury from which the action or proceeding arose and its cause. However, actions against former directors, officers, and employees brought pursuant to an order of rehabilitation for the benefit or the protection of subscribers, policy beneficiaries, or the general public is subject to the limitations period of RCW 4.16.160.

(3) A guaranty association or foreign guaranty association covering life or health insurance or annuities has standing to appear in a court proceeding concerning the rehabilitation of a life or health insurer if the association is or may become liable to act as a result of the rehabilitation. [2007 c 80 § 10; 1993 c 462 § 77.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.31.050 Liquidation—Grounds.** The commissioner may apply for an order directing him or her to liquidate the business of a domestic insurer or of the United States branch of an alien insurer having trusteed assets in this state, regardless of whether or not there has been a prior order directing him or her to rehabilitate such insurer, upon any of the grounds specified in RCW 48.31.030 or upon any one or more of the following grounds: That the insurer

(1) Has ceased transacting business for a period of one year; or

(2) Is an insolvent insurer and has commenced voluntary liquidation or dissolution, or attempts to commence or prosecute any action or proceeding to liquidate its business or affairs, or to dissolve its corporate charter, or to procure the appointment of a receiver, trustee, custodian, or sequestrator under any law except this code; or

(3) Has not organized or completed its organization and obtained a certificate of authority as an insurer prior to the expiration or revocation of its solicitation permit. [2009 c 549 § 7123; 1947 c 79 § .31.05; Rem. Supp. 1947 § 45.31.05.]

**48.31.060 Liquidation—Order.** (1) An order to liquidate the business of a domestic insurer shall direct the commissioner forthwith to take possession of the property of the insurer, to liquidate its business, to deal with the insurer's property and business in his or her own name as commissioner or in the name of the insurer as the court may direct, to give notice to all creditors who may have claims against the insurer to present such claims.

(2) The commissioner may apply under this chapter for an order dissolving the corporate existence of a domestic insurer:

(a) Upon his or her application for an order of liquidation of such insurer, or at any time after such order has been granted; or

(b) Upon the grounds specified in item (3) of RCW 48.31.050, regardless of whether an order of liquidation is sought or has been obtained. [2009 c 549 § 7124; 1947 c 79 § .31.06; Rem. Supp. 1947 § 45.31.06.]

**48.31.070 Liquidation—Alien insurers.** An order to liquidate the business of the United States branch of an alien insurer having trusteed assets in this state shall be in the same

terms as those prescribed for domestic insurers, except that only the assets of the business of such United States branch shall be included therein. [1947 c 79 § .31.07; Rem. Supp. 1947 § 45.31.07.]

**48.31.080 Conservation of assets—Foreign insurers.** The commissioner may apply for an order directing him or her to conserve the assets within this state of a foreign insurer upon any one or more of the following grounds:

(1) Upon any of the grounds specified in items (1) to (9) inclusive of RCW 48.31.030 and in item (2) of RCW 48.31.050.

(2) That its property has been sequestered in its domiciliary sovereignty or in any other sovereignty. [2009 c 549 § 7125; 1947 c 79 § .31.08; Rem. Supp. 1947 § 45.31.08.]

**48.31.090 Conservation of assets—Alien insurers.** The commissioner may apply for an order directing him or her to conserve the assets within this state of an alien insurer upon any one or more of the following grounds:

(1) Upon any of the grounds specified in items (1) to (9) inclusive of RCW 48.31.030 and in item (2) of RCW 48.31.050; or

(2) That the insurer has failed to comply, within the time designated by the commissioner, with an order of the commissioner pursuant to law to make good an impairment of its trusteed funds; or

(3) That the property of the insurer has been sequestered in its domiciliary sovereignty or elsewhere. [2009 c 549 § 7126; 1947 c 79 § .31.09; Rem. Supp. 1947 § 45.31.09.]

**48.31.100 Foreign or alien insurers—Conservation, ancillary proceedings.** (1) An order to conserve the assets of a foreign or alien insurer must direct the commissioner immediately to take possession of the property of the insurer within this state and to conserve it, subject to the further direction of the court.

(2) Whenever a domiciliary receiver is appointed for a foreign or alien insurer in its domiciliary state that is also a reciprocal state, as defined in RCW 48.99.010, the court shall on application of the commissioner appoint the commissioner as the ancillary receiver in this state, subject to the provisions of the uniform insurers liquidation act. [2005 c 223 § 23; 1947 c 79 § .31.10; Rem. Supp. 1947 § 45.31.10.]

**48.31.105 Conduct of proceedings—Requirement to cooperate—Definitions—Violations—Penalties.** (1) An officer, manager, director, trustee, owner, employee, or agent of an insurer or other person with authority over or in charge of a segment of the insurer's affairs shall cooperate with the commissioner in a proceeding under this chapter or an investigation preliminary to the proceeding. The term "person" as used in this section includes a person who exercises control directly or indirectly over activities of the insurer through a holding company or other affiliate of the insurer. "To cooperate" as used in this section includes the following:

(a) To reply promptly in writing to an inquiry from the commissioner requesting such a reply; and

(b) To make available to the commissioner books, accounts, documents, or other records or information or prop-

erty of or pertaining to the insurer and in his or her possession, custody, or control.

(2) A person may not obstruct or interfere with the commissioner in the conduct of a delinquency proceeding or an investigation preliminary or incidental thereto.

(3) This section does not abridge existing legal rights, including the right to resist a petition for liquidation or other delinquency proceedings, or other orders.

(4) A person included within subsection (1) of this section who fails to cooperate with the commissioner, or a person who obstructs or interferes with the commissioner in the conduct of a delinquency proceeding or an investigation preliminary or incidental thereto, or who violates an order the commissioner issued validly under this chapter may:

(a) Be guilty of a gross misdemeanor and sentenced to pay a fine not exceeding ten thousand dollars or to undergo imprisonment for a term of not more than one year, or both; or

(b) After a hearing, be subject to the imposition by the commissioner of a civil penalty not to exceed ten thousand dollars and be subject further to the revocation or suspension of insurance licenses issued by the commissioner. [2003 c 53 § 272; 1993 c 462 § 58.]

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.31.111 Commencement of delinquency proceeding by commissioner—Jurisdiction of courts.** (1) A delinquency proceeding may not be commenced under this chapter by anyone other than the commissioner of this state, and no court has jurisdiction to entertain a proceeding commenced by another person.

(2) No court of this state has jurisdiction to entertain a complaint praying for the dissolution, liquidation, rehabilitation, sequestration, conservation, or receivership of an insurer, or praying for an injunction or restraining order or other relief preliminary to, incidental to, or relating to the proceedings, other than in accordance with this chapter.

(3) In addition to other grounds for jurisdiction provided by the law of this state, a court of this state having jurisdiction of the subject matter has jurisdiction over a person served under the rules of civil procedure or other applicable provisions of law in an action brought by the receiver of a domestic insurer or an alien insurer domiciled in this state:

(a) If the person served is an insurance producer, title insurance agent, surplus line broker, or other person who has written policies of insurance for or has acted in any manner on behalf of an insurer against which a delinquency proceeding has been instituted, in an action resulting from or incident to such a relationship with the insurer;

(b) If the person served is a reinsurer who has entered into a contract of reinsurance with an insurer against which a delinquency proceeding has been instituted, or is an insurance producer of or for the reinsurer, in an action on or incident to the reinsurance contract;

(c) If the person served is or has been an officer, director, manager, trustee, organizer, promoter, or other person in a position of comparable authority or influence over an insurer against which a delinquency proceeding has been instituted,

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in an action resulting from or incident to such a relationship with the insurer;

(d) If the person served is or was at the time of the institution of the delinquency proceeding against the insurer holding assets in which the receiver claims an interest on behalf of the insurer, in an action concerning the assets; or

(e) If the person served is obligated to the insurer in any way, in an action on or incident to the obligation.

(4) If the court on motion of a party finds that an action should as a matter of substantial justice be tried in a forum outside this state, the court may enter an appropriate order to stay further proceedings on the action in this state. [2009 c 162 § 27; 2008 c 217 § 43; 2003 c 248 § 11; 1993 c 462 § 59.]

**Effective date—2009 c 162:** See note following RCW 48.03.020.

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.31.115 Immunity from suit and liability—Persons entitled to protection.** (1) The persons entitled to protection under this section are:

(a) The commissioner and any other receiver or administrative supervisor responsible for conducting a delinquency proceeding under this chapter, including present and former commissioners, administrative supervisors, and receivers; and

(b) The commissioner's employees, meaning all present and former special deputies and assistant special deputies and special receivers and special administrative supervisors appointed by the commissioner and all persons whom the commissioner, special deputies, or assistant special deputies have employed to assist in a delinquency proceeding under this chapter. Attorneys, accountants, auditors, and other professional persons or firms who are retained as independent contractors, and their employees, are not considered employees of the commissioner for purposes of this section.

(2) The commissioner and the commissioner's employees are immune from suit and liability, both personally and in their official capacities, for a claim for damage to or loss of property or personal injury or other civil liability caused by or resulting from an alleged act or omission of the commissioner or an employee arising out of or by reason of his or her duties or employment. However, nothing in this subsection may be construed to hold the commissioner or an employee immune from suit or liability for any damage, loss, injury, or liability caused by the intentional or willful and wanton misconduct of the commissioner or an employee.

(3) If a legal action is commenced against the commissioner or an employee, whether against him or her personally or in his or her official capacity, alleging property damage, property loss, personal injury, or other civil liability caused by or resulting from an alleged act or omission of the commissioner or an employee arising out of or by reason of his or her duties or employment, the commissioner and any employee shall be indemnified from the assets of the insurer for all expenses, attorneys' fees, judgments, settlements, decrees, or amounts due and owing or paid in satisfaction of or incurred in the defense of the legal action unless it is determined upon a final adjudication on the merits that the alleged act or omission of the commissioner or employee giving rise to the claim did not arise out of or by reason of his or her

duties or employment, or was caused by intentional or willful and wanton misconduct.

(a) Attorneys' fees and related expenses incurred in defending a legal action for which immunity or indemnity is available under this section shall be paid from the assets of the insurer, as they are incurred, in advance of the final disposition of such action upon receipt of an undertaking by or on behalf of the commissioner or employee to repay the attorneys' fees and expenses if it is ultimately determined upon a final adjudication on the merits and that the commissioner or employee is not entitled to immunity or indemnity under this section.

(b) Any indemnification under this section is an administrative expense of the insurer.

(c) In the event of an actual or threatened litigation against the commissioner or an employee for which immunity or indemnity may be available under this section, a reasonable amount of funds that in the judgment of the commissioner may be needed to provide immunity or indemnity shall be segregated and reserved from the assets of the insurer as security for the payment of indemnity until all applicable statutes of limitation have run or all actual or threatened actions against the commissioner or an employee have been completely and finally resolved, and all obligations of the insurer and the commissioner under this section have been satisfied.

(d) In lieu of segregation and reserving of funds, the commissioner may obtain a surety bond or make other arrangements that will enable the commissioner to secure fully the payment of all obligations under this section.

(4) If a legal action against an employee for which indemnity may be available under this section is settled before final adjudication on the merits, the insurer shall pay the settlement amount on behalf of the employee, or indemnify the employee for the settlement amount, unless the commissioner determines:

(a) That the claim did not arise out of or by reason of the employee's duties or employment; or

(b) That the claim was caused by the intentional or willful and wanton misconduct of the employee.

(5) In a legal action in which the commissioner is a defendant, that portion of a settlement relating to the alleged act or omission of the commissioner is subject to the approval of the court before which the delinquency proceeding is pending. The court may not approve that portion of the settlement if it determines:

(a) That the claim did not arise out of or by reason of the commissioner's duties or employment; or

(b) That the claim was caused by the intentional or willful and wanton misconduct of the commissioner.

(6) Nothing in this section removes or limits an immunity, indemnity, benefit of law, right, or defense otherwise available to the commissioner, an employee, or any other person, not an employee under subsection (1)(b) of this section, who is employed by or in the office of the commissioner or otherwise employed by the state.

(7)(a) Subsection (2) of this section applies to any suit based in whole or in part on an alleged act or omission that takes place on or after July 25, 1993.

(b) No legal action lies against the commissioner or an employee based in whole or in part on an alleged act or omis-

sion that took place before July 25, 1993, unless suit is filed and valid service of process is obtained within twelve months after July 25, 1993.

(c) Subsections (3), (4), and (5) of this section apply to a suit that is pending on or filed after July 25, 1993, without regard to when the alleged act or omission took place. [2005 c 432 § 2; 1993 c 462 § 60.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.31.121 Court order for a formal delinquency proceeding—Commissioner may petition—Insurer may petition for hearing and review.** (1) The commissioner may petition the court alleging, with respect to a domestic insurer:

(a) That there exists a ground that would justify a court order for a formal delinquency proceeding against an insurer under this chapter;

(b) That the interests of policyholders, creditors, or the public will be endangered by delay; and

(c) The contents of an order deemed necessary by the commissioner.

(2) Upon a filing under subsection (1) of this section, the court may issue forthwith, ex parte and without a hearing, the requested order that shall: Direct the commissioner to take possession and control of all or a part of the property, books, accounts, documents, and other records of an insurer, and of the premises occupied by it for transaction of its business; and until further order of the court enjoin the insurer and its officers, managers, agents, and employees from disposition of its property and from the transaction of its business except with the written consent of the commissioner.

(3) The court shall specify in the order what the order's duration shall be, which shall be such time as the court deems necessary for the commissioner to ascertain the condition of the insurer. On motion of either party or on its own motion, the court may from time to time hold hearings it deems desirable after such notice as it deems appropriate, and may extend, shorten, or modify the terms of the seizure order. The court shall vacate the seizure order if the commissioner fails to commence a formal proceeding under this chapter after having had a reasonable opportunity to do so. An order of the court pursuant to a formal proceeding under this chapter vacates the seizure order.

(4) Entry of a seizure order under this section does not constitute an anticipatory breach of a contract of the insurer.

(5) An insurer subject to an ex parte order under this section may petition the court at any time after the issuance of an order under this section for a hearing and review of the order. The court shall hold the hearing and review not more than fifteen days after the request. A hearing under this subsection may be held privately in chambers, and it must be so held if the insurer proceeded against so requests.

(6) If, at any time after the issuance of an order under this section, it appears to the court that a person whose interest is or will be substantially affected by the order did not appear at the hearing and has not been served, the court may order that notice be given. An order that notice be given does not stay the effect of an order previously issued by the court. [1993 c 462 § 61.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.31.125 Order of liquidation—Termination of coverage.** (1) All policies, including bonds and other noncancelable business, other than life or health insurance or annuities, in effect at the time of issuance of an order of liquidation continue in force only until the earliest of:

(a) The end of a period of thirty days from the date of entry of the liquidation order;

(b) The expiration of the policy coverage;

(c) The date when the insured has replaced the insurance coverage with equivalent insurance in another insurer or otherwise terminated the policy;

(d) The liquidator has effected a transfer of the policy obligation; or

(e) The date proposed by the liquidator and approved by the court to cancel coverage.

(2) An order of liquidation terminates coverages at the time specified in subsection (1) of this section for purposes of any other statute.

(3) Policies of life or health insurance or annuities shall continue in force for the period and under the terms provided by an applicable guaranty association or foreign guaranty association.

(4) Policies of life or health insurance or annuities or a period or coverage of the policies not covered by a guaranty association or foreign guaranty association shall terminate under subsections (1) and (2) of this section. [1993 c 462 § 62.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.31.131 Appointment of liquidator—Actions at law or equity—Statute of limitations or defense of laches.** (1) Upon issuance of an order appointing a liquidator of a domestic insurer or of an alien insurer domiciled in this state, an action at law or equity or in arbitration may not be brought against the insurer or liquidator, whether in this state or elsewhere, nor may such an existing action be maintained or further presented after issuance of the order. The courts of this state shall give full faith and credit to injunctions against the liquidator or the company when the injunctions are included in an order to liquidate an insurer issued under laws in other states corresponding to this subsection. Whenever, in the liquidator's judgment, protection of the estate of the insurer necessitates intervention in an action against the insurer that is pending outside this state, the liquidator may intervene in the action. The liquidator may defend an action in which he or she intervenes under this section at the expense of the estate of the insurer.

(2) The liquidator may institute an action or proceeding pursuant to an order of rehabilitation, within the later of two years following entry of the order or two years of the date the liquidator discovers, or in the exercise of reasonable care should have discovered, the injury from which the action or proceeding arose and its cause. However, actions against former directors, officers, and employees brought pursuant to an order of rehabilitation for the benefit or the protection of subscribers, policy beneficiaries, or the general public is subject to the limitations period of RCW 4.16.160.

(3) A statute of limitation or defense of laches does not run with respect to an action against an insurer between the filing of a petition for liquidation against an insurer and the denial of the petition. An action against the insurer that might

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have been commenced when the petition was filed may be commenced for at least sixty days after the petition is denied.

(4) A guaranty association or foreign guaranty association has standing to appear in a court proceeding concerning the liquidation of an insurer if the association is or may become liable to act as a result of the liquidation. [2007 c 80 § 11; 1993 c 462 § 63.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.31.135 Recovery from reinsurers—Not reduced by delinquency proceedings—Direct payment to insured.**

The amount recoverable by the commissioner from reinsurers may not be reduced as a result of the delinquency proceedings, regardless of any provision in the reinsurance contract or other agreement except as provided in RCW 48.31.290. Payment made directly to an insured or other creditor does not diminish the reinsurer's obligation to the insurer's estate except when the reinsurance contract provided for direct coverage of a named insured and the payment was made in discharge of that obligation. [1993 c 462 § 64.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.31.141 Responsibility for payment of a premium—Earned or unearned premium—Violations—Penalties—Rights of party aggrieved.** (1)(a) An insurance producer, title insurance agent, surplus line broker, premium finance company, or any other person, other than the policy owner or the insured, responsible for the payment of a premium is obligated to pay any unpaid premium for the full policy term due the insurer at the time of the declaration of insolvency, whether earned or unearned, as shown on the records of the insurer. The liquidator also has the right to recover from the person a part of an unearned premium that represents commission of the person. Credits or setoffs or both may not be allowed to an insurance producer, title insurance agent, surplus line broker, or premium finance company for amounts advanced to the insurer by the insurance producer, title insurance agent, surplus line broker, or premium finance company on behalf of, but in the absence of a payment by, the policy owner or the insured.

(b) Notwithstanding (a) of this subsection, the insurance producer, title insurance agent, surplus line broker, premium finance company, or other person is not liable for uncollected unearned premium of the insurer. A presumption exists that the premium as shown on the books of the insurer is collected, and the burden is upon the insurance producer, title insurance agent, surplus line broker, premium finance company, or other person to demonstrate by a preponderance of the evidence that the unearned premium was not actually collected. For purposes of this subsection, "unearned premium" means that portion of an insurance premium covering the unexpired term of the policy or the unexpired period of the policy period.

(c) Notwithstanding (a) of this subsection, the insurance producer, title insurance agent, surplus line broker, premium finance company, or other person is not liable for uncollected unearned premium of the insurer. A presumption exists that the premium as shown on the books of the insurer is collected, and the burden is upon the insurance producer, title insurance agent, surplus line broker, premium finance company, or other person to demonstrate by a preponderance of the evidence that the unearned premium was not actually collected. For purposes of this subsection, "unearned premium" means that portion of an insurance premium covering the unexpired term of the policy or the unexpired period of the policy period.

(c) An insured is obligated to pay any unpaid earned premium due the insurer at the time of the declaration of insolvency, as shown on the records of the insurer.

(2) Upon a violation of this section, the commissioner may pursue either one or both of the following courses of action:

(a) Suspend or revoke or refuse to renew the licenses of the offending party or parties;

(b) Impose a penalty of not more than one thousand dollars for each violation.

(3) Before the commissioner may take an action as set forth in subsection (2) of this section, he or she shall give written notice to the person accused of violating the law, stating specifically the nature of the alleged violation, and fixing a time and place, at least ten days thereafter, when a hearing on the matter shall be held. After the hearing, or upon failure of the accused to appear at the hearing, the commissioner, if he or she finds a violation, shall impose those penalties under subsection (2) of this section that he or she deems advisable.

(4) When the commissioner takes action in any or all of the ways set out in subsection (2) of this section, the party aggrieved has the rights granted under the Administrative Procedure Act, chapter 34.05 RCW. [2009 c 162 § 28; 2008 c 217 § 44; 1993 c 462 § 65.]

**Effective date—2009 c 162:** See note following RCW 48.03.020.

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.31.145 Liquidator denies claim—Written notice—Objections of claimant—Court hearing.** (1) When the liquidator denies a claim in whole or in part, the liquidator shall give written notice of the determination to the claimant or the claimant's attorney by first-class mail at the address shown in the proof of claim. Within sixty days from the mailing of the notice, the claimant may file his or her objections with the liquidator. If no such a filing is made, the claimant may not further object to the determination.

(2) Whenever the claimant files objections with the liquidator and the liquidator does not alter his or her denial of the claim as a result of the objections, the liquidator shall ask the court for a hearing as soon as practicable and give notice of the hearing by first-class mail to the claimant or the claimant's attorney and to other persons directly affected, not less than ten nor more than thirty days before the date of the hearing. The matter may be heard by the court or by a court-appointed referee who shall submit findings of fact along with his or her recommendation. [1993 c 462 § 66.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.31.151 Creditor's claim against insurer is secured by other person—Subrogated rights—Agreements concerning distributions.** Whenever a creditor whose claim against an insurer is secured, in whole or in part, by the undertaking of another person, fails to prove and file that claim, the other person may do so in the creditor's name, and is subrogated to the rights of the creditor, whether the claim has been filed by the creditor or by the other person in the creditor's name, to the extent that he or she discharges the undertaking. In the absence of an agreement with the creditor to the contrary, the other person is not entitled to a distribution until the amount paid to the creditor on the undertaking plus the distributions paid on the claim from the insurer's estate to the creditor equals the amount of the entire claim of the creditor. The creditor shall hold any excess received by him or her in trust for the other person. The term "other per-

son" as used in this section does not apply to a guaranty association or foreign guaranty association. [1993 c 462 § 67.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.31.155 Unclaimed funds—Liquidator's application for discharge—Deposits with the department of revenue.** Unclaimed funds subject to distribution remaining in the liquidator's hands when he or she is ready to apply to the court for discharge, including the amount distributable to a person who is unknown or cannot be found, shall be deposited with the state department of revenue as unclaimed funds, and shall be paid without interest to the person entitled to them or his or her legal representative upon proof satisfactory to the state department of revenue of his or her right to them. An amount on deposit not claimed within six years from the discharge of the liquidator is deemed to have been abandoned and shall be escheated without formal escheat proceedings and be deposited with the state treasurer. [2007 c 80 § 12; 1993 c 462 § 68.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.31.161 After termination of liquidation proceeding—Good cause to reopen proceedings.** After the liquidation proceeding has been terminated and the liquidator discharged, the commissioner or other interested party may at any time petition the court to reopen the proceedings for good cause, including the discovery of additional assets. If the court is satisfied that there is justification for reopening, it shall so order. [1993 c 462 § 69.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.31.165 Domiciliary receiver not appointed—Court order to liquidate—Notice—Domiciliary receiver appointed in other state.** (1) If no domiciliary receiver has been appointed, the commissioner may apply to the court for an order directing him or her to liquidate the assets found in this state of a foreign insurer or an alien insurer not domiciled in this state, on any of the grounds stated in: RCW 48.31.030, except subsection (10) of that section; 48.31.050(2); or 48.31.080.

(2) When an order is sought under subsection (1) of this section, the court shall cause the insurer to be given thirty days' notice and time to respond, or a lesser period reasonable under the circumstances.

(3) If it appears to the court that the best interests of creditors, policyholders, and the public require, the court may issue an order to liquidate in whatever terms it deems appropriate. The filing or recording of the order with the recorder of deeds of the county in which the principal business of the company in this state is located or the county in which its principal office or place of business in this state is located, imparts the same notice as a deed or other evidence of title duly filed or recorded with that recorder of deeds would have imparted.

(4) If a domiciliary liquidator is appointed in a reciprocal state while a liquidation is proceeding under this section, the liquidator under this section shall thereafter act as ancillary receiver under RCW 48.99.030. If a domiciliary liquidator is appointed in a nonreciprocal state while a liquidation is proceeding under this section, the liquidator under this section

may petition the court for permission to act as ancillary receiver under RCW 48.99.030.

(5) On the same grounds as are specified in subsection (1) of this section, the commissioner may petition an appropriate federal court to be appointed receiver to liquidate that portion of the insurer's assets and business over which the court will exercise jurisdiction, or any lesser part thereof that the commissioner deems desirable for the protection of policyholders, creditors, and the public in this state.

(6) The court may order the commissioner, when he or she has liquidated the assets of a foreign or alien insurer under this section, to pay claims of residents of this state against the insurer under those rules on the liquidation of insurers under this chapter that are otherwise compatible with this section. [1993 c 462 § 70.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.31.171 Domiciliary liquidator—Reciprocal state—Nonreciprocal state—Commissioner's duties.** (1) Except as to special deposits and security on secured claims under RCW 48.99.030(2), the domiciliary liquidator of an insurer domiciled in a reciprocal state is vested by operation of law with the title to all of the assets, property, contracts, and rights of action, agents' balances, and all the books, accounts, and other records of the insurer located in this state. The date of vesting is the date of the filing of the petition, if that date is specified by the domiciliary law for the vesting of property in the domiciliary state. Otherwise, the date of vesting is the date of entry of the order directing possession to be taken. The domiciliary liquidator has the immediate right to recover balances due from agents and to obtain possession of the books, accounts, and other records of the insurer located in this state. The domiciliary liquidator also has the right to recover all other assets of the insurer located in this state, subject to RCW 48.99.030.

(2) If a domiciliary liquidator is appointed for an insurer not domiciled in a reciprocal state, the commissioner of this state is vested by operation of law with the title to all of the property, contracts, and rights of action, and all the books, accounts, and other records of the insurer located in this state, at the same time that the domiciliary liquidator is vested with title in the domicile. The commissioner of this state may petition for a conservation or liquidation order under RCW 48.31.100 or 48.99.030, or for an ancillary receivership under RCW 48.99.030, or after approval by the court may transfer title to the domiciliary liquidator, as the interests of justice and the equitable distribution of the assets require.

(3) Claimants residing in this state may file claims with the liquidator or ancillary receiver, if any, in this state or with the domiciliary liquidator, if the domiciliary law permits. The claims must be filed on or before the last date fixed for the filing of claims in the domiciliary liquidation proceedings. [1993 c 462 § 71.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.31.175 Foreign or alien insurer—Property located in this state—Commissioner's discretion.** The commissioner in his or her sole discretion may institute proceedings under RCW 48.31.121 at the request of the commissioner or other appropriate insurance official of the domiciliary state of

a foreign or alien insurer having property located in this state. [1993 c 462 § 72.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.31.181 Liquidation proceedings—One or more reciprocal states—Distributions—Special deposit claims—Secured claims.** (1) In a liquidation proceeding in this state involving one or more reciprocal states, the order of distribution of the domiciliary state controls as to claims of residents of this and reciprocal states. Claims of residents of reciprocal states shall be given equal priority of payment from general assets regardless of where the assets are located.

(2) The owners of special deposit claims against an insurer for which a liquidator is appointed in this or any other state shall be given priority against the special deposits in accordance with the statutes governing the creation and maintenance of the deposits. If there is a deficiency in a deposit, so that the claims secured by it are not fully discharged from it, the claimants may share in the general assets, but the sharing shall be deferred until general creditors, and also claimants against other special deposits who have received smaller percentages from their respective special deposits, have been paid percentages of their claims equal to the percentage paid from the special deposit.

(3) The owner of a secured claim against an insurer for which a liquidator has been appointed in this or another state may surrender his or her security and file his or her claim as a general creditor, or the claim may be discharged by resort to the security, in which case the deficiency, if any, shall be treated as a claim against the general assets of the insurer on the same basis as claims of unsecured creditors. [1993 c 462 § 73.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.31.184 Ancillary receiver in another state or foreign country—Failure to transfer assets.** If an ancillary receiver in another state or foreign country, whether called by that name or not, fails to transfer to the domiciliary liquidator in this state assets within his or her control other than special deposits, diminished only by the expenses of the ancillary receivership, if any, then the claims filed in the ancillary receivership, other than special deposit claims or secured claims, shall be placed in the class of claims under RCW 48.31.280(8). [2003 c 248 § 12; 1993 c 462 § 74.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.31.185 Receiver's proposal to disperse assets upon liquidation—Application for approval—Contents of proposal—Notice of application.** (1) Within one hundred twenty days of a final determination of insolvency of an insurer and order of liquidation by a court of competent jurisdiction of this state, the receiver shall make application to the court for approval of a proposal to disperse assets out of that insurer's marshalled assets from time to time as assets become available to the Washington insurance guaranty association and the Washington life and disability insurance guaranty association and to any entity or person performing a similar function in another state. For purposes of this section, "associations" means the Washington insurance guaranty association and the Washington life and disability insurance

guaranty association and any entity or person performing a similar function in other states.

(2) Such a proposal must at least include provisions for:

(a) Reserving amounts for the payment of claims falling within the priorities established in RCW 48.31.280;

(b) Disbursement of the assets marshalled to date and subsequent disbursements of assets as they become available;

(c) Equitable allocation of disbursements to each of the associations entitled thereto;

(d) The securing by the receiver from each of the associations entitled to disbursements pursuant to this section an agreement to return to the receiver assets previously disbursed that are required to pay claims of secured creditors and claims falling within the priorities established in RCW 48.31.280. A bond is not required of any association; and

(e) A full report by the association to the receiver accounting for all assets so disbursed to the association, all disbursements made therefrom, any interest earned by the association on those assets, and any other matters as the court may direct.

(3) The receiver's proposal must provide for disbursements to the associations in amounts estimated at least equal to the claim payments made or to be made thereby for which such associations could assert a claim against the receiver, and must further provide that if the assets available for disbursement from time to time do not equal or exceed the amount of the claim payments made or to be made by the associations then disbursements must be in the amount of available assets.

(4) The receiver's proposal shall, with respect to an insolvent insurer writing life insurance, disability insurance, or annuities, provide for disbursements of assets to the Washington life and disability insurance guaranty association or to any other entity or organization reinsuring, assuming, or guaranteeing policies or contracts of insurance under the provisions of the Washington life and disability insurance guaranty association act.

(5) Notice of an application must be given to the associations in and to the commissioners of insurance of each of the states. Notice is effected when deposited in the United States certified mails, first class postage prepaid, at least thirty days prior to submission of the application to the court. [2003 c 248 § 13; 1975-'76 2nd ex.s. c 109 § 10.]

**48.31.190 Commencement of proceeding—Venue—Effect of appellate review.** (1) Proceedings under this chapter involving a domestic insurer shall be commenced in the superior court for the county in which is located the insurer's home office or, at the election of the commissioner, in the superior court for Thurston county. Proceedings under this chapter involving other insurers shall be commenced in the superior court for Thurston county.

(2) The commissioner shall commence any such proceeding, the attorney general representing him or her, by an application to the court or to any judge thereof, for an order directing the insurer to show cause why the commissioner should not have the relief prayed for.

(3) Upon a showing of an emergency or threat of imminent loss to policyholders of the insurer the court may issue an ex parte order authorizing the commissioner immediately to take over the premises and assets of the insurer, the com-

missioner then to preserve the status quo, pending a hearing on the order to show cause, which shall be heard as soon as the court calendar permits in preference to other civil cases.

(4) In response to any order to show cause issued under this chapter the insurer shall have the burden of going forward with and producing evidence to show why the relief prayed for by the commissioner is not required.

(5) On the return of such order to show cause, and after a full hearing, the court shall either deny the relief sought in the application or grant the relief sought in the application together with such other relief as the nature of the case and the interest of policyholders, creditors, stockholders, members, subscribers, or the public may require.

(6) No appellate review of a superior court order, entered after a hearing, granting the commissioner's petition to rehabilitate an insurer or to carry out an insolvency proceeding under this chapter, shall stay the action of the commissioner in the discharge of his responsibilities under this chapter, pending a decision by the appellate court in the matter.

(7) In any proceeding under this chapter the commissioner and his or her deputies shall be responsible on their official bonds for the faithful performance of their duties. If the court deems it desirable for the protection of the assets, it may at any time require an additional bond from the commissioner or his or her deputies. [2009 c 549 § 7127; 1993 c 462 § 82; 1988 c 202 § 46; 1969 ex.s. c 241 § 13; 1967 c 150 § 31; 1947 c 79 § .31.19; Rem. Supp. 1947 § 45.31.19.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.31.200 Injunctions.** (1) Upon application by the commissioner for such an order to show cause or at any time thereafter, the court may without notice issue an injunction restraining the insurer, its officers, directors, stockholders, members, subscribers, agents, and all other persons from the transaction of its business or the waste or disposition of its property until the further order of the court.

(2) The court may at any time during a proceeding under this chapter issue such other injunctions or orders as may be deemed necessary to prevent interference with the commissioner or the proceeding, or waste of the assets of the insurer, or the commencement or prosecution of any actions, or the obtaining of preferences, judgments, attachments or other liens, or the making of any levy against the insurer or against its assets or any part thereof. [1947 c 79 § .31.20; Rem. Supp. 1947 § 45.31.20.]

**48.31.210 Change of venue.** At any time after the commencement of a proceeding under this chapter the commissioner may apply to the court for an order changing the venue of, and removing the proceeding to Thurston county, or to any other county of this state in which he or she deems that such proceeding may be most economically and efficiently conducted. [2009 c 549 § 7128; 1947 c 79 § .31.21; Rem. Supp. 1947 § 45.31.21.]

**48.31.220 Deposit of moneys collected.** The moneys collected by the commissioner in a proceeding under this chapter, shall be, from time to time, deposited in one or more state or national banks, savings banks, or trust companies, and in the case of the insolvency or voluntary or involuntary

liquidation of any such depository which is an institution organized and supervised under the laws of this state, such deposits shall be entitled to priority of payment on an equality with any other priority given by the banking law of this state. The commissioner may in his or her discretion deposit such moneys or any part thereof in a national bank or trust company as a trust fund. [2009 c 549 § 7129; 1947 c 79 § .31.22; Rem. Supp. 1947 § 45.31.22.]

**48.31.230 Exemption from filing fees.** The commissioner shall not be required to pay any fee to any public officer in this state for filing, recording, issuing a transcript or certificate, or authenticating any paper or instrument pertaining to the exercise by the commissioner of any of the powers or duties conferred upon him or her under this chapter, whether or not such paper or instrument be executed by the commissioner or his or her deputies, employees, or attorneys of record and whether or not it is connected with the commencement of an action or proceeding by or against the commissioner, or with the subsequent conduct of such action or proceeding. [2009 c 549 § 7130; 1947 c 79 § .31.23; Rem. Supp. 1947 § 45.31.23.]

**48.31.240 Borrowing on pledge of assets.** For the purpose of facilitating the rehabilitation, liquidation, conservation or dissolution of an insurer pursuant to this chapter the commissioner may, subject to the approval of the court, borrow money and execute, acknowledge and deliver notes or other evidences of indebtedness therefor and secure the repayment of the same by the mortgage, pledge, assignment, transfer in trust, or hypothecation of any or all of the property whether real, personal or mixed of such insurer, and the commissioner, subject to the approval of the court, shall have power to take any and all other action necessary and proper to consummate any such loans and to provide for the repayment thereof. The commissioner shall be under no obligation personally or in his or her official capacity as commissioner to repay any loan made pursuant to this section. [2009 c 549 § 7131; 1947 c 79 § .31.24; Rem. Supp. 1947 § 45.31.24.]

**48.31.260 Liquidation—Date rights, liabilities fixed.** The rights and liabilities of the insurer and of its creditors, policyholders, stockholders, members, subscribers, and all other persons interested in its estate shall, unless otherwise directed by the court, be fixed as of the date on which the order directing the liquidation of the insurer is filed in the office of the clerk of the court which made the order, subject to the provisions of RCW 48.31.300 with respect to the rights of claimants holding contingent claims and RCW 48.31.280 with respect to the priority and order of distributions of claims. [2001 c 40 § 2; 1947 c 79 § .31.26; Rem. Supp. 1947 § 45.31.26.]

**Application—Severability—2001 c 40:** See notes following RCW 48.31.280.

**48.31.270 Voidable transfers.** (1) Any transfer of, or lien upon, the property of an insurer which is made or created within four months prior to the granting of an order to show cause under this chapter with the intent of giving to any creditor or of enabling him or her to obtain a greater percentage of

his or her debt than any other creditor of the same class and which is accepted by such creditor having reasonable cause to believe that such a preference will occur, shall be voidable.

(2) Every director, officer, employee, stockholder, member, subscriber, and any other person acting on behalf of such insurer who shall be concerned in any such act or deed and every person receiving thereby any property of such insurer or the benefit thereof shall be personally liable therefor and shall be bound to account to the commissioner.

(3) The commissioner as liquidator, rehabilitator or conservator in any proceeding under this chapter, may avoid any transfer of, or lien upon the property of an insurer which any creditor, stockholder, subscriber or member of such insurer might have avoided and may recover the property so transferred unless such person was a bona fide holder for value prior to the date of the granting of an order to show cause under this chapter. Such property or its value may be recovered from anyone who has received it except a bona fide holder for value as above specified. [2009 c 549 § 7132; 1947 c 79 § .31.27; Rem. Supp. 1947 § 45.31.27.]

**48.31.280 Priority and order of distribution of claims.** The priority of distribution of claims from the insurer's estate is as follows: Every claim in a class must be paid in full or adequate funds retained for payment before the members of the next class receive any payment; no subclasses may be established within a class; and no claim by a shareholder, policyholder, or other creditor may circumvent the priority classes through the use of equitable remedies. The order of distribution of claims is:

(1) Class 1. The costs and expenses of administration during rehabilitation and liquidation, including but not limited to the following:

(a) The actual and necessary costs of preserving or recovering the assets of the insurer;

(b) Compensation for all authorized services rendered in the rehabilitation and liquidation;

(c) Necessary filing fees;

(d) The fees and mileage payable to witnesses;

(e) Authorized reasonable attorneys' fees and other professional services rendered in the rehabilitation and liquidation;

(f) The reasonable expenses of a guaranty association or foreign guaranty association for unallocated loss adjustment expenses.

(2) Class 2. Loss claims. For purposes of this section, loss claims are all claims under policies, including claims of the federal or a state or local government, for losses incurred, including third-party claims, and all claims of a guaranty association or foreign guaranty association. All claims under life insurance and annuity policies, whether for death proceeds, annuity proceeds, or investment values, are loss claims. That portion of any loss indemnification that is provided for by other benefits or advantages recovered by the claimant, is not included in this class, other than benefits or advantages recovered or recoverable in discharge of familial obligations of support or by way of succession at death or as proceeds of life insurance, or as gratuities. No payment by an employer to an employee may be treated as a gratuity. Loss claims also include claims under nonassessable policies for unearned premium or other premium refunds.

(3) Class 3. Claims of the federal government, other than claims which are included as loss claims under subsection (2) of this section.

(4) Class 4. Reasonable compensation to employees for services performed to the extent that they do not exceed two months of monetary compensation and represent payment for services performed within one year before the filing of the petition for liquidation or, if rehabilitation preceded liquidation, within one year before the filing of the petition for rehabilitation; except, where there are no claims and no potential claims of the federal government in the estate, in which case claims in this class shall have priority over claims in class 2 and below. Principal officers and directors are not entitled to the benefit of this priority except as otherwise approved by the liquidator and the court. This priority is in lieu of any other similar priority that may be authorized by law as to wages or compensation of employees.

(5) Class 5. Claims of general creditors including claims of ceding and assuming companies in their capacity as such.

(6) Class 6. Claims of any state or local government, except those under subsection (2) of this section. Claims, including those of any governmental body for a penalty or forfeiture, are allowed in this class only to the extent of the pecuniary loss sustained from the act, transaction, or proceeding out of which the penalty or forfeiture arose, with reasonable and actual costs occasioned thereby. The remainder of such claims are postponed to the class of claims under subsection (9) of this section.

(7) Class 7. Claims filed late or any other claims other than claims under subsections (8) and (9) of this section.

(8) Class 8. Surplus or contribution notes, or similar obligations, and premium refunds on assessable policies. Payments to members of domestic mutual insurance companies are limited in accordance with law.

(9) Class 9. The claims of shareholders or other owners in their capacity as shareholders. [2001 c 40 § 1; 1993 c 462 § 83; 1975-'76 2nd ex.s. c 109 § 1; 1947 c 79 § .31.28; Rem. Supp. 1947 § 45.31.28.]

**Application—2001 c 40:** "This act applies to and governs all claims filed in any proceeding to liquidate an insurer that is initiated on or after January 1, 2001." [2001 c 40 § 3.]

**Severability—2001 c 40:** "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [2001 c 40 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.31.290 Offsets.** (1) In all cases of mutual debts or mutual credits between the insurer and another person in connection with any action or proceeding under this chapter, such credits and debts shall be set off and the balance only shall be allowed or paid, except as provided in subsection (2) of this section.

(2) No offset shall be allowed in favor of any such person where (a) the obligation of the insurer to such person would not at the date of the entry of any liquidation order, or otherwise, as provided in RCW 48.31.260, entitle him or her to share as a claimant in the assets of the insurer, or (b) the obligation of the insurer to such person was purchased by or transferred to such person with a view of its being used as an offset, or (c) the obligation of such person is to pay an assess-

ment levied against the members of a mutual insurer, or against the subscribers of a reciprocal insurer, or is to pay a balance upon a subscription to the capital stock of a stock insurer. [2009 c 549 § 7133; 1947 c 79 § .31.29; Rem. Supp. 1947 § 45.31.29.]

**48.31.300 Allowance of contingent and other claims.**

(1) No contingent claim shall share in a distribution of the assets of an insurer which has been adjudicated to be insolvent by an order made pursuant to RCW 48.31.310, except that such claims shall be considered, if properly presented, and may be allowed to share where:

(a) Such claim becomes absolute against the insurer on or before the last day fixed for filing of proofs of claim against the assets of such insurer, or

(b) There is a surplus and the liquidation is thereafter conducted upon the basis that such insurer is solvent.

(2) Where an insurer has been so adjudicated to be insolvent any person who has a cause of action against an insured of such insurer under a liability insurance policy issued by such insurer, shall have the right to file a claim in the liquidation proceeding, regardless of the fact that such claim may be contingent, and such claim may be allowed

(a) If it may be reasonably inferred from the proof presented upon such claim that such person would be able to obtain a judgment upon such cause of action against such insured; and

(b) If such person shall furnish suitable proof, unless the court for good cause shown shall otherwise direct, that no further valid claims against such insurer arising out of his or her cause of action other than those already presented can be made; and

(c) If the total liability of such insurer to all claimants arising out of the same act of its insured shall be no greater than its maximum liability would be were it not in liquidation.

No judgment against such an insured taken after the date of the entry of the liquidation order shall be considered in the liquidation proceedings as evidence of liability, or of the amount of damages, and no judgment against an insured taken by default, inquest or by collusion prior to the entry of the liquidation order shall be considered as conclusive evidence in the liquidation proceeding either of the liability of such insured to such person upon such cause of action or of the amount of damages to which such person is therein entitled.

(3) No claim of any secured claimant shall be allowed at a sum greater than the difference between the value of the claim without security and the value of the security itself as of the date of the entry of the order of liquidation or such other date set by the court for fixation of rights and liabilities as provided in RCW 48.31.260 unless the claimant shall surrender his or her security to the commissioner in which event the claim shall be allowed in the full amount for which it is valued.

(4) Whether or not the third party files a claim, the insured may file a claim on his or her own behalf in the liquidation.

(5) No claim may be presented under this section if it is or may be covered by a guaranty association or foreign guar-

anty association. [1993 c 462 § 84; 1947 c 79 § .31.30; Rem. Supp. 1947 § 45.31.30.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.31.310 Time to file claims.** (1) If upon the granting of an order of liquidation under this chapter or at any time thereafter during the liquidation proceeding, the insurer shall not be clearly solvent, the court shall after such notice and hearing as it deems proper, make an order declaring the insurer to be insolvent. Thereupon, regardless of any prior notice which may have been given to creditors, the commissioner shall notify all persons who may have claims against such insurer and who have not filed proper proofs thereof, to present the same to him or her, at a place specified in such notice, within four months from the date of the entry of such order, or if the commissioner shall certify that it is necessary, within such longer time as the court shall prescribe. The last day for the filing of proofs of claim shall be specified in the notice. Such notice shall be given in a manner determined by the court.

(2) Proofs of claim may be filed subsequent to the date specified, but no such claim shall share in the distribution of the assets until all allowed claims, proofs of which have been filed before said date, have been paid in full with interest. [2009 c 549 § 7134; 1947 c 79 § .31.31; Rem. Supp. 1947 § 45.31.31.]

**48.31.320 Report for assessment.** Within three years from the date an order of rehabilitation or liquidation of a domestic mutual insurer or a domestic reciprocal insurer was filed in the office of the clerk of the court by which such order was made, the commissioner may make a report to the court setting forth

- (1) the reasonable value of the assets of the insurer;
- (2) the insurer's probable liabilities; and
- (3) the probable necessary assessment, if any, to pay all claims and expenses in full, including expenses of administration. [1947 c 79 § .31.32; Rem. Supp. 1947 § 45.31.32.]

**48.31.330 Levy of assessment.** (1) Upon the basis of the report provided for in RCW 48.31.320, including any amendments thereof, the court, ex parte, may levy one or more assessments against all members of such insurer who, as shown by the records of the insurer, were members (if a mutual insurer) or subscribers (if a reciprocal insurer) at any time within one year prior to the date of issuance of the order to show cause under RCW 48.31.190.

(2) Such assessment or assessments shall cover the excess of the probable liabilities over the reasonable value of the assets, together with the estimated cost of collection and percentage of uncollectibility thereof. The total of all assessments against any member or subscriber with respect to any policy, whether levied pursuant to this chapter or pursuant to any other provisions of this code, shall be for no greater amount than that specified in the policy or policies of the member or subscriber and as limited under this code; except that if the court finds that the policy was issued at a rate of premium below the minimum rate lawfully permitted for the risk insured, the court may determine the upper limit of such assessment upon the basis of such minimum rate.

(2010 Ed.)

(3) No assessment shall be levied against any member or subscriber with respect to any nonassessable policy issued in accordance with this code. [1947 c 79 § .31.33; Rem. Supp. 1947 § 45.31.33.]

**48.31.340 Order for payment of assessment.** After levy of assessment as provided in RCW 48.31.330, upon the filing of a further detailed report by the commissioner, the court shall issue an order directing each member (if a mutual insurer) or each subscriber (if a reciprocal insurer) if he or she shall not pay the amount assessed against him or her to the commissioner on or before a day to be specified in the order, to show cause why he or she should not be held liable to pay such assessment together with costs as set forth in RCW 48.31.360 and why the commissioner should not have judgment therefor. [2009 c 549 § 7135; 1947 c 79 § .31.34; Rem. Supp. 1947 § 45.31.34.]

**48.31.350 Publication, transmittal of assessment order.** The commissioner shall cause a notice of such assessment order setting forth a brief summary of the contents of such order to be:

(1) Published in such manner as shall be directed by the court; and

(2) Enclosed in a sealed envelope, addressed and mailed postage prepaid to each member or subscriber liable thereunder at his or her last known address as it appears on the records of the insurer, at least twenty days before the return day of the order to show cause provided for in RCW 48.31.340. [2009 c 549 § 7136; 1947 c 79 § .31.35; Rem. Supp. 1947 § 45.31.35.]

**48.31.360 Judgment upon the assessment.** (1) On the return day of the order to show cause provided for in RCW 48.31.340 if the member or subscriber does not appear and serve verified objections upon the commissioner, the court shall make an order adjudging that such member or subscriber is liable for the amount of the assessment against him or her together with ten dollars costs, and that the commissioner may have judgment against the member or subscriber therefor.

(2) If on such return day the member or subscriber shall appear and serve verified objections upon the commissioner there shall be a full hearing before the court or a referee to hear and determine, who, after such hearing, shall make an order either negating the liability of the member or subscriber to pay the assessment or affirming his or her liability to pay the whole or some part thereof together with twenty-five dollars costs and the necessary disbursements incurred at such hearing, and directing that the commissioner in the latter case may have judgment therefor.

(3) A judgment upon any such order shall have the same force and effect, and may be entered and docketed, and may be appealed from as if it were a judgment in an original action brought in the court in which the proceeding is pending. [2009 c 549 § 7137; 1947 c 79 § .31.36; Rem. Supp. 1947 § 45.31.36.]

**48.31.400 Administrative supervision—Conditions—Notice and hearing.** (1) An insurer may be subject

to administrative supervision by the commissioner if upon examination or at any other time the commissioner makes a finding that:

(a) The insurer's condition renders the continuance of its business financially hazardous to the public or to its insureds consistent with this title or any rules adopted by the commissioner;

(b) The insurer has or appears to have exceeded its powers granted under its certificate of authority and this title or any rules adopted by the commissioner;

(c) The insurer has failed to comply with the applicable provisions of Title 48 RCW or rules adopted by the commissioner such that its condition has or will render the continuance of its business financially hazardous to the public or to its insureds;

(d) The business of the insurer is being conducted fraudulently; or

(e) The insurer gives its consent.

(2) If the commissioner determines that the conditions set forth in subsection (1) of this section exist, the commissioner shall:

(a) Notify the insurer of his or her determination;

(b) Furnish to the insurer a written list of the requirements to abate this determination; and

(c) Notify the insurer that it is under the supervision of the commissioner and that the commissioner is applying and effectuating the provisions of this chapter. Action by the commissioner shall be subject to review pursuant to chapters 48.04 and 34.05 RCW.

(3) If placed under administrative supervision, the insurer has sixty days, or another period of time as designated by the commissioner, to comply with the requirements of the commissioner subject to the provisions of this chapter.

(4) If it is determined after notice and hearing that the conditions giving rise to the administrative supervision still exist at the end of the supervision period under subsection (3) of this section, the commissioner may extend the period.

(5) If it is determined that none of the conditions giving rise to the administrative supervision exist, or that the insurer has remedied the conditions that gave rise to the supervision, the commissioner shall release the insurer from supervision. [2005 c 432 § 3.]

**48.31.405 Administrative supervision—Confidentiality.** (1) Except as set forth in this section, proceedings, hearings, notices, correspondence, reports, records, and other information in the possession of the commissioner relating to the supervision of any insurer under this chapter are confidential and are not subject to chapter 42.56 RCW, are not subject to subpoena, and are not subject to discovery or admissible in evidence in any private civil action, except as provided by this section. However, the commissioner is authorized to use the documents, materials, or other information in the furtherance of any regulatory or legal action brought as part of the commissioner's official duties.

(2) The employees of the commissioner have access to these proceedings, hearings, notices, correspondence, reports, records, or information as permitted by the commissioner. Neither the commissioner nor any person who received documents, materials, or other information while acting under the authority of the commissioner is permitted

or required to testify in any private civil action concerning any confidential documents, materials, or information subject to subsection (1) of this section.

(3) The commissioner may share the notices, correspondence, reports, records, or information with other state, federal, and international regulatory agencies, with the national association of insurance commissioners and its affiliates and subsidiaries, and with state, federal, and international law enforcement authorities, if the commissioner determines that the disclosure is necessary or proper for the enforcement of the laws of this or another state of the United States, and provided that the recipient agrees to maintain the confidentiality of the documents, material, or other information. No waiver of any applicable privilege or claim of confidentiality may occur as a result of the sharing of documents, materials, or other information under this subsection.

(4) The commissioner may open the proceedings or hearings or make public the notices, correspondence, reports, records, or other information if the commissioner deems that it is in the best interest of the public or in the best interest of the insurer or its insureds, creditors, or the general public. However, the determination of whether to disclose any confidential information at the public proceedings or hearings is subject to applicable law.

(5) This section does not apply to hearings, notices, correspondence, reports, records, or other information obtained upon the appointment of a receiver for the insurer by a court of competent jurisdiction. [2006 c 209 § 5; 2005 c 432 § 4.]

**Effective date—2006 c 209:** See RCW 42.56.903.

**48.31.410 Administrative supervision—Standards and procedures—Limitations on insurer.** During the period of administrative supervision, the commissioner or the commissioner's designated appointee shall serve as the administrative supervisor. The commissioner shall establish standards and procedures that maintain reasonable and customary claims practices and otherwise provide for the orderly continuation of the insurer's operations and business. Considering these standards and procedures, the commissioner may provide that the insurer may not do any of the following things during the period of supervision, without the prior approval of the commissioner or the appointed administrative supervisor:

(1) Dispose of, convey, or encumber any of its assets or its business in force;

(2) Withdraw any of its bank accounts;

(3) Lend any of its funds;

(4) Invest any of its funds;

(5) Transfer any of its property;

(6) Incur any debt, obligation, or liability;

(7) Merge or consolidate with another company;

(8) Approve new premiums or renew any policies;

(9) Enter into any new reinsurance contract or treaty;

(10) Terminate, surrender, forfeit, convert, or lapse any insurance policy, certificate, or contract, except for nonpayment of premiums due;

(11) Release, pay, or refund premium deposits; accrued cash or loan values; unearned premiums; or other reserves on any insurance policy, certificate, or contract;

(12) Make any material change in management; or

(13) Increase salaries and benefits of officers or directors or the preferential payment of bonuses, dividends, or other payments deemed preferential. [2005 c 432 § 5.]

**48.31.415 Administrative supervision—Insurer may contest.** During the period of administrative supervision the insurer may contest an action taken, proposed to be taken, or failed to be taken by the administrative supervisor specifying the manner wherein the action being complained of would not result in improving the condition of the insurer. Denial of the insurer's request upon reconsideration entitles the insurer to request a proceeding under chapters 48.04 and 34.05 RCW. [2005 c 432 § 6.]

**48.31.420 Administrative supervision—No limitation on judicial proceedings.** RCW 48.31.020, 48.31.115, 48.31.400 through 48.31.415, 48.31.425, and 48.31.435 do not preclude the commissioner from initiating judicial proceedings to place an insurer in rehabilitation or liquidation proceedings or other delinquency proceedings, however designated under the laws of this state, regardless of whether the commissioner has previously initiated administrative supervision proceedings under this chapter against the insurer. [2005 c 432 § 7.]

**48.31.425 Administrative supervision—Commissioner contacts.** The commissioner may meet with the administrative supervisor appointed under this chapter and with the attorney or other representative of the administrative supervisor, without the presence of any other person, at the time of any proceeding or during the pendency of any proceeding held under authority of this chapter to carry out the commissioner's duties under this chapter or for the supervisor to carry out his or her duties under this chapter. [2005 c 432 § 8.]

**48.31.430 Administrative supervision—Chapters 48.04 and 34.05 RCW.** An action or the failure to act by the commissioner is subject to chapters 48.04 and 34.05 RCW. [2005 c 432 § 9.]

**48.31.435 Administrative supervision—Rules.** The commissioner may adopt rules to implement and administer RCW 48.31.020, 48.31.115, and 48.31.400 through 48.31.425. [2005 c 432 § 10.]

**48.31.900 Severability—2005 c 432.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [2005 c 432 § 11.]

## Chapter 48.31B RCW

### INSURER HOLDING COMPANY ACT

#### Sections

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48.31B.902	Implementation—1993 c 462.

**48.31B.005 Definitions.** As used in this chapter, the following terms have the meanings set forth in this section, unless the context requires otherwise.

(1) An "affiliate" of, or person "affiliated" with, a specific person, is a person who directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.

(2) The term "control," including the terms "controlling," "controlled by," and "under common control with," means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract other than a commercial contract for goods or non-management services, or otherwise, unless the power is the result of an official position with or corporate office held by the person. Control is presumed to exist if a person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing, ten percent or more of the voting securities of any other person. This presumption may be rebutted by a showing made in a manner similar to that provided by RCW 48.31B.025(11) that control does not exist in fact. The commissioner may determine, after furnishing all persons in interest notice and opportunity to be heard and making specific findings of fact to support such determination, that control exists in fact, notwithstanding the absence of a presumption to that effect.

(3) An "insurance holding company system" consists of two or more affiliated persons, one or more of which is an insurer.

(4) The term "insurer" has the same meaning as set forth in RCW 48.01.050; it does not include agencies, authorities, or instrumentalities of the United States, its possessions and territories, the commonwealth of Puerto Rico, the District of Columbia, or a state or political subdivision of a state.

(5) A "person" is an individual, a corporation, a partnership, an association, a joint stock company, a trust, an unincorporated organization, a similar entity, or any combination of the foregoing acting in concert, but does not include a joint

venture partnership exclusively engaged in owning, managing, leasing, or developing real or tangible personal property.

(6) A "securityholder" of a specified person is one who owns a security of that person, including common stock, preferred stock, debt obligations, and any other security convertible into or evidencing the right to acquire any of the foregoing.

(7) A "subsidiary" of a specified person is an affiliate controlled by that person directly or indirectly through one or more intermediaries.

(8) The term "voting security" includes a security convertible into or evidencing a right to acquire a voting security. [1993 c 462 § 2.]

**48.31B.010 Insurer ceases to control subsidiary—Disposal of investment.** If an insurer ceases to control a subsidiary, it shall dispose of any investment in the subsidiary within three years from the time of the cessation of control or within such further time as the commissioner may prescribe, unless at any time after the investment has been made, the investment meets the requirements for investment under any other section of this Title, and the insurer has notified the commissioner thereof. [1993 c 462 § 3.]

**48.31B.015 Control of insurer—Acquisition, merger, or exchange—Preacquisition notification—Jurisdiction of courts.** (1) No person other than the issuer may make a tender offer for or a request or invitation for tenders of, or enter into an agreement to exchange securities of, seek to acquire, or acquire, in the open market or otherwise, voting security of a domestic insurer if, after the consummation thereof, the person would, directly or indirectly, or by conversion or by exercise of a right to acquire, be in control of the insurer. No person may enter into an agreement to merge with or otherwise to acquire control of a domestic insurer or person controlling a domestic insurer unless, at the time the offer, request, or invitation is made or the agreement is entered into, or before the acquisition of the securities if no offer or agreement is involved, the person has filed with the commissioner and has sent to the insurer, a statement containing the information required by this section and the offer, request, invitation, agreement, or acquisition has been approved by the commissioner as prescribed in this section.

For purposes of this section a domestic insurer includes a person controlling a domestic insurer unless the person, as determined by the commissioner, is either directly or through its affiliates primarily engaged in business other than the business of insurance. However, the person shall file a preacquisition notification with the commissioner containing the information set forth in RCW 48.31B.020(3)(a) sixty days before the proposed effective date of the acquisition. Persons who fail to file the required preacquisition notification with the commissioner are subject to the penalties in RCW 48.31B.020(5)(c). For the purposes of this section, "person" does not include a securities broker holding, in usual and customary broker's function, less than twenty percent of the voting securities of an insurance company or of a person who controls an insurance company.

(2) The statement to be filed with the commissioner under this section must be made under oath or affirmation and must contain the following information:

(a) The name and address of each person by whom or on whose behalf the merger or other acquisition of control referred to in subsection (1) of this section is to be effected, hereinafter called "acquiring party," and:

(i) If that person is an individual, his or her principal occupation and all offices and positions held during the past five years, and any conviction of crimes other than minor traffic violations during the past ten years;

(ii) If that person is not an individual, a report of the nature of its business operations during the past five years or for such lesser period as the person and any predecessors have been in existence; an informative description of the business intended to be done by the person's subsidiaries; any convictions of crimes during the past ten years; and a list of all individuals who are or who have been selected to become directors or executive officers of the person, or who perform or will perform functions appropriate to those positions. The list must include for each such individual the information required by (a)(i) of this subsection.

(b) The source, nature, and amount of the consideration used or to be used in effecting the merger or other acquisition of control, a description of any transaction in which funds were or are to be obtained for any such purpose, including a pledge of the insurer's stock, or the stock of any of its subsidiaries or controlling affiliates, and the identity of persons furnishing the consideration. However, where a source of the consideration is a loan made in the lender's ordinary course of business, the identity of the lender must remain confidential if the person filing the statement so requests.

(c) Fully audited financial information as to the earnings and financial condition of each acquiring party for the preceding five fiscal years of each acquiring party, or for such lesser period as the acquiring party and any predecessors have been in existence, and similar unaudited information as of a date not earlier than ninety days before the filing of the statement.

(d) Any plans or proposals that each acquiring party may have to liquidate the insurer, to sell its assets or merge or consolidate it with any person, or to make any other material change in its business or corporate structure or management.

(e) The number of shares of any security referred to in subsection (1) of this section that each acquiring party proposes to acquire, the terms of the offer, request, invitation, agreement, or acquisition referred to in subsection (1) of this section, and a statement as to the method by which the fairness of the proposal was arrived at.

(f) The amount of each class of any security referred to in subsection (1) of this section that is beneficially owned or concerning which there is a right to acquire beneficial ownership by each acquiring party.

(g) A full description of any contracts, arrangements, or understandings with respect to any security referred to in subsection (1) of this section in which an acquiring party is involved, including but not limited to transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies. The description must identify the per-

sons with whom the contracts, arrangements, or understandings have been entered into.

(h) A description of the purchase of any security referred to in subsection (1) of this section during the twelve calendar months before the filing of the statement, by an acquiring party, including the dates of purchase, names of the purchasers, and consideration paid or agreed to be paid for the security.

(i) A description of any recommendations to purchase any security referred to in subsection (1) of this section made during the twelve calendar months before the filing of the statement, by an acquiring party, or by anyone based upon interviews or at the suggestion of the acquiring party.

(j) Copies of all tender offers for, requests or invitations for tenders of, exchange offers for, and agreements to acquire or exchange any securities referred to in subsection (1) of this section, and, if distributed, of additional soliciting material relating to the securities.

(k) The term of an agreement, contract, or understanding made with or proposed to be made with a broker-dealer as to solicitation or securities referred to in subsection (1) of this section for tender, and the amount of fees, commissions, or other compensation to be paid to broker-dealers with regard to the securities.

(l) Such additional information as the commissioner may prescribe by rule as necessary or appropriate for the protection of policyholders of the insurer or in the public interest.

If the person required to file the statement referred to in subsection (1) of this section is a partnership, limited partnership, syndicate, or other group, the commissioner may require that the information called for by (a) through (l) of this subsection shall be given with respect to each partner of the partnership or limited partnership, each member of the syndicate or group, and each person who controls a partner or member. If a partner, member, or person is a corporation, or the person required to file the statement referred to in subsection (1) of this section is a corporation, the commissioner may require that the information called for by (a) through (l) of this subsection shall be given with respect to the corporation, each officer and director of the corporation, and each person who is directly or indirectly the beneficial owner of more than ten percent of the outstanding voting securities of the corporation.

If a material change occurs in the facts set forth in the statement filed with the commissioner and sent to the insurer under this section, an amendment setting forth the change, together with copies of all documents and other material relevant to the change, must be filed with the commissioner and sent to the insurer within two business days after the person learns of the change.

(3) If an offer, request, invitation, agreement, or acquisition referred to in subsection (1) of this section is proposed to be made by means of a registration statement under the Securities Act of 1933 or in circumstances requiring the disclosure of similar information under the Securities Exchange Act of 1934, or under a state law requiring similar registration or disclosure, the person required to file the statement referred to in subsection (1) of this section may use those documents in furnishing the information called for by that statement.

(4)(a) The commissioner shall approve a merger or other acquisition of control referred to in subsection (1) of this sec-

tion unless, after a public hearing thereon, he or she finds that:

(i) After the change of control, the domestic insurer referred to in subsection (1) of this section would not be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed;

(ii) The effect of the merger or other acquisition of control would be substantially to lessen competition in insurance in this state or tend to create a monopoly therein. In applying the competitive standard in (a)(ii) of this subsection:

(A) The informational requirements of RCW 48.31B.020(3)(a) and the standards of RCW 48.31B.020(4)(b) apply;

(B) The commissioner may not disapprove the merger or other acquisition if the commissioner finds that any of the situations meeting the criteria provided by RCW 48.31B.020(4)(c) exist; and

(C) The commissioner may condition the approval of the merger or other acquisition on the removal of the basis of disapproval within a specified period of time;

(iii) The financial condition of an acquiring party is such as might jeopardize the financial stability of the insurer, or prejudice the interest of its policyholders;

(iv) The plans or proposals that the acquiring party has to liquidate the insurer, sell its assets, consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are unfair and unreasonable to policyholders of the insurer and not in the public interest;

(v) The competence, experience, and integrity of those persons who would control the operation of the insurer are such that it would not be in the interest of policyholders of the insurer and of the public to permit the merger or other acquisition of control; or

(vi) The acquisition is likely to be hazardous or prejudicial to the insurance-buying public.

(b) The commissioner shall approve an exchange or other acquisition of control referred to in this section within sixty days after he or she declares the statement filed under this section to be complete and after holding a public hearing. At the hearing, the person filing the statement, the insurer, and any person whose significant interest is determined by the commissioner to be affected may present evidence, examine and cross-examine witnesses, and offer oral and written arguments and in connection therewith may conduct discovery proceedings in the same manner as is allowed in the superior court of this state. All discovery proceedings must be concluded not later than three days before the commencement of the public hearing.

(c) The commissioner may retain at the acquiring person's expense any attorneys, actuaries, accountants, and other experts not otherwise a part of the commissioner's staff as may be reasonably necessary to assist the commissioner in reviewing the proposed acquisition of control. All reasonable costs of a hearing held under this section, as determined by the commissioner, including costs associated with the commissioner's use of investigatory, professional, and other necessary personnel, mailing of required notices and other information, and use of equipment or facilities, must be paid

before issuance of the commissioner's order by the acquiring person.

(5) This section does not apply to:

(a) A transaction that is subject to RCW 48.31.010, dealing with the merger or consolidation of two or more insurers;

(b) An offer, request, invitation, agreement, or acquisition that the commissioner by order has exempted from this section as: (i) Not having been made or entered into for the purpose and not having the effect of changing or influencing the control of a domestic insurer, or (ii) otherwise not comprehended within the purposes of this section.

(6) The following are violations of this section:

(a) The failure to file a statement, amendment, or other material required to be filed under subsection (1) or (2) of this section; or

(b) The effectuation or an attempt to effectuate an acquisition of control of, or merger with, a domestic insurer unless the commissioner has given approval thereto.

(7) The courts of this state have jurisdiction over every person not resident, domiciled, or authorized to do business in this state who files a statement with the commissioner under this section, and over all actions involving that person arising out of violations of this section, and each such person is deemed to have performed acts equivalent to and constituting an appointment by that person of the commissioner to be the person's true and lawful attorney upon whom may be served all lawful process in an action, suit, or proceeding arising out of violations of this section. Copies of all such lawful process shall be served on the commissioner and transmitted by registered or certified mail by the commissioner to such person at the person's last known address. [1993 c 462 § 4.]

**48.31B.020 Acquisition of insurer—Change in control—Definitions—Exemptions—Competition—Preacquisition notification—Violations—Penalties.** (1) The definitions in this subsection apply only for the purposes of this section.

(a) "Acquisition" means an agreement, arrangement, or activity, the consummation of which results in a person acquiring directly or indirectly the control of another person, and includes but is not limited to the acquisition of voting securities, the acquisition of assets, bulk reinsurance, and mergers.

(b) An "involved insurer" includes an insurer which either acquires or is acquired, is affiliated with an acquirer or acquired, or is the result of a merger.

(2)(a) Except as exempted in (b) of this subsection, this section applies to any acquisition in which there is a change in control of an insurer authorized to do business in this state.

(b) This section does not apply to the following:

(i) An acquisition subject to approval or disapproval by the commissioner under RCW 48.31B.015;

(ii) A purchase of securities solely for investment purposes so long as the securities are not used by voting or otherwise to cause or attempt to cause the substantial lessening of competition in any insurance market in this state. If a purchase of securities results in a presumption of control under RCW 48.31B.005(2), it is not solely for investment purposes unless the commissioner of the insurer's state of domicile accepts a disclaimer of control or affirmatively finds that control does not exist and the disclaimer action or affirmative

finding is communicated by the domiciliary commissioner to the commissioner of this state;

(iii) The acquisition of a person by another person when neither person is directly nor through affiliates primarily engaged in the business of insurance, if preacquisition notification is filed with the commissioner in accordance with subsection (3)(a) of this section sixty days before the proposed effective date of the acquisition. However, preacquisition notification is not required for exclusion from this section if the acquisition would otherwise be excluded from this section by this subsection (2)(b);

(iv) The acquisition of already affiliated persons;

(v) An acquisition if, as an immediate result of the acquisition:

(A) In no market would the combined market share of the involved insurers exceed five percent of the total market;

(B) There would be no increase in any market share; or

(C) In no market would:

(I) The combined market share of the involved insurers exceed twelve percent of the total market; and

(II) The market share increase by more than two percent of the total market.

For the purpose of (b)(v) of this subsection, a "market" means direct written insurance premium in this state for a line of business as contained in the annual statement required to be filed by insurers licensed to do business in this state;

(vi) An acquisition for which a preacquisition notification would be required under this section due solely to the resulting effect on the ocean marine insurance line of business;

(vii) An acquisition of an insurer whose domiciliary commissioner affirmatively finds: That the insurer is in failing condition; there is a lack of feasible alternative to improving such condition; and the public benefits of improving the insurer's condition through the acquisition exceed the public benefits that would arise from not lessening competition; and the findings are communicated by the domiciliary commissioner to the commissioner of this state.

(3) An acquisition covered by subsection (2) of this section may be subject to an order under subsection (5) of this section unless the acquiring person files a preacquisition notification and the waiting period has expired. The acquired person may file a preacquisition notification.

(a) The preacquisition notification must be in such form and contain such information as prescribed by the commissioner relating to those markets that, under subsection (2)(b)(v) of this section, cause the acquisition not to be exempted from this section. The commissioner may require such additional material and information as he or she deems necessary to determine whether the proposed acquisition, if consummated, would violate the competitive standard of subsection (4) of this section. The required information may include an opinion of an economist as to the competitive impact of the acquisition in this state accompanied by a summary of the education and experience of the person indicating his or her ability to render an informed opinion.

(b) The waiting period required begins on the date the commissioner declares the preacquisition notification to be complete and ends on the earlier of the sixtieth day after the date of the declaration or the termination of the waiting period by the commissioner. Before the end of the waiting

period, the commissioner may require the submission of additional needed information relevant to the proposed acquisition. If additional information is required, the waiting period ends on the earlier of the sixtieth day after the commissioner declares he or she has received the additional information or the termination of the waiting period by the commissioner.

(4)(a) The commissioner may enter an order under subsection (5)(a) of this section with respect to an acquisition if there is substantial evidence that the effect of the acquisition may be substantially to lessen competition in a line of insurance in this state or tend to create a monopoly therein or if the insurer fails to file adequate information in compliance with subsection (3) of this section.

(b) In determining whether a proposed acquisition would violate the competitive standard of (a) of this subsection, the commissioner shall consider the following:

(i) An acquisition covered under subsection (2) of this section involving two or more insurers competing in the same market is prima facie evidence of violation of the competitive standards:

(A) If the market is highly concentrated and the involved insurers possess the following shares of the market:

Insurer A	Insurer B
4%	4% or more
10%	2% or more
15%	1% or more; or

(B) If the market is not highly concentrated and the involved insurers possess the following shares of the market:

Insurer A	Insurer B
5%	5% or more
10%	4% or more
15%	3% or more
19%	1% or more

A highly concentrated market is one in which the share of the four largest insurers is seventy-five percent or more of the market. Percentages not shown in the tables are interpolated proportionately to the percentages that are shown. If more than two insurers are involved, exceeding the total of the two columns in the table is prima facie evidence of violation of the competitive standard in (a) of this subsection. For the purpose of (b)(i) of this subsection, the insurer with the largest share of the market is Insurer A.

(ii) There is a significant trend toward increased concentration when the aggregate market share of a grouping of the largest insurers in the market, from the two largest to the eight largest, has increased by seven percent or more of the market over a period of time extending from a base year five to ten years before the acquisition up to the time of the acquisition. An acquisition or merger covered under subsection (2) of this section involving two or more insurers competing in the same market is prima facie evidence of violation of the competitive standard in (a) of this subsection if:

(A) There is a significant trend toward increased concentration in the market;

(B) One of the insurers involved is one of the insurers in a grouping of such large insurers showing the requisite increase in the market share; and

(C) Another involved insurer's market is two percent or more.

(iii) For the purposes of (b) of this subsection:

(A) The term "insurer" includes a company or group of companies under common management, ownership, or control;

(B) The term "market" means the relevant product and geographical markets. In determining the relevant product and geographical markets, the commissioner shall give due consideration to, among other things, the definitions or guidelines, if any, adopted by the National Association of Insurance Commissioners and to information, if any, submitted by parties to the acquisition. In the absence of sufficient information to the contrary, the relevant product market is assumed to be the direct written insurance premium for a line of business, such line being that used in the annual statement required to be filed by insurers doing business in this state, and the relevant geographical market is assumed to be this state;

(C) The burden of showing prima facie evidence of violation of the competitive standard rests upon the commissioner.

(iv) Even though an acquisition is not prima facie violative of the competitive standard under (b)(i) and (ii) of this subsection, the commissioner may establish the requisite anticompetitive effect based upon other substantial evidence. Even though an acquisition is prima facie violative of the competitive standard under (b)(i) and (ii) of this subsection, a party may establish the absence of the requisite anticompetitive effect based upon other substantial evidence. Relevant factors in making a determination under (b)(iv) of this subsection include, but are not limited to, the following: Market shares, volatility of ranking of market leaders, number of competitors, concentration, trend of concentration in the industry, and ease of entry and exit into the market.

(c) An order may not be entered under subsection (5)(a) of this section if:

(i) The acquisition will yield substantial economies of scale or economies in resource use that cannot be feasibly achieved in any other way, and the public benefits that would arise from the economies exceed the public benefits that would arise from not lessening competition; or

(ii) The acquisition will substantially increase the availability of insurance, and the public benefits of the increase exceed the public benefits that would arise from not lessening competition.

(5)(a)(i) If an acquisition violates the standards of this section, the commissioner may enter an order:

(A) Requiring an involved insurer to cease and desist from doing business in this state with respect to the line or lines of insurance involved in the violation; or

(B) Denying the application of an acquired or acquiring insurer for a license to do business in this state.

(ii) The commissioner may not enter the order unless: (A) There is a hearing; (B) notice of the hearing is issued before the end of the waiting period and not less than fifteen days before the hearing; and (C) the hearing is concluded and the order is issued no later than sixty days after the end of the waiting period. Every order must be accompanied by a written decision of the commissioner setting forth his or her findings of fact and conclusions of law.

(iii) An order entered under (a) of this subsection may not become final earlier than thirty days after it is issued, during which time the involved insurer may submit a plan to remedy the anticompetitive impact of the acquisition within a reasonable time. Based upon the plan or other information, the commissioner shall specify the conditions, if any, under the time period during which the aspects of the acquisition causing a violation of the standards of this section would be remedied and the order vacated or modified.

(iv) An order pursuant to (a) of this subsection does not apply if the acquisition is not consummated.

(b) A person who violates a cease and desist order of the commissioner under (a) of this subsection and while the order is in effect, may, after notice and hearing and upon order of the commissioner, be subject at the discretion of the commissioner to one or more of the following:

(i) A monetary penalty of not more than ten thousand dollars for every day of violation; or

(ii) Suspension or revocation of the person's license; or

(iii) Both (b)(i) and (b)(ii) of this subsection.

(c) An insurer or other person who fails to make a filing required by this section and who also fails to demonstrate a good faith effort to comply with the filing requirement, is subject to a civil penalty of not more than fifty thousand dollars.

(6) RCW 48.31B.045 (2) and (3) and 48.31B.050 do not apply to acquisitions covered under subsection (2) of this section. [1993 c 462 § 5.]

**48.31B.025 Registration with commissioner—Information required—Rule making—Disclaimer of affiliation—Failure to file.** (1) Every insurer authorized to do business in this state that is a member of an insurance holding company system shall register with the commissioner, except a foreign insurer subject to registration requirements and standards adopted by statute or regulation in the jurisdiction of its domicile that are substantially similar to those contained in:

(a) This section;

(b) RCW 48.31B.030 (1)(a), (2), and (3); and

(c) Either RCW 48.31B.030(1)(b) or a provision such as the following: Each registered insurer shall keep current the information required to be disclosed in its registration statement by reporting all material changes or additions within fifteen days after the end of the month in which it learns of each change or addition.

An insurer subject to registration under this section shall register within fifteen days after it becomes subject to registration, and annually thereafter by May 15th of each year for the previous calendar year, unless the commissioner for good cause shown extends the time for registration, and then within the extended time. The commissioner may require an insurer authorized to do business in the state that is a member of a holding company system, but that is not subject to registration under this section, to furnish a copy of the registration statement, the summary specified in subsection (3) of this section, or other information filed by the insurance company with the insurance regulatory authority of its domiciliary jurisdiction.

(2) An insurer subject to registration shall file the registration statement on a form prescribed by the commissioner, containing the following current information:

(a) The capital structure, general financial condition, ownership, and management of the insurer and any person controlling the insurer;

(b) The identity and relationship of every member of the insurance holding company system;

(c) The following agreements in force, and transactions currently outstanding or that have occurred during the last calendar year between the insurer and its affiliates:

(i) Loans, other investments, or purchases, sales, or exchanges of securities of the affiliates by the insurer or of the insurer by its affiliates;

(ii) Purchases, sales, or exchange of assets;

(iii) Transactions not in the ordinary course of business;

(iv) Guarantees or undertakings for the benefit of an affiliate that result in an actual contingent exposure of the insurer's assets to liability, other than insurance contracts entered into in the ordinary course of the insurer's business;

(v) All management agreements, service contracts, and cost-sharing arrangements;

(vi) Reinsurance agreements;

(vii) Dividends and other distributions to shareholders; and

(viii) Consolidated tax allocation agreements;

(d) Any pledge of the insurer's stock, including stock of subsidiary or controlling affiliate, for a loan made to a member of the insurance holding company system;

(e) Other matters concerning transactions between registered insurers and affiliates as may be included from time to time in registration forms adopted or approved by the commissioner.

(3) Registration statements must contain a summary outlining all items in the current registration statement representing changes from the prior registration statement.

(4) No information need be disclosed on the registration statement filed under subsection (2) of this section if the information is not material for the purposes of this section. Unless the commissioner by rule or order provides otherwise, sales, purchases, exchanges, loans or extensions of credit, investments, or guarantees involving one-half of one percent or less of an insurer's admitted assets as of the 31st day of the previous December are not material for purposes of this section.

(5)(a) Subject to RCW 48.31B.030(2), each registered insurer shall report to the commissioner all dividends and other distributions to shareholders within five business days after their declaration and at least fifteen business days before payment, and shall provide the commissioner such other information as may be required by rule.

(b) If the commissioner determines that a registered insurer's surplus as regards policyholders is not reasonable in relation to the insurer's outstanding liabilities and adequate to its financial needs, the commissioner may order the registered insurance company to limit or discontinue the payment of stockholder dividends until such time as the surplus is adequate.

(6) A person within an insurance holding company system subject to registration shall provide complete and accurate information to an insurer, where the information is re-

sonably necessary to enable the insurer to comply with this chapter.

(7) The commissioner shall terminate the registration of an insurer that demonstrates that it no longer is a member of an insurance holding company system.

(8) The commissioner may require or allow two or more affiliated insurers subject to registration under this section to file a consolidated registration statement.

(9) The commissioner may allow an insurer authorized to do business in this state and part of an insurance holding company system to register on behalf of an affiliated insurer that is required to register under subsection (1) of this section and to file all information and material required to be filed under this section.

(10) This section does not apply to an insurer, information, or transaction if and to the extent that the commissioner by rule or order exempts the insurer, information, or transaction from this section.

(11) A person may file with the commissioner a disclaimer of affiliation with an authorized insurer, or an insurer or a member of an insurance holding company system may file the disclaimer. The person making such a filing with the commissioner shall at the same time deliver a complete copy of the filing to each domestic insurer which is the subject of such filing. The disclaimer must fully disclose all material relationships and bases for affiliation between the person and the insurer as well as the basis for disclaiming the affiliation. After a disclaimer has been filed, the insurer is relieved of any duty to register or report under this section that may arise out of the insurer's relationship with the person unless and until the commissioner disallows the disclaimer. The commissioner shall disallow the disclaimer only after furnishing all parties in interest with notice and opportunity to be heard and after making specific findings of fact to support the disallowance.

(12) Failure to file a registration statement or a summary of the registration statement required by this section within the time specified for the filing is a violation of this section. [2000 c 214 § 1; 1993 c 462 § 6.]

**48.31B.030 Insurer subject to registration—Standards for transactions within a holding company system—Extraordinary dividends or distributions—Insurer's surplus.** (1)(a) Transactions within a holding company system to which an insurer subject to registration is a party are subject to the following standards:

- (i) The terms must be fair and reasonable;
- (ii) Charges or fees for services performed must be fair and reasonable;
- (iii) Expenses incurred and payment received must be allocated to the insurer in conformity with customary insurance accounting practices consistently applied;
- (iv) The books, accounts, and records of each party to all such transactions must be so maintained as to clearly and accurately disclose the nature and details of the transactions, including such accounting information as is necessary to support the reasonableness of the charges or fees to the respective parties; and
- (v) The insurer's surplus regarding policyholders after dividends or distributions to shareholders or affiliates must

be reasonable in relation to the insurer's outstanding liabilities and adequate to its financial needs.

(b) The following transactions involving a domestic insurer and a person in its holding company system may not be entered into unless the insurer has notified the commissioner in writing of its intention to enter into the transaction and the commissioner declares the notice to be sufficient at least sixty days before, or such shorter period as the commissioner may permit, and the commissioner has not disapproved it within that period:

(i) Sales, purchases, exchanges, loans or extensions of credit, guarantees, or investments if the transactions are equal to or exceed: (A) With respect to nonlife insurers, the lesser of three percent of the insurer's admitted assets or twenty-five percent of surplus as regards policyholders; (B) with respect to life insurers, three percent of the insurer's admitted assets; each as of the 31st day of the previous December;

(ii) Loans or extensions of credit to any person who is not an affiliate, where the insurer makes the loans or extensions of credit with the agreement or understanding that the proceeds of the transactions, in whole or in substantial part, are to be used to make loans or extensions of credit to, to purchase assets of, or to make investments in, an affiliate of the insurer making the loans or extensions of credit if the transactions are equal to or exceed: (A) With respect to nonlife insurers, the lesser of three percent of the insurer's admitted assets or twenty-five percent of surplus as regards policyholders; (B) with respect to life insurers, three percent of the insurer's admitted assets; each as of the 31st day of the previous December;

(iii) Reinsurance agreements or modifications to them in which the reinsurance premium or a change in the insurer's liabilities equals or exceeds five percent of the insurer's surplus as regards policyholders, as of the 31st day of the previous December, including those agreements that may require as consideration the transfer of assets from an insurer to a nonaffiliate, if an agreement or understanding exists between the insurer and nonaffiliate that any portion of the assets will be transferred to one or more affiliates of the insurer;

(iv) Management agreements, service contracts, and cost-sharing arrangements; and

(v) Material transactions, specified by rule, that the commissioner determines may adversely affect the interests of the insurer's policyholders.

Nothing contained in this section authorizes or permits a transaction that, in the case of an insurer not a member of the same holding company system, would be otherwise contrary to law.

(c) A domestic insurer may not enter into transactions that are part of a plan or series of like transactions with persons within the holding company system if the purpose of those separate transactions is to avoid the statutory threshold amount and thus avoid the review that would occur otherwise. If the commissioner determines that the separate transactions were entered into over a twelve-month period for that purpose, the commissioner may apply for an order as described in RCW 48.31B.045(1).

(d) The commissioner, in reviewing transactions under (b) of this subsection, shall consider whether the transactions comply with the standards set forth in (a) of this subsection

and whether they may adversely affect the interests of policyholders.

(e) The commissioner shall be notified within thirty days of an investment of the domestic insurer in any one corporation if the total investment in the corporation by the insurance holding company system exceeds ten percent of the corporation's voting securities.

(2)(a) No domestic insurer may pay an extraordinary dividend or make any other extraordinary distribution to its shareholders until: (i) Thirty days after the commissioner declares that he or she has received sufficient notice of the declaration thereof and has not within that period disapproved the payment; or (ii) the commissioner has approved the payment within the thirty-day period.

(b) For purposes of this section, an extraordinary dividend or distribution is a dividend or distribution of cash or other property whose fair market value, together with that of other dividends or distributions made within the period of twelve consecutive months ending on the date on which the proposed dividend is scheduled for payment or distribution, exceeds the greater of: (i) Ten percent of the company's surplus as regards policyholders as of the 31st day of the previous December; or (ii) the net gain from operations of the company if the company is a life insurance company, or the net income if the company is not a life insurance company, for the twelve month period ending the 31st day of the previous December, but does not include pro rata distributions of any class of the company's own securities.

(c) Notwithstanding any other provision of law, an insurer may declare an extraordinary dividend or distribution that is conditional upon the commissioner's approval. The declaration confers no rights upon shareholders until: (i) The commissioner has approved the payment of the dividend or distribution; or (ii) the commissioner has not disapproved the payment within the thirty-day period referred to in (a) of this subsection.

(3) For purposes of this chapter, in determining whether an insurer's surplus as regards policyholders is reasonable in relation to the insurer's outstanding liabilities and adequate to its financial needs, the following factors, among others, may be considered:

(a) The size of the insurer as measured by its assets, capital and surplus, reserves, premium writings, insurance in force, and other appropriate criteria;

(b) The extent to which the insurer's business is diversified among the several lines of insurance;

(c) The number and size of risks insured in each line of business;

(d) The extent of the geographical dispersion of the insurer's insured risks;

(e) The nature and extent of the insurer's reinsurance program;

(f) The quality, diversification, and liquidity of the insurer's investment portfolio;

(g) The recent past and projected future trend in the size of the insurer's surplus as regards policyholders;

(h) The surplus as regards policyholders maintained by other comparable insurers;

(i) The adequacy of the insurer's reserves;

(j) The quality and liquidity of investments in affiliates. The commissioner may discount any such investment or may

treat any such investment as a disallowed asset for purposes of determining the adequacy of surplus as regards policyholders whenever in his or her judgment the investment so warrants; and

(k) The quality of the insurer's earnings and the extent to which the reported earnings include extraordinary items. [1993 c 462 § 7.]

**48.31B.035 Examination of insurers—Commissioner may order production of information—Failure to comply—Costs of examination.** (1) Subject to the limitation contained in this section and in addition to the powers that the commissioner has under chapter 48.03 RCW relating to the examination of insurers, the commissioner also may order an insurer registered under RCW 48.31B.025 to produce such records, books, or other information papers in the possession of the insurer or its affiliates as are reasonably necessary to ascertain the financial condition of the insurer or to determine compliance with this title. If the insurer fails to comply with the order, the commissioner may examine the affiliates to obtain the information.

(2) The commissioner may retain at the registered insurer's expense such attorneys, actuaries, accountants, and other experts not otherwise a part of the commissioner's staff as are reasonably necessary to assist in the conduct of the examination under subsection (1) of this section. Persons so retained are under the direction and control of the commissioner and shall act in a purely advisory capacity.

(3) Each registered insurer producing for examination records, books, and papers under subsection (1) of this section are liable for and shall pay the expense of the examination in accordance with RCW 48.03.060. [1993 c 462 § 8.]

**48.31B.040 Rule making.** The commissioner may, upon notice and opportunity for all interested persons to be heard, adopt rules and issue orders that are necessary to carry out this chapter. [1993 c 462 § 9.]

**48.31B.045 Violations of chapter—Commissioner may seek superior court order.** (1) Whenever it appears to the commissioner that an insurer or a director, officer, employee, or agent of the insurer has committed or is about to commit a violation of this chapter or any rule or order of the commissioner under this chapter, the commissioner may apply to the superior court for Thurston county or to the court for the county in which the principal office of the insurer is located for an order enjoining the insurer or the director, officer, employee, or agent from violating or continuing to violate this chapter or any such rule or order, and for such other equitable relief as the nature of the case and the interest of the insurer's policyholders, creditors, and shareholders or the public may require.

(2) No security that is the subject of an agreement or arrangement regarding acquisition, or that is acquired or to be acquired, in contravention of this chapter or of a rule or order of the commissioner under this chapter may be voted at a shareholders' meeting, or may be counted for quorum purposes. Any action of shareholders requiring the affirmative vote of a percentage of shares may be taken as though the securities were not issued and outstanding, but no action

taken at any such meeting may be invalidated by the voting of the securities, unless the action would materially affect control of the insurer or unless the courts of this state have so ordered. If an insurer or the commissioner has reason to believe that a security of the insurer has been or is about to be acquired in contravention of this chapter or of a rule or order of the commissioner under this chapter, the insurer or the commissioner may apply to the superior court for Thurston county or to the court for the county in which the insurer has its principal place of business to enjoin an offer, request, invitation, agreement, or acquisition made in contravention of RCW 48.31B.015 or a rule or order of the commissioner under that section to enjoin the voting of a security so acquired, to void a vote of the security already cast at a meeting of shareholders, and for such other relief as the nature of the case and the interest of the insurer's policyholders, creditors, and shareholders or the public may require.

(3) If a person has acquired or is proposing to acquire voting securities in violation of this chapter or a rule or order of the commissioner under this chapter, the superior court for Thurston county or the court for the county in which the insurer has its principal place of business may, on such notice as the court deems appropriate, upon the application of the insurer or the commissioner seize or sequester voting securities of the insurer owned directly or indirectly by the person, and issue such order with respect to the securities as may be appropriate to carry out this chapter.

Notwithstanding any other provisions of law, for the purposes of this chapter, the situs of the ownership of the securities of domestic insurers is in this state. [1993 c 462 § 10.]

**48.31B.050 Violations of chapter—Penalties—Civil forfeitures—Orders—Referral to prosecuting attorney—Imprisonment.** (1) The commissioner shall require, after notice and hearing, an insurer failing, without just cause, to file a registration statement as required in this chapter, to pay a penalty of not more than ten thousand dollars per day. The maximum penalty under this section is one million dollars. The commissioner may reduce the penalty if the insurer demonstrates to the commissioner that the imposition of the penalty would constitute a financial hardship to the insurer. The commissioner shall pay a fine collected under this section to the state treasurer for the account of the general fund.

(2) Every director or officer of an insurance holding company system who knowingly violates this chapter, or participates in, or assents to, or who knowingly permits an officer or agent of the insurer to engage in transactions or make investments that have not been properly reported or submitted under RCW 48.31B.025(1) or 48.31B.030(1)(b) or (2), or that violate this chapter, shall pay, in their individual capacity, a civil forfeiture of not more than ten thousand dollars per violation, after notice and hearing before the commissioner. In determining the amount of the civil forfeiture, the commissioner shall take into account the appropriateness of the forfeiture with respect to the gravity of the violation, the history of previous violations, and such other matters as justice may require.

(3) Whenever it appears to the commissioner that an insurer subject to this chapter or a director, officer, employee, or agent of the insurer has engaged in a transaction or entered into a contract that is subject to RCW 48.31B.030 and that

would not have been approved had approval been requested, the commissioner may order the insurer to cease and desist immediately any further activity under that transaction or contract. After notice and hearing the commissioner may also order the insurer to void any such contracts and restore the status quo if that action is in the best interest of the policyholders, creditors, or the public.

(4) Whenever it appears to the commissioner that an insurer or a director, officer, employee, or agent of the insurer has committed a willful violation of this chapter, the commissioner may refer the matter to the prosecuting attorney of Thurston county or the county in which the principal office of the insurer is located. An insurer that willfully violates this chapter may be fined not more than one million dollars. Any individual who willfully violates this chapter may be fined in his or her individual capacity not more than ten thousand dollars, or be imprisoned for not more than three years, or both.

(5) An officer, director, or employee of an insurance holding company system who willfully and knowingly subscribes to or makes or causes to be made a false statement or false report or false filing with the intent to deceive the commissioner in the performance of his or her duties under this chapter, upon conviction thereof, shall be imprisoned for not more than three years or fined not more than ten thousand dollars or both. The officer, director, or employee upon whom the fine is imposed shall pay the fine in his or her individual capacity. [1993 c 462 § 11.]

**48.31B.055 Violations of chapter—Impairment of financial condition—Commissioner may take possession.** Whenever it appears to the commissioner that a person has committed a violation of this chapter that so impairs the financial condition of a domestic insurer as to threaten insolvency or make the further transaction of business by it hazardous to its policyholders, creditors, shareholders, or the public, the commissioner may proceed as provided in RCW 48.31.030 and 48.31.040 to take possession of the property of the domestic insurer and to conduct the business of the insurer. [1993 c 462 § 12.]

**48.31B.060 Order for liquidation or rehabilitation—Recovery of distributions or payments—Personal liability—Maximum amount recoverable.** (1) If an order for liquidation or rehabilitation of a domestic insurer has been entered, the receiver appointed under the order may recover on behalf of the insurer: (a) From a parent corporation or holding company or person or affiliate who otherwise controlled the insurer, the amount of distributions, other than distributions of shares of the same class of stock, paid by the insurer on its capital stock; or (b) a payment in the form of a bonus, termination settlement, or extraordinary lump sum salary adjustment made by the insurer or its subsidiary to a director, officer, or employee, where the distribution or payment under (a) or (b) of this subsection is made at any time during the one year before the petition for liquidation, conservation, or rehabilitation, as the case may be, subject to the limitations of subsections (2), (3), and (4) of this section.

(2) No such distribution is recoverable if it is shown that when paid, the distribution was lawful and reasonable, and that the insurer did not know and could not reasonably have

known that the distribution might adversely affect the ability of the insurer to fulfill its contractual obligations.

(3) A person who was a parent corporation or holding company or a person who otherwise controlled the insurer or affiliate when the distributions were paid is liable up to the amount of distributions or payments under subsection (1) of this section the person received. A person who controlled the insurer at the time the distributions were declared is liable up to the amount of distributions he or she would have received if they had been paid immediately. If two or more persons are liable with respect to the same distributions, they are jointly and severally liable.

(4) The maximum amount recoverable under this section is the amount needed in excess of all other available assets of the impaired or insolvent insurer to pay the contractual obligations of the impaired or insolvent insurer and to reimburse any guaranty funds.

(5) To the extent that a person liable under subsection (3) of this section is insolvent or otherwise fails to pay claims due from it under those provisions, its parent corporation or holding company or person who otherwise controlled it at the time the distribution was paid, is jointly and severally liable for a resulting deficiency in the amount recovered from the parent corporation or holding company or person who otherwise controlled it. [1993 c 462 § 13.]

**48.31B.065 Violations of chapter—Contrary to interests of policyholders or the public—Suspension, revocation, or nonrenewal of license.** Whenever it appears to the commissioner that a person has committed a violation of this chapter that makes the continued operation of an insurer contrary to the interests of policyholders or the public, the commissioner may, after giving notice and an opportunity to be heard, determine to suspend, revoke, or refuse to renew the insurer's license or authority to do business in this state for such period as he or she finds is required for the protection of policyholders or the public. Such a determination must be accompanied by specific findings of fact and conclusions of law. [1993 c 462 § 14.]

**48.31B.070 Person aggrieved by actions of commissioner.** (1) A person aggrieved by an act, determination, rule, order, or any other action of the commissioner under this chapter may proceed in accordance with the Administrative Procedure Act, chapter 34.05 RCW.

(2) A person aggrieved by a failure of the commissioner to act or make a determination required by this chapter may petition the commissioner under the procedure described in RCW 34.05.330. [1993 c 462 § 15.]

**48.31B.900 Short title.** This chapter may be known and cited as the Insurer Holding Company Act. [1993 c 462 § 1.]

**48.31B.901 Severability—1993 c 462.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1993 c 462 § 112.]

**48.31B.902 Implementation—1993 c 462.** The insurance commissioner may take such steps as are necessary to ensure that this act is implemented on July 25, 1993. [1993 c 462 § 106.]

### Chapter 48.31C RCW

#### HOLDING COMPANY ACT FOR HEALTH CARE SERVICE CONTRACTORS AND HEALTH MAINTENANCE ORGANIZATIONS

##### Sections

- 48.31C.010 Definitions.
- 48.31C.020 Acquisition of a foreign health carrier—Preacquisition notification—Review.
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- 48.31C.080 Violations of chapter—Commissioner may seek superior court order.
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- 48.31C.140 Person aggrieved by actions of commissioner.
- 48.31C.150 Rule making.
- 48.31C.160 Dual holding company system membership.
- 48.31C.900 Severability—2001 c 179.
- 48.31C.901 Effective date—2001 c 179.

**48.31C.010 Definitions.** The definitions in this section apply throughout this chapter, unless the context clearly requires otherwise.

(1) "Acquisition" or "acquire" means an agreement, arrangement, or activity, the consummation of which results in a person acquiring directly or indirectly the control of another person, and includes but is not limited to the acquisition of voting securities, all or substantially all of the assets, bulk reinsurance, consolidations, affiliations, and mergers.

(2) "Affiliate" of, or person "affiliated" with, a specific person, means a person who directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.

(3) "Control," including the terms "controlling," "controlled by," and "under common control with," means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person whether through the ownership of voting securities, voting rights, by contract other than a commercial contract for goods, nonmanagement services, a debt obligation which is not convertible into a right to acquire a voting security, or otherwise, unless the power is the result of an official position with or corporate office held by the person.

(a) For a for-profit person, control is presumed to exist if a person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing, ten percent or

more of the voting securities of any other person. This presumption may be rebutted by a showing that control does not exist in fact. A person may file with the commissioner a disclaimer of control of a health carrier. The disclaimer must fully disclose all material relationships and bases for affiliation between the person and the health carrier as well as the basis for disclaiming the control. After furnishing all persons in interest notice and opportunity to be heard and making specific findings of fact to support such a determination, the commissioner may:

(i) Allow a disclaimer; or  
 (ii) Disallow a disclaimer notwithstanding the absence of a presumption to that effect.

(b) For a nonprofit corporation organized under chapters 24.03 and 24.06 RCW, control is presumed to exist if a person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing a majority of voting rights of the person or the power to elect or appoint a majority of the board of directors, trustees, or other governing body of the person, unless the power is the result of an official position of, or corporate office held by, the person.

(c) Control includes either permanent or temporary control, or both.

(4) "Domestic health carrier" means a health care service contractor as defined in RCW 48.44.010, or a health maintenance organization as defined in RCW 48.46.020, that is formed under the laws of this state.

(5) "Foreign health carrier" means a health care service contractor as defined in RCW 48.44.010, or a health maintenance organization as defined in RCW 48.46.020, that is formed under the laws of the United States, of a state or territory of the United States other than this state, or the District of Columbia.

(6) "Health carrier holding company system" means two or more affiliated persons, one or more of which is a health care service contractor or health maintenance organization.

(7) "Health coverage business" means the business of a disability insurer authorized under chapter 48.05 RCW, a health care service contractor registered under chapter 48.44 RCW, and a health maintenance organization registered under chapter 48.46 RCW, entering into any policy, contract, or agreement to arrange, reimburse, or pay for health care services.

(8) "Involved carrier" means an insurer, health care service contractor, or health maintenance organization, which either acquires or is acquired, is affiliated with an acquirer or acquired, or is the result of a merger.

(9) "Person" means an individual, corporation, partnership, association, joint stock company, limited liability company, trust, unincorporated organization, similar entity, or any combination acting in concert, but does not include a joint venture partnership exclusively engaged in owning, managing, leasing, or developing real or personal property.

(10) "Security holder" of a specified person means one who owns a security of that person, including (a) common stock, (b) preferred stock, (c) debt obligations convertible into the right to acquire voting securities, and any other security convertible into or evidencing the right to acquire (a) through (c) of this subsection.

(11) "Subsidiary" of a specified person means an affiliate controlled by that person directly or indirectly through one or more intermediaries.

(12) "Voting security" includes a security convertible into or evidencing a right to acquire a voting security. [2001 c 179 § 1.]

**48.31C.020 Acquisition of a foreign health carrier—Preacquisition notification—Review.** (1) No person may acquire control of a foreign health carrier registered to do business in this state unless a preacquisition notification is filed with the commissioner under this section and the waiting period has expired. If a preacquisition notification is not filed with the commissioner an involved carrier may be subject to an order under subsection (3) of this section. The acquired person may file a preacquisition notification.

(a) The preacquisition notification must be in the form and contain the information prescribed by the commissioner. The commissioner may require additional material and information necessary to determine whether the proposed acquisition, if consummated, would have the effect of substantially lessening competition, or tending to create a monopoly, in the health coverage business in this state. The required information may include an opinion of an economist as to the competitive impact of the acquisition in this state accompanied by a summary of the education and experience of the person indicating his or her ability to render an informed opinion.

(b) The waiting period required under this section begins on the date the commissioner receives the preacquisition notification and ends on the earlier of the sixtieth day after the date of the receipt by the commissioner of the preacquisition notification or the termination of the waiting period by the commissioner. Before the end of the waiting period, the commissioner may require the submission of additional needed information relevant to the proposed acquisition. If additional information is required, the waiting period ends on the earlier of the thirtieth day after the commissioner has received the additional information or the termination of the waiting period by the commissioner.

(2)(a) The commissioner may enter an order under subsection (3)(a) of this section with respect to an acquisition if:

(i) The health carrier fails to file adequate information in compliance with subsection (1)(a) of this section; or

(ii) The antitrust section of the office of the attorney general and any federal antitrust enforcement agency has chosen not to undertake a review of the proposed acquisition and the commissioner pursuant to his or her own review finds that there is substantial evidence that the effect of the acquisition may substantially lessen competition or tend to create a monopoly in the health coverage business.

(b) If the antitrust section of the office of the attorney general undertakes a review of the proposed transaction then the attorney general shall seek input from the commissioner throughout the review.

(c) If the antitrust section of the office of the attorney general does not undertake a review of the proposed acquisition and the review is being conducted by the commissioner, then the commissioner shall seek input from the attorney general throughout the review.

(3)(a)(i) If an acquisition violates the standards of this section, the commissioner may enter an order:

(A) Requiring an involved carrier to cease and desist from doing business in this state with respect to business as a health care service contractor or health maintenance organization; or

(B) Denying the application of an acquired or acquiring carrier for a license, certificate of authority, or registration to do business in this state.

(ii) The commissioner may not enter the order unless:

(A) There is a hearing;

(B) Notice of the hearing is issued before the end of the waiting period and not less than fifteen days before the hearing; and

(C) The hearing is concluded and the order is issued no later than thirty days after the conclusion of the hearing.

Every order must be accompanied by a written decision of the commissioner setting forth his or her findings of fact and conclusions of law.

(iii) An order entered under (a) of this subsection may not become final earlier than thirty days after it is issued, during which time the involved carrier may submit a plan to remedy the anticompetitive impact of the acquisition within a reasonable time. Based upon the plan or other information, the commissioner shall specify the conditions, if any, under the time period during which the aspects of the acquisition causing a violation of the standards of this section would be remedied and the order vacated or modified.

(iv) An order under (a) of this subsection does not apply if the acquisition is not consummated.

(b) A person who violates a cease and desist order of the commissioner under (a) of this subsection and while the order is in effect, may, after notice and hearing and upon order of the commissioner, be subject at the discretion of the commissioner to one or more of the following:

(i) A monetary penalty of not more than ten thousand dollars for every day of violation; or

(ii) Suspension or revocation of the person's license, certificate of authority, or registration; or

(iii) Both (b)(i) and (b)(ii) of this subsection.

(c) A carrier or other person who fails to make a filing required by this section and who also fails to demonstrate a good faith effort to comply with the filing requirement, is subject to a civil penalty of not more than fifty thousand dollars.

(4) An order may not be entered under subsection (3)(a) of this section if:

(a) The acquisition will yield substantial economies of scale or economies in resource use that cannot be feasibly achieved in any other way, and the public benefits that would arise from the economies exceed the public benefits that would arise from more competition; or

(b) The acquisition will substantially increase the availability of health care coverage, and the public benefits of the increase exceed the public benefits that would arise from more competition.

(5)(a) RCW 48.31C.080 (2) and (3) and 48.31C.090 do not apply to acquisitions covered under this section.

(b) This section does not apply to the following:

(i) An acquisition subject to approval or disapproval by the commissioner under RCW 48.31C.030;

(ii) A purchase of securities solely for investment purposes so long as the securities are not used by voting or oth-

erwise to cause or attempt to cause the substantial lessening of competition in the health coverage business in this state;

(ii) The acquisition of a person by another person when neither person is directly, nor through affiliates, primarily engaged in the business of a domestic or foreign health carrier, if preacquisition notification is filed with the commissioner in accordance with subsection (1) of this section sixty days before the proposed effective date of the acquisition. However, preacquisition notification is not required for exclusion from this section if the acquisition would otherwise be excluded from this section by this subsection (5)(b);

(iv) The acquisition of already affiliated persons;

(v) An acquisition if, as an immediate result of the acquisition:

(A) In no market would the combined market share of the involved carriers exceed five percent of the total market;

(B) There would be no increase in any market share; or

(C) In no market would:

(I) The combined market share of the involved carriers exceed twelve percent of the total market; and

(II) The market share increase by more than two percent of the total market.

For the purpose of (b)(v) of this subsection, "market" means direct written premium in this state for a line of business as contained in the annual statement required to be filed by carriers licensed to do business in this state;

(vi) An acquisition of a health carrier whose domiciliary commissioner affirmatively finds: That the health carrier is in failing condition; there is a lack of feasible alternatives to improving such a condition; and the public benefits of improving the health carrier's condition through the acquisition exceed the public benefits that would arise from more competition, and the findings are communicated by the domiciliary commissioner to the commissioner of this state. [2001 c 179 § 2.]

**48.31C.030 Acquisition of a domestic health carrier—Filing—Review—Jurisdiction of courts.** (1) No person may acquire control of a domestic health carrier unless the person has filed with the commissioner and has sent to the health carrier a statement containing the information required by this section and the acquisition has been approved by the commissioner as prescribed in this section.

(2) The statement to be filed with the commissioner under this section must be made under oath or affirmation and must contain the following information:

(a) The name and address of the acquiring party. For purposes of this section, "acquiring party" means each person by whom or on whose behalf the acquisition of control under subsection (1) of this section is to be effected:

(i) If the acquiring party is an individual, his or her principal occupation and all offices and positions held during the past five years, and any conviction of crimes other than minor traffic violations during the past ten years;

(ii) If the acquiring party is not an individual, a report of the nature of its business operations during the past five years or for such lesser period as the person and any predecessors have been in existence; an informative description of the business intended to be done by the person's subsidiaries; any convictions of crimes during the past ten years; and a list of all individuals who are or who have been selected to

become directors, trustees, or executive officers of the person, or who perform or will perform functions appropriate to those positions. The list must include for each such individual the information required by (a)(i) of this subsection.

(b) The source, nature, and amount of the consideration used or to be used in effecting the acquisition of control, a description of any transaction in which funds were or are to be obtained for any such purpose, including a pledge of assets, a pledge of the health carrier's stock, or the stock of any of its subsidiaries or controlling affiliates, and the identity of persons furnishing the consideration. However, where a source of the consideration is a loan made in the lender's ordinary course of business, the identity of the lender must remain confidential if the person filing the statement so requests.

(c) Fully audited financial information as to the earnings and financial condition of each acquiring party for the preceding five fiscal years of each acquiring party, or for such lesser period as the acquiring party and any predecessors have been in existence, and similar unaudited information as of a date not earlier than ninety days before the filing of the statement. If the acquiring party and any predecessor has not had fully audited financial statements prepared during any of the preceding five years, then reviewed financial statements may be substituted for those years, except for the latest fiscal year which must be fully audited financial statements.

(d) Any plans or proposals that each acquiring party may have to liquidate the health carrier, to sell its assets or merge or consolidate it with any person, or to make any other material change in its business or corporate structure or management.

(e) The number of shares of any security or number and description of other voting rights referred to in RCW 48.31C.010(3) that each acquiring party proposes to acquire, the terms of the offer, request, invitation, agreement, or acquisition under RCW 48.31C.010(3), and a statement as to the method by which the fairness of the proposal was arrived at.

(f) The amount of each class of any security referred to in RCW 48.31C.010(3) that is beneficially owned or concerning which there is a right to acquire beneficial ownership by each acquiring party.

(g) A full description of any contracts, arrangements, or understandings with respect to any security referred to in RCW 48.31C.010(3) in which an acquiring party is involved, including but not limited to transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies. The description must identify the persons with whom the contracts, arrangements, or understandings have been entered into.

(h) A description of the purchase of any security referred to in RCW 48.31C.010(3) during the twelve calendar months before the filing of the statement, by an acquiring party, including the dates of purchase, names of the purchasers, and consideration paid or agreed to be paid for the security.

(i) A description of any recommendations to purchase any security referred to in RCW 48.31C.010(3) made during the twelve calendar months before the filing of the statement, by an acquiring party, or by anyone based upon interviews

with outside parties or at the suggestion of the acquiring party.

(j) Copies of all tender offers for, requests or invitations for tenders of, exchange offers for, and agreements to acquire or exchange any securities referred to in RCW 48.31C.010(3), and, if distributed, of additional soliciting material relating to the securities.

(k) The term of an agreement, contract, or understanding made with or proposed to be made with a broker-dealer as to solicitation or securities referred to in RCW 48.31C.010(3) for tender, and the amount of fees, commissions, or other compensation to be paid to broker-dealers with regard to the securities.

(l) Such additional information as the commissioner may prescribe by rule as necessary or appropriate for the protection of subscribers of the health carrier or in the public interest.

If the person required to file the statement referred to in subsection (1) of this section is a partnership, limited partnership, syndicate, or other group, the commissioner may require that the information required under (a) through (l) of this subsection must be given with respect to each partner of the partnership or limited partnership, each member of the syndicate or group, and each person who controls a partner or member. If a partner, member, or person is a corporation, or the person required to file the statement referred to in subsection (1) of this section is a corporation, the commissioner may require that the information required under (a) through (l) of this subsection must be given with respect to the corporation, each officer and director of the corporation, and each person who is directly or indirectly the beneficial owner of more than ten percent of the outstanding voting securities of the corporation.

If a material change occurs in the facts set forth in the statement filed with the commissioner and sent to the health carrier under this section, an amendment setting forth the change, together with copies of all documents and other material relevant to the change, must be filed with the commissioner and sent to the health carrier within two business days after the person learns of the change.

(3) If an offer, request, invitation, agreement, or acquisition referred to in subsection (1) of this section is proposed to be made by means of a registration statement under the Securities Act of 1933 or in circumstances requiring the disclosure of similar information under the Securities Exchange Act of 1934, or under a state law requiring similar registration or disclosure, the person required to file the statement referred to in subsection (1) of this section may use those documents in furnishing the information called for by that statement.

(4) The commissioner shall approve an exchange or other acquisition of control referred to in this section within sixty days after he or she declares the statement filed under this section to be complete and if a hearing is requested by the commissioner or either party to the transaction, after holding a public hearing. Unless the commissioner declares the statement to be incomplete and requests additional information, the statement is deemed complete sixty days after receipt of the statement by the commissioner. If the commissioner declares the statement to be incomplete and requests additional information, the sixty-day time period in which the statement is deemed complete shall be tolled until fifteen

days after receipt by the commissioner of the additional information. If the commissioner declares the statement to be incomplete, the commissioner shall promptly notify the person filing the statement of the filing deficiencies and shall set forth with specificity the additional information required to make the filing complete. At the hearing, the person filing the statement, the health carrier, and any person whose significant interest is determined by the commissioner to be affected may present evidence, examine and cross-examine witnesses, and offer oral and written arguments, and in connection therewith may conduct discovery proceedings in the same manner as is allowed in the superior court of this state. All discovery proceedings must be concluded not later than three business days before the commencement of the public hearing.

(5)(a) The commissioner shall approve an acquisition of control referred to in subsection (1) of this section unless, after a public hearing, he or she finds that:

(i) After the change of control, the domestic health carrier referred to in subsection (1) of this section would not be able to satisfy the requirements for registration as a health carrier;

(ii) The antitrust section of the office of the attorney general and any federal antitrust enforcement agency has chosen not to undertake a review of the proposed acquisition and the commissioner pursuant to his or her own review finds that there is substantial evidence that the effect of the acquisition may substantially lessen competition or tend to create a monopoly in the health coverage business.

If the antitrust section of the office of the attorney general does not undertake a review of the proposed acquisition and the review is being conducted by the commissioner, then the commissioner shall seek input from the attorney general throughout the review.

If the antitrust section of the office of the attorney general undertakes a review of the proposed transaction then the attorney general shall seek input from the commissioner throughout the review. As to the commissioner, in making this determination:

(A) The informational requirements of RCW 48.31C.020(1)(a) apply;

(B) The commissioner may not disapprove the acquisition if the commissioner finds that:

(I) The acquisition will yield substantial economies of scale or economies in resource use that cannot be feasibly achieved in any other way, and the public benefits that would arise from the economies exceed the public benefits that would arise from more competition; or

(II) The acquisition will substantially increase or will prevent significant deterioration in the availability of health care coverage, and the public benefits of the increase exceed the public benefits that would arise from more competition;

(C) The commissioner may condition the approval of the acquisition on the removal of the basis of disapproval, as follows, within a specified period of time:

(I) The financial condition of an acquiring party is such as might jeopardize the financial stability of the health carrier, or prejudice the interest of its subscribers;

(II) The plans or proposals that the acquiring party has to liquidate the health carrier, sell its assets, consolidate or merge it with any person, or to make any other material

change in its business or corporate structure or management, are unfair and unreasonable to subscribers of the health carrier and not in the public interest;

(III) The competence, experience, and integrity of those persons who would control the operation of the health carrier are such that it would not be in the interest of subscribers of the health carrier and of the public to permit the merger or other acquisition of control; or

(IV) The acquisition is likely to be hazardous or prejudicial to the insurance-buying public.

(b) The commissioner may retain at the acquiring person's expense any attorneys, actuaries, accountants, and other experts not otherwise a part of the commissioner's staff as may be reasonably necessary to assist the commissioner in reviewing the proposed acquisition of control. All reasonable costs of a hearing held under this section, as determined by the commissioner, including reasonable costs associated with the commissioner's use of investigatory, professional, and other necessary personnel, mailing of required notices and other information, and use of equipment or facilities, must be paid before issuance of the commissioner's order by the acquiring person.

(c) The commissioner may condition approval of an acquisition on the removal of the basis of disapproval within a specified period of time.

(6) Upon the request of a party to the acquisition the commissioner may order that this section does not apply to an offer, request, invitation, agreement, or acquisition as:

(a) Not having been made or entered into for the purpose and not having the effect of changing or influencing the control of a domestic health carrier; or

(b) Otherwise not comprehended within the purposes of this section.

(7) The following are violations of this section:

(a) The failure to file a statement, amendment, or other material required to be filed under subsection (1) or (2) of this section; or

(b) The effectuation or an attempt to effectuate an acquisition of control of a domestic health carrier unless the commissioner has given approval.

(8) The courts of this state have jurisdiction over every person not resident, domiciled, or authorized to do business in this state who files a statement with the commissioner under this section, and over all actions involving that person arising out of violations of this section, and such a person has performed acts equivalent to and constituting an appointment by that person of the commissioner to be the person's true and lawful attorney upon whom may be served all lawful process in an action, suit, or proceeding arising out of violations of this section. Copies of all such lawful process shall be served on the commissioner and transmitted by registered or certified mail by the commissioner to such a person at the person's last known address. [2001 c 179 § 3.]

**48.31C.040 Registration with commissioner—Information required—Rule making—Disclaimer of affiliation—Failure to file.** (1) Every health carrier registered to do business in this state that is a member of a health carrier holding company system shall register with the commissioner, except a foreign health carrier subject to registration requirements and standards adopted by statute or regulation

in the jurisdiction of its domicile that are substantially similar to those contained in:

- (a) This section;
- (b) RCW 48.31C.050(1) and 48.31C.060; and

(c) Either RCW 48.31C.050(1)(b) or a provision such as the following: Each registered health carrier shall keep current the information required to be disclosed in its registration statement by reporting all material changes or additions within fifteen days after the end of the month in which it learns of each change or addition.

A health carrier subject to registration under this section shall register within one hundred twenty days of May 7, 2001, and thereafter within fifteen days after it becomes subject to registration, and annually thereafter by May 15th of each year for the previous calendar year, unless the commissioner for good cause shown extends the time for registration, and then within the extended time. The commissioner may require a health carrier authorized to do business in the state that is a member of a health carrier holding company system, but that is not subject to registration under this section, to furnish a copy of the registration statement, the summary specified in subsection (3) of this section, or other information filed by the health carrier with the regulatory authority of its domiciliary jurisdiction.

(2) A health carrier subject to registration shall file the registration statement on a form prescribed by the commissioner, containing the following current information:

(a) The capital structure, general financial condition, ownership, and management of the health carrier and any person controlling the health carrier;

(b) The identity and relationship of every member of the health carrier holding company system;

(c) The following agreements in force, and transactions currently outstanding or that have occurred during the last calendar year between the health carrier and its affiliates:

(i) Loans, other investments, or purchases, sales, or exchanges of securities of the affiliates by the health carrier or of the health carrier by its affiliates;

(ii) Purchases, sales, or exchange of assets;

(iii) Transactions not in the ordinary course of business;

(iv) Guarantees or undertakings for the benefit of an affiliate that result in an actual contingent exposure of the health carrier's assets to liability, other than subscriber contracts entered into in the ordinary course of the health carrier's business;

(v) All management agreements, service contracts, and cost-sharing arrangements;

(vi) Reinsurance agreements;

(vii) Dividends and other distributions to shareholders; and

(viii) Consolidated tax allocation agreements;

(d) Any pledge of the health carrier's stock, including stock of a subsidiary or controlling affiliate, for a loan made to a member of the health carrier holding company system; and

(e) Other matters concerning transactions between registered health carriers and affiliates as may be included from time to time in registration forms adopted or approved by the commissioner by rule.

(3) Registration statements must contain a summary outlining all items in the current registration statement representing changes from the prior registration statement.

(4) No information need be disclosed on the registration statement filed under subsection (2) of this section if the information is not material for the purposes of this section. Unless the commissioner by rule or order provides otherwise, sales, purchases, exchanges, loans or extensions of credit, investments, or guarantees, involving two percent or less of a health carrier's admitted assets as of the 31st day of the previous December are not material for purposes of this section.

(5) A person within a health carrier holding company system subject to registration shall provide complete and accurate information to a health carrier, where the information is reasonably necessary to enable the health carrier to comply with this chapter.

(6) The commissioner shall terminate the registration of a health carrier under this section that demonstrates that it no longer is a member of a health carrier holding company system.

(7) The commissioner may require or allow two or more affiliated health carriers subject to registration under this section to file a consolidated registration statement.

(8) The commissioner may allow a health carrier registered to do business in this state and part of a health carrier holding company system to register on behalf of an affiliated health carrier that is required to register under subsection (1) of this section and to file all information and material required to be filed under this section.

(9) This section does not apply to a health carrier, information, or transaction if, and to the extent that, the commissioner by rule or order exempts the health carrier, information, or transaction from this section.

(10) A person may file with the commissioner a disclaimer of affiliation with an authorized health carrier, or a health carrier or a member of a health carrier holding company system may file the disclaimer. The disclaimer must fully disclose all material relationships and bases for affiliation between the person and the health carrier as well as the basis for disclaiming the affiliation. After a disclaimer has been filed, the health carrier is relieved of any duty to register or report under this section that may arise out of the health carrier's relationship with the person unless and until the commissioner disallows the disclaimer. The commissioner shall disallow the disclaimer only after furnishing all parties in interest with notice and opportunity to be heard and after making specific findings of fact to support the disallowance.

(11) Failure to file a registration statement or a summary of the registration statement required by this section within the time specified for the filing is a violation of this section. [2001 c 179 § 4.]

**48.31C.050 Health carrier subject to registration—Standards for transactions within a holding company system—Notice to commissioner—Review.** (1) Transactions within a health carrier holding company system to which a health carrier subject to registration is a party are subject to the following standards:

(a) The terms must be fair and reasonable;

(b) Charges or fees for services performed must be fair and reasonable;

(c) Expenses incurred and payment received must be allocated to the health carrier in conformity with customary statutory accounting practices consistently applied;

(d) The books, accounts, and records of each party to all such transactions must be so maintained as to clearly and accurately disclose the nature and details of the transactions, including such accounting information as is necessary to support the reasonableness of the charges or fees to the respective parties; and

(e) The health carrier's net worth after the transaction must exceed the health carrier's company action level risk-based capital. In addition, the commissioner may disapprove a transaction if the health carrier's risk-based capital net worth is less than the product of 2.5 and the health carrier's authorized control level risk-based capital and the commissioner reasonably believes that the health carrier's net worth is at risk of falling below its company action level risk-based capital due to anticipated future financial losses not reflected in the risk-based capital calculation. This subsection (1)(e) does not prohibit transactions that improve or help maintain the health carrier's net worth.

(2) The following transactions, excepting those transactions which are subject to approval by the commissioner elsewhere within this title, involving a domestic health carrier and a person in its health carrier holding company system may not be entered into unless the health carrier has notified the commissioner in writing of its intention to enter into the transaction and the commissioner does not declare the notice to be incomplete at least thirty days before, or such shorter period as the commissioner may permit, and the commissioner has not disapproved it within that period. Unless the commissioner declares the notice to be incomplete and requests additional information, the notice is deemed complete thirty days after receipt of the notice by the commissioner. If the commissioner declares the notice to be incomplete, the thirty-day time period in which the notice is deemed complete shall be tolled until fifteen days after the receipt by the commissioner of the additional information:

(a) Sales, purchases, exchanges, loans or extensions of credit, guarantees, or investments if the transactions are equal to or exceed the lesser of (i) two months of the health carrier's annualized claims and administrative costs, (ii) five percent of the health carrier's admitted assets, or (iii) twenty-five percent of net worth, as of the 31st day of the previous December;

(b) Loans or extensions of credit to any person who is not an affiliate, if the health carrier makes the loans or extensions of credit with the agreement or understanding that the proceeds of the transactions, in whole or in substantial part, are to be used to make loans or extensions of credit to, to purchase assets of, or to make investments in, an affiliate of the health carrier making the loans or extensions of credit, if the transactions are equal to or exceed the lesser of (i) two months of the health carrier's annualized claims and administrative costs, (ii) three percent of the health carrier's admitted assets, or (iii) twenty-five percent of net worth, as of the 31st day of the previous December;

(c) Reinsurance agreements or modifications to them in which the reinsurance premium or a change in the health carrier's liabilities equals or exceeds five percent of the health carrier's net worth, as of the 31st day of the previous Decem-

ber, including those agreements that may require as consideration the transfer of assets from a health carrier to a nonaffiliate, if an agreement or understanding exists between the health carrier and nonaffiliate that any portion of the assets will be transferred to one or more affiliates of the health carrier;

(d) Management agreements, service contracts, and cost-sharing arrangements; and

(e) Other acquisitions or dispositions of assets involving more than five percent of the health carrier's admitted assets, specified by rule, that the commissioner determines may adversely affect the interests of the health carrier's subscribers.

(3) A domestic health carrier may not enter into transactions that are part of a plan or series of like transactions with persons within the health carrier holding company system if the aggregate amount of the transactions within a twelve-month period exceed the statutory threshold amount. If the commissioner determines that the separate transactions entered into over a twelve-month period exceed the statutory threshold amount, the commissioner may apply for an order as described in RCW 48.31C.080(1).

(4) The commissioner, in reviewing transactions under subsection (2) of this section, shall consider whether the transactions comply with the standards set forth in subsection (1) of this section.

(5) If a health carrier complies with the terms of a management agreement, service contract, or cost-sharing agreement that has not been disapproved by the commissioner under subsection (2) of this section, then the health carrier is not required to obtain additional approval from the commissioner for individual transactions conducted under the terms of the management agreement, service contract, or cost-sharing agreement. The commissioner, however, retains the authority to examine the individual transactions to determine their compliance with the terms of the management agreement, service contract, or cost-sharing agreement and subsection (1) of this section.

(6) This section does not authorize or permit a transaction that, in the case of a health carrier not a member of the same health carrier holding company system, would be otherwise contrary to law. [2001 c 179 § 5.]

**48.31C.060 Extraordinary dividends or distributions—Restrictions—Definition of distribution.** (1)(a) Subject to subsection (2) of this section, each registered health carrier shall report to the commissioner all dividends and other distributions to shareholders or members not within the ordinary course of business within five business days after their declaration and at least fifteen business days before payment and shall provide the commissioner such other information as may be required by rule.

(b) Any payment of a dividend or other distribution to shareholders or members which would reduce the net worth of the health carrier below the greater of (i) the minimum required by RCW 48.44.037 for a health care service contractor or RCW 48.46.235 for a health maintenance organization or (ii) the company action level RBC under RCW 48.43.300(9)(a) is prohibited.

(2)(a) No domestic health carrier may pay an extraordinary dividend or make any other extraordinary distribution to

its shareholders or members until: (i) Thirty days after the commissioner has received sufficient notice of the declaration, unless the commissioner declares the notice to be incomplete and requests additional information in which event the thirty days shall be tolled until fifteen days after receipt by the commissioner of the additional information or thirty days after the original receipt of the notice by the commissioner, whichever is later, and the commissioner has not within that period disapproved the payment; or (ii) the commissioner has approved the payment within the thirty-day period.

(b) For purposes of this section, an extraordinary dividend or distribution is a dividend or distribution of cash or other property whose fair market value, together with that of other dividends or distributions not within the ordinary course of business made within the period of twelve consecutive months ending on the date on which the proposed dividend is scheduled for payment or distribution, exceeds the lesser of: (i) Ten percent of the health carrier's net worth as of the 31st day of the previous December; or (ii) the net income of the health carrier for the twelve-month period ending the 31st day of the previous December, but does not include pro rata distributions of any class of the company's own securities.

(c) Notwithstanding any other provision of law, a health carrier may declare an extraordinary dividend or distribution that is conditional upon the commissioner's approval. The declaration confers no rights upon shareholders or members until: (i) The commissioner has approved the payment of the dividend or distribution; or (ii) the commissioner has not disapproved the payment within the thirty-day period referred to in (a) of this subsection.

(3) For the purpose of this section, "distribution" means a direct or indirect transfer of money or other property, except its own shares, or incurrence of indebtedness by a health carrier to or for the benefit of its members or shareholders in respect to any of its shares. A distribution may be in the form of a declaration or payment of a dividend; a distribution in partial or complete liquidation, or upon voluntary or involuntary dissolution; a purchase, redemption, or other acquisition of shares; or a distribution of indebtedness in respect to any of its shares. It does not include any remuneration to a shareholder or member made as consideration for services or items provided by such shareholder or member, including but not limited to remuneration in exchange for health care services, equipment or supplies, or administrative support services or equipment. [2001 c 179 § 6.]

**48.31C.070 Examination of health carriers—Commissioner may order production of information—Failure to comply—Costs.** (1) Subject to the limitation contained in this section and in addition to the powers that the commissioner has under RCW 48.44.145 relating to the examination of health care service contractors and under RCW 48.46.120 relating to the examination of health maintenance organizations, the commissioner also may order a health carrier registered under RCW 48.31C.040 to produce such records, books, or other information papers in the possession of the health carrier or its affiliates as are reasonably necessary to ascertain the financial condition of the health carrier or to determine compliance with this title. If the health carrier fails

to comply with the order, the commissioner may examine the affiliates to obtain the information.

(2) The commissioner may retain at the registered health carrier's expense those attorneys, actuaries, accountants, and other experts not otherwise a part of the commissioner's staff as are reasonably necessary to assist in the conduct of the examination under subsection (1) of this section. Persons so retained are under the direction and control of the commissioner and shall act in a purely advisory capacity.

(3) Each registered health carrier producing for examination records, books, and papers under subsection (1) of this section are liable for and shall pay the expense of the examination in accordance with RCW 48.03.060.

(4) Chapter 48.03 RCW applies to this chapter except to the extent expressly modified by this chapter. [2001 c 179 § 7.]

**48.31C.080 Violations of chapter—Commissioner may seek superior court order.** (1) Whenever it appears to the commissioner that a health carrier or a director, officer, employee, or agent of the health carrier has committed or is about to commit a violation of this chapter or any rule or order of the commissioner under this chapter, the commissioner may apply to the superior court for Thurston county or to the court for the county in which the principal office of the health carrier is located for an order enjoining the health carrier or the director, officer, employee, or agent from violating or continuing to violate this chapter or any such rule or order, and for such other equitable relief as the nature of the case and the interest of the health carrier's subscribers or the public may require.

(2) No security that is the subject of an agreement or arrangement regarding acquisition, or that is acquired or to be acquired, in contravention of this chapter or of a rule or order of the commissioner under this chapter may be voted at a shareholders' meeting, or may be counted for quorum purposes. Any action of shareholders requiring the affirmative vote of a percentage of shares may be taken as though the securities were not issued and outstanding, but no action taken at any such meeting may be invalidated by the voting of the securities, unless the action would materially affect control of the health carrier or unless the courts of this state have so ordered. If a health carrier or the commissioner has reason to believe that a security of the health carrier has been or is about to be acquired in contravention of this chapter or of a rule or order of the commissioner under this chapter, the health carrier or the commissioner may apply to the superior court for Thurston county or to the court for the county in which the health carrier has its principal place of business to enjoin an offer, request, invitation, agreement, or acquisition made in contravention of RCW 48.31C.030 or a rule or order of the commissioner under that section to enjoin the voting of a security so acquired, to void a vote of the security already cast at a meeting of shareholders, and for such other relief as the nature of the case and the interest of the health carrier's subscribers or the public may require.

(3) If a person has acquired or is proposing to acquire voting securities in violation of this chapter or a rule or order of the commissioner under this chapter, the superior court for Thurston county or the court for the county in which the health carrier has its principal place of business may, on such

notice as the court deems appropriate, upon the application of the health carrier or the commissioner seize or sequester voting securities of the health carrier owned directly or indirectly by the person, and issue such order with respect to the securities as may be appropriate to carry out this chapter.

(4) Notwithstanding any other provisions of law, for the purposes of this chapter, the situs of the ownership of the securities of domestic health carriers is in this state.

(5) Subsections (2) and (3) of this section do not apply to acquisitions under RCW 48.31C.020. [2001 c 179 § 8.]

**48.31C.090 Violations of chapter—Penalties—Civil forfeitures—Orders—Referral to prosecuting attorney—Imprisonment.** (1) The commissioner may require, after notice and hearing, a health carrier failing, without just cause, to file a registration statement as required in this chapter, to pay a penalty of not more than ten thousand dollars per day. The maximum penalty under this section is one million dollars. The commissioner may reduce the penalty if the health carrier demonstrates to the commissioner that the imposition of the penalty would constitute a financial hardship to the health carrier. The commissioner shall transfer a fine collected under this section to the state treasurer for deposit into the general fund.

(2) Every director or officer of a health carrier holding company system who knowingly violates this chapter, or participates in, or assents to, or who knowingly permits an officer or agent of the health carrier to engage in transactions or make investments that have not been properly reported or submitted under RCW 48.31C.040(1), 48.31C.050(2), or 48.31C.060, or that violate this chapter, shall pay, in their individual capacity, a civil forfeiture of not more than ten thousand dollars per violation, after notice and hearing. In determining the amount of the civil forfeiture, the commissioner shall take into account the appropriateness of the forfeiture with respect to the gravity of the violation, the history of previous violations, and such other matters as justice may require.

(3) Whenever it appears to the commissioner that a health carrier subject to this chapter, or a director, officer, employee, or agent of the health carrier, has engaged in a transaction or entered into a contract that is subject to RCW 48.31C.050 and 48.31C.060 and that would not have been approved had approval been requested, the commissioner may order the health carrier to cease and desist immediately any further activity under that transaction or contract. After notice and hearing the commissioner may also order the health carrier to void any such contracts and restore the status quo if that action is in the best interest of the subscribers or the public.

(4) Whenever it appears to the commissioner that a health carrier or a director, officer, employee, or agent of the health carrier has committed a willful violation of this chapter, the commissioner may refer the matter to the prosecuting attorney of Thurston county or the county in which the principal office of the health carrier is located. A health carrier that willfully violates this chapter may be fined not more than one million dollars. Any individual who willfully violates this chapter may be fined in his or her individual capacity not more than ten thousand dollars, or be imprisoned for not more than three years, or both.

(5) An officer, director, or employee of a health carrier holding company system who willfully and knowingly subscribes to or makes or causes to be made a false statement, false report, or false filing with the intent to deceive the commissioner in the performance of his or her duties under this chapter, upon conviction thereof, shall be imprisoned for not more than three years or fined not more than ten thousand dollars or both. The officer, director, or employee upon whom the fine is imposed shall pay the fine in his or her individual capacity.

(6) This section does not apply to acquisitions under RCW 48.31C.020. [2001 c 179 § 9.]

**48.31C.100 Violations of chapter—Impairment of financial condition.** Whenever it appears to the commissioner that a person has committed a violation of this chapter that so impairs the financial condition of a domestic health carrier as to threaten insolvency or make the further transaction of business by it hazardous to its subscribers or the public, the commissioner may proceed as provided in RCW 48.31.030 and 48.31.040 to take possession of the property of the domestic health carrier and to conduct the business of the health carrier. [2001 c 179 § 10.]

**48.31C.110 Order for liquidation or rehabilitation—Recovery of distributions or payments—Liability—Maximum amount recoverable.** (1) If an order for liquidation or rehabilitation of a domestic health carrier has been entered, the receiver appointed under the order may recover on behalf of the health carrier:

(a) From a parent corporation or a holding company, a person, or an affiliate, who otherwise controlled the health carrier, the amount of distributions, other than distributions of shares of the same class of stock, paid by the health carrier on its capital stock; or

(b) A payment in the form of a bonus, termination settlement, or extraordinary lump sum salary adjustment, made by the health carrier or its subsidiary to a director, officer, or employee;

Where the distribution or payment under (a) or (b) of this subsection is made at anytime during the one year before the petition for liquidation, conservation, or rehabilitation, as the case may be, subject to the limitations of subsections (2) through (4) of this section.

(2) No such distribution is recoverable if it is shown that when paid, the distribution was lawful and reasonable, and that the health carrier did not know and could not reasonably have known that the distribution might adversely affect the ability of the health carrier to fulfill its contractual obligations.

(3) A person who was a parent corporation, a holding company, or a person, who otherwise controlled the health carrier, or an affiliate when the distributions were paid, is liable up to the amount of distributions or payments under subsection (1) of this section the person received. A person who controlled the health carrier at the time the distributions were declared is liable up to the amount of distributions he or she would have received if they had been paid immediately. If two or more persons are liable with respect to the same distributions, they are jointly and severally liable.

(4) The maximum amount recoverable under this section is the amount needed in excess of all other available assets of the impaired or insolvent health carrier to pay the contractual obligations of the impaired or insolvent health carrier.

(5) To the extent that a person liable under subsection (3) of this section is insolvent or otherwise fails to pay claims due from it under those provisions, its parent corporation, holding company, or person, who otherwise controlled it at the time the distribution was paid, is jointly and severally liable for a resulting deficiency in the amount recovered from the parent corporation, holding company, or person, who otherwise controlled it. [2001 c 179 § 11.]

**48.31C.120 Violations of chapter—Contrary to interests of subscribers or the public.** Whenever it appears to the commissioner that a person has committed a violation of this chapter that makes the continued operation of a health carrier contrary to the interests of subscribers or the public, the commissioner may, after giving notice and an opportunity to be heard, suspend, revoke, or refuse to renew the health carrier's registration to do business in this state for such period as he or she finds is required for the protection of subscribers or the public. Such a suspension, revocation, or refusal to renew the health carrier's registration must be accompanied by specific findings of fact and conclusions of law. [2001 c 179 § 12.]

**48.31C.130 Confidential proprietary and trade secret information—Exempt from public disclosure—Exceptions.** Confidential proprietary and trade secret information provided to the commissioner under RCW 48.31C.020 through 48.31C.050 and 48.31C.070 are exempt from public inspection and copying and shall not be subject to subpoena directed to the commissioner or any person who received the confidential proprietary financial and trade secret information while acting under the authority of the commissioner. This information shall not be made public by the commissioner, the national association of insurance commissioners, or any other person, except to insurance departments of other states, without the prior written consent of the health carrier to which it pertains unless the commissioner, after giving the health carrier that would be affected by the disclosure notice and hearing under chapter 48.04 RCW, determines that the interest of policyholders, subscribers, members, shareholders, or the public will be served by the publication, in which event the commissioner may publish information related to the transactions or filings in the manner and time frame he or she reasonably deems appropriate and sensitive to the interest in preserving confidential proprietary and trade secret information. The commissioner is authorized to use such documents, materials, or information in the furtherance of any regulatory or legal action brought as part of the commissioner's official duties. The confidentiality created by chapter 179, Laws of 2001 shall apply only to the commissioner, any person acting under the authority of the commissioner, the national association of insurance commissioners and its affiliates and subsidiaries, and the insurance departments of other states. [2001 c 179 § 13.]

(2010 Ed.)

**48.31C.140 Person aggrieved by actions of commissioner.** A person aggrieved by an act, determination, rule, order, or any other action of or failure to act by the commissioner under this chapter may proceed in accordance with chapters 34.05 and 48.04 RCW. [2001 c 179 § 15.]

**48.31C.150 Rule making.** The commissioner may adopt rules to implement and administer this chapter. [2001 c 179 § 16.]

**48.31C.160 Dual holding company system membership.** If an insurance company holding a certificate of authority from the commissioner under chapter 48.05 RCW is a member of both a health carrier holding company system under this chapter and an insurance holding company system under chapter 48.31B RCW, then chapter 48.31B RCW applies to the authorized insurance company. [2001 c 179 § 17.]

**48.31C.900 Severability—2001 c 179.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [2001 c 179 § 18.]

**48.31C.901 Effective date—2001 c 179.** This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [May 7, 2001]. [2001 c 179 § 19.]

## Chapter 48.32 RCW

### WASHINGTON INSURANCE GUARANTY ASSOCIATION ACT

#### Sections

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48.32.901	Effective date—2005 c 100.
48.32.910	Construction—1971 ex.s. c 265.
48.32.920	Section headings not part of law.
48.32.930	Severability—1971 ex.s. c 265.

**48.32.010 Purpose.** The purpose of this chapter is to provide a mechanism for the payment of covered claims to avoid excessive delay in payment and to avoid financial loss to claimants or policyholders under certain policies of insurance covered by the scope of this chapter because of the insolvency of an insurer, to assist in the detection and preven-

tion of insurer insolvencies, and to provide an association to assess the cost of such protection among insurers. [2005 c 100 § 1; 1971 ex.s. c 265 § 1.]

**48.32.020 Scope.** This chapter applies to all kinds of direct insurance, except life, title, surety, disability, credit, mortgage guaranty, workers' compensation, and ocean marine. Workers' compensation as used in this section does not include longshore and harbor workers' compensation act insurance. [2005 c 100 § 2; 1987 c 185 § 29; 1975-'76 2nd ex.s. c 109 § 2; 1971 ex.s. c 265 § 2.]

**Intent—Severability—1987 c 185:** See notes following RCW 51.12.130.

**48.32.030 Definitions.** As used in this chapter:

(1) "Account" means one of the three accounts created in RCW 48.32.040.

(2) "Association" means the Washington insurance guaranty association created in RCW 48.32.040.

(3) "Commissioner" means the insurance commissioner of this state.

(4) "Covered claim" means:

(a) Except for longshore and harbor workers' compensation act insurance, an unpaid claim, including one for unearned premiums, that arises out of and is within the coverage of an insurance policy to which this chapter applies issued by an insurer, if such insurer becomes an insolvent insurer after the first day of April, 1971 and (i) the claimant or insured is a resident of this state at the time of the insured event; or (ii) the property from which the claim arises is permanently located in this state. "Covered claim" does not include any amount due any reinsurer, insurer, insurance pool, or underwriting association, as subrogation recoveries or otherwise. However, a claim for any such amount asserted against a person insured under a policy issued by an insurer which has become an insolvent insurer, which, if it were not a claim by or for the benefit of a reinsurer, insurer, insurance pool, or underwriting association, would be a "covered claim" may be filed directly with the receiver of the insolvent insurer, but in no event may any such claim be asserted in any legal action against the insured of such insolvent insurer. In addition, "covered claim" does not include any claim filed with the association subsequent to the final date set by the court for the filing of claims against the liquidator or receiver of an insolvent insurer; and

(b) For longshore and harbor workers' compensation act insurance, an unpaid claim, excluding one for unearned premiums, for benefits due an injured worker under the longshore and harbor workers' compensation act that is within the coverage of an insurance policy to which this chapter applies issued by an insurer, if that insurer becomes an insolvent insurer after April 20, 2005, and (i) the worksite from which the injury occurred is within this state or on the navigable waters within or immediately offshore of this state, or (ii) the worksite from which the injury occurred is outside this state, the injured worker is a permanent resident of this state, the injured worker is temporarily working at the worksite from which the injury occurred, and the injured worker is not covered under a policy of longshore and harbor workers' compensation insurance issued in another state. "Covered claim" does not include any amount due any insurer, reinsurer,

insurance pool, or underwriting association, as subrogation recoveries or otherwise.

(5) "Insolvent insurer" means:

(a) An insurer (i) authorized to transact insurance in this state either at the time the policy was issued or when the insured event occurred and (ii) determined to be insolvent and ordered liquidated by a court of competent jurisdiction, and which adjudication was subsequent to the first day of April, 1971; and

(b) In the case of an insurer writing longshore and harbor workers' compensation act insurance, an insurer (i) authorized to write this class of insurance at the time the policy was written and (ii) determined to be insolvent and ordered liquidated by a court of competent jurisdiction subsequent to April 20, 2005.

(6) "Longshore and harbor workers' compensation act" means the longshore and harbor workers' compensation act as defined in U.S.C. Title 33, Chapter 18, 901 et seq. and its extensions commonly known as the defense base act, outer continental shelf lands act, nonappropriated funds instrumentalities act, District of Columbia workers' compensation act, and the war hazards act.

(7) "Member insurer" means any person who (a) writes any kind of insurance to which this chapter applies under RCW 48.32.020, including the exchange of reciprocal or interinsurance contracts, and (b) holds a certificate of authority to transact insurance in this state.

(8) "Net direct written premiums" means direct gross premiums written in this state on insurance policies to which this chapter applies, less return premiums thereon and dividends paid or credited to policyholders on such direct business. "Net direct written premiums" does not include premiums on contracts between insurers or reinsurers.

(9) "Person" means any individual, corporation, partnership, association, or voluntary organization. [2005 c 100 § 3; 1975-'76 2nd ex.s. c 109 § 3; 1971 ex.s. c 265 § 3.]

**48.32.040 Creation of the association—Required accounts.** There is hereby created a nonprofit unincorporated legal entity to be known as the Washington insurance guaranty association. All insurers defined as member insurers in RCW 48.32.030 shall be and remain members of the association as a condition of their authority to transact insurance in this state. The association shall perform its functions under a plan of operation established and approved under RCW 48.32.070 and shall exercise its powers through a board of directors established under RCW 48.32.050. For purposes of administration and assessment, the association shall be divided into three separate accounts: (1) The automobile insurance account; (2) the account for longshore and harbor workers' compensation act insurance; and (3) the account for all other insurance to which this chapter applies. [2005 c 100 § 4; 1975-'76 2nd ex.s. c 109 § 4; 1971 ex.s. c 265 § 4.]

**48.32.050 Board of directors.** (1) The board of directors of the association shall consist of not less than five nor more than nine persons serving terms as established in the plan of operation. The members of the board shall be selected by member insurers subject to the approval of the

commissioner. Vacancies on the board shall be filled for the remaining period of the term by a majority vote of the remaining board members, subject to the approval of the commissioner.

(2) In approving selections to the board, the commissioner shall consider among other things whether all member insurers are fairly represented. In the event of the insolvency of a member insurer who writes longshore and harbor workers' compensation act insurance, at least one member of the board must represent the interests of this class of insurer, and this member shall be added to the board at the next annual meeting following the insolvency.

(3) Members of the board may be reimbursed from the assets of the association for expenses incurred by them as members of the board of directors. [2005 c 100 § 5; 1975-'76 2nd ex.s. c 109 § 5; 1971 ex.s. c 265 § 5.]

**48.32.060 Powers and duties of the association.** (1) The association shall:

(a)(i) For other than covered claims involving the longshore and harbor workers' compensation act, be obligated to the extent of the covered claims existing prior to the order of liquidation and arising within thirty days after the order of liquidation, or before the policy expiration date if less than thirty days after the order of liquidation, or before the insured replaces the policy or on request effects cancellation, if he or she does so within thirty days of the order of liquidation, but such an obligation includes only that amount of each covered claim which is in excess of one hundred dollars and is less than three hundred thousand dollars. In no event shall the association be obligated to a policyholder or claimant in an amount in excess of the face amount of the policy from which the claim arises.

(ii) For covered claims involving longshore and harbor workers' compensation act insurance, be obligated to the extent of covered claims for insolvencies occurring after April 20, 2005. This obligation is for the statutory obligations established under the longshore and harbor workers' compensation act. However, the insured employer shall reimburse the association for any deductibles that are owed as part of the insured's obligations.

(b) Be deemed the insurer to the extent of its obligation on the covered claims and to such extent shall have all rights, duties, and obligations of the insolvent insurer as if the insurer had not become insolvent.

(c)(i) Allocate claims paid and expenses incurred among the three accounts enumerated in RCW 48.32.040 separately, and assess member insurers separately for each account amounts necessary to pay the obligations of the association under (a) of this subsection subsequent to an insolvency, the expenses of handling covered claims subsequent to an insolvency, the cost of examinations under RCW 48.32.110, and other expenses authorized by this chapter. Except as provided for in this subsection for member insurers who write longshore and harbor workers' compensation act insurance, the assessments of each member insurer shall be in the proportion that the net direct written premiums of the member insurer for the calendar year preceding the assessment on the kinds of insurance in the account bears to the net direct written premiums of all member insurers for the calendar year preceding the assessment on the kinds of insurance in the

account. Each member insurer shall be notified of the assessment not later than thirty days before it is due. No member insurer may be assessed in any year on any account an amount greater than two percent of that member insurer's net direct written premiums for the calendar year preceding the assessment on the kinds of insurance in the account. If the maximum assessment, together with the other assets of the association in any account, does not provide in any one year in any account an amount sufficient to make all necessary payments from that account, the funds available may be prorated and the unpaid portion shall be paid as soon thereafter as funds become available. The association shall pay claims in any order which it may deem reasonable, including the payment of claims in the order such claims are received from claimants or in groups or categories of claims, or otherwise. The association may exempt or defer, in whole or in part, the assessment of any member insurer, if the assessment would cause the member insurer's financial statement to reflect amounts of capital or surplus less than the minimum amounts required for a certificate of authority by any jurisdiction in which the member insurer is authorized to transact insurance. Each member insurer serving as a servicing facility may set off against any assessment, authorized payments made on covered claims and expenses incurred in the payment of such claims by such member insurer if they are chargeable to the account for which the assessment is made.

(ii) For member insurers who write longshore and harbor workers' compensation act insurance, (c)(i) of this subsection applies except as modified by the following:

(A) Beginning July 1, 2005, and prior to an insolvency, each member insurer who writes longshore and harbor workers' compensation act insurance in this state, whether on a primary or excess coverage basis, shall be assessed at a rate to be determined by the association, but not more than an annual rate of three percent of the net direct written premium for the calendar year preceding the assessment on this kind of insurance. Insurer assessments prior to an insolvency shall continue until a fund is established that equals four percent of the aggregate net direct premium for the calendar year preceding the assessment on all insurers authorized to write this kind of insurance;

(B) Subsequent to an insolvency, each member insurer who writes longshore and harbor workers' compensation act insurance in this state, whether on a primary or excess coverage basis, shall be assessed at a rate to be determined by the association, but not more than an annual rate of three percent of the net direct written premium for the calendar year preceding the assessment on this kind of insurance. Insurer assessments subsequent to an insolvency shall continue until a fund is established that the association deems sufficient to meet all claim and loan obligations of the fund, provided that the net fund balance may not at any time exceed four percent of the aggregate net direct premium for the calendar year preceding the assessment on all insurers authorized to write this kind of insurance; and

(C) If any insurer fails to provide its net direct written premium data in an accurate and timely manner upon request by the association, the association may, at its discretion, substitute that insurer's direct written premiums for workers' compensation reported or reportable in its statutory annual statement page fourteen data for the state of Washington.

(d) Investigate claims brought against the association and adjust, compromise, settle, and pay covered claims to the extent of the association's obligation and deny all other claims.

(e) Notify such persons as the commissioner directs under RCW 48.32.080(2)(a).

(f) Handle claims through its employees or through one or more insurers or other persons designated as servicing facilities. Designation of a servicing facility is subject to the approval of the commissioner, but such designation may be declined by a member insurer.

(g) Reimburse each servicing facility for obligations of the association paid by the facility and for expenses incurred by the facility while handling claims on behalf of the association and shall pay the other expenses of the association authorized by this chapter.

(2) The association may:

(a) Appear in, defend, and appeal any action on a claim brought against the association.

(b) Employ or retain such persons as are necessary to handle claims and perform other duties of the association.

(c) Borrow funds necessary to effect the purposes of this chapter in accord with the plan of operation. If such a loan is related to the account for longshore and harbor workers' compensation act insurance, the association may seek such a loan from the Washington longshore and harbor workers' compensation act insurance assigned risk plan under RCW 48.22.070 or from other interested parties.

(d) Sue or be sued.

(e) Negotiate and become a party to such contracts as are necessary to carry out the purpose of this chapter.

(f) Perform such other acts as are necessary or proper to effectuate the purpose of this chapter.

(g) Refund to the member insurers in proportion to the contribution of each member insurer to that account that amount by which the assets of the account exceed the liabilities, if, at the end of any calendar year, the board of directors finds that the assets of the association in any account exceed the liabilities of that account as estimated by the board of directors for the coming year.

(3) The association shall not access any funds from the automobile insurance account or the account for all other insurance to which this chapter applies to cover the cost of claims or administration arising under the account for longshore and harbor workers' compensation act insurance. [2005 c 100 § 6; 1975-'76 2nd ex.s. c 109 § 6; 1971 ex.s. c 265 § 6.]

**48.32.070 Plan of operation.** (1)(a) The association shall submit to the commissioner a plan of operation and any amendments thereto necessary or suitable to assure the fair, reasonable, and equitable administration of the association. The plan of operation and any amendments thereto shall become effective upon approval in writing by the commissioner.

(b) If the association fails to submit a suitable plan of operation within ninety days following May 21, 1971 or if at any time thereafter the association fails to submit suitable amendments to the plan, the commissioner shall, after notice and hearing, adopt and promulgate such reasonable rules as are necessary or advisable to effectuate the provisions of this

chapter. Such rules shall continue in force until modified by the commissioner or superseded by a plan submitted by the association and approved by the commissioner.

(2) All member insurers shall comply with the plan of operation.

(3) The plan of operation shall:

(a) Establish the procedures whereby all the powers and duties of the association under RCW 48.32.060 will be performed.

(b) Establish procedures for handling assets of the association.

(c) Establish the amount and method of reimbursing members of the board of directors under RCW 48.32.050.

(d) Establish procedures by which claims may be filed with the association and establish acceptable forms of proof of covered claims. Notice of claims to the receiver or liquidator of the insolvent insurer shall be deemed notice to the association or its agent and a list of such claims shall be periodically submitted to the association or similar organization in another state by the receiver or liquidator.

(e) Establish regular places and times for meetings of the board of directors.

(f) Establish procedures for records to be kept of all financial transactions of the association, its agents, and the board of directors.

(g) Provide that any member insurer aggrieved by any final action or decision of the association may appeal to the commissioner within thirty days after the action or decision.

(h) Establish the procedures whereby selections for the board of directors will be submitted to the commissioner.

(i) Contain additional provisions necessary or proper for the execution of the powers and duties of the association.

(4) The plan of operation may provide that any or all powers and duties of the association, except those under RCW 48.32.060 subsections (1)(c) and (2)(c), are delegated to a corporation, association, or other organization which performs or will perform functions similar to those of this association, or its equivalent, in two or more states. Such a corporation, association or organization shall be reimbursed as a servicing facility would be reimbursed and shall be paid for its performance of any other functions of the association. A delegation under this subsection shall take effect only with the approval of both the board of directors and the commissioner, and may be made only to a corporation, association, or organization which extends protection not substantially less favorable and effective than that provided by this chapter. [1971 ex.s. c 265 § 7.]

**48.32.080 Duties and powers of the commissioner.**

(1) The commissioner shall:

(a) Notify the association promptly whenever he or she or any of his or her examiners has, or comes into, possession of any data or information relative to any insurer under his or her jurisdiction for any purpose indicating that such insurer is in or is approaching a condition of impaired assets, imminent insolvency, or insolvency.

(b) Furnish to the association copies of all preliminary and final audits, investigations, memorandums, opinions, and reports relative to any insurer under his or her jurisdiction for any purpose, promptly upon the preparation of any thereof.

(c) Notify the association of the existence of an insolvent insurer not later than three days after he receives notice of the determination of the insolvency. The association shall be entitled to a copy of any complaint seeking an order of liquidation with a finding of insolvency against a member insurer at the same time such complaint is filed with a court of competent jurisdiction.

(d) Upon request of the board of directors, provide the association with a statement of the net direct written premiums of each member insurer.

(2) The commissioner may:

(a) Require that the association notify the insureds of the insolvent insurer and any other interested parties of the determination of insolvency and of their rights under this chapter. Such notification shall be by mail at their last known address, where available, but if sufficient information for notification by mail is not available, notice by publication or in a newspaper of general circulation shall be sufficient.

(b) Suspend or revoke, after notice and hearing, the certificate of authority to transact insurance in this state of any member insurer which fails to pay an assessment when due or fails to comply with the plan of operation. As an alternative, the commissioner may levy a fine on any member insurer which fails to pay an assessment when due. Such fine shall not exceed five percent of the unpaid assessment per month, except that no fine shall be less than one hundred dollars per month.

(c) Revoke the designation of any servicing facility if he or she finds claims are being handled unsatisfactorily.

(3) Whenever the commissioner or any of his or her examiners comes into possession of or obtains any data or information indicating that any insurer under his or her jurisdiction for any purpose is in or is approaching a condition of impaired assets, imminent insolvency, or insolvency, he or she shall within fifteen days of having such data or information commence investigation and/or take formal action relative to any such insurer, and in addition within said time shall notify the association of such condition. Upon failure of the commissioner so to act, the association is hereby authorized and directed to act and commence appropriate investigation or proceedings or may at its option refer the matter to the attorney general for appropriate action relative to which the attorney general shall keep the association advised through-out any such action or proceedings.

(4) Any final action or order of the commissioner under this chapter shall be subject to judicial review in a court of competent jurisdiction. [2009 c 549 § 7138; 1975-'76 2nd ex.s. c 109 § 7; 1971 ex.s. c 265 § 8.]

**48.32.090 Effect of paid claims.** (1) Any person recovering under this chapter shall be deemed to have assigned his or her rights under the policy to the association to the extent of his or her recovery from the association. Every insured or claimant seeking the protection of this chapter shall cooperate with the association to the same extent as such person would have been required to cooperate with the insolvent insurer. The association shall have no cause of action against the insured of the insolvent insurer for any sums it has paid out.

(2) The receiver, liquidator, or statutory successor of an insolvent insurer shall be bound by settlements of covered

claims by the association or a similar organization in another state. The court having jurisdiction shall grant such claims priority equal to that which the claimant would have been entitled in the absence of this chapter against the assets of the insolvent insurer. The expenses of the association or similar organization in handling claims shall be accorded the same priority as the liquidator's expenses.

(3) The association shall periodically file with the receiver or liquidator of the insolvent insurer statements of the covered claims paid by the association and estimates of anticipated claims on the association which shall preserve the right of the association against the assets of the insolvent insurer. [2009 c 549 § 7139; 1971 ex.s. c 265 § 9.]

**48.32.100 Nonduplication of recovery.** (1) Any person having a claim against his or her insurer under any provision in his or her insurance policy which is also a covered claim shall be required to exhaust first any right under that policy. Any amount payable on a covered claim under this chapter shall be reduced by the amount of a recovery under the claimant's insurance policy.

(2) Any person having a claim that may be recovered under more than one insurance guaranty association or its equivalent shall seek recovery first from the association of the place of residence of the insured except that if it is a first party claim for damage to property with a permanent location, from the association of the location of the property, and if it is a workers' compensation claim or a longshore and harbor workers' compensation act claim, from the association of the permanent residence of the claimant. Any recovery under this chapter shall be reduced by the amount of the recovery from any other insurance guaranty association or its equivalent. [2005 c 100 § 7; 1987 c 185 § 30; 1971 ex.s. c 265 § 10.]

**Intent—Severability—1987 c 185:** See notes following RCW 51.12.130.

**48.32.110 Prevention of insolvencies.** To aid in the detection and prevention of insurer insolvencies:

(1) It shall be the duty of the board of directors, upon majority vote, to notify the commissioner of any information indicating any member insurer may be insolvent or in a financial condition hazardous to the policyholders or the public.

(2) The board of directors may, upon majority vote, request that the commissioner order an examination of any member insurer which the board in good faith believes may be in a financial condition hazardous to the policyholders or the public. Within thirty days of the receipt of such request, the commissioner shall begin such examination. The examination may be conducted as a National Association of Insurance Commissioners examination or may be conducted by such persons as the commissioner designates. The cost of such examination shall be paid by the association and the examination report shall be treated as are other examination reports. In no event shall such examination report be released to the board of directors prior to its release to the public, but this shall not preclude the commissioner from complying with subsection (3) of this section. The commissioner shall notify the board of directors when the examination is completed. The request for an examination shall be kept on file by the commissioner but it shall not be open to public inspection.

tion prior to the release of the examination report to the public.

(3) It shall be the duty of the commissioner to report to the board of directors when he or she has reasonable cause to believe that any member insurer examined or being examined at the request of the board of directors may be insolvent or in a financial condition hazardous to the policyholders or the public.

(4) The board of directors may, upon majority vote, make reports and recommendations to the commissioner upon any matter germane to the solvency, liquidation, rehabilitation or conservation of any member insurer. Such reports and recommendations shall not be considered public documents.

(5) The board of directors may, upon majority vote, make recommendations to the commissioner for the detection and prevention of insurer insolvencies.

(6) The board of directors shall, at the conclusion of any insurer insolvency in which the association was obligated to pay covered claims, prepare a report on the history and causes of such insolvency, based on the information available to the association, and submit such report to the commissioner. [2009 c 549 § 7140; 1971 ex.s. c 265 § 11.]

**48.32.120 Examination of the association.** The association shall be subject to examination and regulation by the commissioner. The board of directors shall submit, not later than March 30th of each year, a financial report for the preceding calendar year in a form approved by the commissioner. [1971 ex.s. c 265 § 12.]

**48.32.130 Tax exemption.** The association shall be exempt from payment of all fees and all taxes levied by this state or any of its subdivisions except taxes levied on real or personal property. [1971 ex.s. c 265 § 13.]

**48.32.145 Credit against premium tax for assessments paid pursuant to RCW 48.32.060(1)(c).** Every member insurer that prior to April 1, 1993, or after July 27, 1997, shall have paid one or more assessments levied pursuant to RCW 48.32.060(1)(c) shall be entitled to take a credit against any premium tax falling due under RCW 48.14.020. The amount of the credit shall be one-fifth of the aggregate amount of such aggregate assessments paid during such calendar year for each of the five consecutive calendar years beginning with the calendar year following the calendar year in which such assessments are paid. Whenever the allowable credit is or becomes less than one thousand dollars, the entire amount of the credit may be offset against the premium tax at the next time the premium tax is paid. [1997 c 300 § 1; 1993 sp.s. c 25 § 901; 1977 ex.s. c 183 § 1; 1975-'76 2nd ex.s. c 109 § 11.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.32.150 Immunity.** There shall be no liability on the part of and no cause of action of any nature shall arise against any member insurer, the association or its agents or employees, the board of directors, or the commissioner or his or her representatives for any action taken by them in the perfor-

mance of their powers and duties under this chapter. [2009 c 549 § 7141; 1971 ex.s. c 265 § 15.]

**48.32.160 Stay of proceedings—Setting aside judgment.** All proceedings in which the insolvent insurer is a party or is obligated to defend a party in any court in this state shall be stayed for one hundred eighty days and such additional time thereafter as may be fixed by the court from the date the insolvency is determined to permit proper defense by the association of all pending causes of action. Any judgment under any decision, verdict, or finding based on default of the insolvent insurer or on its failure to defend an insured which is unsatisfied at the date the insolvency is determined shall be set aside on the motion of the association and the association shall be permitted to defend such claim on the merits. [1975-'76 2nd ex.s. c 109 § 8; 1971 ex.s. c 265 § 16.]

**48.32.170 Termination, distribution of fund.** (1) The commissioner shall by order terminate the operation of the Washington insurers insolvency pool as to any kind of insurance afforded by property or casualty insurance policies with respect to which he or she has found, after hearing, that there is in effect a statutory or voluntary plan which:

(a) Is a permanent plan which is adequately funded or for which adequate funding is provided; and

(b) Extends, or will extend to state policyholders and residents protection and benefits with respect to insolvent insurers not substantially less favorable and effective to such policyholders and residents than the protection and benefits provided with respect to such kind of insurance under this chapter.

(2) The commissioner shall by the same such order authorize discontinuance of future payments by insurers to the Washington insurers insolvency pool with respect to the same kinds of insurance: PROVIDED, That assessments and payments shall continue, as necessary, to liquidate covered claims of insurers adjudged insolvent prior to said order and the related expenses not covered by such other plan.

(3) In the event the operation of any account of the Washington insurers insolvency pool shall be so terminated as to all kinds of insurance otherwise within its scope, the pool as soon as possible thereafter shall distribute the balance of the moneys and assets remaining in said account (after discharge of the functions of the pool with respect to prior insurer insolvencies not covered by such other plan, together with related expenses) to the insurers which are then writing in this state policies of the kinds of insurance covered by such account, and which had made payments into such account, pro rata upon the basis of the aggregate of such payments made by the respective insurers to such account during the period of five years next preceding the date of such order. Upon completion of such distribution with respect to all of the accounts specified in RCW 48.32.060, this chapter shall be deemed to have expired. [2009 c 549 § 7142; 1971 ex.s. c 265 § 17.]

**48.32.900 Short title.** This chapter shall be known and may be cited as the Washington Insurance Guaranty Association Act. [1971 ex.s. c 265 § 18.]

**48.32.901 Effective date—2005 c 100.** This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [April 20, 2005]. [2005 c 100 § 8.]

**48.32.910 Construction—1971 ex.s. c 265.** This chapter shall be liberally construed to effect the purpose under RCW 48.32.010 which shall constitute an aid and guide to interpretation. [1971 ex.s. c 265 § 19.]

**48.32.920 Section headings not part of law.** Section headings as used in this chapter do not constitute any part of the law. [1971 ex.s. c 265 § 22.]

**48.32.930 Severability—1971 ex.s. c 265.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provisions to other persons or circumstances is not affected. [1971 ex.s. c 265 § 23.]

### Chapter 48.32A RCW

## WASHINGTON LIFE AND DISABILITY INSURANCE GUARANTY ASSOCIATION ACT

### Sections

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*Group stop loss insurance exemption: RCW 48.21.015.*

**48.32A.005 Short title.** This chapter may be known and cited as the Washington life and disability insurance guaranty association act. [2001 c 50 § 1.]

**48.32A.015 Purpose.** (1) The purpose of this chapter is to protect, subject to certain limitations, the persons specified in RCW 48.32A.025(1) against failure in the performance of contractual obligations, under life and disability insurance policies and annuity contracts specified in RCW 48.32A.025(2), because of the impairment or insolvency of the member insurer that issued the policies or contracts.

(2) To provide this protection, an association of insurers is created to pay benefits and to continue coverages as limited by this chapter, and members of the association are subject to assessment to provide funds to carry out the purpose of this chapter. [2001 c 50 § 2.]

(2010 Ed.)

**48.32A.025 Coverage and limitations.** (1) This chapter provides coverage for the policies and contracts specified in subsection (2) of this section as follows:

(a) To persons who, regardless of where they reside, except for nonresident certificate holders under group policies or contracts, are the beneficiaries, assignees, or payees of the persons covered under (b) of this subsection;

(b) To persons who are owners of or certificate holders under the policies or contracts, other than unallocated annuity contracts and structured settlement annuities, and in each case who:

(i) Are residents; or

(ii) Are not residents, but only under all of the following conditions:

(A) The insurer that issued the policies or contracts is domiciled in this state;

(B) The states in which the persons reside have associations similar to the association created by this chapter; and

(C) The persons are not eligible for coverage by an association in any other state due to the fact that the insurer was not licensed in the state at the time specified in the state's guaranty association law;

(c) For unallocated annuity contracts specified in subsection (2) of this section, (a) and (b) of this subsection do not apply, and this chapter, except as provided in (e) and (f) of this subsection, does provide coverage to:

(i) Persons who are the owners of the unallocated annuity contracts if the contracts are issued to or in connection with a specific benefit plan whose plan sponsor has its principal place of business in this state; and

(ii) Persons who are owners of unallocated annuity contracts issued to or in connection with government lotteries if the owners are residents;

(d) For structured settlement annuities specified in subsection (2) of this section, (a) and (b) of this subsection do not apply, and this chapter, except as provided in (e) and (f) of this subsection, does provide coverage to a person who is a payee under a structured settlement annuity, or beneficiary of a payee if the payee is deceased, if the payee:

(i) Is a resident, regardless of where the contract owner resides; or

(ii) Is not a resident, but only under both of the following conditions:

(A)(I) The contract owner of the structured settlement annuity is a resident; or

(II) The contract owner of the structured settlement annuity is not a resident, but the insurer that issued the structured settlement annuity is domiciled in this state; and the state in which the contract owner resides has an association similar to the association created by this chapter; and

(B) Neither the payee, nor beneficiary, nor the contract owner is eligible for coverage by the association of the state in which the payee or contract owner resides;

(e) This chapter does not provide coverage to:

(i) A person who is a payee, or beneficiary, of a contract owner resident of this state, if the payee, or beneficiary, is afforded any coverage by the association of another state; or

(ii) A person covered under (c) of this subsection, if any coverage is provided by the association of another state to the person; and

(f) This chapter is intended to provide coverage to a person who is a resident of this state and, in special circumstances, to a nonresident. In order to avoid duplicate coverage, if a person who would otherwise receive coverage under this chapter is provided coverage under the laws of any other state, the person shall not be provided coverage under this chapter. In determining the application of this subsection (1)(f) in situations where a person could be covered by the association of more than one state, whether as an owner, payee, beneficiary, or assignee, this chapter shall be construed in conjunction with other state laws to result in coverage by only one association.

(2)(a) This chapter provides coverage to the persons specified in subsection (1) of this section for direct, nongroup life, disability, or annuity policies or contracts and supplemental contracts to any of these, for certificates under direct group policies and contracts, and for unallocated annuity contracts issued by member insurers, except as limited by this chapter. Annuity contracts and certificates under group annuity contracts include but are not limited to guaranteed investment contracts, deposit administration contracts, unallocated funding agreements, allocated funding agreements, structured settlement annuities, annuities issued to or in connection with government lotteries, and any immediate or deferred annuity contracts. However, any annuity contracts that are unallocated annuity contracts are subject to the specific provisions in this chapter for unallocated annuity contracts.

(b) This chapter does not provide coverage for:

(i) A portion of a policy or contract not guaranteed by the insurer, or under which the risk is borne by the policy or contract owner;

(ii) A policy or contract of reinsurance, unless assumption certificates have been issued pursuant to the reinsurance policy or contract;

(iii) A portion of a policy or contract to the extent that the rate of interest on which it is based, or the interest rate, crediting rate, or similar factor determined by use of an index or other external reference stated in the policy or contract employed in calculating returns or changes in value:

(A) Averaged over the period of four years prior to the date on which the member insurer becomes an impaired or insolvent insurer under this chapter, whichever is earlier, exceeds the rate of interest determined by subtracting two percentage points from Moody's corporate bond yield average averaged for that same four-year period or for such lesser period if the policy or contract was issued less than four years before the member insurer becomes an impaired or insolvent insurer under this chapter, whichever is earlier; and

(B) On and after the date on which the member insurer becomes an impaired or insolvent insurer under this chapter, whichever is earlier, exceeds the rate of interest determined by subtracting three percentage points from Moody's corporate bond yield average as most recently available;

(iv) A portion of a policy or contract issued to a plan or program of an employer, association, or other person to provide life, disability, or annuity benefits to its employees, members, or others, to the extent that the plan or program is self-funded or uninsured, including but not limited to benefits payable by an employer, association, or other person under:

(A) A multiple employer welfare arrangement as defined in 29 U.S.C. Sec. 1144;

(B) A minimum premium group insurance plan;

(C) A stop-loss group insurance plan; or

(D) An administrative services only contract;

(v) A portion of a policy or contract to the extent that it provides for:

(A) Dividends or experience rating credits;

(B) Voting rights; or

(C) Payment of any fees or allowances to any person, including the policy or contract owner, in connection with the service to or administration of the policy or contract;

(vi) A policy or contract issued in this state by a member insurer at a time when it was not licensed or did not have a certificate of authority to issue the policy or contract in this state;

(vii) An unallocated annuity contract issued to or in connection with a benefit plan protected under the federal pension benefit guaranty corporation, regardless of whether the federal pension benefit guaranty corporation has yet become liable to make any payments with respect to the benefit plan;

(viii) A portion of an unallocated annuity contract that is not issued to or in connection with a specific employee, union, or association of natural persons benefit plan or a government lottery;

(ix) A portion of a policy or contract to the extent that the assessments required by RCW 48.32A.085 with respect to the policy or contract are preempted by federal or state law;

(x) An obligation that does not arise under the express written terms of the policy or contract issued by the insurer to the contract owner or policy owner, including without limitation:

(A) Claims based on marketing materials;

(B) Claims based on side letters, riders, or other documents that were issued by the insurer without meeting applicable policy form filing or approval requirements;

(C) Misrepresentations of or regarding policy benefits;

(D) Extra-contractual claims; or

(E) A claim for penalties or consequential or incidental damages;

(xi) A contractual agreement that establishes the member insurer's obligations to provide a book value accounting guaranty for defined contribution benefit plan participants by reference to a portfolio of assets that is owned by the benefit plan or its trustee, which in each case is not an affiliate of the member insurer; or

(xii) A portion of a policy or contract to the extent it provides for interest or other changes in value to be determined by the use of an index or other external reference stated in the policy or contract, but which have not been credited to the policy or contract, or as to which the policy or contract owner's rights are subject to forfeiture, as of the date the member insurer becomes an impaired or insolvent insurer under this chapter, whichever is earlier. If a policy's or contract's interest or changes in value are credited less frequently than annually, then for purposes of determining the values that have been credited and are not subject to forfeiture under this subsection (2)(b)(xii), the interest or change in value determined by using the procedures defined in the policy or contract will be credited as if the contractual date of crediting interest or changing values was the date of impairment or

insolvency, whichever is earlier, and will not be subject to forfeiture.

(3) The benefits that the association may become obligated to cover shall in no event exceed the lesser of:

(a) The contractual obligations for which the insurer is liable or would have been liable if it were not an impaired or insolvent insurer; or

(b)(i) With respect to one life, regardless of the number of policies or contracts:

(A) Five hundred thousand dollars in life insurance death benefits, but not more than five hundred thousand dollars in net cash surrender and net cash withdrawal values for life insurance;

(B) In disability insurance benefits:

(I) Five hundred thousand dollars for coverages not defined as disability income insurance or basic hospital, medical, and surgical insurance or major medical insurance including any net cash surrender and net cash withdrawal values;

(II) Five hundred thousand dollars for disability income insurance;

(III) Five hundred thousand dollars for basic hospital medical and surgical insurance or major medical insurance; or

(C) Five hundred thousand dollars in the present value of annuity benefits, including net cash surrender and net cash withdrawal values, except as provided in (ii), (iii), and (v) of this subsection (3)(b);

(ii) With respect to each individual participating in a governmental retirement benefit plan established under section 401, 403(b), or 457 of the United States Internal Revenue Code covered by an unallocated annuity contract or the beneficiaries of each such individual if deceased, in the aggregate, one hundred thousand dollars in present value annuity benefits, including net cash surrender and net cash withdrawal values;

(iii) With respect to each payee of a structured settlement annuity, or beneficiary or beneficiaries of the payee if deceased, five hundred thousand dollars in present value annuity benefits, in the aggregate, including net cash surrender and net cash withdrawal values, if any;

(iv) However, in no event shall the association be obligated to cover more than: (A) An aggregate of five hundred thousand dollars in benefits with respect to any one life under (i), (ii), and (iii) of this subsection (3)(b) except with respect to benefits for basic hospital, medical, and surgical insurance and major medical insurance under (i)(B) of this subsection (3)(b), in which case the aggregate liability of the association shall not exceed five hundred thousand dollars with respect to any one individual; or (B) with respect to one owner of multiple nongroup policies of life insurance, whether the policy owner is an individual, firm, corporation, or other person, and whether the persons insured are officers, managers, employees, or other persons, more than five million dollars in benefits, regardless of the number of policies and contracts held by the owner;

(v) With respect to either: (A) One contract owner provided coverage under subsection (1)(d)(ii) of this section; or (B) one plan sponsor whose plans own directly or in trust one or more unallocated annuity contracts not included in (ii) of this subsection (3)(b), five million dollars in benefits, irre-

spective of the number of contracts with respect to the contract owner or plan sponsor. However, in the case where one or more unallocated annuity contracts are covered contracts under this chapter and are owned by a trust or other entity for the benefit of two or more plan sponsors, coverage shall be afforded by the association if the largest interest in the trust or entity owning the contract or contracts is held by a plan sponsor whose principal place of business is in this state and in no event shall the association be obligated to cover more than five million dollars in benefits with respect to all these unallocated contracts; or

(vi) The limitations set forth in this subsection are limitations on the benefits for which the association is obligated before taking into account either its subrogation and assignment rights or the extent to which those benefits could be provided out of the assets of the impaired or insolvent insurer attributable to covered policies. The costs of the association's obligations under this chapter may be met by the use of assets attributable to covered policies or reimbursed to the association pursuant to its subrogation and assignment rights.

(4) In performing its obligations to provide coverage under RCW 48.32A.075, the association is not required to guarantee, assume, reinsure, or perform, or cause to be guaranteed, assumed, reinsured, or performed, the contractual obligations of the insolvent or impaired insurer under a covered policy or contract that do not materially affect the economic values or economic benefits of the covered policy or contract. [2001 c 50 § 3.]

**48.32A.035 Construction.** This chapter shall be construed to effect the purpose under RCW 48.32A.015. [2001 c 50 § 4.]

**48.32A.045 Definitions.** The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Account" means either of the two accounts created under RCW 48.32A.055.

(2) "Association" means the Washington life and disability insurance guaranty association created under RCW 48.32A.055.

(3) "Authorized assessment" or the term "authorized" when used in the context of assessments means a resolution by the board of directors has been passed whereby an assessment will be called immediately or in the future from member insurers for a specified amount. An assessment is authorized when the resolution is passed.

(4) "Benefit plan" means a specific employee, union, or association of natural persons benefit plan.

(5) "Called assessment" or the term "called" when used in the context of assessments means that a notice has been issued by the association to member insurers requiring that an authorized assessment be paid within the time frame set forth within the notice. An authorized assessment becomes a called assessment when notice is mailed by the association to member insurers.

(6) "Commissioner" means the insurance commissioner of this state.

(7) "Contractual obligation" means an obligation under a policy or contract or certificate under a group policy or con-

tract, or portion thereof for which coverage is provided under RCW 48.32A.025.

(8) "Covered policy" means a policy or contract or portion of a policy or contract for which coverage is provided under RCW 48.32A.025.

(9) "Extra-contractual claims" includes, for example, claims relating to bad faith in the payment of claims, punitive or exemplary damages, or attorneys' fees and costs.

(10) "Impaired insurer" means a member insurer which, after July 22, 2001, is not an insolvent insurer, and is placed under an order of rehabilitation or conservation by a court of competent jurisdiction.

(11) "Insolvent insurer" means a member insurer which, after July 22, 2001, is placed under an order of liquidation by a court of competent jurisdiction with a finding of insolvency.

(12) "Member insurer" means an insurer licensed, or that holds a certificate of authority, to transact in this state any kind of insurance for which coverage is provided under RCW 48.32A.025, and includes an insurer whose license or certificate of authority in this state may have been suspended, revoked, not renewed, or voluntarily withdrawn, but does not include:

(a) A health care service contractor, whether profit or nonprofit;

(b) A health maintenance organization;

(c) A fraternal benefit society;

(d) A mandatory state pooling plan;

(e) A mutual assessment company or other person that operates on an assessment basis;

(f) An insurance exchange;

(g) An organization that has a certificate or license limited to the issuance of charitable gift annuities under RCW 48.38.010; or

(h) An entity similar to (a) through (g) of this subsection.

(13) "Moody's corporate bond yield average" means the monthly average corporates as published by Moody's investors service, inc., or any successor thereto.

(14) "Owner" of a policy or contract and "policy owner" and "contract owner" mean the person who is identified as the legal owner under the terms of the policy or contract or who is otherwise vested with legal title to the policy or contract through a valid assignment completed in accordance with the terms of the policy or contract and properly recorded as the owner on the books of the insurer. "Owner," "contract owner," and "policy owner" do not include persons with a mere beneficial interest in a policy or contract.

(15) "Person" means an individual, corporation, limited liability company, partnership, association, governmental body or entity, or voluntary organization.

(16) "Plan sponsor" means:

(a) The employer in the case of a benefit plan established or maintained by a single employer;

(b) The employee organization in the case of a benefit plan established or maintained by an employee organization; or

(c) In the case of a benefit plan established or maintained by two or more employers or jointly by one or more employers and one or more employee organizations, the association, committee, joint board of trustees, or other similar group of

representatives of the parties who establish or maintain the benefit plan.

(17) "Premiums" means amounts or considerations, by whatever name called, received on covered policies or contracts less returned premiums, considerations, and deposits and less dividends and experience credits. "Premiums" does not include amounts or considerations received for policies or contracts or for the portions of policies or contracts for which coverage is not provided under RCW 48.32A.025(2), except that assessable premium shall not be reduced on account of RCW 48.32A.025(2)(b)(iii) relating to interest limitations and RCW 48.32A.025(3)(b) relating to limitations with respect to one individual, one participant, and one contract owner. "Premiums" does not include:

(a) Premiums in excess of five million dollars on an unallocated annuity contract not issued under a governmental retirement benefit plan, or its trustee, established under section 401, 403(b), or 457 of the United States Internal Revenue Code; or

(b) With respect to multiple nongroup policies of life insurance owned by one owner, whether the policy owner is an individual, firm, corporation, or other person, and whether the persons insured are officers, managers, employees, or other persons, premiums in excess of five million dollars with respect to these policies or contracts, regardless of the number of policies or contracts held by the owner.

(18)(a) "Principal place of business" of a plan sponsor or a person other than a natural person means the single state in which the natural persons who establish policy for the direction, control, and coordination of the operations of the entity as a whole primarily exercise that function, determined by the association in its reasonable judgment by considering the following factors:

(i) The state in which the primary executive and administrative headquarters of the entity is located;

(ii) The state in which the principal office of the chief executive officer of the entity is located;

(iii) The state in which the board of directors, or similar governing person or persons, of the entity conducts the majority of its meetings;

(iv) The state in which the executive or management committee of the board of directors, or similar governing person or persons, of the entity conducts the majority of its meetings;

(v) The state from which the management of the overall operations of the entity is directed; and

(vi) In the case of a benefit plan sponsored by affiliated companies comprising a consolidated corporation, the state in which the holding company or controlling affiliate has its principal place of business as determined using the factors in (a)(i) through (v) of this subsection.

However, in the case of a plan sponsor, if more than fifty percent of the participants in the benefit plan are employed in a single state, that state is the principal place of business of the plan sponsor.

(b) The principal place of business of a plan sponsor of a benefit plan described in subsection (16)(c) of this section is the principal place of business of the association, committee, joint board of trustees, or other similar group of representatives of the parties who establish or maintain the benefit plan that, in lieu of a specific or clear designation of a principal

place of business, is the principal place of business of the employer or employee organization that has the largest investment in the benefit plan in question.

(19) "Receivership court" means the court in the insolvent or impaired insurer's state having jurisdiction over the conservation, rehabilitation, or liquidation of the insurer.

(20) "Resident" means a person to whom a contractual obligation is owed and who resides in this state on the date of entry of a court order that determines a member insurer to be an impaired insurer or a court order that determines a member insurer to be an insolvent insurer, whichever occurs first. A person may be a resident of only one state, which in the case of a person other than a natural person is its principal place of business. Citizens of the United States that are either (a) residents of foreign countries, or (b) residents of United States possessions, territories, or protectorates that do not have an association similar to the association created by this chapter, are residents of the state of domicile of the insurer that issued the policies or contracts.

(21) "Structured settlement annuity" means an annuity purchased in order to fund periodic payments for a plaintiff or other claimant in payment for or with respect to personal injury suffered by the plaintiff or other claimant.

(22) "State" means a state, the District of Columbia, Puerto Rico, and a United States possession, territory, or protectorate.

(23) "Supplemental contract" means a written agreement entered into for the distribution of proceeds under a life, disability, or annuity policy or contract.

(24) "Unallocated annuity contract" means an annuity contract or group annuity certificate which is not issued to and owned by an individual, except to the extent of any annuity benefits guaranteed to an individual by an insurer under the contract or certificate. [2001 c 50 § 5.]

**48.32A.055 Creation of the association.** (1) There is created a nonprofit unincorporated legal entity to be known as the Washington life and disability insurance guaranty association which is composed of the commissioner ex officio and each member insurer. All member insurers must be and remain members of the association as a condition of their authority to transact insurance in this state. The association shall perform its functions under the plan of operation established and approved under RCW 48.32A.095 and shall exercise its powers through a board of directors established under RCW 48.32A.065. For purposes of administration and assessment, the association shall maintain two accounts:

(a) The life insurance and annuity account which includes the following subaccounts:

(i) Life insurance account;

(ii) Annuity account which includes annuity contracts owned by a governmental retirement plan, or its trustee, established under section 401, 403(b), or 457 of the United States Internal Revenue Code, but otherwise excludes unallocated annuities; and

(iii) Unallocated annuity account, which excludes contracts owned by a governmental retirement benefit plan, or its trustee, established under section 401, 403(b), or 457 of the United States Internal Revenue Code; and

(b) The disability insurance account.

(2) The association is under the immediate supervision of the commissioner and is subject to the applicable provisions of the insurance laws of this state. Meetings or records of the association may be opened to the public upon majority vote of the board of directors of the association. [2001 c 50 § 6.]

**48.32A.065 Board of directors.** (1) The board of directors of the association consists of the commissioner ex officio and not less than five nor more than nine member insurers serving terms as established in the plan of operation. The insurer members of the board are selected by member insurers subject to the approval of the commissioner.

Vacancies on the board are filled for the remaining period of the term by a majority vote of the remaining board members, subject to the approval of the commissioner.

(2) In approving selections or in appointing members to the board, the commissioner shall consider, among other things, whether all member insurers are fairly represented.

(3) Members of the board may be reimbursed from the assets of the association for expenses incurred by them as members of the board of directors but members of the board are not otherwise compensated by the association for their services. [2001 c 50 § 7.]

**48.32A.075 Powers and duties of the association.** (1) If a member insurer is an impaired insurer, the association may, in its discretion, and subject to any conditions imposed by the association that do not impair the contractual obligations of the impaired insurer and that are approved by the commissioner:

(a) Guaranty, assume, or reinsure, or cause to be guaranteed, assumed, or reinsured, any or all of the policies or contracts of the impaired insurer; or

(b) Provide such moneys, pledges, loans, notes, guarantees, or other means as are proper to effectuate (a) of this subsection and assure payment of the contractual obligations of the impaired insurer pending action under (a) of this subsection.

(2) If a member insurer is an insolvent insurer, the association shall, in its discretion, either:

(a)(i)(A) Guaranty, assume, or reinsure, or cause to be guaranteed, assumed, or reinsured, the policies or contracts of the insolvent insurer; or

(B) Assure payment of the contractual obligations of the insolvent insurer; and

(ii) Provide moneys, pledges, loans, notes, guarantees, or other means reasonably necessary to discharge the association's duties; or

(b) Provide benefits and coverages in accordance with the following provisions:

(i) With respect to life and disability insurance policies and annuities, assure payment of benefits for premiums identical to the premiums and benefits, except for terms of conversion and renewability, that would have been payable under the policies or contracts of the insolvent insurer, for claims incurred:

(A) With respect to group policies and contracts, not later than the earlier of the next renewal date under those policies or contracts or forty-five days, but in no event less than

thirty days, after the date on which the association becomes obligated with respect to the policies and contracts;

(B) With respect to nongroup policies, contracts, and annuities not later than the earlier of the next renewal date, if any, under the policies or contracts or one year, but in no event less than thirty days, from the date on which the association becomes obligated with respect to the policies or contracts;

(ii) Make diligent efforts to provide all known insureds or annuitants, for nongroup policies and contracts, or group policy owners with respect to group policies and contracts, thirty days notice of the termination of the benefits provided;

(iii) With respect to nongroup life and disability insurance policies and annuities covered by the association, make diligent efforts to make available to each known insured or annuitant, or owner if other than the insured or annuitant, and with respect to an individual formerly insured or formerly an annuitant under a group policy who is not eligible for replacement group coverage, make diligent efforts to make available substitute coverage on an individual basis in accordance with the provisions of (b)(iv) of this subsection, if the insureds or annuitants had a right under law or the terminated policy or annuity to convert coverage to individual coverage or to continue an individual policy or annuity in force until a specified age or for a specified time, during which the insurer had no right unilaterally to make changes in any provision of the policy or annuity or had a right only to make changes in premium by class;

(iv)(A) The substitute coverage under (b)(iii) of this subsection, must be offered through a solvent, admitted insurer. In the alternative, the association in its discretion, and subject to any conditions imposed by the association and approved by the commissioner, may reissue the terminated coverage;

(B) Substituted coverage must be offered without requiring evidence of insurability, and may not provide for any waiting period or exclusion that would not have applied under the terminated policy;

(C) The association may reinsure any reissued policy;

(v) If the association elects to reissue terminated coverage at a premium rate different from that charged under the terminated policy, the premium must be set by the association in accordance with the amount of insurance provided and the age and class of risk, subject to approval of the domiciliary insurance commissioner and the receivership court;

(vi) The association's obligations with respect to coverage under any policy of the impaired or insolvent insurer or under any reissued policy cease on the date the coverage or policy is replaced by another similar policy by the policy owner, the insured, or the association; or

(vii) When proceeding under this subsection (2)(b) with respect to a policy or contract carrying guaranteed minimum interest rates, the association shall assure the payment or crediting of a rate of interest consistent with RCW 48.32A.025(2)(b)(iii).

(3) Nonpayment of premiums within thirty-one days after the date required under the terms of any guaranteed, assumed, or reissued policy or contract or substitute coverage terminates the association's obligations under the policy or coverage under this chapter with respect to the policy or coverage, except with respect to any claims incurred or any net

cash surrender value which may be due in accordance with the provisions of this chapter.

(4) Premiums due for coverage after entry of an order of liquidation of an insolvent insurer belong to and are payable at the direction of the association, and the association is liable for unearned premiums due to policy or contract owners arising after the entry of the order.

(5) The protection provided by this chapter does not apply when any guaranty protection is provided to residents of this state by the laws of the domiciliary state or jurisdiction of the impaired or insolvent insurer other than this state.

(6) In carrying out its duties under subsection (2) of this section, the association may:

(a) Subject to approval by a court in this state, impose permanent policy or contract liens in connection with a guarantee, assumption, or reinsurance agreement, if the association finds that the amounts which can be assessed under this chapter are less than the amounts needed to assure full and prompt performance of the association's duties under this chapter, or that the economic or financial conditions as they affect member insurers are sufficiently adverse to render the imposition of such permanent policy or contract liens, are in the public interest; and

(b) Subject to approval by a court in this state, impose temporary moratoriums or liens on payments of cash values and policy loans, or any other right to withdraw funds held in conjunction with policies or contracts, in addition to any contractual provisions for deferral of cash or policy loan value. In addition, in the event of a temporary moratorium or moratorium charge imposed by the receivership court on payment of cash values or policy loans, or on any other right to withdraw funds held in conjunction with policies or contracts, out of the assets of the impaired or insolvent insurer, the association may defer the payment of cash values, policy loans, or other rights by the association for the period of the moratorium or moratorium charge imposed by the receivership court, except for claims covered by the association to be paid in accordance with a hardship procedure established by the liquidator or rehabilitator and approved by the receivership court.

(7) A deposit in this state, held pursuant to law or required by the commissioner for the benefit of creditors, including policy owners, not turned over to the domiciliary liquidator upon the entry of a final order of liquidation or order approving a rehabilitation plan of an insurer domiciled in this state or in a reciprocal state, under RCW 48.31.171, shall be promptly paid to the association. The association is entitled to retain a portion of any amount so paid to it equal to the percentage determined by dividing the aggregate amount of policy owners' claims related to that insolvency for which the association has provided statutory benefits by the aggregate amount of all policy owners' claims in this state related to that insolvency and shall remit to the domiciliary receiver the amount so paid to the association and not retained under this subsection. Any amount so paid to the association less the amount not retained by it shall be treated as a distribution of estate assets under RCW 48.31.185 or similar provision of the state of domicile of the impaired or insolvent insurer.

(8) If the association fails to act within a reasonable period of time with respect to an insolvent insurer, as provided in subsection (2) of this section, the commissioner has

the powers and duties of the association under this chapter with respect to the insolvent insurer.

(9) The association may render assistance and advice to the commissioner, upon the commissioner's request, concerning rehabilitation, payment of claims, continuance of coverage, or the performance of other contractual obligations of an impaired or insolvent insurer.

(10) The association has standing to appear or intervene before a court or agency in this state with jurisdiction over an impaired or insolvent insurer concerning which the association is or may become obligated under this chapter or with jurisdiction over any person or property against which the association may have rights through subrogation or otherwise. Standing extends to all matters germane to the powers and duties of the association, including, but not limited to, proposals for reinsuring, modifying, or guaranteeing the policies or contracts of the impaired or insolvent insurer and the determination of the policies or contracts and contractual obligations. The association also has the right to appear or intervene before a court or agency in another state with jurisdiction over an impaired or insolvent insurer for which the association is or may become obligated or with jurisdiction over any person or property against whom the association may have rights through subrogation or otherwise.

(11)(a) A person receiving benefits under this chapter is deemed to have assigned the rights under, and any causes of action against any person for losses arising under, resulting from, or otherwise relating to, the covered policy or contract to the association to the extent of the benefits received because of this chapter, whether the benefits are payments of or on account of contractual obligations, continuation of coverage, or provision of substitute or alternative coverages. The association may require an assignment to it of such rights and cause of action by any payee, policy or contract owner, beneficiary, insured, or annuitant as a condition precedent to the receipt of any right or benefits conferred by this chapter upon the person.

(b) The subrogation rights of the association under this subsection have the same priority against the assets of the impaired or insolvent insurer as that possessed by the person entitled to receive benefits under this chapter.

(c) In addition to (a) and (b) of this subsection, the association has all common law rights of subrogation and any other equitable or legal remedy that would have been available to the impaired or insolvent insurer or owner, beneficiary, or payee of a policy or contract with respect to the policy or contracts, including without limitation, in the case of a structured settlement annuity, any rights of the owner, beneficiary, or payee of the annuity, to the extent of benefits received under this chapter, against a person originally or by succession responsible for the losses arising from the personal injury relating to the annuity or payment therefor, excepting any such person responsible solely by reason of serving as an assignee in respect of a qualified assignment under section 130 of the United States Internal Revenue Code.

(d) If (a) through (c) of this subsection are invalid or ineffective with respect to any person or claim for any reason, the amount payable by the association with respect to the related covered obligations shall be reduced by the amount realized by any other person with respect to the person or

claim that is attributable to the policies, or portion thereof, covered by the association.

(e) If the association has provided benefits with respect to a covered obligation and a person recovers amounts as to which the association has rights as described in this subsection, the person shall pay to the association the portion of the recovery attributable to the policies, or portion thereof, covered by the association.

(12) In addition to the rights and powers elsewhere in this chapter, the association may:

(a) Enter into such contracts as are necessary or proper to carry out the provisions and purposes of this chapter;

(b) Sue or be sued, including taking any legal actions necessary or proper to recover any unpaid assessments under RCW 48.32A.085 and to settle claims or potential claims against it;

(c) Borrow money to effect the purposes of this chapter; any notes or other evidence of indebtedness of the association not in default are legal investments for domestic insurers and may be carried as admitted assets;

(d) Employ or retain such persons as are necessary or appropriate to handle the financial transactions of the association, and to perform such other functions as become necessary or proper under this chapter;

(e) Take such legal action as may be necessary or appropriate to avoid or recover payment of improper claims;

(f) Exercise, for the purposes of this chapter and to the extent approved by the commissioner, the powers of a domestic life or disability insurer, but in no case may the association issue insurance policies or annuity contracts other than those issued to perform its obligations under this chapter;

(g) Organize itself as a corporation or in other legal form permitted by the laws of the state;

(h) Request information from a person seeking coverage from the association in order to aid the association in determining its obligations under this chapter with respect to the person, and the person shall promptly comply with the request; and

(i) Take other necessary or appropriate action to discharge its duties and obligations under this chapter or to exercise its powers under this chapter.

(13) The association may join an organization of one or more other state associations of similar purposes, to further the purposes and administer the powers and duties of the association.

(14)(a) At any time within one year after the coverage date, which is the date on which the association becomes responsible for the obligations of a member insurer, the association may elect to succeed to the rights and obligations of the member insurer, that accrue on or after the coverage date and that relate to contracts covered, in whole or in part, by the association, under any one or more indemnity reinsurance agreements entered into by the member insurer as a ceding insurer and selected by the association. However, the association may not exercise an election with respect to a reinsurance agreement if the receiver, rehabilitator, or liquidator of the member insurer has previously and expressly disaffirmed the reinsurance agreement. The election is effective when notice is provided to the receiver, rehabilitator, or liquidator and to the affected reinsurers. If the association makes an

election, the following provisions apply with respect to the agreements selected by the association:

(i) The association is responsible for all unpaid premiums due under the agreements, for periods both before and after the coverage date, and is responsible for the performance of all other obligations to be performed after the coverage date, in each case which relate to contracts covered, in whole or in part, by the association. The association may charge contracts covered in part by the association, through reasonable allocation methods, the costs for reinsurance in excess of the obligations of the association;

(ii) The association is entitled to any amounts payable by the reinsurer under the agreements with respect to losses or events that occur in periods after the coverage date and that relate to contracts covered by the association, in whole or in part. However, upon receipt of any such amounts, the association is obliged to pay to the beneficiary under the policy or contract on account of which the amounts were paid a portion of the amount equal to the excess of: The amount received by the association, over the benefits paid by the association on account of the policy or contract, less the retention of the impaired or insolvent member insurer applicable to the loss or event;

(iii) Within thirty days following the association's election, the association and each indemnity reinsurer shall calculate the net balance due to or from the association under each reinsurance agreement as of the date of the association's election, giving full credit to all items paid by either the member insurer, or its receiver, rehabilitator, or liquidator, or the indemnity reinsurer during the period between the coverage date and the date of the association's election. Either the association or indemnity reinsurer shall pay the net balance due the other within five days of the completion of this calculation. If the receiver, rehabilitator, or liquidator has received any amounts due the association pursuant to (a)(ii) of this subsection, the receiver, rehabilitator, or liquidator shall remit the same to the association as promptly as practicable; and

(iv) If the association, within sixty days of the election, pays the premiums due for periods both before and after the coverage date that relate to contracts covered by the association, in whole or in part, the reinsurer is not entitled to terminate the reinsurance agreements, insofar as the agreements relate to contracts covered by the association, in whole or in part, and is not entitled to set off any unpaid premium due for periods prior to the coverage date against amounts due the association;

(b) In the event the association transfers its obligations to another insurer, and if the association and the other insurer agree, the other insurer succeeds to the rights and obligations of the association under (a) of this subsection effective as of the date agreed upon by the association and the other insurer and regardless of whether the association has made the election referred to in (a) of this subsection. However:

(i) The indemnity reinsurance agreements automatically terminate for new reinsurance unless the indemnity reinsurer and the other insurer agree to the contrary;

(ii) The obligations described in (a)(ii) of this subsection no longer apply on and after the date the indemnity reinsurance agreement is transferred to the third party insurer; and

(iii) This subsection (14)(b) does not apply if the association has previously expressly determined in writing that it will not exercise the election referred to in (a) of this subsection;

(c) The provisions of this subsection supersede the provisions of any law of this state or of any affected reinsurance agreement that provides for or requires any payment of reinsurance proceeds, on account of losses or events that occur in periods after the coverage date, to the receiver, liquidator, or rehabilitator of the insolvent member insurer. The receiver, rehabilitator, or liquidator remains entitled to any amounts payable by the reinsurer under the reinsurance agreement with respect to losses or events that occur in periods prior to the coverage date, subject to applicable setoff provisions; and

(d) Except as set forth under this subsection, this subsection does not alter or modify the terms and conditions of the indemnity reinsurance agreements of the insolvent member insurer. This subsection does not abrogate or limit any rights of any reinsurer to claim that it is entitled to rescind a reinsurance agreement. This subsection does not give a policy owner or beneficiary an independent cause of action against an indemnity reinsurer that is not otherwise set forth in the indemnity reinsurance agreement.

(15) The board of directors of the association has discretion and may exercise reasonable business judgment to determine the means by which the association provides the benefits of this chapter in an economical and efficient manner.

(16) When the association has arranged or offered to provide the benefits of this chapter to a covered person under a plan or arrangement that fulfills the association's obligations under this chapter, the person is not entitled to benefits from the association in addition to or other than those provided under the plan or arrangement.

(17) Venue in a suit against the association arising under this chapter is in the county in which liquidation or rehabilitation proceedings have been filed in the case of a domestic insurer. In other cases, venue is in King county or Thurston county. The association is not required to give an appeal bond in an appeal that relates to a cause of action arising under this chapter.

(18) In carrying out its duties in connection with guaranteeing, assuming, or reinsuring policies or contracts under subsection (1) or (2) of this section, the association may, subject to approval of the receivership court, issue substitute coverage for a policy or contract that provides an interest rate, crediting rate, or similar factor determined by use of an index or other external reference stated in the policy or contract employed in calculating returns or changes in value by issuing an alternative policy or contract in accordance with the following provisions:

(a) In lieu of the index or other external reference provided for in the original policy or contract, the alternative policy or contract provides for: (i) A fixed interest rate; (ii) payment of dividends with minimum guarantees; or (iii) a different method for calculating interest or changes in value;

(b) There is no requirement for evidence of insurability, waiting period, or other exclusion that would not have applied under the replaced policy or contract; and

(c) The alternative policy or contract is substantially similar to the replaced policy or contract in all other material terms. [2001 c 50 § 8.]

**48.32A.085 Assessments.** (1) For the purpose of providing the funds necessary to carry out the powers and duties of the association, the board of directors shall assess the member insurers, separately for each account, at such time and for such amounts as the board finds necessary. Assessments are due not less than thirty days after prior written notice to the member insurers and accrue interest at twelve percent per annum on and after the due date.

(2) There are two classes of assessments, as follows:

(a) Class A assessments are authorized and called for the purpose of meeting administrative and legal costs and other expenses. Class A assessments may be authorized and called whether or not related to a particular impaired or insolvent insurer; and

(b) Class B assessments are authorized and called to the extent necessary to carry out the powers and duties of the association under RCW 48.32A.075 with regard to an impaired or an insolvent insurer.

(3)(a) The amount of a class A assessment is determined by the board and may be authorized and called on a pro rata or nonpro rata basis. If pro rata, the board may provide that it be credited against future class B assessments. The total of all nonpro rata assessments may not exceed one hundred fifty dollars per member insurer in any one calendar year. The amount of a class B assessment may be allocated for assessment purposes among the accounts pursuant to an allocation formula which may be based on the premiums or reserves of the impaired or insolvent insurer or any other standard determined by the board to be fair and reasonable under the circumstances.

(b) Class B assessments against member insurers for each account and subaccount must be in the proportion that the premiums received on business in this state by each assessed member insurer on policies or contracts covered by each account for the three most recent calendar years for which information is available preceding the year in which the insurer became insolvent or, in the case of an assessment with respect to an impaired insurer, the three most recent calendar years for which information is available preceding the year in which the insurer became impaired, bears to premiums received on business in this state for those calendar years by all assessed member insurers.

(c) Assessments for funds to meet the requirements of the association with respect to an impaired or insolvent insurer may not be authorized or called until necessary to implement the purposes of this chapter. Classification of assessments under subsection (2) of this section and computation of assessments under this subsection must be made with a reasonable degree of accuracy, recognizing that exact determinations are not always possible. The association shall notify each member insurer of its anticipated pro rata share of an authorized assessment not yet called within one hundred eighty days after the assessment is authorized.

(4) The association may abate or defer, in whole or in part, the assessment of a member insurer if, in the opinion of the board, payment of the assessment would endanger the ability of the member insurer to fulfill its contractual obligations. In the event an assessment against a member insurer is abated, or deferred in whole or in part, the amount by which the assessment is abated or deferred may be assessed against the other member insurers in a manner consistent with the

basis for assessments set forth in this section. Once the conditions that caused a deferral have been removed or rectified, the member insurer shall pay all assessments that were deferred pursuant to a repayment plan approved by the association.

(5)(a)(i) Subject to the provisions of (a)(ii) of this subsection, the total of all assessments authorized by the association with respect to a member insurer for each subaccount of the life insurance and annuity account and for the health account may not in one calendar year exceed two percent of that member insurer's average annual premiums received in this state on the policies and contracts covered by the subaccount or account during the three calendar years preceding the year in which the insurer became an impaired or insolvent insurer.

(ii) If two or more assessments are authorized in one calendar year with respect to insurers that become impaired or insolvent in different calendar years, the average annual premiums for purposes of the aggregate assessment percentage limitation in (a)(i) of this subsection must be equal and limited to the higher of the three-year average annual premiums for the applicable subaccount or account as calculated under this section.

(iii) If the maximum assessment, together with the other assets of the association in an account, does not provide in one year in either account an amount sufficient to carry out the responsibilities of the association, the necessary additional funds must be assessed as soon thereafter as permitted by this chapter.

(b) The board may provide in the plan of operation a method of allocating funds among claims, whether relating to one or more impaired or insolvent insurers, when the maximum assessment is insufficient to cover anticipated claims.

(c) If the maximum assessment for a subaccount of the life and annuity account in one year does not provide an amount sufficient to carry out the responsibilities of the association, then under subsection (3)(b) of this section, the board shall access the other subaccounts of the life and annuity account for the necessary additional amount, subject to the maximum stated in (a) of this subsection.

(6) The board may, by an equitable method as established in the plan of operation, refund to member insurers, in proportion to the contribution of each insurer to that account, the amount by which the assets of the account exceed the amount the board finds is necessary to carry out during the coming year the obligations of the association with regard to that account, including assets accruing from assignment, subrogation, net realized gains, and income from investments. A reasonable amount may be retained in any account to provide funds for the continuing expenses of the association and for future losses claims.

(7) Any member insurer may when determining its premium rates and policy owner dividends, as to any kind of insurance within the scope of this chapter, consider the amount reasonably necessary to meet its assessment obligations under this chapter.

(8) The association shall issue to each insurer paying an assessment under this chapter, other than a class A assessment, a certificate of contribution, in a form prescribed by the commissioner, for the amount of the assessment paid. All outstanding certificates must be of equal dignity and priority

without reference to amounts or dates of issue. A certificate of contribution may be shown by the insurer in its financial statement as an asset in such form and for such amount, if any, and period of time as the commissioner may approve.

(9)(a) A member insurer that wishes to protest all or part of an assessment shall pay when due the full amount of the assessment as set forth in the notice provided by the association. The payment is available to meet association obligations during the pendency of the protest or any subsequent appeal. Payment must be accompanied by a statement in writing that the payment is made under protest and setting forth a brief statement of the grounds for the protest.

(b) Within sixty days following the payment of an assessment under protest by a member insurer, the association shall notify the member insurer in writing of its determination with respect to the protest unless the association notifies the member insurer that additional time is required to resolve the issues raised by the protest.

(c) Within thirty days after a final decision has been made, the association shall notify the protesting member insurer in writing of that final decision. Within sixty days of receipt of notice of the final decision, the protesting member insurer may appeal that final action to the commissioner.

(d) In the alternative to rendering a final decision with respect to a protest based on a question regarding the assessment base, the association may refer protests to the commissioner for a final decision, with or without a recommendation from the association.

(e) If the protest or appeal on the assessment is upheld, the amount paid in error or excess must be returned to the member company. Interest on a refund due a protesting member must be paid at the rate actually earned by the association.

(10) The association may request information of member insurers in order to aid in the exercise of its power under this section and member insurers shall promptly comply with a request. [2001 c 50 § 9.]

**48.32A.095 Plan of operation.** (1)(a) The association shall submit to the commissioner a plan of operation and any amendments necessary or suitable to assure the fair, reasonable, and equitable administration of the association. The plan of operation and any amendments are effective upon the commissioner's written approval or unless it has not been disapproved within thirty days.

(b) If the association fails to submit a suitable plan of operation within one hundred twenty days following July 22, 2001, or if at any time thereafter the association fails to submit suitable amendments to the plan, the commissioner shall, after notice and hearing, adopt reasonable rules as necessary or advisable to effectuate the provisions of this chapter. The rules continue in force until modified by the commissioner or superseded by a plan submitted by the association and approved by the commissioner.

(2) All member insurers shall comply with the plan of operation.

(3) The plan of operation must, in addition to requirements enumerated elsewhere in this chapter:

(a) Establish procedures for handling the assets of the association;

(b) Establish the amount and method of reimbursing members of the board of directors under RCW 48.32A.065;

(c) Establish regular places and times for meetings including telephone conference calls of the board of directors;

(d) Establish procedures for records to be kept of all financial transactions of the association, its agents, and the board of directors;

(e) Establish the procedures whereby selections for the board of directors are made and submitted to the commissioner;

(f) Establish any additional procedures for assessments under RCW 48.32A.085; and

(g) Contain additional provisions necessary or proper for the execution of the powers and duties of the association.

(4) The plan of operation may provide that any or all powers and duties of the association, except those under RCW 48.32A.075(12)(c) and 48.32A.085, are delegated to a corporation, association, or other organization which performs or will perform functions similar to those of this association, or its equivalent, in two or more states. Such a corporation, association, or organization must be reimbursed for any payments made on behalf of the association and must be paid for its performance of any function of the association. A delegation under this subsection takes effect only with the approval of both the board of directors and the commissioner, and may be made only to a corporation, association, or organization which extends protection not substantially less favorable and effective than that provided by this chapter. [2001 c 50 § 10.]

**48.32A.105 Duties and powers of the commissioner.**

(1) In addition to the duties and powers enumerated elsewhere in this chapter, the commissioner shall:

(a) Upon request of the board of directors, provide the association with a statement of the premiums in this and other appropriate states for each member insurer;

(b) When an impairment is declared and the amount of the impairment is determined, serve a demand upon the impaired insurer to make good the impairment within a reasonable time; notice to the impaired insurer constitutes notice to its shareholders, if any; the failure of the insurer to promptly comply with such a demand does not excuse the association from the performance of its powers and duties under this chapter; and

(c) In any liquidation or rehabilitation proceeding involving a domestic insurer, be appointed as the liquidator or rehabilitator.

(2) In addition to the duties and powers enumerated elsewhere in this chapter, the commissioner may suspend or revoke, after notice and hearing, the certificate of authority to transact insurance in this state of any member insurer which fails to pay an assessment when due or fails to comply with the plan of operation. As an alternative the commissioner may levy a forfeiture on any member insurer that fails to pay an assessment when due. The forfeiture may not exceed five percent of the unpaid assessment per month, but no forfeiture may be less than one hundred dollars per month.

(3) A final action by the board of directors of the association may be appealed to the commissioner by a member insurer if the appeal is taken within sixty days of the member insurer's receipt of notice of the final action being appealed. A final action or order of the commissioner is subject to judi-

cial review in a court of competent jurisdiction in accordance with the laws of this state that apply to the actions or orders of the commissioner.

(4) The liquidator, rehabilitator, or conservator of an impaired insurer may notify all interested persons of the effect of this chapter. [2001 c 50 § 11.]

**48.32A.115 Prevention of insolvencies.** The commissioner shall aid in the detection and prevention of insurer insolvencies or impairments.

(1) It is the duty of the commissioner to:

(a) Notify the commissioners of all the other states, territories of the United States, and the District of Columbia within thirty days following the action taken or the date the action occurs, when the commissioner takes any of the following actions against a member insurer:

(i) Revocation of license;

(ii) Suspension of license; or

(iii) Makes a formal order that the company restrict its premium writing, obtain additional contributions to surplus, withdraw from the state, reinsure all or any part of its business, or increase capital, surplus, or any other account for the security of policy owners or creditors;

(b) Report to the board of directors when the commissioner has taken any of the actions set forth in (a) of this subsection or has received a report from any other commissioner indicating that any such action has been taken in another state. The report to the board of directors must contain all significant details of the action taken or the report received from another commissioner;

(c) Report to the board of directors when the commissioner has reasonable cause to believe from an examination, whether completed or in process, of any member insurer that the insurer may be an impaired or insolvent insurer; and

(d) Furnish to the board of directors the national association of insurance commissioners insurance regulatory information system ratios and listings of companies not included in the ratios developed by the national association of insurance commissioners, and the board may use the information contained therein in carrying out its duties and responsibilities under this section. The report and the information must be kept confidential by the board of directors until such time as made public by the commissioner or other lawful authority.

(2) The commissioner may seek the advice and recommendations of the board of directors concerning any matter affecting the duties and responsibilities of the commissioner regarding the financial condition of member insurers and companies seeking admission to transact insurance business in this state.

(3) The board of directors may, upon majority vote, make reports and recommendations to the commissioner upon any matter germane to the solvency, liquidation, rehabilitation, or conservation of any member insurer or germane to the solvency of any company seeking to do an insurance business in this state. The reports and recommendations are not public documents.

(4) The board of directors may, upon majority vote, notify the commissioner of any information indicating a member insurer may be an impaired or insolvent insurer.

(5) The board of directors may, upon majority vote, make recommendations to the commissioner for the detection and prevention of insurer insolvencies. [2001 c 50 § 12.]

**48.32A.125 Credits for assessments paid—Tax offsets.** (1) A member insurer may offset against its premium tax liability to this state an assessment described in RCW 48.32A.085(8) to the extent of twenty percent of the amount of the assessment for each of the five calendar years following the year in which the assessment was paid. In the event a member insurer ceases doing business, all uncredited assessments may be credited against its premium tax liability for the year it ceases doing business.

(2) Any sums that are acquired by refund, under RCW 48.32A.085(6), from the association by member insurers, and that have been offset against premium taxes as provided in subsection (1) of this section, must be paid by the insurers to the commissioner and then deposited with the state treasurer for credit to the general fund of the state of Washington. The association shall notify the commissioner that refunds have been made. [2001 c 50 § 13.]

**48.32A.135 Miscellaneous provisions.** (1) This chapter does not reduce the liability for unpaid assessments of the insureds of an impaired or insolvent insurer operating under a plan with assessment liability.

(2) Records must be kept of all meetings of the board of directors to discuss the activities of the association in carrying out its powers and duties under RCW 48.32A.075. The records of the association with respect to an impaired or insolvent insurer may not be disclosed prior to the termination of a liquidation, rehabilitation, or conservation proceeding involving the impaired or insolvent insurer, upon the termination of the impairment or insolvency of the insurer, or upon the order of a court of competent jurisdiction. This subsection does not limit the duty of the association to render a report of its activities under RCW 48.32A.145.

(3) For the purpose of carrying out its obligations under this chapter, the association is a creditor of the impaired or insolvent insurer to the extent of assets attributable to covered policies reduced by any amounts to which the association is entitled as subrogee under RCW 48.32A.075(11). Assets of the impaired or insolvent insurer attributable to covered policies must be used to continue all covered policies and pay all contractual obligations of the impaired or insolvent insurer as required by this chapter. Assets attributable to covered policies, as used in this subsection, are that proportion of the assets which the reserves that should have been established for such policies bear to the reserves that should have been established for all policies of insurance written by the impaired or insolvent insurer.

(4) As a creditor of the impaired or insolvent insurer as established in subsection (3) of this section, the association and other similar associations are entitled to receive a disbursement of assets out of the marshaled assets, from time to time as the assets become available to reimburse it, as a credit against contractual obligations under this chapter. If the liquidator has not, within one hundred twenty days of a final determination of insolvency of an insurer by the receivership court, made an application to the court for the approval of a

proposal to disburse assets out of marshaled assets to guaranty associations having obligations because of the insolvency, then the association is entitled to make application to the receivership court for approval of its own proposal to disburse these assets.

(5)(a) Prior to the termination of any liquidation, rehabilitation, or conservation proceeding, the court may take into consideration the contributions of the respective parties, including the association, the shareholders, and the policy owners of the insolvent insurer, and any other party with a bona fide interest, in making an equitable distribution of the ownership rights of the insolvent insurer. In such a determination, consideration must be given to the welfare of the policy owners of the continuing or successor insurer.

(b) A distribution to stockholders, if any, of an impaired or insolvent insurer shall not be made until and unless the total amount of valid claims of the association with interest thereon for funds expended in carrying out its powers and duties under RCW 48.32A.075 with respect to the insurer have been fully recovered by the association.

(6)(a) If an order for liquidation or rehabilitation of an insurer domiciled in this state has been entered, the receiver appointed under the order has a right to recover on behalf of the insurer, from any affiliate that controlled it, the amount of distributions, other than stock dividends paid by the insurer on its capital stock, made at any time during the five years preceding the petition for liquidation or rehabilitation subject to the limitations of (b) through (d) of this subsection.

(b) A distribution is not recoverable if the insurer shows that when paid the distribution was lawful and reasonable, and that the insurer did not know and could not reasonably have known that the distribution might adversely affect the ability of the insurer to fulfill its contractual obligations.

(c) Any person who was an affiliate that controlled the insurer at the time the distributions were paid is liable up to the amount of distributions received. Any person who was an affiliate that controlled the insurer at the time the distributions were declared, is liable up to the amount of distributions which would have been received if they had been paid immediately. If two or more persons are liable with respect to the same distributions, they are jointly and severally liable.

(d) The maximum amount recoverable under this subsection is the amount needed in excess of all other available assets of the insolvent insurer to pay the contractual obligations of the insolvent insurer.

(e) If any person liable under (c) of this subsection is insolvent, all its affiliates that controlled it at the time the distribution was paid are jointly and severally liable for any resulting deficiency in the amount recovered from the insolvent affiliate. [2001 c 50 § 14.]

**48.32A.145 Examination of the association—Annual report.** The association is subject to examination and regulation by the commissioner. The board of directors shall submit to the commissioner each year, not later than one hundred eighty days after the association's fiscal year, a financial report in a form approved by the commissioner and a report of its activities during the preceding fiscal year. Upon the request of a member insurer, the association shall provide the member insurer with a copy of the report. [2001 c 50 § 15.]

**48.32A.155 Tax exemptions.** The association is exempt from payment of all fees and all taxes levied by this state or any of its subdivisions, except taxes levied on real property. [2001 c 50 § 16.]

**48.32A.165 Immunity.** There is no liability on the part of and no cause of action of any nature may arise against any member insurer or its agents or employees, the association or its agents or employees, members of the board of directors, or the commissioner or the commissioner's representatives, for any action or omission by them in the performance of their powers and duties under this chapter. Immunity extends to the participation in any organization of one or more other state associations of similar purposes and to any such organization and its agents or employees. [2001 c 50 § 17.]

**48.32A.175 Stay of proceedings—Reopening default judgments.** All proceedings in which the insolvent insurer is a party in any court in this state are stayed sixty days from the date an order of liquidation, rehabilitation, or conservation is final to permit proper legal action by the association on any matters germane to its powers or duties. As to judgment under any decision, order, verdict, or finding based on default the association may apply to have such a judgment set aside by the same court that made such a judgment and must be permitted to defend against the suit on the merits. [2001 c 50 § 18.]

**48.32A.185 Prohibited advertisement of insurance guaranty association act in insurance sales—Notice to policy owners.** (1) No person, including an insurer, agent, or affiliate of an insurer may make, publish, disseminate, circulate, or place before the public, or cause directly or indirectly, to be made, published, disseminated, circulated, or placed before the public, in any newspaper, magazine, or other publication, or in the form of a notice, circular, pamphlet, letter, or poster, or over any radio station or television station, or in any other way, any advertisement, announcement, or statement, written or oral, which uses the existence of the insurance guaranty association of this state for the purpose of sales, solicitation, or inducement to purchase any form of insurance covered by the Washington life and disability insurance guaranty association act. However, this section does not apply to the Washington life and disability insurance guaranty association or any other entity which does not sell or solicit insurance.

(2) Within one hundred eighty days after July 22, 2001, the association shall prepare a summary document describing the general purposes and current limitations of this chapter and complying with subsection (3) of this section. This document must be submitted to the commissioner for approval. The document must also be available upon request by a policy owner. The distribution, delivery, contents, or interpretation of this document does not guarantee that either the policy or the contract or the owner of the policy or contract is covered in the event of the impairment or insolvency of a member insurer. The description document must be revised by the association as amendments to this chapter may require. Failure to receive this document does not give the policy owner, contract owner, certificate holder, or insured any greater rights than those stated in this chapter.

(3) The document prepared under subsection (2) of this section must contain a clear and conspicuous disclaimer on its face. The commissioner shall establish the form and content of the disclaimer. The disclaimer must:

(a) State the name and address of the life and disability insurance guaranty association and insurance department;

(b) Prominently warn the policy or contract owner that the life and disability insurance guaranty association may not cover the policy or, if coverage is available, it is subject to substantial limitations and exclusions and conditioned on continued residence in this state;

(c) State the types of policies for which guaranty funds provide coverage;

(d) State that the insurer and its agents are prohibited by law from using the existence of the life and disability insurance guaranty association for the purpose of sales, solicitation, or inducement to purchase any form of insurance;

(e) State that the policy or contract owner should not rely on coverage under the life and disability insurance guaranty association when selecting an insurer;

(f) Explain rights available and procedures for filing a complaint to allege a violation of any provisions of this chapter; and

(g) Provide other information as directed by the commissioner including but not limited to, sources for information about the financial condition of insurers provided that the information is not proprietary and is subject to disclosure under chapter 42.56 RCW.

(4) A member insurer must retain evidence of compliance with subsection (2) of this section for as long as the policy or contract for which the notice is given remains in effect. [2005 c 274 § 313; 2001 c 50 § 19.]

**Part headings not law—Effective date—2005 c 274:** See RCW 42.56.901 and 42.56.902.

**48.32A.901 Prospective application—Savings—2001 c 50.** (1) This chapter does not apply to any impaired insurer that was under an order of rehabilitation or conservation, or to any insolvent insurer that was placed under an order of liquidation, prior to July 22, 2001.

(2) Any section repealed in this act pertaining to the powers and obligations of the association, reinsurance and guaranty of policies, assessments, and premium tax offsets shall apply to impaired insurers placed under an order of rehabilitation or conservation, and to insolvent insurers placed under an order of liquidation, prior to July 22, 2001. [2001 c 50 § 20.]

**48.32A.902 Captions not law—2001 c 50.** Captions used in this act are not any part of the law. [2001 c 50 § 21.]

### Chapter 48.34 RCW

#### CREDIT LIFE INSURANCE AND CREDIT ACCIDENT AND HEALTH INSURANCE

##### Sections

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48.34.900	Severability—1961 c 219.

**48.34.010 Declaration of purpose—Liberal construction.** The purpose of this chapter is to promote the public welfare by regulating credit life insurance and credit accident and health insurance. Nothing in this chapter is intended to prohibit or discourage reasonable competition. The provisions of this chapter shall be liberally construed. [1961 c 219 § 1.]

**48.34.020 Chapter part of insurance code—What insurance subject to chapter.** (1) This chapter is a part of the insurance code.

(2) All life insurance and all accident and health insurance in connection with loans or other credit transactions shall be subject to the provisions of this chapter, except such insurance under an individual policy in connection with a loan or other credit transaction of more than ten years duration. Insurance shall not be subject to the provisions of this chapter where its issuance is an isolated transaction on the part of the insurer not related to an agreement or a plan for insuring debtors of the creditor. [1969 ex.s. c 241 § 14; 1961 c 219 § 2.]

**48.34.030 Definitions.** For the purpose of this chapter: (1) "Credit life insurance" means insurance on the life of a debtor pursuant to or in connection with a specific loan or other credit transaction;

(2) "Credit accident and health insurance" means insurance on a debtor to provide indemnity for payments becoming due on a specific loan or other credit transaction while the debtor is disabled as defined in the policy;

(3) "Creditor" means the lender of money or vendor or lessor of goods, services, properties, rights, or privileges, for which payment is arranged through a credit transaction, or any successor to the right, title, or interest of any such lender, vendor, or lessor, and an affiliate, associate, or subsidiary of any of them or a director, officer, or employee of any of them or any other person in any way associated with any of them;

(4) "Debtor" means a borrower of money or a purchaser or lessee of goods, services, properties, rights, or privileges for which payment is arranged through a credit transaction;

(5) "Indebtedness" means the total amount payable by a debtor to a creditor in connection with the loan or other credit transaction. [1961 c 219 § 3.]

**48.34.040 Authorized forms.** Credit life insurance and credit accident and health insurance shall be issued only in the following forms:

(1) Individual policies of life insurance issued to debtors on the term plan;

(2) Individual policies of accident and health insurance issued to debtors on a term plan, or disability benefit provisions in individual policies of credit life insurance;

(3) Group policies of life insurance issued to creditors providing insurance upon the lives of debtors on the term plan;

(4) Group policies of accident and health insurance issued to creditors on a term plan insuring debtors, or disability benefit provisions in group credit life insurance policies to provide such coverage. [1961 c 219 § 4.]

**48.34.050 Life—Limitation on amount under individual policy.** The initial amount of credit life insurance under an individual policy shall not exceed the total amount repayable under the contract of indebtedness. Where an indebtedness is repayable in substantially equal installments, the amount of insurance shall at no time exceed the scheduled or actual amount of unpaid indebtedness, whichever is greater. [1961 c 219 § 5.]

**48.34.060 Life—Limitation on amount repayable under group policy.** The initial amount of credit life insurance under a group policy shall at no time exceed the amount owed by the debtor which is repayable in installments to the creditor. [1987 c 130 § 1; 1983 1st ex.s. c 32 § 23; 1977 c 61 § 2; 1967 ex.s. c 82 § 1; 1961 c 219 § 6.]

**48.34.070 Accident and health—Limitation on amount.** The total amount of periodic indemnity payable by credit accident and health insurance in the event of disability, as defined in the policy, shall not exceed the aggregate of the periodic scheduled unpaid installments of the indebtedness; and the amount of such periodic indemnity payment shall not exceed the original indebtedness divided by the number of periodic installments. [1961 c 219 § 7.]

**48.34.080 Commencement, termination date of term.** The term of any credit life insurance or credit accident and health insurance shall, subject to acceptance by the insurer, commence on the date when the debtor becomes obligated to the creditor: PROVIDED, That, where a group policy provides coverage with respect to existing obligations, the insurance on a debtor with respect to such indebtedness shall commence on the effective date of the policy. Where evidence of insurability is required and such evidence is furnished more than thirty days after the date when the debtor becomes obligated to the creditor, the term of the insurance may commence on the date on which the insurance company determines the evidence to be satisfactory, and in such event there shall be an appropriate refund or adjustment of any charge to the debtor for insurance. The term of such insurance shall not extend more than fifteen days beyond the scheduled maturity date of indebtedness, except when extended without additional cost to the debtor. If the indebtedness is discharged due to renewal or refinancing prior to the scheduled maturity date, the insurance in force shall be terminated before any new insurance may be issued in connection with renewed or refinanced indebtedness. In all cases of termination prior to scheduled maturity, a refund shall be paid or credited as provided in RCW 48.34.110. [1961 c 219 § 8.]

**48.34.090 Policy or certificate—Contents—Delivery, copy of application or notice in lieu—Substitute insurer, premium, etc., on rejection.** (1) All credit life insurance and credit accident and health insurance shall be evidenced by an individual policy, or in the case of group insurance by a certificate of insurance, which individual policy or group certificate of insurance shall be delivered to the debtor.

(2) Each individual policy or group certificate of credit life insurance, and/or credit accident and health insurance shall, in addition to other requirements of law, set forth the name and home office address of the insurer, the name or names of the debtor or in the case of a certificate under a group policy, the identity by name or otherwise of the debtor, the premium or amount of payment, if any, by the debtor separately for credit life insurance and credit accident and health insurance, a description of the coverage including the amount and term thereof, and any exceptions, limitations and restrictions, and shall state that the benefits shall be paid to the creditor to reduce or extinguish the unpaid indebtedness and, wherever the amount of insurance exceeds the unpaid indebtedness, that any such excess shall be payable to a beneficiary, other than the creditor, named by the debtor or to the debtor's estate. With respect to any policy issued after September 8, 1975, credit life insurance shall not be subject to any exceptions or reductions other than for fraud, or for suicide occurring within two years of the effective date of the insurance.

(3) The individual policy or group certificate of insurance shall be delivered to the insured debtor at the time the indebtedness is incurred except as provided in subsections (4) and (5).

(4) If such individual policy or group certificate of insurance is not delivered to the debtor at the time the indebtedness is incurred, a copy of the application for such policy or a notice of proposed insurance, signed by the debtor and setting forth the name and home office address of the insurer; the name or names of the debtor; the premium or amount of payment by the debtor, if any, separately for credit life insurance and credit accident and health insurance; the amount, term and a brief description of the coverage provided, shall be delivered to the debtor at the time such indebtedness is incurred. The copy of the application for, or notice of proposed insurance, shall also refer exclusively to insurance coverage, and shall be separate and apart from the loan, sale or other credit statement of account, instrument, or agreement, or the application for any such loan, sale or credit, unless the information required by this subsection is prominently set forth therein under a descriptive heading which shall be underlined and printed in capital letters. Upon acceptance of the insurance by the insurer and within thirty days of the date upon which the indebtedness is incurred, the insurer shall cause the individual policy or group certificate of insurance to be delivered to the debtor. The application or notice of proposed insurance shall state that upon acceptance by the insurer, the insurance shall become effective as provided in RCW 48.34.080.

(5) If the named insurer does not accept the risk, then the debtor shall receive a policy or certificate of insurance setting forth the name and home office address of the substituted insurer and the amount of the premium to be charged, and if the amount of premium is less than that set forth in the notice

of proposed insurance an appropriate refund shall be made. [1975 1st ex.s. c 266 § 13; 1961 c 219 § 9.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.34.100 Filing policies, notices, riders, etc.—Approval by commissioner—Preexisting policies—Forms.** (1) All policies, certificates of insurance, notices of proposed insurance, applications for insurance, endorsements, and riders delivered or issued for delivery in this state and the schedules of premium rates pertaining thereto shall be filed with the commissioner.

(2) No such policies, certificates of insurance, notices of proposed insurance, applications for insurance, endorsements, or riders shall be used in this state until approved by the commissioner pursuant to RCW 48.18.100 and 48.18.110. In addition to any grounds for disapproval provided therein, the form shall be disapproved both as to credit life and credit accident and health insurance if the benefits provided therein are not reasonable in relation to the premium charged.

(3) If a group policy of credit life insurance or credit accident and health insurance has been delivered in this state before midnight, June 7, 1961, on the first anniversary date following such time the terms of the policy as they apply to persons newly insured thereafter shall be rewritten to conform with the provisions of this chapter.

(4) If a group policy has been or is delivered in another state before or after August 11, 1969, the forms to be filed by the insurer with the commissioner are the group certificates and notices of proposed insurance delivered or issued for delivery in this state. He or she shall approve them if:

(a) They provide the information that would be required if the group policy was delivered in this state; and

(b) The applicable premium rates or charges do not exceed those established by his or her rules or regulations. [2010 c 8 § 11005; 2009 c 549 § 7143; 1969 ex.s. c 241 § 15; 1961 c 219 § 10.]

**48.34.110 Refunds—Credits—Charges to debtor.**

(1) Each individual policy, or group certificate shall provide that in the event of termination of the insurance prior to the scheduled maturity date of the indebtedness, any refund of an amount paid by the debtor for insurance shall be paid or credited promptly to the person entitled thereto. The formula to be used in computing such refund shall be filed with and approved by the commissioner.

(2) If a creditor requires a debtor to make any payment for credit life insurance or credit accident and health insurance and an individual policy or group certificate of insurance is not issued, the creditor shall immediately give written notice to such debtor and shall promptly make an appropriate credit to the account.

(3) The amount charged to a debtor for any credit life or credit accident and health insurance shall not exceed the premiums charged by the insurer, as computed at the time the charge to the debtor is determined. [1961 c 219 § 11.]

**48.34.120 Debtor's right to furnish and obtain own insurance.** When the credit life insurance or credit accident and health insurance is required in connection with any credit

transaction, the debtor shall, upon request to the creditor, have the option of furnishing the required amount of insurance through existing policies of insurance owned or controlled by him or her or of procuring and furnishing the required coverage through any insurer authorized to transact an insurance business within this state. [2009 c 549 § 7144; 1961 c 219 § 12.]

**48.34.900 Severability—1961 c 219.** If any provision of this chapter, or the application of such provision to any person or circumstance, shall be held invalid, the remainder of the chapter and the application of such provision to any person or circumstance other than those as to which it is held invalid, shall not be affected thereby. [1961 c 219 § 13.]

**Chapter 48.35 RCW  
ALIEN INSURERS**

Sections

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**48.35.010 Application—Definition.** This chapter applies to all alien insurers using this state as a state of entry to transact insurance in the United States.

For the purposes of this chapter, "alien insurer" has the definition supplied in RCW 48.05.010. [1991 c 268 § 1.]

**48.35.020 Deposit required—Amount.** (1) An alien insurer may use this state as a state of entry to transact insurance in the United States by maintaining in this state a deposit of assets in a solvent trust company or other solvent financial institution having trust powers domiciled in this state and so designated by the commissioner. The commissioner's designated depositories are authorized to receive and hold a deposit of assets. A deposit so held is at the expense of the insurer. A solvent financial institution domiciled in this state, the deposits of which are insured by the federal deposit insurance corporation and which is a member of the federal reserve system, may be designated as the commissioner's depository to receive and hold a deposit of assets.

(2) The deposit, together with other trust deposits of the insurer held in the United States for the same purpose, must be in an amount not less than the higher of deposits required

of an alien insurer under RCW 48.05.090 or five hundred thousand dollars and consist of eligible assets as set forth in RCW 48.16.030.

(3) The deposit may be referred to as "trusteed assets." [1991 c 268 § 2.]

**48.35.030 Deposit required—Duration.** The deposit required by this chapter must be for the benefit, security, and protection of the policyholders or creditors, or both, of the insurer in the United States. It shall be maintained as long as there is outstanding any liability of the insurer arising out of its insurance transactions in the United States. [1991 c 268 § 4.]

**48.35.040 Trusts created before May 17, 1991.** All trusts of trusteed assets created before May 17, 1991, must be continued under the instruments creating those trusts. If the commissioner determines that the instruments are inconsistent with the provisions of this chapter, the insurer shall correct those inconsistencies within six months of the commissioner's determination. [1991 c 268 § 3.]

**48.35.050 Alien insurer—State authorization required.** An alien insurer proposing to use this state as a state of entry to transact insurance in the United States, must be authorized to transact insurance in this state and may make and execute any trust agreement required by this chapter. [1991 c 268 § 6.]

**48.35.060 Trusteed assets—Creation—Commissioner's approval of trust agreement.** (1) The alien insurer shall create the trusteed assets required by this chapter under a written trust agreement between the insurer and the trustee, consistent with the provisions of this chapter, and in such form and manner as the commissioner may designate or approve.

(2) The agreement is effective when filed with and approved in writing by the commissioner. The commissioner shall not approve any trust agreement not found to be in compliance with state or federal law or the terms of which do not in fact provide reasonably adequate protection for the insurer's policyholders or creditors, or both, in the United States. [1991 c 268 § 5.]

**48.35.070 Trust agreement—Amendment.** A trust agreement may be amended. However, the amendment is not effective until filed with the commissioner and the commissioner finds and states in writing that the amendment is in compliance with this chapter. [1991 c 268 § 7.]

**48.35.080 Trust agreement—Withdrawal of commissioner's approval.** The commissioner may withdraw his or her approval of a trust agreement, or of an amendment to the agreement, if the commissioner determines that the requisites for the approval no longer exist. The determination shall be made after notice and a hearing as provided in chapter 48.04 RCW. [1991 c 268 § 8.]

**48.35.090 Trust agreement—Vesting of trusteed assets.** The trust agreement must provide that title to the

trusteed assets vests and remains vested in the trustees and their successors for the purposes of the trust deposit. [1991 c 268 § 9.]

**48.35.100 Trusteed assets—Trustee's records.** The trustee shall keep the trusteed assets separate from other assets and shall maintain a record sufficient to identify the trusteed assets at all times. [1991 c 268 § 10.]

**48.35.110 Trusteed assets—Trustee's statements—Commissioner's approval.** (1) The trustee of trusteed assets shall file statements with the commissioner, in a form required by the commissioner, certifying the character and amount of the assets.

(2) If the trustee fails to file a requested statement after a reasonable time has expired, the commissioner may suspend or revoke the certificate of authority of the insurer required under RCW 48.05.030. [1991 c 268 § 11.]

**48.35.120 Trusteed assets—Examination—Commissioner's approval of assignment or transfer.** (1) The commissioner may examine trusteed assets of any insurer at any time in accordance with the same conditions and procedures governing the examination of insurers provided in chapter 48.03 RCW.

(2) The depositing insurer shall not assign or transfer, voluntarily, involuntarily, or by operation of law, all or a part of its interest in the trusteed assets without the prior written approval of the commissioner, and a transfer or assignment occurring without approval is void. The assignee or transferee of the trusteed assets shall irrevocably and automatically assume all of the obligations and liabilities of the assignor or transferor. [1991 c 268 § 12.]

**48.35.130 Trusteed assets—Commissioner's approval of withdrawals.** (1) The trust agreement must provide that the commissioner shall authorize and approve in writing all withdrawals of trusteed assets in advance except as follows:

(a) Any or all income, earnings, dividends, or interest accumulations of the trusteed assets may be paid over to the United States manager of the insurer upon request of the insurer or the manager;

(b) Withdrawals coincident with substitutions of securities or assets that are at least equal in value to those being withdrawn, if the substituted securities or assets would be eligible for investment by domestic insurers, and the insurer's United States manager requests the withdrawal in writing under a general or specific written authority previously given or delegated by the insurer's board of directors, or other similar governing body, and a copy of such authority has been filed with the trustee;

(c) For the purpose of making deposits required by another state in which the insurer is, or becomes, an authorized insurer and for the protection of the insurer's policyholders or creditors, or both, in the state or United States, if the withdrawal does not reduce the insurer's deposit in this state to an amount less than the minimum deposit required. The trustee shall transfer any assets withdrawn and in the amount required to be deposited in the other state, directly to

the depository required to receive the deposit as certified in writing by the public official having supervision of insurance in that state; and

(d) For the purpose of transferring the trustee assets to an official liquidator, conservator, or rehabilitator under an order of a court of competent jurisdiction.

(2) The commissioner shall authorize a withdrawal of only those assets that are in excess of the amount of assets required to be held in trust, or as may otherwise be consistent with the provisions of this chapter.

(3) If at any time the insurer becomes insolvent or if its assets held in the United States are less than required as determined by the commissioner, the commissioner shall order in writing the trustee to suspend the withdrawal of assets until a further order of the commissioner releasing the assets. [1991 c 268 § 13.]

#### **48.35.140 Trustee assets—Substitution of trustee.**

A new trustee may be substituted for the original trustee of trustee assets in the event of a vacancy or for other proper cause. Any such substitution is subject to the commissioner's approval. [1991 c 268 § 14.]

**48.35.150 Trustee assets—Compensation and expenses of trustees.** The insurer shall provide for the compensation and expenses of the trustees of assets of an alien insurer under this chapter in an amount, or on a basis, as agreed upon by the insurer and the trustees in the trust agreement, subject to the prior approval of the commissioner. [1991 c 268 § 15.]

**48.35.160 United States manager—Mexican or Canadian insurers.** The provisions of this chapter applicable to a United States manager shall, in the case of insurers domiciled in Mexico or Canada, be deemed to refer to the president, vice president, secretary, or treasurer of the Mexican or Canadian insurer. [1991 c 268 § 16.]

**48.35.170 Domestication of alien insurer—Commissioner's approval.** (1) Upon compliance with this chapter, an alien insurer authorized to do business in this state may, with the prior written approval of the commissioner, domesticate its United States branch by entering into an agreement in writing with a domestic insurer providing for the acquisition by the domestic insurer of all of the assets and the assumption of all of the liabilities of the United States branch.

(2) The acquisition of assets and assumption of liabilities of the United States branch by the domestic insurer is effected by filing with the commissioner an instrument or instruments of transfer and assumption in form satisfactory to the commissioner and executed by the alien insurer and the domestic insurer. [1991 c 268 § 17.]

**48.35.180 Domestication agreement—Necessary authorization.** (1) The domestication agreement shall be authorized, adopted, approved, signed, and acknowledged by the alien insurer in accordance with the laws of the country under which it is organized.

(2) In the case of a domestic insurer, the domestication agreement shall be approved, adopted, and authorized by its

board of directors and executed by its president or a vice president and attested by its secretary or assistant secretary under its corporate seal. [1991 c 268 § 18.]

**48.35.190 Domestication agreement—Commissioner's approval of corporate proceedings.** An executed counterpart of the domestication agreement, together with certified copies of the corporate proceedings of the domestic insurer and the alien insurer, approving, adopting, and authorizing the execution of the domestication agreement, shall be submitted to the commissioner for approval. The commissioner shall thereupon consider the agreement, and, if the commissioner finds that the same is in accordance with the provisions hereof and that the interests of the policyholders of the United States branch of the alien insurer and of the domestic insurer are not materially adversely affected, the commissioner shall approve the domestication agreement and authorize the consummation thereof. [1991 c 268 § 19.]

**48.35.200 Domestication—When effective—Deposits—Transfer of assets.** (1) Upon the filing with the commissioner of a certified copy of the instrument of transfer and assumption pursuant to which a domestic company succeeds to the business and assets of the United States branch of an alien insurer and assumes all its liabilities, the domestication of the United States branch is deemed effective; and all the rights, franchises, and interests of the United States branch in and to every species of property and things, in actions thereunder belonging, are deemed as transferred to and vested in the domestic insurer, and simultaneously the domestic insurer is deemed to have assumed all of the liabilities of the United States branch. The domestic insurer is considered as having the age as the oldest of the two parties to the domestication agreement for purposes of laws relating to age of company.

(2) All deposits of the United States branch held by the commissioner, or by state officers, or other state regulatory agencies pursuant to requirements of state laws, are deemed to be held as security for the satisfaction by the domestic insurer of all liabilities to policyholders within the United States assumed from the United States branch; and the deposits are deemed to be assets of the domestic insurer and are reported as such in the annual financial statements and other reports that the domestic insurer may be required to file. Upon the ultimate release by a state officer or agency of a deposit, the securities and cash constituting the released deposit is delivered and paid over to the domestic insurer as the lawful successor in interest to the United States branch.

(3) Contemporaneously with the consummation of the domestication of the United States branch, the commissioner shall direct the trustee, if any, of the United States branch's trustee assets, as set forth in RCW 48.35.020, to transfer and deliver to the domestic insurer all assets, if any, held by such trustee. [1991 c 268 § 20.]

## **Chapter 48.36A RCW**

### **FRATERNAL BENEFIT SOCIETIES**

#### Sections

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48.36A.901	Effective date—1987 c 366.

**48.36A.010 Fraternal benefit society defined.** Any incorporated society, order, or supreme lodge, without capital stock, including one exempted under the provisions of RCW 48.36A.370(1)(b) whether incorporated or not, conducted solely for the benefit of its members and their beneficiaries and not for profit, operated on a lodge system with ritualistic form of work, having a representative form of government, and which provides benefits in accordance with this chapter, is hereby declared to be a fraternal benefit society. [1987 c 366 § 1.]

**48.36A.020 Lodge system—Lodges for children.** (1) A society is operating on the lodge system if it has a supreme governing body and subordinate lodges into which members are elected, initiated, or admitted in accordance with its laws, rules, and ritual. Subordinate lodges shall be required by the

laws of the society to hold regular meetings at least once in each month in furtherance of the purposes of the society.

(2) A society may, at its option, organize and operate lodges for children under the minimum age for adult membership. Membership and initiation in local lodges shall not be required of the children, nor shall they have a voice or vote in the management of the society. [1987 c 366 § 2.]

**48.36A.030 Representative form of government.** A society has a representative form of government when:

(1) It has a supreme governing body constituted in one of the following ways:

(a) The supreme governing body is an assembly composed of delegates elected directly by the members or at intermediate assemblies or conventions of members or their representatives, together with other delegates as may be prescribed in the society's laws. A society may provide for election of delegates by mail. The elected delegates shall constitute a majority in number and shall not have less than two-thirds of the votes and not less than the number of votes required to amend the society's laws. The assembly shall be elected and shall meet at least once every four years and shall elect a board of directors to conduct the business of the society between meetings of the assembly. Vacancies on the board of directors between elections may be filled in the manner prescribed by the society's laws; or

(b) The supreme governing body is a board composed of persons elected by the members, either directly or by their representatives in intermediate assemblies, and any other persons prescribed in the society's laws. A society may provide for election of the board by mail. Each term of a board member may not exceed four years. Vacancies on the board between elections may be filled in the manner prescribed by the society's laws. Those persons elected to the board shall constitute a majority in number and not less than the number of votes required to amend the society's laws. A person filling the unexpired term of an elected board member shall be considered to be an elected member. The board shall meet at least quarterly to conduct the business of the society;

(2) The officers of the society are elected either by the supreme governing body or by the board of directors;

(3) Only benefit members are eligible for election to the supreme governing body and the board of directors; and

(4) Each voting member shall have one vote. No vote may be cast by proxy. [1987 c 366 § 3.]

**48.36A.040 Definitions.** As used in this chapter, the following terms have the meanings indicated unless the context clearly requires otherwise:

(1) "Benefit contract" means the agreement for provision of benefits authorized by RCW 48.36A.160, as that agreement is described in RCW 48.36A.190(1).

(2) "Benefit member" means an adult member who is designated by the laws or rules of the society to be a benefit member under a benefit contract.

(3) "Certificate" means the document issued as written evidence of the benefit contract.

(4) "Premiums" means premiums, rates, dues or other required contributions by whatever name known, which are payable under the certificate.

(5) "Laws" means the society's articles of incorporation, constitution, and bylaws, however designated.

(6) "Rules" means all rules, regulations, or resolutions adopted by the supreme governing body or board of directors which are intended to have general application to the members of the society.

(7) "Society" means fraternal benefit society, unless otherwise indicated.

(8) "Lodge" means subordinate member units of the society, known as camps, courts, councils, branches, or by any other designation. [1987 c 366 § 4.]

#### **48.36A.050 Beneficial operations—Laws and rules.**

(1) A society shall operate for the benefit of members and their beneficiaries by:

(a) Providing benefits as specified in RCW 48.36A.160; and

(b) Operating for one or more social, intellectual, educational, charitable, benevolent, moral, fraternal, patriotic, or religious purposes for the benefit of its members, which may also be extended to others.

These purposes may be carried out directly by the society, or indirectly through subsidiary corporations or affiliated organizations.

(2) Every society may adopt laws and rules for the government of the society, the admission of its members, and the management of its affairs. It may change, alter, add to, or amend such laws and rules and has such other powers as are necessary and incidental to carrying into effect the objects and purposes of the society. [1987 c 366 § 5.]

#### **48.36A.060 Membership classes, rights, grievances.**

(1) A society shall specify in its laws or rules:

(a) Eligibility standards for each and every class of membership, provided that if benefits are provided on the lives of children, the minimum age for adult membership shall be set at not less than age fifteen and not greater than age twenty-one;

(b) The process for admission to membership for each membership class; and

(c) The rights and privileges of each membership class, provided that only benefit members shall have the right to vote on the management of the insurance affairs of the society.

(2) A society may also admit social members who have no voice or vote in the management of the insurance affairs of the society.

(3) Membership rights in the society are personal to the member and are not assignable.

(4) A society may provide in its laws or rules for grievance or complaint procedures for members. [1987 c 366 § 6.]

**48.36A.070 Location of office and meetings—Official publications, annual statement.** (1) The principal office of any domestic society shall be located in this state. The meetings of its supreme governing body may be held in any state, district, province, or territory where the society has at least one subordinate lodge, or in such other location as determined by the supreme governing body, and all business transacted at the meetings is as valid in all respects as if the meet-

ings were held in this state. The minutes of the proceedings of the supreme governing body and of the board of directors shall be in the English language.

(2) (a) A society may provide in its laws for an official publication in which any notice, report, or statement required by law to be given to members, including notice of election, may be published. Required reports, notices, and statements shall be printed conspicuously in the publication. If the records of a society show that two or more members have the same mailing address, an official publication mailed to one member is deemed to be mailed to all members at the same address unless a member requests a separate copy.

(b) Not later than June 1st of each year, a synopsis of the society's annual statement providing an explanation of the facts concerning the condition of the society thereby disclosed shall be printed and mailed to each benefit member of the society or, in lieu thereof, the synopsis may be published in the society's official publication. [1987 c 366 § 7.]

#### **48.36A.080 Immunity of officers—Indemnification of person responsible—Insurance for liability.**

(1) The officers and members of the supreme governing body or any subordinate body of a society shall not be personally liable for any benefits provided by a society.

(2) Any person may be indemnified and reimbursed by any society for expenses reasonably incurred by, and liabilities imposed upon, the person in connection with or arising out of any action, suit, or proceeding, whether civil, criminal, administrative, or investigative, or threat thereof, in which the person may be involved by reason of the fact that the person is or was a director, officer, employee, or agent of the society or of any firm, corporation, or organization which the person served in any capacity at the request of the society. A person shall not be so indemnified or reimbursed (a) in relation to any matter in such action, suit, or proceeding as to which the person shall finally be adjudged to be or have been guilty of breach of a duty as a director, officer, employee, or agent of the society; or (b) in relation to any matter in the action, suit, or proceeding, or threat thereof, which has been made the subject of a compromise settlement; unless in either case the person acted in good faith for a purpose the person reasonably believed to be in or not opposed to the best interests of the society and, in a criminal action or proceeding, in addition, had no reasonable cause to believe that their conduct was unlawful. The determination whether the conduct of the person met the standard required in order to justify indemnification and reimbursement in relation to any matter described in (a) or (b) of this subsection may only be made by the supreme governing body or board of directors by a majority vote of a quorum consisting of persons who were not parties to the action, suit, or proceeding or by a court of competent jurisdiction. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of no contest, as to the person shall not in itself create a conclusive presumption that the person did not meet the standard of conduct required in order to justify indemnification and reimbursement. The foregoing right of indemnification and reimbursement shall not be exclusive of other rights to which the person may be entitled as a matter of law and shall inure to the benefit of the person's heirs, executors, and administrators.

(3) A society may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the society, or who is or was serving at the request of the society as a director, officer, employee, or agent of any other firm, corporation, or organization against any liability asserted against the person and incurred by the person in any capacity or arising out of the person's status as such, whether or not the society would have the power to indemnify the person against the liability under this section. [1987 c 366 § 8.]

**48.36A.090 Nonwaiver provisions.** The laws of the society may provide that no subordinate body, nor any of its subordinate officers or members shall have the power or authority to waive any of the provisions of the laws of the society. Such provision shall be binding on the society and every member and beneficiary of a member. [1987 c 366 § 9.]

**48.36A.100 Formation of domestic society—Procedures and requirements.** A domestic society organized on or after January 1, 1988, shall be formed as follows, but not until it has and continues to maintain unimpaired surplus in the minimum amount of total capital and surplus required by RCW 48.05.340:

(1) Seven or more citizens of the United States, a majority of whom are citizens of this state, who desire to form a fraternal benefit society, may make, sign, and acknowledge before some officer competent to take acknowledgment of deeds, articles of incorporation, in which shall be stated:

(a) The proposed corporate name of the society, which shall not so closely resemble the name of any society or insurance company as to be misleading or confusing;

(b) The purposes for which it is being formed and the mode in which its corporate powers are to be exercised. The purposes shall not include more liberal powers than are granted by this chapter;

(c) The names and residences of the incorporators and the names, residences, and official titles of all the officers, trustees, directors, or other persons who are to have and exercise the general control of the management of the affairs and funds of the society for the first year or until the ensuing election at which all the officers shall be elected by the supreme governing body, which election shall be held not later than one year from the date of issuance of the permanent certificate of authority.

(2) The articles of incorporation, duly certified copies of the society's bylaws and rules, copies of all proposed forms of certificates, applications therefor, and circulars to be issued by the society, and a bond conditioned upon the return to applicants of the advanced payments if the organization is not completed within one year shall be filed with the commissioner, who may require further information as the commissioner deems necessary. The bond with sureties approved by the commissioner shall be in an amount, not less than three hundred thousand dollars nor more than one million five hundred thousand dollars as required by the commissioner. All documents filed are to be in the English language. If the purposes of the society conform to the requirements of this chapter and all provisions of the law have been complied with, the

commissioner shall so certify, retain, and file the articles of incorporation and furnish the incorporators a preliminary certificate of authority authorizing the society to solicit members as hereinafter provided.

(3) No preliminary certificate of authority granted under the provisions of this section shall be valid after one year from its date or after a further period, not exceeding one year, as may be authorized by the commissioner upon cause shown, unless the five hundred applicants required by subsection (4) of this section have been secured and the organization has been completed under this chapter. The articles of incorporation and all other proceedings thereunder shall become null and void in one year from the date of the preliminary certificate of authority, or at the expiration of the extended period, unless the society shall have completed its organization and received a certificate of authority to do business under this chapter.

(4) Upon receipt of a preliminary certificate of authority from the commissioner, the society may solicit members for the purpose of completing its organization, shall collect from each applicant the amount of not less than one regular monthly premium in accordance with its table of rates, and shall issue to each applicant a receipt for the amount collected. No society shall incur any liability other than for the return of the advance premium, nor issue any certificate, nor pay, allow, or offer or promise to pay or allow, any benefit to any person until:

(a) Actual bona fide applications for benefits have been secured on not less than five hundred applicants, and any necessary evidence of insurability has been furnished to and approved by the society;

(b) At least ten subordinate lodges have been established into which the five hundred applicants have been admitted;

(c) There has been submitted to the commissioner, under oath of the president or secretary, or corresponding officer of the society, a list of the applicants, giving their names, addresses, date each was admitted, name and number of the subordinate lodge of which each applicant is a member, amount of benefits to be granted, and premiums therefor; and

(d) It has been shown to the commissioner, by sworn statement of the treasurer, or corresponding officer of the society, that at least five hundred applicants have each paid in cash at least one regular monthly premium and the total amount of collected premiums equals at least one hundred fifty thousand dollars. The advance premiums shall be held in trust during the period of organization and if the society has not qualified for a certificate of authority within one year, the premiums shall be returned to the applicants.

(5) The commissioner may make such examination and require such further information as the commissioner deems advisable. Upon presentation of satisfactory evidence that the society has complied with all the provisions of this chapter, the commissioner shall issue to the society a certificate of authority to that effect and that the society is authorized to transact business pursuant to the provisions of this chapter. The certificate of authority shall be prima facie evidence of the existence of the society at the date of the certificate. The commissioner shall cause a record of the certificate of authority to be made. A certified copy of the record may be given in evidence with like effect as the original certificate of authority.

(6) Any incorporated society authorized to transact business in this state at the time this chapter becomes effective shall not be required to reincorporate.

(7) The commissioner may, by rule, require domestic fraternal societies to have and maintain a larger amount of surplus than the minimum amount of capital and surplus prescribed under RCW 48.05.340, based upon the type, volume, and nature of insurance business transacted, consistent with the principles of risk-based capital modified to recognize the special characteristics of fraternal benefit societies. [1996 c 236 § 1; 1987 c 366 § 10.]

**48.36A.110 Amendment of society's laws.** (1) A domestic society may amend its laws in accordance with the provisions thereof by action of its supreme governing body at any regular or special meeting thereof or, if its laws so provide, by referendum. The referendum may be held in accordance with the provisions of its laws by the vote of the voting members of the society, by the vote of delegates or representatives of voting members, or by the vote of local lodges. A society may provide for voting by mail. No amendment submitted for adoption by referendum shall be adopted unless, within six months from the date of submission, a majority of the members voting shall have signified their consent to the amendment by one of the specified methods.

(2) No amendment to the laws of any domestic society shall take effect unless approved by the commissioner. The commissioner shall approve the amendment if the commissioner finds that it has been duly adopted and is not inconsistent with any requirement of the laws of this state or with the character, objects, and purposes of the society. Unless the commissioner disapproves any amendment within sixty days after the filing of same, the amendment shall be considered approved. The approval or disapproval by the commissioner shall be in writing and mailed to the secretary or corresponding officer of the society at its principal office. In case the commissioner disapproves the amendment, the reasons for the disapproval shall be stated in the written notice.

(3) Within ninety days from the approval by the commissioner, all amendments, or a synopsis thereof, shall be furnished to all members of the society either by mail or by publication in full in the official publication of the society. The affidavit of any officer of the society or of anyone authorized by it to mail any amendments or synopsis thereof, stating facts which show that same have been duly addressed and mailed, shall be prima facie evidence that the amendments or synopsis thereof, have been furnished to the addressee.

(4) Every foreign or alien society authorized to do business in this state shall file with the commissioner a certified copy of all amendments of, or additions to, its laws within ninety days after their enactment.

(5) Printed copies of the laws as amended, certified by the secretary or corresponding officer of the society, shall be prima facie evidence of their legal adoption. [1987 c 366 § 11.]

**48.36A.120 Not-for-profit institutions authorized—Funeral homes prohibited.** (1) A society may create, maintain, and operate, or establish organizations to operate, not-for-profit institutions to further the purposes permitted by

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RCW 48.36A.050(1)(b). The institutions may furnish services free or at a reasonable charge. Any real or personal property owned, held or leased by the society for this purpose shall be reported in every annual statement.

(2) No society shall own or operate funeral homes or undertaking establishments. [1987 c 366 § 12.]

**48.36A.130 Reinsurance.** (1) A domestic society may, by a reinsurance agreement, transfer any individual risk or risks in whole or in part to an insurer, other than another fraternal benefit society, having the power to make such reinsurance and authorized to do business in this state, or if not so authorized, one which is approved by the commissioner, but no domestic society may reinsure substantially all of its insurance in force without the written permission of the commissioner. It may take credit for the reserves on the transferred risks to the extent reinsured, but no credit shall be allowed as an admitted asset or as a deduction from liability, to a transferring society for reinsurance made, transferred, renewed, or otherwise becoming effective after January 1, 1988, unless the reinsurance is payable by the assuming insurer on the basis of the liability of the transferring society under the contract or contracts reinsured without diminution because of the insolvency of the transferring society.

(2) Notwithstanding the limitation in subsection (1) of this section, a society may reinsure the risks of another society in a consolidation or merger approved by the commissioner under RCW 48.36A.140. [1987 c 366 § 13.]

**48.36A.140 Consolidation and merger.** (1) A domestic society may consolidate or merge with any other society by complying with the provisions of this section. It shall file with the commissioner:

(a) A certified copy of the written contract containing in full the terms and conditions of the consolidation or merger;

(b) A sworn statement by the president and secretary or corresponding officers of each society showing their financial condition on a date fixed by the commissioner but not earlier than December 31st next preceding the date of the contract;

(c) A certificate of the officers, duly verified by their respective oaths, that the consolidation or merger has been approved by a two-thirds vote of the supreme governing body of each society, such vote being conducted at a regular or special meeting of each such body, or, if the society's laws so permit, by mail; and

(d) Evidence that at least sixty days prior to the action of the supreme governing body of each society, the text of the contract has been furnished to all members of each society either by mail or by publication in full in the official publication of each society.

(2) If the commissioner finds that the contract is in conformity with the provisions of this section, that the financial statements are correct, and that the consolidation or merger is just and equitable to the members of each society, the commissioner shall approve the contract and issue a certificate to that effect. Upon approval, the contract shall be in full force and effect unless any society which is a party to the contract is incorporated under the laws of any other state or territory. In such event, the consolidation or merger shall not become

effective unless and until it has been approved as provided by the laws of such state or territory and a certificate of such approval is filed with the commissioner of this state or, if the laws of the state or territory contain no such provision, then the consolidation or merger shall not become effective unless and until it has been approved by the commissioner of insurance of the state or territory and a certificate of such approval is filed with the commissioner of this state.

(3) Upon the consolidation or merger becoming effective, all the rights, franchises, and interests of the consolidated or merged societies in and to every species of property, real, personal, or mixed, and things in action thereunto belonging shall be vested in the society resulting from or remaining after the consolidation or merger without any other instrument, except that conveyances of real property may be evidenced by proper deeds, and the title to any real estate or interest therein, vested under the laws of this state in any of the societies consolidated or merged, shall not revert or be in any way impaired by reason of the consolidation or merger, but shall vest absolutely in the society resulting from or remaining after the consolidation or merger.

(4) The affidavit of any officer of the society or of anyone authorized by it to mail any notice or document, stating that the notice or document has been duly addressed and mailed, shall be prima facie evidence that the notice or document has been furnished to the addressees. [1987 c 366 § 14.]

**48.36A.150 Conversion to mutual life insurance company.** Any domestic fraternal benefit society may be converted and licensed as a mutual life insurance company by compliance with all the requirements of the insurance laws of this state for mutual life insurance companies. A plan of conversion shall be prepared in writing by the board of directors setting forth in full the terms and conditions of conversion. The affirmative vote of two-thirds of all members of the supreme governing body at a regular or special meeting shall be necessary for the approval of such plan, or if the society is organized under the direct election method pursuant to RCW 48.36A.030(1)(b), the plan of conversion shall be submitted by mail to the benefit members or the plan may be published in the official publication authorized by RCW 48.36A.070(2)(a). The affirmative vote of two-thirds of the benefit members voting thereon shall be necessary for the approval of the plan. No conversion shall take effect unless and until approved by the commissioner who may give approval if the commissioner finds that the proposed change is in conformity with the requirements of law and not prejudicial to the certificate holders of the society. [1987 c 366 § 15.]

**48.36A.160 Contractual benefits.** (1) A society may provide the following contractual benefits in any form:

- (a) Death benefits;
- (b) Endowment benefits;
- (c) Annuity benefits;
- (d) Temporary or permanent disability benefits;
- (e) Hospital, medical, or nursing benefits;
- (f) Monument or tombstone benefits to the memory of deceased members; and

(g) Such other benefits as authorized for life insurers and which are not inconsistent with this chapter.

(2) A society shall specify in its rules those persons who may be issued, or covered by, the contractual benefits in subsection (1) of this section, consistent with providing benefits to members and their dependents. A society may provide benefits on the lives of children under the minimum age for adult membership upon application of an adult person. [1987 c 366 § 16.]

**48.36A.170 Designation of beneficiary—Funeral benefits.** (1) The owner of a benefit contract shall have the right at all times to change the beneficiary or beneficiaries in accordance with the laws or rules of the society unless the owner waives this right by specifically requesting in writing that the beneficiary designation be irrevocable. A society may, through its laws or rules, limit the scope of beneficiary designations and shall provide that no revocable beneficiary shall have or obtain any vested interest in the proceeds of any certificate until the certificate has become due and payable in conformity with the provisions of the benefit contract.

(2) A society may make provision for the payment of funeral benefits to the extent of such portion of any payment under a certificate as might reasonably appear to be due to any person equitably entitled thereto by reason of having incurred expense occasioned by the burial of the member, provided the portion paid shall not exceed the sum of one thousand dollars.

(3) If, at the death of any person insured under a benefit contract, there is no lawful beneficiary to whom the proceeds shall be payable, the amount of the benefit, except to the extent that funeral benefits may be paid under this section, shall be payable to the personal representative of the deceased insured, provided that if the owner of the certificate is other than the insured, the proceeds shall be payable to the owner. [1987 c 366 § 17.]

**48.36A.180 Protection of benefits.** No money or other benefit, charity, relief, or aid to be paid, provided or rendered by any society, shall be liable to attachment, garnishment, or other process, or to be seized, taken, appropriated, or applied by any legal or equitable process or operation of law to pay any debt or liability of a member or beneficiary, or any other person who may have a right thereunder, either before or after payment by the society. [1987 c 366 § 18.]

**48.36A.190 Benefit certificates—Impaired reserves.** (1) Every society authorized to do business in this state shall issue to each owner of a benefit contract a certificate specifying the amount of benefits provided. The certificate, together with any riders or endorsements attached thereto, the laws of the society, the application for membership, the application for insurance and declaration of insurability, if any, signed by the applicant, and all amendments, shall constitute the benefit contract, as of the date of issuance, between the society and the owner, and the certificate shall so state. A copy of the application for insurance and declaration of insurability, if any, shall be endorsed upon or attached to the certificate. All statements on the application shall be representations and not warranties. Any waiver of this provision shall be void.

(2) Except as provided in RCW 48.36A.220, any changes, additions, or amendments to the laws of the society duly made or enacted subsequent to the issuance of the certificate, shall bind the owner and the beneficiaries, and shall govern and control the benefit contract in all respects the same as though the changes, additions, or amendments had been made prior to and were in force at the time of the application for insurance, except that no change, addition, or amendment shall destroy or diminish benefits which the society contracted to give the owner as of the date of issuance.

(3) Any person upon whose life a benefit contract is issued prior to attaining the age of majority shall be bound by the terms of the application and certificate and by all the laws and rules of the society to the same extent as though the age of majority had been attained at the time of application.

(4) Except as provided in RCW 48.36A.220, a society shall provide in its laws that if its reserves as to all or any class of certificates become impaired, its board of directors or corresponding body may require that there shall be paid by the owner to the society the amount of the owner's equitable proportion of the deficiency as ascertained by its board, and that if the payment is not made, either (a) it shall stand as an indebtedness against the certificate and draw interest not to exceed the rate specified for certificate loans under the certificates; or (b) in lieu of or in combination with (a) of this subsection, the owner may accept a proportionate reduction in benefits under the certificate. The society may specify the manner of the election and which alternative is to be presumed if no election is made.

(5) Copies of any of the documents mentioned in this section, certified by the secretary or corresponding officer of the society, shall be received in evidence of the terms and conditions thereof.

(6) No certificate shall be delivered or issued for delivery in this state unless a copy of the form has been filed with the commissioner in the manner provided for like policies issued by life insurers in this state. Every life, accident, health, or disability insurance certificate and every annuity certificate issued on or after one year from January 1, 1988, shall be approved by the commissioner and shall meet the standard contract provision requirements not inconsistent with this chapter for like policies issued by life insurers in this state, except that a society may provide for a grace period for payment of premiums of one full month in its certificates. The certificates shall also contain a provision stating the amount of premiums which are payable under the certificate and a provision reciting or setting forth the substance of any sections of the society's laws or rules in force at the time of issuance of the certificate which, if violated, will result in the termination or reduction of benefits payable under the certificate. If the laws of the society provide for expulsion or suspension of a member, the certificate shall also contain a provision that any member so expelled or suspended, except for nonpayment of a premium or within the contestable period for material misrepresentation in the application for membership or insurance, shall have the privilege of maintaining the certificate in force by continuing payment of the required premium.

(7) Benefit contracts issued on the lives of persons below the society's minimum age for adult membership may provide for transfer of control or ownership to the insured at an

age specified in the certificate. A society may require approval of an application for membership in order to effect this transfer, and may provide in all other respects for the regulation, government, and control of such certificates and all rights, obligations, and liabilities incident thereto and connected therewith. Ownership rights prior to the transfer shall be specified in the certificate.

(8) A society may specify the terms and conditions on which benefit contracts may be assigned. [1987 c 366 § 19.]

**48.36A.200 Paid-up nonforfeiture benefits and cash surrender values.** (1) For certificates issued prior to one year after January 1, 1988, the value of every paid-up nonforfeiture benefit and the amount of any cash surrender value, loan, or other option granted shall comply with the provisions of law applicable immediately prior to January 1, 1988.

(2) For certificates issued on or after one year from January 1, 1988, for which reserves are computed on the commissioner's 1941 standard ordinary mortality table, the commissioner's 1941 standard industrial table or the commissioner's 1958 standard ordinary mortality table, or the commissioner's 1980 standard mortality table, or any more recent table made applicable to life insurers, every paid-up nonforfeiture benefit and the amount of any cash surrender value, loan, or other option granted shall not be less than the corresponding amount ascertained in accordance with the laws of this state applicable to life insurers issuing policies containing like benefits based upon such tables.

(3) For annuity certificates issued on or after one year from January 1, 1988, every paid-up nonforfeiture benefit and the amount of any cash surrender value, loan, or other option granted shall not be less than the corresponding amount ascertained in accordance with the laws of this state applicable to life insurers issuing annuities. [1987 c 366 § 20.]

**48.36A.210 Authorized investments.** A society shall invest its funds only in investments that are authorized by the laws of this state for the investment of assets of life insurers and subject to the limitations thereon. Any foreign or alien society permitted or seeking to do business in this state which invests its funds in accordance with the laws of the state, district, territory, country, or province in which it is incorporated, shall be deemed to have met the requirements of this section for the investment of funds. [1987 c 366 § 21.]

**48.36A.220 Assets—Investment and disbursement.** (1) All assets shall be held, invested, and disbursed for the use and benefit of the society and no member or beneficiary shall have or acquire individual rights therein or become entitled to any apportionment on the surrender of any part thereof, except as provided in the benefit contract.

(2) A society may create, maintain, invest, disburse, and apply any special fund or funds necessary to carry out any purpose permitted by the laws of the society.

(3) A society may, pursuant to resolution of its supreme governing body, establish and operate one or more separate accounts and issue contracts on a variable basis, subject to all the provisions of law regulating life insurers establishing such accounts and issuing such contracts, as provided in

chapter 48.18A RCW. To the extent the society deems it necessary in order to comply with any applicable federal or state laws, or any rules issued thereunder, the society may adopt special procedures for the conduct of the business and affairs of a separate account, may, for persons having beneficial interests therein, provide special voting and other rights, including without limitation special rights and procedures relating to investment policy, investment advisory services, selection of certified public accountants, and selection of a committee to manage the business and affairs of the account, and may issue contracts on a variable basis to which RCW 48.36A.190 (2) and (4) shall not apply. [1987 c 366 § 22.]

**48.36A.230 Chapter exclusive.** Societies shall be governed by this chapter and shall be exempt from all other provisions of the insurance laws of this state unless they are expressly designated therein, or unless it is specifically made applicable by this chapter. [1987 c 366 § 23.]

**48.36A.240 Funds tax exempt, exception.** Every society organized or licensed under this chapter is hereby declared to be a charitable and benevolent institution, and all of its funds shall be exempt from all and every state, county, district, municipal, and school tax, other than taxes on real estate and office equipment. [1987 c 366 § 24.]

**48.36A.250 Valuation standards—Reserves.** (1) Standards of valuation for certificates issued prior to one year after January 1, 1988, shall be those provided by the laws applicable immediately prior to January 1, 1988.

(2) The minimum standards of valuation for certificates issued on or after one year from January 1, 1988, shall be based on the following tables:

(a) For certificates of life insurance: The commissioner's 1941 standard ordinary mortality table, the commissioner's 1941 standard industrial mortality table, the commissioner's 1958 standard ordinary mortality table, the commissioner's 1980 standard ordinary mortality table, or any more recent table made applicable to life insurers;

(b) For annuity and pure endowment certificates, for total and permanent disability benefits, for accidental death benefits, and for noncancellable accident and health benefits: Such tables as are authorized for use by life insurers in this state.

All of the above shall be under valuation methods and standards, including interest assumptions, in accordance with the laws of this state applicable to life insurers issuing policies containing like benefits.

(3) The commissioner may, in the commissioner's discretion, accept other standards for valuation if the commissioner finds that the reserves produced thereby will not be less in the aggregate than reserves computed in accordance with the minimum valuation standard herein prescribed. The commissioner may, in the commissioner's discretion, vary the standards of mortality applicable to all benefit contracts on substandard lives or other extra hazardous lives by any society authorized to do business in this state.

(4) Any society, with the consent of the commissioner of insurance of the state of domicile of the society and under the conditions, if any, which the commissioner may impose, may

establish and maintain reserves on its certificates in excess of the reserves required by this section, but the contractual rights of any benefit member shall not be affected thereby. [1987 c 366 § 25.]

**48.36A.260 Annual financial statement.** (1) Every domestic society shall annually, on or before the first day of March, unless for cause shown such time has been extended by the commissioner, file with the commissioner a true statement of its financial condition, transactions, and affairs for the preceding calendar year and pay a fee of ten dollars for filing. The statement shall be in general form and context as approved by the national association of insurance commissioners for fraternal benefit societies and as supplemented by additional information required by the commissioner.

(2) All domestic, foreign, and alien societies transacting business in this state shall annually, on or before March 1st of each year, file with the national association of insurance commissioners a copy of its annual statement convention blank in electronic form.

(3) As part of the required annual statement, each society shall, on or before the first day of March, file with the commissioner a valuation of its certificates in force on December 31st last preceding, provided the commissioner may, in the commissioner's discretion for cause shown, extend the time for filing the valuation for not more than two calendar months. The valuation shall be done in accordance with the standards specified in RCW 48.36A.250. The valuation and underlying data shall be certified by a qualified actuary or, at the expense of the society, verified by the actuary of the department of insurance of the state of domicile of the society.

(4) A society neglecting to file the annual statement in the form and within the time provided by this section shall forfeit one hundred dollars for each day during which the neglect continues, and, upon notice by the commissioner, its authority to do business in this state shall cease while the default continues. [2007 c 80 § 4; 1987 c 366 § 26.]

**48.36A.263 Filing of financial statements.** Every fraternal benefit society holding a certificate of authority shall file its financial statements as required by this code and by the commissioner in accordance with the accounting practices and procedures manuals as adopted by the national association of insurance commissioners, unless otherwise provided by law. [1999 c 33 § 2.]

**48.36A.270 Licenses and renewals—Fees—Existing societies.** A license under this chapter continues in force until suspended, revoked, or not renewed. A license is subject to renewal annually on the first day of July upon payment of the fee for the license. If not so renewed, the certificate expires as of the thirtieth day of June of the same year. Licenses existing on June 9, 1994, continue in force until July 1, 1995, unless revoked or suspended. For each license or renewal the society shall pay the commissioner the fee established pursuant to RCW 48.14.010, subject to the retaliatory provision of RCW 48.14.040. A certified copy or duplicate of the license shall be prima facie evidence that the licensee is a

fraternal benefit society within the meaning of this chapter. [1994 c 131 § 1; 1987 c 366 § 27.]

**48.36A.272 Notice of intent to suspend, revoke, or refuse to renew a license.** The commissioner shall give a society notice of his or her intention to suspend, revoke, or refuse to renew its license not less than ten days before the effective date of the order of suspension, revocation or refusal, except that advance notice of intention is not required where the order results from a domestic society's failure to make good a deficiency of assets as required by the commissioner. [1996 c 236 § 4.]

**48.36A.274 Duration of suspension.** The commissioner shall not suspend a society's license for a period in excess of one year, and shall state in his or her order of suspension the period during which the order is effective. [1996 c 236 § 5.]

**48.36A.276 Reauthorization of license.** A society whose license has been suspended, revoked, or refused may not subsequently be authorized unless the grounds for the suspension, revocation, or refusal no longer exist and the society is otherwise fully qualified. [1996 c 236 § 6.]

**48.36A.278 Notice to agents of loss of authority.** Upon the suspension, revocation, or refusal of a society's license, the commissioner shall give notice to the society and shall suspend, revoke, or refuse the authority of its agents to represent it in this state and give notice to the agents. [1996 c 236 § 7.]

**48.36A.280 Examinations.** (1) The commissioner, or any person the commissioner may appoint, may examine any domestic, foreign, or alien society transacting or applying for admission to transact business in this state in the same manner as authorized by chapter 48.03 RCW. Requirements of notice and an opportunity to respond before findings are made public as provided in the laws regulating insurers shall also be applicable to the examination of societies.

(2) The expense of each examination and of each valuation, including the compensation and actual expense of examiners, shall be paid by the society examined or whose certificates are valued. The payments shall be made upon receipt of statements furnished by the commissioner. [1987 c 366 § 28.]

**48.36A.282 Transactions hazardous to certificate holders or creditors—Standards for consideration.** The following standards may be considered by the commissioner to determine whether the continued operation of any society transacting an insurance business in this state might be deemed to be hazardous to the certificate holders or creditors. The commissioner may consider:

(1) Adverse findings reported in either a financial condition or market conduct examination report, or both, of a state insurance department that could lead to impairment of surplus;

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(2) The national association of insurance commissioners insurance regulatory information system and its related reports;

(3) The ratios of commission expense, general insurance expense, policy benefits, and reserve increases as to annual premium and net investment income that could lead to an impairment of surplus;

(4) The society's asset portfolio when viewed in light of current economic conditions is not of sufficient value, liquidity, or diversity to assure the society's ability to meet its outstanding obligations as they mature;

(5) The ability of an assuming reinsurer to perform and whether the society's reinsurance program provides sufficient protection for the society's remaining surplus after taking into account the society's cash flow and the classes of business written as well as the financial condition of the assuming reinsurer;

(6) The society's operating loss in the last twelve-month period or any shorter period of time, including but not limited to net capital gain or loss, change in nonadmitted assets, and cash refunds paid to members, is greater than fifty percent of the society's remaining surplus as regards certificate holders in excess of the minimum required;

(7) Whether any affiliate, subsidiary, or reinsurer is insolvent, threatened with insolvency, or delinquent in payment of its monetary or other obligation;

(8) Contingent liabilities, pledges, or guaranties which either individually or collectively involve a total amount that in the opinion of the commissioner may affect the solvency of the society;

(9) The age and collectibility of receivables;

(10) Whether the management of a society, including officers, trustees, directors, or any other person who directly or indirectly controls the operation of the society, fails to possess and demonstrate the competence, fitness, and reputation deemed necessary to serve the society in such a position;

(11) Whether management of a society has failed to respond to inquiries relative to the condition of the society or has furnished misleading information concerning an inquiry;

(12) Whether management of a society either has filed any false or misleading sworn financial statement, or has released a false or misleading financial statement to lending institutions or to the general public, or has made a false or misleading entry, or has omitted an entry of material amount in the books of the society;

(13) Whether the society has grown so rapidly and to such an extent that it lacks adequate financial and administrative capacity to meet its obligations in a timely manner; and

(14) Whether the society has experienced or will experience in the foreseeable future, either cash flow problems or liquidity problems, or both. [1996 c 236 § 8.]

**48.36A.284 Determination of financial condition—Hazardous to certificate holders—Commissioner's order—Hearing.** (1) For the purpose of making a determination of a society's financial condition, the commissioner may:

(a) Disregard any credit or amount receivable resulting from transactions with a reinsurer that is insolvent, impaired, or otherwise subject to a delinquency proceeding;

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(b) Make appropriate adjustments to asset values attributable to investments in or transactions with parents, subsidiaries, or affiliates;

(c) Refuse to recognize the stated value of accounts receivable if the ability to collect receivables is highly speculative in view of the age of the account or the financial condition of the debtor; or

(d) Increase the society's liability in an amount equal to any contingent liability, pledge, or guarantee not otherwise included if there is a substantial risk that the society will be called upon to meet the obligation undertaken within the next twelve-month period.

(2) If the commissioner determines that the continued operation of the society authorized to transact business in this state may be hazardous to the certificate holders, then the commissioner may, in conjunction with or in lieu of a notice required or permitted by RCW 48.36A.272, issue an order requiring the society to:

(a) Reduce the total amount of present and potential liability for policy benefits by reinsurance;

(b) Reduce, suspend, or limit the volume of business being accepted or renewed;

(c) Reduce general insurance and commission expenses by specified methods;

(d) Increase the society's surplus;

(e) Suspend or limit the declaration and payment of refunds by a society to its members;

(f) File reports in a form acceptable to the commissioner concerning the market value of a society's assets;

(g) Limit or withdraw from certain investments or discontinue certain investment practices to the extent the commissioner deems necessary;

(h) Document the adequacy of premium rates in relation to the risks insured; or

(i) File, in addition to regular annual statements, interim financial reports on the form adopted by the national association of insurance commissioners or on a format promulgated by the commissioner.

(3) Any society subject to an order under subsection (2) of this section may make a written demand for a hearing, subject to the requirements of RCW 48.04.010, by specifying in what respects it is aggrieved and the grounds to be relied upon as basis for the relief to be demanded at the hearing. [1996 c 236 § 9.]

**48.36A.286 Rehabilitation, liquidation, or conservation of society—Same as insurance companies—Priority of distribution of claims.** (1) Any rehabilitation, liquidation, or conservation of a domestic fraternal benefit society is the same as the rehabilitation, liquidation, or conservation of an insurance company and shall be conducted under the supervision of the commissioner pursuant to the law governing the rehabilitation, liquidation, or conservation of insurance companies. The commissioner may apply for an order directing the commissioner to rehabilitate, liquidate, or conserve a domestic fraternal benefit society upon any one or more of the following grounds: That the domestic fraternal benefit society:

(a) Is insolvent; or

(b) Has ceased transacting insurance business for a period of one year; or

(c) Is insolvent and has commenced voluntary liquidation or dissolution, or attempts to commence or prosecute any action or proceeding to liquidate its business or affairs, or to dissolve its corporate charter, or to procure the appointment of a receiver, trustee, custodian, or sequestrator under any law except this code; or

(d) Any of the matters set forth in RCW 48.36A.310.

(2) The priority of the distribution of claims from a domestic fraternal benefit society's estate shall be as set forth in RCW 48.31.280. [1996 c 236 § 10.]

**48.36A.290 License required—Obtaining.** (1) No foreign or alien society shall transact business in this state without a license issued by the commissioner. Any society desiring admission to this state shall comply substantially with the requirements and limitations of this chapter applicable to domestic societies and must have and continue to maintain unimpaired surplus in the minimum amount of total capital and surplus required by RCW 48.05.340. A society may be licensed to transact business in this state upon filing with the commissioner:

(a) A duly certified copy of its articles of incorporation;

(b) A copy of its bylaws, certified by its secretary or corresponding officer;

(c) A power of attorney to the commissioner as prescribed in RCW 48.36A.410;

(d) A statement of its business under oath by its president and secretary, or corresponding officers, in a form prescribed by the commissioner, verified by an examination made by the supervising insurance official of its home state or other state, territory, province, or country, satisfactory to the commissioner;

(e) Certification from the proper official of its home state, territory, province, or country that the society is legally incorporated and licensed to transact business;

(f) Copies of its certificate forms; and

(g) Such other information as the commissioner may deem necessary; and upon a showing that its assets are invested in accordance with the provisions of this chapter.

(2) After June 30, 1997, a foreign or alien society which does not have unimpaired surplus in the minimum amount of total capital and surplus required by RCW 48.05.340 may not issue any new policies or certificates until the society has unimpaired surplus in the minimum amount of total capital and surplus required by RCW 48.05.340; however, a foreign or alien society may continue to issue new policies or certificates to members of the society who have an existing policy or certificate in force with the society on June 30, 1997. Once such a foreign or alien society obtains unimpaired surplus in the minimum amount of total capital and surplus required by RCW 48.05.340, the society must continue to maintain unimpaired surplus in the minimum amount of total capital and surplus required by RCW 48.05.340.

(3) After June 30, 1997, a foreign or alien society which had unimpaired surplus in the minimum amount of total capital and surplus required by RCW 48.05.340 on December 31, 1996, must continue to maintain unimpaired surplus in the minimum amount of total capital and surplus required by RCW 48.05.340.

(4) The commissioner may, by rule, require foreign or alien fraternal societies to have and maintain a larger amount

of surplus than the minimum amount of capital and surplus prescribed under RCW 48.05.340, based upon the type, volume, and nature of insurance business transacted, consistent with the principles of risk-based capital modified to recognize the special characteristics of fraternal benefit societies. [1996 c 236 § 2; 1987 c 366 § 29.]

**48.36A.310 Deficiencies, noncompliance by societies—Actions against license.** (1) The commissioner may refuse, suspend, or revoke a fraternal benefit society's license, if the society:

- (a) Has exceeded its powers;
- (b) Has failed to comply with any of the provisions of this chapter;
- (c) Is not fulfilling its contracts in good faith;
- (d) Is conducting its business fraudulently;
- (e) Has a membership of less than four hundred after an existence of one year or more;
- (f) Is found by the commissioner to be in such a condition that its further transaction of insurance in this state would be hazardous to certificate holders and the people in this state;
- (g) Refuses to remove or discharge a trustee, director, or officer who has been convicted of any crime involving fraud, dishonesty, or like moral turpitude;
- (h) Refuses to be examined, or if its trustees, directors, officers, employees, or representatives refuse to submit to examination or to produce its accounts, records, and files for examination by the commissioner when required, or refuse to perform any legal obligation relative to the examination;
- (i) Fails to pay any final judgment rendered against it in this state upon any certificate, or undertaking issued by it, within thirty days after the judgment became final or within thirty days after time for taking an appeal has expired, or within thirty days after dismissal of an appeal before final determination, whichever date is the later;
- (j) Is found by the commissioner, after investigation or upon receipt of reliable information, to be managed by persons, whether by its trustees, directors, officers, or by any other means, who are incompetent or untrustworthy or so lacking in fraternal benefit society managerial experience as to make a proposed operation hazardous to its members; or that there is good reason to believe it is affiliated directly or indirectly through ownership, control, or business relations, with any person or persons whose business operations are or have been found to be in violation of any law or rule, to the detriment of the members of the society or of the public, by bad faith or by manipulation of the assets, or of accounts, or of reinsurance of the society; or
- (k) Does business through insurance producers or other representatives in this state or in any other state who are not properly licensed under applicable laws and rules.

(2) Nothing in this section shall prevent a society from continuing, in good faith, all contracts made in this state during the time the society was legally authorized to transact business herein. [2008 c 217 § 45; 1996 c 236 § 3; 1987 c 366 § 31.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

(2010 Ed.)

**48.36A.320 Requirements for injunction.** No application or petition for injunction against any domestic, foreign, or alien society, or lodge thereof, shall be maintained in any court of this state unless made by the attorney general upon request of the commissioner. [1987 c 366 § 32.]

**48.36A.330 Insurance producers.** (1) Insurance producers of societies shall be licensed in accordance with the applicable provisions of chapter 48.17 RCW regulating the licensing, revocation, suspension, or termination of licenses of resident and nonresident insurance producers.

(2) The following individuals shall not be deemed an insurance producer of a fraternal benefit society within the provisions of subsection (1) of this section:

(a) Any regular salaried officer or employee of a licensed society who devotes substantially all of their services to activities other than the solicitation of fraternal insurance contracts from the public, and who receives for the solicitation of such contracts no commission or other compensation directly dependent upon the amount of business obtained; or

(b) Any insurance producer or representative of a society who devotes, or intends to devote, less than fifty percent of their time to the solicitation and procurement of insurance contracts for such society: PROVIDED, That any person who in the preceding calendar year has solicited and procured life insurance contracts on behalf of any society in an amount of insurance in excess of fifty thousand dollars shall be conclusively presumed to be devoting, or intending to devote, fifty percent of the person's time to the solicitation or procurement of insurance contracts for such society. [2008 c 217 § 46; 1987 c 366 § 33.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.36A.340 Unfair trade practices.** (1) Except as provided in subsection (2) of this section, every society authorized to do business in this state shall be subject to the provisions of chapter 48.30 RCW relating to unfair trade practices.

(2) Nothing in chapter 48.30 RCW shall be construed as applying to or affecting the right of any society to determine its eligibility requirements for membership, or be construed as applying to or affecting the offering of benefits exclusively to members or persons eligible for membership in the society by a subsidiary corporation or affiliated organization of the society. [1987 c 366 § 34.]

**48.36A.350 Service of process upon commissioner.**

(1) Every society authorized to do business in this state shall:

(a) Appoint in writing the commissioner and each successor in office to be its true and lawful attorney upon whom all lawful process in any action or proceeding against it shall be served;

(b) Agree in writing that any lawful process against it which is served on the commissioner shall be of the same legal force and validity as if served upon the society; and

(c) Agree that the authority shall continue in force so long as any liability remains outstanding in this state.

Copies of such appointment, certified by said commissioner, shall be deemed sufficient evidence thereof and shall be admitted in evidence with the same force and effect as the original.

(2) Service shall only be made upon the commissioner, or if absent, upon the person in charge of the commissioner's office. It shall be made in duplicate and shall constitute sufficient service upon the society. When legal process against a society is served upon the commissioner, the commissioner shall forward one of the duplicate copies by registered mail, prepaid, directed to the secretary or corresponding officer. No service shall require a society to file its answer, pleading, or defense in less than forty days from the date of mailing the copy of the service to a society. Legal process shall not be served upon a society except in the manner provided in this section. At the time of serving any process upon the commissioner, the plaintiff or complainant in the action shall pay to the commissioner the fee established pursuant to RCW 48.05.210. [1987 c 366 § 35.]

**48.36A.360 Penalties.** (1) Any person who wilfully makes a false or fraudulent statement in or relating to an application for membership or for the purpose of obtaining money from or a benefit in any society, shall upon conviction be fined not less than one hundred dollars nor more than five hundred dollars or imprisonment in the county jail not less than thirty days nor more than one year, or both.

(2) Any person who wilfully makes a false or fraudulent statement in any verified report or declaration under oath required or authorized by this chapter, or of any material fact or thing contained in a sworn statement concerning the death or disability of an insured for the purpose of procuring payment of a benefit named in the certificate, shall be guilty of false swearing and shall be subject to the penalties under RCW 9A.72.040.

(3) Any person who solicits membership for, or in any manner assists in procuring membership in, any society not licensed to do business in this state shall be guilty of a misdemeanor and upon conviction be fined not less than fifty dollars nor more than two hundred dollars.

(4) Any person guilty of a wilful violation of, or neglect or refusal to comply with, the provisions of this chapter for which a penalty is not otherwise prescribed, shall upon conviction, be subject to a fine not exceeding two hundred dollars. [1987 c 366 § 36.]

**48.36A.370 Exemptions.** (1) Nothing contained in this chapter shall be so construed as to affect or apply to:

(a) Grand or subordinate lodges of Masons, Odd Fellows, Improved Order of Red Men, Fraternal Order of Eagles, Loyal Order of Moose, or Knights of Pythias, exclusive of the insurance department of the Supreme Lodge of Knights of Pythias, the Grand Aerie Fraternal Order of Eagles, and the Junior Order of United American Mechanics, exclusive of the beneficiary degree of insurance branch of the National Council Junior Order [of] United American Mechanics, or similar societies which do not issue insurance certificates;

(b) Orders, societies, or associations which admit to membership only persons engaged in one or more crafts or hazardous occupations, in the same or similar lines of business, insuring only their own members and their families, and the ladies' societies or ladies' auxiliaries to such orders, societies, or associations;

(c) Any association of local lodges of a society now doing business in this state which provides death benefits not exceeding three hundred dollars to any one person, or disability benefit not exceeding three hundred dollars in any one year to any one person, or both; or any contracts of reinsurance business on such plan in this state;

(d) Domestic societies which limit their membership to the employees of a particular city or town, designated firm, business house, or corporation;

(e) Domestic lodges, orders, or associations of a purely religious, charitable, and benevolent description, which do not provide for a death benefit of more than one hundred dollars, or for disability benefits of more than one hundred fifty dollars to any one person in any one year: PROVIDED, That any such domestic order or society which has more than five hundred members and provides for death or disability benefits, and any such domestic lodge, order, or society which issues to any person a certificate providing for the payment of benefits, shall not be exempt by the provisions of this section, but shall comply with all the requirements of this chapter.

The commissioner may require from any society such information as will enable the commissioner to determine whether the society is exempt from the provisions of this chapter.

(2) No society, which is exempt by the provisions of this section from the requirements of this chapter shall give or allow or promise to give or allow to any person any compensation for procuring new members.

(3) Any fraternal benefit society, heretofore organized and incorporated and operating as set forth in RCW 48.36A.010, 48.36A.020, and 48.36A.030, providing for benefits in case of death or disability resulting solely from accidents, but which does not obligate itself to pay other death or sick benefits, may be licensed under the provisions of this chapter, and shall have all the privileges and shall be subject to all the provisions and regulations of this chapter, except that the provisions of this chapter requiring medical examinations, valuations of benefit certificates, and that the certificate shall specify the amount of benefits, shall not apply to such society.

(4) The commissioner may require from any society or association, by examination or otherwise, such information as will enable the commissioner to determine whether the society or association is exempt from the provisions of this chapter.

(5) Societies, exempted under the provisions of this section, shall also be exempt from all other provisions of the insurance laws of this state. [1987 c 366 § 37.]

**48.36A.380 World War I societies.** Any corporation, society, order, or voluntary association operating as set forth in RCW 48.36A.010, 48.36A.020, and 48.36A.030, organized during the war in which the United States entered on April 6, 1917, with the purposes of assisting the government of the United States in maintaining and increasing the production of commodities essential for the prosecution of that war, and of developing loyalty to the United States, or whose membership is limited to veterans of that war, may be licensed under the provisions of this chapter and shall have all the privileges and shall be subject to all the provisions and regulations of this chapter, except that the provisions of this

chapter requiring death benefits of at least one thousand dollars, medical examinations, and valuations of benefit certificates, shall not apply to such society, but the society may provide benefits in case of death or disability resulting solely from accidents in an amount not exceeding one thousand dollars and may also provide for death or funeral benefits, or both, not exceeding one hundred dollars each, and for sick or disability benefits not exceeding five hundred dollars to any one person, in any one year. Any corporation, society, order, or voluntary association organized under the provisions of this section shall file with the insurance commissioner a copy of all its rates and policy forms. Rates and policy forms must be approved by the insurance commissioner before becoming effective. All rates and forms approved by the commissioner shall be observed by the society until amended rates or forms shall have been filed with and approved by the insurance commissioner. [1987 c 366 § 38.]

**48.36A.390 Fraternal mutual insurers.** (1) A domestic mutual property insurer which is affiliated with and is comprised exclusively of members of a specified fraternal society that conducts its business and secures its membership on the lodge system, having ritualistic work and ceremonies, is herein designated as a fraternal mutual insurer.

(2) Only fraternal mutual property insurers which were authorized insurers immediately prior to October 1, 1947, may hereafter be so authorized.

(3) A fraternal mutual insurer shall be subject to the applicable provisions of this title governing domestic mutual insurers except only as to the provisions relative to taxes, fees, and licenses. The bylaws of such insurer shall be as adopted or amended by majority vote of its members present at a duly held meeting of its members, and a copy thereof shall be filed with the commissioner. Such an insurer shall pay for its annual license and filing its annual statement, the sum of ten dollars. Such an insurer shall pay the expense of examinations of it by the commissioner. The payment shall be made upon receipt of statements furnished by the commissioner.

(4) A fraternal mutual insurer may insure corporations, associations, and firms owned by and affiliated with such society and operated for the benefit of its members, and may insure corporations and firms a majority of whose shareholders or members are members of such society.

(5) A fraternal mutual insurer shall participate in and accept its equitable share of insurance to be issued to applicants under any assigned risk plan operating pursuant to RCW 48.22.020, and may participate in and accept its equitable share of insurance to be issued to applicants under any similar plan lawfully existing in any state in which the insurer is authorized to transact insurance, notwithstanding that the applicants are not otherwise qualified for insurance under subsection (4) of this section. Applicants who are not qualified by membership or otherwise for acceptance by the insurer, shall be so assigned to the insurer except to make up the deficiency, if any, between the number of qualified applicants available for assignment and the maximum quota of applicants to be assigned to the insurer within the current period.

(6) A fraternal mutual insurer doing business on the assessment premium plan:

(a) Shall be exempt also from the provisions of this chapter governing financial qualifications;

(b) Shall not be authorized to transact any kind of insurance other than property insurance, nor have authority to accept reinsurance.

(7) A fraternal mutual insurer doing business on the cash premium plan:

(a) May be authorized to transact additional kinds of insurance, other than life or title insurance, subject to the same requirements as to surplus funds and reserves as apply to domestic mutual insurers on the cash premium plan;

(b) May accept reinsurance only of such kinds of insurance as it is authorized to transact direct and only from insurers likewise affiliated with and composed solely of the members of the same designated fraternal society. [1987 c 366 § 39.]

**48.36A.400 Fraternal mutual life insurers.** (1) A mutual life insurer which is affiliated with and insures exclusively members of a specified fraternal society, which society conducts its business and secures its membership on the lodge system, having ritualistic work and ceremonies, is herein designated as a fraternal mutual life insurer.

(2) Such an insurer shall be subject to the applicable provisions of this title governing mutual life insurers except only as to the provisions relative to annual meeting, taxes, fees, and licenses. Such an insurer shall pay for its annual license and filing its annual statement, the sum of ten dollars. Such an insurer shall pay the expense of examinations of it by the commissioner, upon statement furnished by the commissioner. [1987 c 366 § 40.]

**48.36A.410 Review of commissioner's decisions and findings.** All decisions and findings of the commissioner made under the provisions of this chapter shall be subject to review as provided in chapter 34.05 RCW. [1987 c 366 § 41.]

**48.36A.900 Severability—1987 c 366.** If any provision of this chapter or its application to any person or circumstance is held invalid, the remainder of the chapter or the application of the provision to other persons or circumstances is not affected. [1987 c 366 § 43.]

**48.36A.901 Effective date—1987 c 366.** This act shall take effect January 1, 1988. [1987 c 366 § 45.]

## Chapter 48.37 RCW

### MARKET CONDUCT OVERSIGHT

#### Sections

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**48.37.005 Short title.** This chapter may be known and cited as the market conduct oversight law. [2007 c 82 § 2.]

**48.37.010 Purpose—Intent.** (1) The purpose of this chapter is to establish a framework for the commissioner's market conduct actions, including:

(a) Processes and systems for identifying, assessing, and prioritizing market conduct problems that have a substantial adverse impact on consumers, policyholders, and claimants;

(b) Market conduct actions by the commissioner to substantiate such market conduct problems and a means to remedy significant market conduct problems; and

(c) Procedures to communicate and coordinate market conduct actions among state insurance regulators to foster the most efficient and effective use of resources.

(2) It is the intent of the legislature that the market analysis or market conduct process utilize available technology in the least intrusive and most cost-efficient manner to develop a baseline understanding of the marketplace and to identify insurers or practices that deviate significantly from the norm or that pose a potential risk to the insurance consumer. It is also the intent of the legislature that this process include discretion for the commissioner to use market conduct examinations when the continuum of available market conduct actions have not sufficiently addressed issues concerning insurer activities in Washington, or when the continuum of available market conduct actions are not reasonably expected to address issues concerning insurer activities in Washington.

(3) It is further the intent of the legislature that the commissioner work with the national association of insurance commissioners toward development of an accreditation process for market conduct oversight and an effective process for domestic deference that creates protections for Washington consumers and efficient and effective regulation of the industry. [2007 c 82 § 3.]

**48.37.020 Application.** This chapter applies to all entities regulated by this title, and to all persons or entities acting as or holding themselves out as insurers in this state, unless otherwise exempted from the provisions of this title. [2007 c 82 § 4.]

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

(1) "Best practices organization" means insurance marketplace standards association or a similar generally recognized organization whose purpose and central mission is the promotion of high ethical standards in the insurance marketplace.

(2) "Commissioner" means the insurance commissioner of this state.

(3) "Complaint" means a written or documented oral communication primarily expressing a grievance, meaning an expression of dissatisfaction.

(4) "Insurer" means every person engaged in the business of making contracts of insurance and includes every such entity regardless of name which is regulated by this title. For purposes of this chapter, health care service contractors defined in chapter 48.44 RCW, health maintenance organizations defined in chapter 48.46 RCW, fraternal benefit societies defined in chapter 48.36A RCW, and self-funded multiple employer welfare arrangements defined in chapter 48.125 RCW are defined as insurers.

(5) "Market analysis" means a process whereby market conduct oversight personnel collect and analyze information from filed schedules, surveys, required reports, and other sources in order to develop a baseline understanding of the marketplace and to identify patterns or practices of insurers that deviate significantly from the norm or that may pose a potential risk to the insurance consumer.

(6) "Market conduct action" means any of the full range of activities that the commissioner may initiate to assess and address the market conduct practices of insurers admitted to do business in this state, and entities operating illegally in this state, beginning with market analysis and extending to examinations. The commissioner's activities to resolve an individual consumer complaint or other report of a specific instance of misconduct are not market conduct actions for purposes of this chapter.

(7) "Market conduct oversight personnel" means those individuals employed or contracted by the commissioner to collect, analyze, review, or act on information on the insurance marketplace that identifies patterns or practices of insurers.

(8) "National association of insurance commissioners" (NAIC) has the same meaning as in RCW 48.02.140.

(9) "NAIC market regulation handbook" means the outline of the elements and objectives of market analysis developed and adopted by the NAIC, and the process by which states can establish and implement market analysis programs, and the set of guidelines developed and adopted by the NAIC that document established practices to be used by market conduct oversight personnel in developing and executing an examination, or a successor product.

(10) "NAIC market conduct uniform examination procedures" means the set of guidelines developed and adopted by the NAIC designed to be used by market conduct oversight personnel in conducting an examination, or a successor product.

(11) "NAIC standard data request" means the set of field names and descriptions developed and adopted by the NAIC for use by market conduct oversight personnel in market analysis, market conduct examination, or other market conduct actions, or a successor product.

(12) "Qualified contract examiner" means a person under contract to the commissioner, who is qualified by education, experience, and, where applicable, professional designations, to perform market conduct actions.

(13)(a) "Market conduct examination" means the examination of the insurance operations of an insurer licensed to do business in this state and entities operating illegally in this state, in order to evaluate compliance with the applicable

laws and regulations of this state. A market conduct examination may be either a comprehensive examination or a targeted examination. A market conduct examination is separate and distinct from a financial examination of any insurer performed pursuant to chapter 48.03, 48.44, or 48.46 RCW, but may be conducted at the same time.

(b) "Comprehensive market conduct examination" means a review of one or more lines of business of an insurer. The term includes a review of rating, tier classification, underwriting, policyholder service, claims, marketing and sales, producer licensing, complaint handling practices, or compliance procedures and policies.

(c) "Targeted examination" means a focused examination conducted for cause, based on the results of market analysis indicating the need to review either a specific line or lines of business, or specific business practices, including but not limited to: (i) Underwriting and rating; (ii) marketing and sales; (iii) complaint handling; (iv) operations and management; (v) advertising; (vi) licensing; (vii) policyholder services; (viii) nonforfeitures; (ix) claims handling; and (x) policy forms and filings. A targeted examination may be conducted by desk examination or by an on-site examination.

(d) "Desk examination" means an examination that is conducted by an examiner at a location other than the insurer's premises. A desk examination is usually performed at the commissioner's offices with the insurer providing requested documents by hard copy, microfiche, discs, or other electronic media, for review.

(e) "On-site examination" means an examination conducted at the insurer's home office or the location where the records under review are stored.

(14) "Third-party model or product" means a model or product provided by an entity separate from and not under direct or indirect corporate control of the insurer using the model or product.

(15) "Insurance compliance self-evaluative audit" means a voluntary, internal evaluation, review, assessment, audit, or investigation for the purpose of identifying or preventing noncompliance with, or promoting compliance with laws, regulations, orders, or industry or professional standards, which is conducted by or on behalf of a company licensed or regulated under the insurance laws of this state, or which involves an activity regulated under this title.

(16) "Insurance compliance self-evaluative audit document" means documents prepared as a result of or in connection with an insurance compliance self-evaluative audit. An insurance compliance self-evaluative audit document may include:

(a) A written response to the findings of an insurance compliance self-evaluative audit;

(b) Any supporting information that is collected or developed for the primary purpose and in the course of an insurance compliance self-evaluative audit, including but not limited to field notes and records of observations, findings, opinions, suggestions, conclusions, drafts, memoranda, drawings, photographs, exhibits, computer-generated or electronically recorded information, phone records, maps, charts, graphs, and surveys;

(c) Any of the following:

(i) An insurance compliance self-evaluative audit report prepared by an auditor, who may be an employee of the com-

pany or an independent contractor, which may include the scope of the audit, the information gained in the audit, conclusions, and recommendations, with exhibits and appendices;

(ii) Memoranda and documents analyzing portions or all of the insurance compliance self-evaluative audit report and discussing potential implementation issues;

(iii) An implementation plan that addresses correcting past noncompliance, improving current compliance, and preventing future noncompliance; or

(iv) Analytic data generated in the course of conducting the insurance compliance self-evaluative audit. [2007 c 82 § 5.]

**48.37.040 Market analysis procedures—Commissioner's duties—Rules.** (1)(a) The commissioner shall collect and report market data information to the NAIC's market information systems, including the complaint database system, the examination tracking system, the regulatory retrieval system, other successor systems, or to additional systems as the commissioner determines is necessary for market analysis.

(b) Market data and information that is collected and maintained by the commissioner shall be compiled and submitted in a manner that meets the requirements of the NAIC and its systems.

(2)(a) Each entity subject to the provisions of this chapter shall file a market conduct annual statement or successor product, in the general form and context, in the time frame required by, and according to instructions provided by the NAIC, for each line of business written in the state of Washington. If a particular line of business does not have an approved market conduct annual statement form, the company is not required to file a report for that line of business until such time as [the] NAIC adopts an annual statement form for that line of business.

(b) The commissioner may, for good cause, grant an extension of time for filing a market conduct annual statement, if written application for extension is received at least five business days before the filing due date. Any insurer that fails to file its market conduct annual statement when due or by the end of any extension of time for filing, which the commissioner in his or her sole discretion may have granted, is subject to the penalty and enforcement provisions applicable to the insurer as found in the Washington insurance code.

(3)(a) The commissioner shall gather information from data currently available to the commissioner, surveys, required reports, information collected by the NAIC, other sources in both the public or private sectors, and information from within and outside the insurance industry. The commissioner may request insurers to submit data and information that is necessary to conduct market analysis and shall adopt rules that provide for access to records and compliance with the request, that do not cause undue burden or cost to the consumer or insurer.

(b) The information shall be analyzed in order to develop a baseline understanding of the marketplace and to identify for further review insurers or practices that deviate significantly from the norm or that may pose a potential risk to the insurance consumer. The commissioner shall use the NAIC

market regulation handbook as one resource in performing this analysis.

(c) The commissioner shall adopt by rule a process for verification by an insurer of Washington state-specific complaint information concerning that insurer before using the complaint information for market conduct surveillance purposes or transmitting it to NAIC databases after July 1, 2007.

(4)(a) If the commissioner determines, as a result of market analysis, that further inquiry into a particular insurer or practice is needed, the following continuum of market actions may be considered before conducting a market conduct examination. The commissioner shall not be required to follow the exact sequence of market conduct actions in the continuum or to use all actions in the continuum. As part of the chosen continuum action, the commissioner must discuss with the insurer the data used to choose the option and provide the insurer with an opportunity for data verification at that time. These actions may include, but are not limited to:

- (i) Correspondence with the insurer;
- (ii) Insurer interviews;
- (iii) Information gathering;
- (iv) Policy and procedure reviews;
- (v) Interrogatories;

(vi) Review of insurer self-evaluation and compliance programs. This may include consideration of the insurer's membership in a best practices organization, if the commissioner is satisfied that the organization's qualification process is likely to provide reasonable assurance of compliance with pertinent insurance laws;

- (vii) Desk examinations; and
- (viii) Investigations.

(b) Except in extraordinary circumstances, the commissioner shall select the least intrusive and most cost-effective market conduct action that the commissioner determines will provide the necessary protections for consumers.

(5) The commissioner shall take those steps reasonably necessary to eliminate duplicative inquiries. The commissioner shall not request insurers to submit data or information provided as part of an insurer's annual financial statement, the annual market conduct statement of the NAIC, or other required schedules, surveys, or reports that are regularly submitted to the commissioner, or with data requests made by other states if that information is available to the commissioner, unless the information is state specific. The commissioner shall coordinate market conduct actions and findings with other state insurance regulators.

(6) For purposes of conducting an examination or other market conduct action on an insurer, the commissioner may examine or conduct a market conduct action on any managing general agent or other person, insofar as that examination or market conduct action is, in the sole discretion of the commissioner, necessary or material to the examination or market conduct action of the insurer. [2007 c 82 § 6.]

**48.37.050 Protocols for market conduct actions—Rules—Report to the legislature.** (1) Market conduct actions shall be taken as a result of market analysis and shall focus on the general business practices and compliance activities of insurers, rather than identifying obviously infrequent or unintentional random errors that do not cause significant consumer harm.

(2)(a) The commissioner is authorized to determine the frequency and timing of such market conduct actions. The timing shall depend upon the specific market conduct action to be initiated, unless extraordinary circumstances indicating a risk to consumers require immediate action.

(b) If the commissioner has information that more than one insurer is engaged in common practices that may violate statutes or rules, the commissioner may schedule and coordinate multiple examinations simultaneously.

(3) The insurer shall be given reasonable opportunity to resolve matters that arise as a result of a market analysis to the satisfaction of the commissioner before any additional market conduct actions are taken against the insurer.

(4) The commissioner shall adopt by rule, under chapter 34.05 RCW, procedures and documents that are substantially similar to the NAIC work products defined or referenced in this chapter. Market analysis, market conduct actions, and market conduct examinations shall be performed in accordance with the rule.

(5) At the beginning of the next legislative session after the adoption of the rules adopted under the authority of this section, the commissioner shall report to the appropriate policy committees of the legislature what rules were adopted; what statutory policies these rules were intended to implement; and such other matters as are indicated for the legislature's understanding of the role played by the NAIC in regulation of the insurance industry of Washington. [2007 c 82 § 7.]

**48.37.060 Market conduct examinations—Procedures—Final orders—Fees.** (1) When the commissioner determines that other market conduct actions identified in RCW 48.37.040(4)(a) have not sufficiently addressed issues raised concerning company activities in Washington state, the commissioner has the discretion to conduct market conduct examinations in accordance with the NAIC market conduct uniform examination procedures and the NAIC market regulation handbook.

(2)(a) In lieu of an examination of an insurer licensed in this state, the commissioner shall accept an examination report of another state, unless the commissioner determines that the other state does not have laws substantially similar to those of this state, or does not have a market oversight system that is comparable to the market conduct oversight system set forth in this law.

(b) The commissioner's determination under (a) of this subsection is discretionary with the commissioner and is not subject to appeal.

(c) If the insurer to be examined is part of an insurance holding company system, the commissioner may also seek to simultaneously examine any affiliates of the insurer under common control and management which are licensed to write the same lines of business in this state.

(3) Before commencement of a market conduct examination, market conduct oversight personnel shall prepare a work plan consisting of the following:

- (a) The name and address of the insurer being examined;
- (b) The name and contact information of the examiner-in-charge;
- (c) The name of all market conduct oversight personnel initially assigned to the market conduct examination;

- (d) The justification for the examination;
- (e) The scope of the examination;
- (f) The date the examination is scheduled to begin;
- (g) Notice of any noninsurance department personnel who will assist in the examination;
- (h) A time estimate for the examination;
- (i) A budget for the examination if the cost of the examination is billed to the insurer; and
- (j) An identification of factors that will be included in the billing if the cost of the examination is billed to the insurer.

(4)(a) Within ten days of the receipt of the information contained in subsection (3) of this section, insurers may request the commissioner's discretionary review of any alleged conflict of interest, pursuant to RCW 48.37.090(2), of market conduct oversight personnel and noninsurance department personnel assigned to a market conduct examination. The request for review shall specifically describe the alleged conflict of interest in the proposed assignment of any person to the examination.

(b) Within five business days of receiving a request for discretionary review of any alleged conflict of interest in the proposed assignment of any person to a market conduct examination, the commissioner or designee shall notify the insurer of any action regarding the assignment of personnel to a market conduct examination based on the insurer's allegation of conflict of interest.

(5) Market conduct examinations shall, to the extent feasible, use desk examinations and data requests before an on-site examination.

(6) Market conduct examinations shall be conducted in accordance with the provisions set forth in the NAIC market regulation handbook and the NAIC market conduct uniform examinations procedures, subject to the precedence of the provisions of chapter 82, Laws of 2007.

(7) The commissioner shall use the NAIC standard data request.

(8) Announcement of the examination shall be sent to the insurer and posted on the NAIC's examination tracking system as soon as possible but in no case later than sixty days before the estimated commencement of the examination, except where the examination is conducted in response to extraordinary circumstances as described in RCW 48.37.050(2)(a). The announcement sent to the insurer shall contain the examination work plan and a request for the insurer to name its examination coordinator.

(9) If an examination is expanded significantly beyond the original reasons provided to the insurer in the notice of the examination required by subsection (3) of this section, the commissioner shall provide written notice to the insurer, explaining the expansion and reasons for the expansion. The commissioner shall provide a revised work plan if the expansion results in significant changes to the items presented in the original work plan required by subsection (3) of this section.

(10) The commissioner shall conduct a preexamination conference with the insurer examination coordinator and key personnel to clarify expectations at least thirty days before commencement of the examination, unless otherwise agreed by the insurer and the commissioner.

(11) Before the conclusion of the field work for market conduct examination, the examiner-in-charge shall review

examination findings to date with insurer personnel and schedule an exit conference with the insurer, in accordance with procedures in the NAIC market regulation handbook.

(12)(a) No later than sixty days after completion of each market conduct examination, the commissioner shall make a full written report of each market conduct examination containing only facts ascertained from the accounts, records, and documents examined and from the sworn testimony of individuals, and such conclusions and recommendations as may reasonably be warranted from such facts.

(b) The report shall be certified by the commissioner or by the examiner-in-charge of the examination, and shall be filed in the commissioner's office subject to (c) of this subsection.

(c) The commissioner shall furnish a copy of the market conduct examination report to the person examined not less than ten days and, unless the time is extended by the commissioner, not more than thirty days prior to the filing of the report for public inspection in the commissioner's office. If the person so requests in writing within such period, the commissioner shall hold a hearing to consider objections of such person to the report as proposed, and shall not so file the report until after such hearing and until after any modifications in the report deemed necessary by the commissioner have been made.

(d) Within thirty days of the end of the period described in (c) of this subsection, unless extended by order of the commissioner, the commissioner shall consider the report, together with any written submissions or rebuttals and any relevant portions of the examiner's work papers and enter an order:

(i) Adopting the market conduct examination report as filed or with modification or corrections. If the market conduct examination report reveals that the company is operating in violation of any law, rule, or order of the commissioner, the commissioner may order the company to take any action the commissioner considers necessary and appropriate to cure that violation;

(ii) Rejecting the market conduct examination report with directions to the examiners to reopen the examination for purposes of obtaining additional data, documentation, or information, and refile under this subsection; or

(iii) Calling for an investigatory hearing with no less than twenty days' notice to the company for purposes of obtaining additional documentation, data, information, and testimony.

(e) All orders entered under (d) of this subsection must be accompanied by findings and conclusions resulting from the commissioner's consideration and review of the market conduct examination report, relevant examiner work papers, and any written submissions or rebuttals. The order is considered a final administrative decision and may be appealed under the administrative procedure act, chapter 34.05 RCW, and must be served upon the company by certified mail or certifiable electronic means, together with a copy of the adopted examination report. A copy of the adopted examination report must be sent by certified mail or certifiable electronic means to each director at the director's residential address or to a personal e-mail account.

(f)(i) Upon the adoption of the market conduct examination report under (d) of this subsection, the commissioner

shall continue to hold the content of the examination report as private and confidential information for a period of five days except that the order may be disclosed to the person examined. Thereafter, the commissioner may open the report for public inspection so long as no court of competent jurisdiction has stayed its publication.

(ii) If the commissioner determines that regulatory action is appropriate as a result of any market conduct examination, he or she may initiate any proceedings or actions as provided by law.

(iii) Nothing contained in this subsection requires the commissioner to disclose any information or records that would indicate or show the existence or content of any investigation or activity of a criminal justice agency.

(g) The insurer's response shall be included in the commissioner's order adopting the final report as an exhibit to the order. The insurer is not obligated to submit a response.

(13) The commissioner may withhold from public inspection any examination or investigation report for so long as he or she deems it advisable.

(14)(a) Market conduct examinations within this state of any insurer domiciled or having its home offices in this state, other than a title insurer, made by the commissioner or the commissioner's examiners and employees shall, except as to fees, mileage, and expense incurred as to witnesses, be at the expense of the state.

(b) Every other examination, whatsoever, or any part of the market conduct examination of any person domiciled or having its home offices in this state requiring travel and services outside this state, shall be made by the commissioner or by examiners designated by the commissioner and shall be at the expense of the person examined; but a domestic insurer shall not be liable for the compensation of examiners employed by the commissioner for such services outside this state.

(c) When making a market conduct examination under this chapter, the commissioner may contract, in accordance with applicable state contracting procedures, for qualified attorneys, appraisers, independent certified public accountants, contract actuaries, and other similar individuals who are independently practicing their professions, even though those persons may from time to time be similarly employed or retained by persons subject to examination under this chapter, as examiners as the commissioner deems necessary for the efficient conduct of a particular examination. The compensation and per diem allowances paid to such contract persons shall be reasonable in the market and time incurred, shall not exceed one hundred twenty-five percent of the compensation and per diem allowances for examiners set forth in the guidelines adopted by the national association of insurance commissioners, unless the commissioner demonstrates that one hundred twenty-five percent is inadequate under the circumstances of the examination, and subject to the provisions of (a) of this subsection.

(d)(i) The person examined and liable shall reimburse the state upon presentation of an itemized statement thereof, for the actual travel expenses of the commissioner's examiners, their reasonable living expenses allowance, and their per diem compensation, including salary and the employer's cost of employee benefits, at a reasonable rate approved by the commissioner, incurred on account of the examination. Per

diem, salary, and expenses for employees examining insurers domiciled outside the state of Washington shall be established by the commissioner on the basis of the national association of insurance commissioner's recommended salary and expense schedule for zone examiners, or the salary schedule established by the director of the Washington department of personnel and the expense schedule established by the office of financial management, whichever is higher. A domestic title insurer shall pay the examination expense and costs to the commissioner as itemized and billed by the commissioner.

(ii) The commissioner or the commissioner's examiners shall not receive or accept any additional emolument on account of any examination.

(iii) Market conduct examination fees subject to being reimbursed by an insurer shall be itemized and bills shall be provided to the insurer on a monthly basis for review prior to submission for payment, or as otherwise provided by state law.

(e) Nothing contained in this chapter limits the commissioner's authority to terminate or suspend any examination in order to pursue other legal or regulatory action under the insurance laws of this state. Findings of fact and conclusions made pursuant to any examination are prima facie evidence in any legal or regulatory action.

(f) The commissioner shall maintain active management and oversight of market conduct examination costs, including costs associated with the commissioner's own examiners, and with retaining qualified contract examiners necessary to perform an examination. Any agreement with a contract examiner shall:

(i) Clearly identify the types of functions to be subject to outsourcing;

(ii) Provide specific timelines for completion of the outsourced review;

(iii) Require disclosure to the insurer of contract examiners' recommendations;

(iv) Establish and use a dispute resolution or arbitration mechanism to resolve conflicts with insurers regarding examination fees; and

(v) Require disclosure of the terms of the contracts with the outside consultants that will be used, specifically the fees and/or hourly rates that can be charged.

(g) The commissioner, or the commissioner's designee, shall review and affirmatively endorse detailed billings from the qualified contract examiner before the detailed billings are sent to the insurer. [2008 c 100 § 2; 2007 c 82 § 8.]

**48.37.070 Access to records and information—Commissioner's authority—Depositions, subpoena, and oaths.**

(1) Except as otherwise provided by law, market conduct oversight personnel shall have free, convenient, and full access to all books, records, employees, officers, and directors, as practicable, of the insurer during regular business hours.

(2) An insurer using a third-party model or product for any of the activities under examination shall cause, upon the request of market conduct oversight personnel, the details of such models or products to be made available to such personnel.

(3) Each officer, director, employee, and agent of an insurer shall facilitate and aid in a market conduct action or examination.

(4) No waiver of any applicable privilege or claim of confidentiality in the documents, materials, or information shall occur as a result of disclosure to the commissioner, any employee of the office of the insurance commissioner, or any agent retained by the office of the insurance commissioner to assist in the market conduct examination under this chapter.

(5)(a) The commissioner may take depositions, subpoena witnesses or documentary evidence, administer oaths, and examine under oath any individual relative to the affairs of any person being examined, or relative to the subject of any hearing or investigation: PROVIDED, That the provisions of RCW 34.05.446 shall apply in lieu of the provisions of this section as to subpoenas relative to hearings in rule-making and adjudicative proceedings.

(b) The subpoena shall be effective if served within the state of Washington and shall be served in the same manner as if issued from a court of record.

(c) Witness fees and mileage, if claimed, shall be allowed the same as for testimony in a court of record. Witness fees, mileage, and the actual expenses necessarily incurred in securing attendance of witnesses and their testimony shall be itemized, and shall be paid by the person as to whom the examination is being made, or by the person if other than the commissioner, at whose request the hearing is held.

(d) Enforcement of subpoenas shall be in accordance with RCW 34.05.588.

(6) In order to assist in the performance of the commissioner's duties, the commissioner may:

(a) Share documents, materials, market conduct examination reports, preliminary market conduct examination reports, and other matters related to such reports, or other information, including the confidential and privileged documents, materials, or information subject to subsection (1) of this section, with other state, federal, and international regulatory agencies and law enforcement authorities, and the NAIC and its affiliates and subsidiaries, provided that the recipient agrees to and asserts that it has the legal authority to maintain the confidentiality and privileged status of the document, material, communication, or other information;

(b) Receive documents, materials, communications, or information, including otherwise confidential and privileged documents, materials, or information, from the NAIC and its affiliates or subsidiaries, and from regulatory and law enforcement officials of other foreign or domestic jurisdictions, and shall maintain as confidential or privileged any document, material, or information received with notice or the understanding that it is confidential or privileged under the laws of the jurisdiction that is the source of the document, material, or information; and

(c) Enter into agreements governing the sharing and use of information consistent with this subsection. [2007 c 82 § 9.]

**48.37.080 Confidentiality.** (1) All data and documents, including but not limited to working papers, third-party models or products, complaint logs, and copies thereof, created, produced, or obtained by or disclosed to the commissioner,

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the commissioner's authorized representative, or an examiner appointed by the commissioner in the course of any market conduct actions or examinations made under this chapter, or in the course of market analysis by the commissioner of the market conditions of an insurer, or obtained by the NAIC as a result of any of the provisions of this chapter, to the extent the documents are in the possession of the commissioner or the NAIC, shall be confidential by law and privileged, shall not be subject to the provisions of chapter 42.56 RCW, shall not be subject to subpoena, and shall not be subject to discovery or admissible in evidence in any private civil action.

(2) If the commissioner elects to issue a report of an examination, a preliminary or draft market conduct examination report is confidential and not subject to disclosure by the commissioner nor is it subject to subpoena or discovery. This subsection does not limit the commissioner's authority to use a preliminary or draft market conduct examination report and related information in furtherance of any legal or regulatory action, or to release it in accordance with the provisions of RCW 48.02.065.

(3) An insurance compliance self-evaluative audit document in the possession of the commissioner is confidential by law and privileged, and shall not be:

- (a) Made public by the commissioner;
- (b) Subject to the provisions of chapter 42.56 RCW;
- (c) Subject to subpoena; and
- (d) Subject to discovery and admissible in evidence in any private civil action.

(4) Neither the disclosure of any self-evaluative audit document to the commissioner or to the commissioner's designee nor the citation to this document in connection with an agency action shall constitute a waiver of any privilege that may otherwise apply. [2007 c 82 § 10.]

**48.37.090 Market conduct oversight personnel.** (1) Market conduct oversight personnel shall be qualified by education, experience, and, where applicable, professional designations. The commissioner may supplement the in-house market conduct oversight staff with qualified outside professional assistance if the commissioner determines that the assistance is necessary.

(2) Market conduct oversight personnel have a conflict of interest, either directly or indirectly, if they are affiliated with the management of, and have, within five years of any market conduct action, been employed by, or own a pecuniary interest in the insurer, subject to any examination under this chapter. This section shall not be construed to automatically preclude an individual from being:

- (a) A policyholder or claimant under an insurance policy;
- (b) A grantor of a mortgage or similar instrument on the individual's residence from a regulated entity, if done under customary terms and in the ordinary course of business;
- (c) An investment owner in shares of regulated diversified investment companies; or
- (d) A settlor or beneficiary of a "blind trust" into which any otherwise impermissible holdings have been placed. [2007 c 82 § 11.]

**48.37.100 Immunity for the commissioner, market conduct oversight personnel, authorized representatives, and examiners.** (1) No cause of action shall arise, nor shall any liability be imposed against the commissioner, the commissioner's authorized representatives, market conduct oversight personnel, or an examiner appointed by the commissioner for any statements made, or conduct performed in good faith while carrying out the provisions of this chapter.

(2) No cause of action shall arise, nor shall any liability be imposed against any person for the act of communicating or delivering information or data to the commissioner or the commissioner's authorized representative, market conduct oversight personnel, or examiner, under an examination made under this chapter, if the act of communication or delivery was performed in good faith and without fraudulent intent or the intent to deceive.

(3) A person identified in subsection (1) of this section is entitled to an award of attorneys' fees and costs if he or she is the prevailing party in a civil cause of action for libel, slander, or any other relevant tort arising out of activities in carrying out the provisions of this chapter, and the party bringing the action was not substantially justified in doing so. For purposes of this section, a proceeding is "substantially justified" if it had a reasonable basis in law or fact at the time that it was initiated.

(4) If a claim is made or threatened as described in subsection (1) of this section, the commissioner shall provide or pay for the defense of himself or herself, the examiner or representative, and shall pay a judgment or settlement, until it is determined that the person did not act in good faith or did act with fraudulent intent or the intent to deceive.

(5) The immunity, indemnification, and other protections under this section are in addition to those now or hereafter existing under other law.

(6) This section does not abrogate or modify in any way any common law or statutory privilege or immunity, now or hereafter existing under this section or other law, enjoyed by any person identified in subsection (1) of this section. [2007 c 82 § 12.]

**48.37.110 Fines and penalties.** (1) Fines and penalties, applicable to the insurer as found in the Washington insurance code, levied as a result of a market conduct action or examination shall be consistent, reasonable, and justified.

(2) The commissioner shall take into consideration actions taken by insurers to maintain membership in, and comply with the standards of, best practices organizations, and the extent to which insurers maintain regulatory compliance programs to self-assess, self-report, and remediate problems detected, and may include those considerations in determining the appropriate fines or penalties levied in accordance with subsection (1) of this section.

(3) Commissioner enforcement actions shall not be based solely on violations identified in the insurer self-evaluative audit document, unless the commissioner confirms both that the violations occurred and that the insurer has not taken reasonable action based on the self-evaluative audit document to resolve and remediate the identified violations. [2007 c 82 § 13.]

**48.37.120 Dispute resolution—Rules.** (1) At any point in the market analysis, the insurer may request a review and resolution of issues by identifying the issues either orally or in writing to the market conduct oversight manager, or deputy insurance commissioner responsible for market conduct oversight. At each level, a response to the insurer shall be provided within five business days.

(2) At any point in the market conduct examination, the insurer may request a review and resolution of issues either orally or in writing to the market conduct oversight manager, or deputy insurance commissioner responsible for market conduct oversight. At each level, a response to the insurer shall be provided within five business days. This authorization for dispute resolution shall be secondary to the specific procedures set forth in RCW 48.37.060.

(3) After the deputy insurance commissioner responsible for market conduct oversight has responded to an insurer's issues, the insurer may request mediation of the issues. The insurance commissioner shall adopt by rule a process to govern mediation of insurer market conduct oversight issues. That rule shall:

(a) Provide for the selection by the commissioner of a panel of preapproved mediators;

(b) Require that insurers, upon notice of the start of a market analysis process or the start of a market conduct examination, identify from the preapproved list a mediator and an alternative mediator;

(c) Require the party requesting mediation to pay the costs of the mediator; and

(d) Provide for other rule provisions as are reasonably necessary for the efficient operation of a mediation process.

(4) At any point in the dispute resolution process contained in this section, the insurer may commence an adjudicative proceeding under chapters 48.04 and 34.05 RCW. [2007 c 82 § 14.]

**48.37.130 Coordination with other state insurance regulators through the NAIC.** (1) The commissioner shall share information and coordinate the commissioner's market analysis, market conduct actions, and examination efforts with other state insurance regulators. Such matters will be coordinated in accordance with guidelines adopted by the NAIC.

(2)(a) If a market conduct examination or action performed by another state insurance regulator results in a finding that an insurer should modify a specific practice or procedure, the commissioner shall, in lieu of conducting a market conduct action or examination, accept verification that the insurer made a similar modification in this state, unless the commissioner determines that the other state does not have laws substantially similar to those of this state, or does not have a market conduct oversight system that is comparable to the market conduct oversight system set forth in this chapter.

(b) The commissioner's determination under (a) of this subsection is discretionary with the commissioner and is not subject to appeal. [2007 c 82 § 15.]

**48.37.140 Additional duties of the commissioner.** (1) The commissioner shall designate a specific person or persons within the commissioner's office whose responsibilities shall include the receipt of information from employees of

insurers and licensed entities concerning violations of laws or rules by their employers, as defined in this chapter. These persons shall be provided with proper training on the handling of such information. The information shall be confidential and not open to public inspection.

(2) At least once per year, or more frequently if deemed necessary, the commissioner shall make available in an appropriate manner to insurers and other entities subject to the scope of this title, information on new laws and regulations, enforcement actions, and other information the commissioner deems pertinent to ensure compliance with market conduct requirements. [2007 c 82 § 16.]

**48.37.900 Captions not law.** Captions used in this chapter are not any part of the law. [2007 c 82 § 18.]

### Chapter 48.38 RCW

#### CHARITABLE GIFT ANNUITY BUSINESS

##### Sections

48.38.010	Certificate of exemption—Qualification for—Application, contents—Minimum unrestricted net assets—"Qualified actuary" defined.
48.38.012	Minimum unrestricted net assets required.
48.38.020	Separate reserve fund—Treatment of assets—Minimum amounts—Revocation of certificate upon violation—Purchase of single premium life annuity.
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48.38.060	Hearings and appeals provisions inapplicable.
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**48.38.010 Certificate of exemption—Qualification for—Application, contents—Minimum unrestricted net assets—"Qualified actuary" defined.** The commissioner may grant a certificate of exemption to any insurer or educational, religious, charitable, or scientific institution conducting a charitable gift annuity business:

(1) Which is organized and operated exclusively as, or for the purpose of aiding, an educational, religious, charitable, or scientific institution which is organized as a nonprofit organization without profit to any person, firm, partnership, association, corporation, or other entity;

(2) Which possesses a current tax exempt status under the laws of the United States;

(3) Which serves such purpose by issuing charitable gift annuity contracts only for the benefit of such educational, religious, charitable, or scientific institution;

(4) Which appoints the insurance commissioner as its true and lawful attorney upon whom may be served lawful process in any action, suit, or proceeding in any court, which appointment is irrevocable, binds the insurer or institution or any successor in interest, remains in effect as long as there is in force in this state any contract made or issued by the insurer or institution, or any obligation arising therefrom, and must be processed in accordance with RCW 48.05.210;

(5) Which is fully and legally organized and qualified to do business and has been actively doing business under the

laws of the state of its domicile for a period of at least three years prior to its application for a certificate of exemption;

(6) Which has and maintains minimum unrestricted net assets of five hundred thousand dollars. "Unrestricted net assets" means the excess of total assets over total liabilities that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations;

(7) Which files with the insurance commissioner its application for a certificate of exemption showing:

(a) Its name, location, and organization date;

(b) The kinds of charitable annuities it proposes to offer;

(c) A statement of the financial condition, management, and affairs of the organization and any affiliate thereof, as that term is defined in RCW 48.31B.005, on a form satisfactory to, or furnished by the insurance commissioner;

(d) Other documents, stipulations, or information as the insurance commissioner may reasonably require to evidence compliance with the provisions of this chapter;

(8) Which subjects itself and any affiliate thereof, as that term is defined in RCW 48.31B.005, to periodic examinations conducted under chapter 48.03 RCW as may be deemed necessary by the insurance commissioner;

(9) Which files with the insurance commissioner for the commissioner's advance approval a copy of any policy or contract form to be offered or issued to residents of this state. The grounds for disapproval of the policy or contract form are set forth in RCW 48.18.110; and

(10) Which:

(a) Files with the insurance commissioner annually, within sixty days of the end of its fiscal year a report of its current financial condition, management, and affairs, on a form and in a manner prescribed by the commissioner, as well as such other financial material as may be requested, including the annual statement or other such financial materials as may be requested relating to any affiliate, as that term is defined in RCW 48.31B.005;

(b) Attaches to the report of its current financial condition the statement of a qualified actuary setting forth the actuary's opinion relating to annuity reserves and other actuarial items for the fiscal year covered by the report. "Qualified actuary" as used in this subsection means a member in good standing of the American academy of actuaries or a person who has otherwise demonstrated actuarial competence to the satisfaction of the insurance regulatory official of the domiciliary state; and

(c) On or before March 1st of each year, pays an annual filing fee of twenty-five dollars plus five dollars for each charitable gift annuity contract written for residents of this state during its fiscal year ending on or before December 31st of the previous calendar year. [2010 c 27 § 2; 1998 c 284 § 1; 1979 c 130 § 6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.38.012 Minimum unrestricted net assets required.** After June 30, 1998, an insurer or institution which does not have the minimum unrestricted net assets required by RCW 48.38.010(6) may not issue any new charitable gift annuities until the insurer or institution has and maintains the minimum unrestricted net assets required by RCW 48.38.010(6). [1998 c 284 § 7.]

**48.38.020 Separate reserve fund—Treatment of assets—Minimum amounts—Revocation of certificate upon violation—Purchase of single premium life annuity.**

(1) Upon granting to such insurer or institution under RCW 48.38.010 a certificate of exemption to conduct a charitable gift annuity business, the insurance commissioner shall require it to establish and maintain a separate reserve fund adequate to meet the future payments under its charitable gift annuity contracts.

(2) The assets of the separate reserve fund:

(a) Shall be held legally and physically segregated from the other assets of the certificate of exemption holder;

(b) Shall be invested in the same manner that persons of reasonable prudence, discretion, and intelligence exercise in the management of a like enterprise, not in regard to speculating but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital. Investments shall be of sufficient value, liquidity, and diversity to assure the insurer or institution's ability to meet its outstanding obligations; and

(c) Shall not be liable for any debts of the insurer or institution holding a certificate of exemption under this chapter, other than those incurred pursuant to the issuance of charitable gift annuities.

(3) The amount of the separate reserve fund shall be:

(a) For contracts issued prior to July 1, 1998, not less than an amount computed in accordance with the standard of valuation based on the 1971 individual annuity mortality table with six percent interest for single premium immediate annuity contracts and four percent interest for all other individual annuity contracts;

(b) For contracts issued on or after July 1, 1998, in an amount not less than the aggregate reserves calculated according to the standards set forth in RCW 48.74.030 for other annuities with no cash settlement options;

(c) Plus a surplus of ten percent of the combined amounts under (a) and (b) of this subsection.

(4) The general assets of the insurer or institution holding a certificate of exemption under this chapter shall be liable for the payment of annuities to the extent that the separate reserve fund is inadequate.

(5) For any failure on its part to establish and maintain the separate reserve fund, the insurance commissioner shall revoke its certificate of exemption.

(6) If an institution holding a certificate of exemption under RCW 48.38.010 has purchased a single premium life annuity that pays the entire amount stipulated in the gift annuity agreement or agreements from an insurer (a) holding a certificate of authority under chapter 48.05 RCW, (b) licensed in the state in which the institution has its principle office, and (c) licensed in the state in which the single premium life annuity is issued, then in determining the minimum reserve fund that must be maintained under this section, a deduction shall be allowed from the minimum reserve fund in an amount not exceeding the reserve fund amount required for the annuity or annuities for which the single premium life annuity is purchased, subject to the following conditions:

(i) The institution has filed with the commissioner a copy of the single premium life annuity purchased and specifying which charitable gift annuity or annuities are being insured; and

(ii) The institution has entered into a written agreement with the annuitant and the insurer issuing the single premium life annuity providing that if for any reason the institution is unable to continue making the annuity payments required by its annuity agreements, the annuitants shall receive payments directly from the insurer and the insurer shall be credited with all of these direct payments in the accounts between the insurer and the institution. [2002 c 295 § 1; 1998 c 284 § 2; 1979 c 130 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.38.030 Charitable annuity contract or policy form—Contents.** Each charitable annuity contract or policy form must include the following information:

(1) The value of the property to be transferred;

(2) The amount of the annuity to be paid to the transferor or the transferor's nominee;

(3) The manner in which and the intervals at which payment is to be made;

(4) The age of the person during whose life payment is to be made; and

(5) The reasonable value as of the date of the agreement of the benefits created. This value may not exceed by more than fifteen percent the net single premium for the benefits, determined according to the standard of valuation set forth in RCW 48.38.020(3). [2005 c 223 § 24; 1979 c 130 § 8.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.38.040 Certificate holder exempt from certain title provisions—Chapter 48.31 RCW applies.** (1) An insurer or institution holding a certificate of exemption under this chapter shall be exempt from all other provisions of this title except as specifically enumerated in this chapter by reference.

(2) An insurer or institution holding a certificate of exemption under this chapter is subject to chapter 48.31 RCW. [1998 c 284 § 3; 1979 c 130 § 9.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.38.042 Certificate holder—Variable annuity business prohibited.** An insurer or institution holding a certificate of exemption to issue charitable gift annuities under this chapter shall not transact or be authorized to transact a variable annuity business as described in chapter 48.18A RCW. [1998 c 284 § 5.]

**48.38.050 Grounds for denial, revocation, or suspension of certificate of exemption—Fine may be levied.** (1)

The insurance commissioner may refuse to grant, or may revoke or suspend, a certificate of exemption if the insurance commissioner finds that the insurer or institution does not meet the requirements of this chapter or if the insurance commissioner finds that the insurer or institution has violated RCW 48.01.030 or any provisions of chapter 48.30 RCW or is found by the insurance commissioner to be in such condition that its further issuance of charitable gift annuities would be hazardous to annuity contract holders and the people of this state.

(2) After hearing or with the consent of the insurer or institution and in addition to or in lieu of the suspension,

revocation, or refusal to renew any certificate of exemption, the commissioner may levy a fine upon the insurer or institution in an amount not more than ten thousand dollars. The order levying such a fine shall specify the period within which the fine shall be fully paid and which period shall not be less than fifteen nor more than thirty days from the date of the order. Upon failure to pay such a fine when due the commissioner shall revoke the certificate of exemption of the insurer or institution if not already revoked, and the fine shall be recovered in a civil action brought in behalf of the commissioner by the attorney general. Any fine so collected shall be paid by the commissioner to the state treasurer for the account of the general fund. [1998 c 284 § 4; 1979 c 130 § 10.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.38.060 Hearings and appeals provisions inapplicable.** For purposes of this chapter, the provisions of chapter 48.04 RCW are applicable. [1979 c 130 § 11.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.38.070 Enforcement powers and duties.** For the purposes of this chapter, the insurance commissioner has the same powers and duties of enforcement as are provided in RCW 48.02.080. [1979 c 130 § 12.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.38.075 Rules.** The commissioner may adopt rules to implement and administer this chapter. [1998 c 284 § 6.]

**Chapter 48.41 RCW**

**HEALTH INSURANCE COVERAGE ACCESS ACT**

Sections

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48.41.910	Severability—1987 c 431.
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Group stop loss insurance exemption: RCW 48.21.015.

(2010 Ed.)

**48.41.010 Short title.** This chapter shall be known and may be cited as the "Washington state health insurance coverage access act". [1987 c 431 § 1.]

**48.41.020 Intent.** It is the purpose and intent of the legislature to provide access to health insurance coverage to all residents of Washington who are denied health insurance. It is the intent of the Washington state health insurance coverage access act to provide a mechanism to ensure the availability of comprehensive health insurance to persons unable to obtain such insurance coverage on either an individual or group basis directly under any health plan. [2000 c 79 § 5; 1987 c 431 § 2.]

**Effective date—Severability—2000 c 79:** See notes following RCW 48.04.010.

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

(1) "Accounting year" means a twelve-month period determined by the board for purposes of record-keeping and accounting. The first accounting year may be more or less than twelve months and, from time to time in subsequent years, the board may order an accounting year of other than twelve months as may be required for orderly management and accounting of the pool.

(2) "Administrator" means the entity chosen by the board to administer the pool under RCW 48.41.080.

(3) "Board" means the board of directors of the pool.

(4) "Commissioner" means the insurance commissioner.

(5) "Covered person" means any individual resident of this state who is eligible to receive benefits from any member, or other health plan.

(6) "Health care facility" has the same meaning as in RCW 70.38.025.

(7) "Health care provider" means any physician, facility, or health care professional, who is licensed in Washington state and entitled to reimbursement for health care services.

(8) "Health care services" means services for the purpose of preventing, alleviating, curing, or healing human illness or injury.

(9) "Health carrier" or "carrier" has the same meaning as in RCW 48.43.005.

(10) "Health coverage" means any group or individual disability insurance policy, health care service contract, and health maintenance agreement, except those contracts entered into for the provision of health care services pursuant to Title XVIII of the Social Security Act, 42 U.S.C. Sec. 1395 et seq. The term does not include short-term care, long-term care, dental, vision, accident, fixed indemnity, disability income contracts, limited benefit or credit insurance, coverage issued as a supplement to liability insurance, insurance arising out of the worker's compensation or similar law, automobile medical payment insurance, or insurance under which benefits are payable with or without regard to fault and which is statutorily required to be contained in any liability insurance policy or equivalent self-insurance.

(11) "Health plan" means any arrangement by which persons, including dependents or spouses, covered or making application to be covered under this pool, have access to hospital and medical benefits or reimbursement including any

group or individual disability insurance policy; health care service contract; health maintenance agreement; uninsured arrangements of group or group-type contracts including employer self-insured, cost-plus, or other benefit methodologies not involving insurance or not governed by Title 48 RCW; coverage under group-type contracts which are not available to the general public and can be obtained only because of connection with a particular organization or group; and coverage by medicare or other governmental benefits. This term includes coverage through "health coverage" as defined under this section, and specifically excludes those types of programs excluded under the definition of "health coverage" in subsection (10) of this section.

(12) "Medical assistance" means coverage under Title XIX of the federal Social Security Act (42 U.S.C., Sec. 1396 et seq.) and chapter 74.09 RCW.

(13) "Medicare" means coverage under Title XVIII of the Social Security Act, (42 U.S.C. Sec. 1395 et seq., as amended).

(14) "Member" means any commercial insurer which provides disability insurance or stop loss insurance, any health care service contractor, any health maintenance organization licensed under Title 48 RCW, and any self-funded multiple employer welfare arrangement as defined in RCW 48.125.010. "Member" also means the Washington state health care authority as issuer of the state uniform medical plan. "Member" shall also mean, as soon as authorized by federal law, employers and other entities, including a self-funding entity and employee welfare benefit plans that provide health plan benefits in this state on or after May 18, 1987. "Member" does not include any insurer, health care service contractor, or health maintenance organization whose products are exclusively dental products or those products excluded from the definition of "health coverage" set forth in subsection (10) of this section.

(15) "Network provider" means a health care provider who has contracted in writing with the pool administrator or a health carrier contracting with the pool administrator to offer pool coverage to accept payment from and to look solely to the pool or health carrier according to the terms of the pool health plans.

(16) "Plan of operation" means the pool, including articles, by-laws, and operating rules, adopted by the board pursuant to RCW 48.41.050.

(17) "Point of service plan" means a benefit plan offered by the pool under which a covered person may elect to receive covered services from network providers, or nonnetwork providers at a reduced rate of benefits.

(18) "Pool" means the Washington state health insurance pool as created in RCW 48.41.040. [2004 c 260 § 25; 2001 c 196 § 2; 2000 c 79 § 6; 1997 c 337 § 6; 1997 c 231 § 210; 1989 c 121 § 1; 1987 c 431 § 3.]

**Severability—Effective date—2004 c 260:** See RCW 48.125.900 and 48.125.901.

**Effective date—2001 c 196:** See note following RCW 48.20.025.

**Effective date—Severability—2000 c 79:** See notes following RCW 48.04.010.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.41.037 Washington state health insurance pool account.** The Washington state health insurance pool

account is created in the custody of the state treasurer. All receipts from moneys specifically appropriated to the account must be deposited in the account. Expenditures from this account shall be used to cover deficits incurred by the Washington state health insurance pool under this chapter in excess of the threshold established in this section. To the extent funds are available in the account, funds shall be expended from the account to offset that portion of the deficit that would otherwise have to be recovered by imposing an assessment on members in excess of a threshold of seventy cents per insured person per month. The commissioner shall authorize expenditures from the account, to the extent that funds are available in the account, upon certification by the pool board that assessments will exceed the threshold level established in this section. The account is subject to the allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures.

Whether the assessment has reached the threshold of seventy cents per insured person per month shall be determined by dividing the total aggregate amount of assessment by the proportion of total assessed members. Thus, stop loss members shall be counted as one-tenth of a whole member in the denominator given that is the amount they are assessed proportionately relative to a fully insured medical member. [2007 c 259 § 29; 2000 c 79 § 36.]

**Severability—Subheadings not law—2007 c 259:** See notes following RCW 41.05.033.

**Effective date—Severability—2000 c 79:** See notes following RCW 48.04.010.

**48.41.040 Health insurance pool—Creation, membership, organization, operation, rules.** (1) There is created a nonprofit entity to be known as the Washington state health insurance pool. All members in this state on or after May 18, 1987, shall be members of the pool. When authorized by federal law, all self-insured employers shall also be members of the pool.

(2) Pursuant to chapter 34.05 RCW the commissioner shall, within ninety days after May 18, 1987, give notice to all members of the time and place for the initial organizational meetings of the pool. A board of directors shall be established, which shall be comprised of ten members. The governor shall select one member of the board from each list of three nominees submitted by statewide organizations representing each of the following: (a) Health care providers; (b) health insurance agents; (c) small employers; and (d) large employers. The governor shall select two members of the board from a list of nominees submitted by statewide organizations representing health care consumers. In making these selections, the governor may request additional names from the statewide organizations representing each of the persons to be selected if the governor chooses not to select a member from the list submitted. The remaining four members of the board shall be selected by election from among the members of the pool. The elected members shall, to the extent possible, include at least one representative of health care service contractors, one representative of health maintenance organizations, and one representative of commercial insurers which provides disability insurance. The members of the board shall elect a chair from the voting members of the board. The insurance commissioner shall be a nonvoting, ex officio

member. When self-insured organizations other than the Washington state health care authority become eligible for participation in the pool, the membership of the board shall be increased to eleven and at least one member of the board shall represent the self-insurers.

(3) The original members of the board of directors shall be appointed for intervals of one to three years. Thereafter, all board members shall serve a term of three years. Board members shall receive no compensation, but shall be reimbursed for all travel expenses as provided in RCW 43.03.050 and 43.03.060.

(4) The board shall submit to the commissioner a plan of operation for the pool and any amendments thereto necessary or suitable to assure the fair, reasonable, and equitable administration of the pool. The commissioner shall, after notice and hearing pursuant to chapter 34.05 RCW, approve the plan of operation if it is determined to assure the fair, reasonable, and equitable administration of the pool and provides for the sharing of pool losses on an equitable, proportionate basis among the members of the pool. The plan of operation shall become effective upon approval in writing by the commissioner consistent with the date on which the coverage under this chapter must be made available. If the board fails to submit a plan of operation within one hundred eighty days after the appointment of the board or any time thereafter fails to submit acceptable amendments to the plan, the commissioner shall, within ninety days after notice and hearing pursuant to chapters 34.05 and 48.04 RCW, adopt such rules as are necessary or advisable to effectuate this chapter. The rules shall continue in force until modified by the commissioner or superseded by a plan submitted by the board and approved by the commissioner. [2000 c 80 § 1; 2000 c 79 § 7; 1989 c 121 § 2; 1987 c 431 § 4.]

**Board of directors—Dissolved—New members—2000 c 79:** "Sixty days from March 23, 2000, the existing board of directors of the Washington state health insurance pool shall be dissolved, and the appointment or election of new members under RCW 48.41.040 shall be effective. For purposes of setting terms, the new members shall be treated as original members." [2000 c 79 § 8.]

**Effective date—Severability—2000 c 79:** See notes following RCW 48.04.010.

**48.41.050 Operation plan—Contents.** The plan of operation submitted by the board to the commissioner shall:

(1) Establish procedures for the handling and accounting of assets and moneys of the pool;

(2) Establish regular times and places for meetings of the board of directors;

(3) Establish procedures for records to be kept of all financial transactions and for an annual fiscal reporting to the commissioner;

(4) Contain additional provisions necessary and proper for the execution of the powers and duties of the pool;

(5) Establish procedures for the collection of assessments from all members to provide for claims paid under the plan and for administrative expenses incurred or estimated to be incurred during the period for which the assessment is made;

(6) Establish the amount of assessment pursuant to RCW 48.41.060, which shall occur after March 1st of each calendar year, and which shall be due and payable within thirty days of the receipt of the assessment notice;

(7) Select an administrator in accordance with RCW 48.41.080;

(8) Develop and implement a program to publicize the existence of the plan, the eligibility requirements and procedures for enrollment, and to maintain public awareness of the plan; and

(9) Establish procedures under which applicants and participants may have grievances reviewed by an impartial body and reported to the board. [1987 c 431 § 5.]

**48.41.060 Board powers and duties.** (1) The board shall have the general powers and authority granted under the laws of this state to insurance companies, health care service contractors, and health maintenance organizations, licensed or registered to offer or provide the kinds of health coverage defined under this title. In addition thereto, the board shall:

(a) Designate or establish the standard health questionnaire to be used under RCW 48.41.100 and 48.43.018, including the form and content of the standard health questionnaire and the method of its application. The questionnaire must provide for an objective evaluation of an individual's health status by assigning a discreet measure, such as a system of point scoring to each individual. The questionnaire must not contain any questions related to pregnancy, and pregnancy shall not be a basis for coverage by the pool. The questionnaire shall be designed such that it is reasonably expected to identify the eight percent of persons who are the most costly to treat who are under individual coverage in health benefit plans, as defined in RCW 48.43.005, in Washington state or are covered by the pool, if applied to all such persons;

(b) Obtain from a member of the American academy of actuaries, who is independent of the board, a certification that the standard health questionnaire meets the requirements of (a) of this subsection;

(c) Approve the standard health questionnaire and any modifications needed to comply with this chapter. The standard health questionnaire shall be submitted to an actuary for certification, modified as necessary, and approved at least every thirty-six months. The designation and approval of the standard health questionnaire by the board shall not be subject to review and approval by the commissioner. The standard health questionnaire or any modification thereto shall not be used until ninety days after public notice of the approval of the questionnaire or any modification thereto, except that the initial standard health questionnaire approved for use by the board after March 23, 2000, may be used immediately following public notice of such approval;

(d) Establish appropriate rates, rate schedules, rate adjustments, expense allowances, claim reserve formulas and any other actuarial functions appropriate to the operation of the pool. Rates shall not be unreasonable in relation to the coverage provided, the risk experience, and expenses of providing the coverage. Rates and rate schedules may be adjusted for appropriate risk factors such as age and area variation in claim costs and shall take into consideration appropriate risk factors in accordance with established actuarial underwriting practices consistent with Washington state individual plan rating requirements under RCW 48.44.022 and 48.46.064;

(e)(i) Assess members of the pool in accordance with the provisions of this chapter, and make advance interim assessments as may be reasonable and necessary for the organizational or interim operating expenses. Any interim assessments will be credited as offsets against any regular assessments due following the close of the year.

(ii) Self-funded multiple employer welfare arrangements are subject to assessment under this subsection only in the event that assessments are not preempted by the employee retirement income security act of 1974, as amended, 29 U.S.C. Sec. 1001 et seq. The arrangements and the commissioner shall initially request an advisory opinion from the United States department of labor or obtain a declaratory ruling from a federal court on the legality of imposing assessments on these arrangements before imposing the assessment. Once the legality of the assessments has been determined, the multiple employer welfare arrangement certified by the insurance commissioner must begin payment of these assessments.

(iii) If there has not been a final determination of the legality of these assessments, then beginning on the earlier of (A) the date the fourth multiple employer welfare arrangement has been certified by the insurance commissioner, or (B) April 1, 2006, the arrangement shall deposit the assessments imposed by this subsection into an interest bearing escrow account maintained by the arrangement. Upon a final determination that the assessments are not preempted by the employee retirement income security act of 1974, as amended, 29 U.S.C. Sec. 1001 et seq., all funds in the interest bearing escrow account shall be transferred to the board;

(f) Issue policies of health coverage in accordance with the requirements of this chapter;

(g) Establish procedures for the administration of the premium discount provided under RCW 48.41.200(3)(a)(iii);

(h) Contract with the Washington state health care authority for the administration of the premium discounts provided under RCW 48.41.200(3)(a) (i) and (ii);

(i) Set a reasonable fee to be paid to an insurance producer licensed in Washington state for submitting an acceptable application for enrollment in the pool; and

(j) Provide certification to the commissioner when assessments will exceed the threshold level established in RCW 48.41.037.

(2) In addition thereto, the board may:

(a) Enter into contracts as are necessary or proper to carry out the provisions and purposes of this chapter including the authority, with the approval of the commissioner, to enter into contracts with similar pools of other states for the joint performance of common administrative functions, or with persons or other organizations for the performance of administrative functions;

(b) Sue or be sued, including taking any legal action as necessary to avoid the payment of improper claims against the pool or the coverage provided by or through the pool;

(c) Appoint appropriate legal, actuarial, and other committees as necessary to provide technical assistance in the operation of the pool, policy, and other contract design, and any other function within the authority of the pool; and

(d) Conduct periodic audits to assure the general accuracy of the financial data submitted to the pool, and the board

shall cause the pool to have an annual audit of its operations by an independent certified public accountant.

(3) Nothing in this section shall be construed to require or authorize the adoption of rules under chapter 34.05 RCW. [2009 c 555 § 2; 2008 c 217 § 47; 2005 c 7 § 2; 2004 c 260 § 26; 2000 c 79 § 9; 1997 c 337 § 5; 1997 c 231 § 211; 1989 c 121 § 3; 1987 c 431 § 6.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**Effective date—2005 c 7:** See note following RCW 48.14.0201.

**Severability—Effective date—2004 c 260:** See RCW 48.125.900 and 48.125.901.

**Effective date—Severability—2000 c 79:** See notes following RCW 48.04.010.

**Report on implementation of 1987 c 431:** "The board shall report to the commissioner and the appropriate committees of the legislature by April 1, 1990, on the implementation of this act. The report shall include information regarding enrollment, coverage utilization, cost, and any problems with the program and suggest remedies." [1987 c 431 § 26.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.41.070 Examination and report.** The pool shall be subject to examination by the commissioner as provided under chapter 48.03 RCW. The board of directors shall submit to the commissioner, not later than one hundred twenty days after the end of each accounting year, a financial report for the year in a form approved by the commissioner. [1998 c 245 § 98; 1989 c 121 § 4; 1987 c 431 § 7.]

**48.41.080 Pool administrator—Selection, term, duties, pay.** The board shall select an administrator through a competitive bidding process to administer the pool.

(1) The board shall evaluate bids based upon criteria established by the board, which shall include:

(a) The administrator's proven ability to handle health coverage;

(b) The efficiency of the administrator's claim-paying procedures;

(c) An estimate of the total charges for administering the plan; and

(d) The administrator's ability to administer the pool in a cost-effective manner.

(2) The administrator shall serve for a period of three years subject to removal for cause. At least six months prior to the expiration of each three-year period of service by the administrator, the board shall invite all interested parties, including the current administrator, to submit bids to serve as the administrator for the succeeding three-year period. Selection of the administrator for this succeeding period shall be made at least three months prior to the end of the current three-year period.

(3) The administrator shall perform such duties as may be assigned by the board including:

(a) Administering eligibility and administrative claim payment functions relating to the pool;

(b) Establishing a premium billing procedure for collection of premiums from covered persons. Billings shall be made on a periodic basis as determined by the board, which shall not be more frequent than a monthly billing;

(c) Performing all necessary functions to assure timely payment of benefits to covered persons under the pool including:

(i) Making available information relating to the proper manner of submitting a claim for benefits to the pool, and distributing forms upon which submission shall be made;

(ii) Taking steps necessary to offer and administer managed care benefit plans; and

(iii) Evaluating the eligibility of each claim for payment by the pool;

(d) Submission of regular reports to the board regarding the operation of the pool. The frequency, content, and form of the report shall be as determined by the board;

(e) Following the close of each accounting year, determination of net paid and earned premiums, the expense of administration, and the paid and incurred losses for the year and reporting this information to the board and the commissioner on a form as prescribed by the commissioner.

(4) The administrator shall be paid as provided in the contract between the board and the administrator for its expenses incurred in the performance of its services. [2000 c 79 § 10; 1997 c 231 § 212; 1989 c 121 § 5; 1987 c 431 § 8.]

**Effective date—Severability—2000 c 79:** See notes following RCW 48.04.010.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.41.090 Financial participation in pool—Computation, deficit assessments.** (1) Following the close of each accounting year, the pool administrator shall determine the net premium (premiums less administrative expense allowances), the pool expenses of administration, and incurred losses for the year, taking into account investment income and other appropriate gains and losses.

(2)(a) Each member's proportion of participation in the pool shall be determined annually by the board based on annual statements and other reports deemed necessary by the board and filed by the member with the commissioner; and shall be determined by multiplying the total cost of pool operation by a fraction. The numerator of the fraction equals that member's total number of resident insured persons, including spouse and dependents, covered under all health plans in the state by that member during the preceding calendar year. The denominator of the fraction equals the total number of resident insured persons, including spouses and dependents, covered under all health plans in the state by all pool members during the preceding calendar year.

(b) For purposes of calculating the numerator and the denominator under (a) of this subsection:

(i) All health plans in the state by the state health care authority include only the uniform medical plan;

(ii) Each ten resident insured persons, including spouse and dependents, under a stop loss plan or the uniform medical plan shall count as one resident insured person;

(iii) Health plans serving medical care services program clients under RCW 74.09.035 are exempted from the calculation; and

(iv) Health plans established to serve elderly or disabled medicaid clients under chapter 74.09 RCW when the plan has been implemented on a demonstration or pilot project basis are exempted from the calculation until July 1, 2009.

(2010 Ed.)

(c) Except as provided in RCW 48.41.037, any deficit incurred by the pool shall be recouped by assessments among members apportioned under this subsection pursuant to the formula set forth by the board among members.

(3) The board may abate or defer, in whole or in part, the assessment of a member if, in the opinion of the board, payment of the assessment would endanger the ability of the member to fulfill its contractual obligations. If an assessment against a member is abated or deferred in whole or in part, the amount by which such assessment is abated or deferred may be assessed against the other members in a manner consistent with the basis for assessments set forth in subsection (2) of this section. The member receiving such abatement or deferment shall remain liable to the pool for the deficiency.

(4) If assessments exceed actual losses and administrative expenses of the pool, the excess shall be held at interest and used by the board to offset future losses or to reduce pool premiums. As used in this subsection, "future losses" includes reserves for incurred but not reported claims. [2005 c 405 § 2; 2000 c 79 § 11; 1989 c 121 § 6; 1987 c 431 § 9.]

**Effective date—Severability—2000 c 79:** See notes following RCW 48.04.010.

**48.41.100 Eligibility for coverage.** (1)(a) The following persons who are residents of this state are eligible for pool coverage:

(i) Any person who provides evidence of a carrier's decision not to accept him or her for enrollment in an individual health benefit plan as defined in RCW 48.43.005 based upon, and within ninety days of the receipt of, the results of the standard health questionnaire designated by the board and administered by health carriers under RCW 48.43.018;

(ii) Any person who continues to be eligible for pool coverage based upon the results of the standard health questionnaire designated by the board and administered by the pool administrator pursuant to subsection (3) of this section;

(iii) Any person who resides in a county of the state where no carrier or insurer eligible under chapter 48.15 RCW offers to the public an individual health benefit plan other than a catastrophic health plan as defined in RCW 48.43.005 at the time of application to the pool, and who makes direct application to the pool;

(iv) Any person becoming eligible for medicare before August 1, 2009, who provides evidence of (A) a rejection for medical reasons, (B) a requirement of restrictive riders, (C) an up-rated premium, (D) a preexisting conditions limitation, or (E) lack of access to or for a comprehensive medicare supplemental insurance policy under chapter 48.66 RCW, the effect of any of which is to substantially reduce coverage from that received by a person considered a standard risk by at least one member within six months of the date of application; and

(v) Any person becoming eligible for medicare on or after August 1, 2009, who does not have access to a reasonable choice of comprehensive medicare part C plans, as defined in (b) of this subsection, and who provides evidence of (A) a rejection for medical reasons, (B) a requirement of restrictive riders, (C) an up-rated premium, (D) a preexisting conditions limitation, or (E) lack of access to or for a comprehensive medicare supplemental insurance policy under chapter 48.66 RCW, the effect of any of which is to substantially

reduce coverage from that received by a person considered a standard risk by at least one member within six months of the date of application.

(b) For purposes of (a)(v) of this subsection (1), a person does not have access to a reasonable choice of plans unless the person has a choice of health maintenance organization or preferred provider organization medicare part C plans offered by at least three different carriers that have had provider networks in the person's county of residence for at least five years. The plan options must include coverage at least as comprehensive as a plan F medicare supplement plan combined with medicare parts A and B. The plan options must also provide access to adequate and stable provider networks that make up-to-date provider directories easily accessible on the carrier web site, and will provide them in hard copy, if requested. In addition, if no health maintenance organization or preferred provider organization plan includes the health care provider with whom the person has an established care relationship and from whom he or she has received treatment within the past twelve months, the person does not have reasonable access.

(2) The following persons are not eligible for coverage by the pool:

(a) Any person having terminated coverage in the pool unless (i) twelve months have lapsed since termination, or (ii) that person can show continuous other coverage which has been involuntarily terminated for any reason other than non-payment of premiums. However, these exclusions do not apply to eligible individuals as defined in section 2741(b) of the federal health insurance portability and accountability act of 1996 (42 U.S.C. Sec. 300gg-41(b));

(b) Any person on whose behalf the pool has paid out two hundred dollars in benefits;

(c) Inmates of public institutions and those persons who become eligible for medical assistance after June 30, 2008, as defined in RCW 74.09.010. However, these exclusions do not apply to eligible individuals as defined in section 2741(b) of the federal health insurance portability and accountability act of 1996 (42 U.S.C. Sec. 300gg-41(b));

(d) Any person who resides in a county of the state where any carrier or insurer regulated under chapter 48.15 RCW offers to the public an individual health benefit plan other than a catastrophic health plan as defined in RCW 48.43.005 at the time of application to the pool and who does not qualify for pool coverage based upon the results of the standard health questionnaire, or pursuant to subsection (1)(a)(iv) of this section.

(3) When a carrier or insurer regulated under chapter 48.15 RCW begins to offer an individual health benefit plan in a county where no carrier had been offering an individual health benefit plan:

(a) If the health benefit plan offered is other than a catastrophic health plan as defined in RCW 48.43.005, any person enrolled in a pool plan pursuant to subsection (1)(a)(iii) of this section in that county shall no longer be eligible for coverage under that plan pursuant to subsection (1)(a)(iii) of this section, but may continue to be eligible for pool coverage based upon the results of the standard health questionnaire designated by the board and administered by the pool administrator. The pool administrator shall offer to administer the questionnaire to each person no longer eligible for coverage

under subsection (1)(a)(iii) of this section within thirty days of determining that he or she is no longer eligible;

(b) Losing eligibility for pool coverage under this subsection (3) does not affect a person's eligibility for pool coverage under subsection (1)(a)(i), (ii), or (iv) of this section; and

(c) The pool administrator shall provide written notice to any person who is no longer eligible for coverage under a pool plan under this subsection (3) within thirty days of the administrator's determination that the person is no longer eligible. The notice shall: (i) Indicate that coverage under the plan will cease ninety days from the date that the notice is dated; (ii) describe any other coverage options, either in or outside of the pool, available to the person; (iii) describe the procedures for the administration of the standard health questionnaire to determine the person's continued eligibility for coverage under subsection (1)(a)(ii) of this section; and (iv) describe the enrollment process for the available options outside of the pool.

(4) The board shall ensure that an independent analysis of the eligibility standards for the pool coverage is conducted, including examining the eight percent eligibility threshold, eligibility for medicaid enrollees and other publicly sponsored enrollees, and the impacts on the pool and the state budget. The board shall report the findings to the legislature by December 1, 2007. [2009 c 555 § 3; 2007 c 259 § 30; 2001 c 196 § 3; 2000 c 79 § 12; 1995 c 34 § 5; 1989 c 121 § 7; 1987 c 431 § 10.]

**Contingent effective date—2009 c 555 § 3:** "Section 3 of this act takes effect if section 4, chapter 317, Laws of 2008 is null and void on July 26, 2009; otherwise section 3 of this act is null and void." [2009 c 555 § 6.]

**Effective date—2007 c 259 § 30:** "Section 30 of this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [May 2, 2007]." [2007 c 259 § 75.]

**Severability—Subheadings not law—2007 c 259:** See notes following RCW 41.05.033.

**Effective date—2001 c 196:** See note following RCW 48.20.025.

**Effective date—Severability—2000 c 79:** See notes following RCW 48.04.010.

**48.41.110 Policy coverage—Eligible expenses, cost containment, limits—Explanatory brochure.** (1) The pool shall offer one or more care management plans of coverage. Such plans may, but are not required to, include point of service features that permit participants to receive in-network benefits or out-of-network benefits subject to differential cost shares. The pool may incorporate managed care features into existing plans.

(2) The administrator shall prepare a brochure outlining the benefits and exclusions of pool policies in plain language. After approval by the board, such brochure shall be made reasonably available to participants or potential participants.

(3) The health insurance policies issued by the pool shall pay only reasonable amounts for medically necessary eligible health care services rendered or furnished for the diagnosis or treatment of covered illnesses, injuries, and conditions. Eligible expenses are the reasonable amounts for the health care services and items for which benefits are extended under a pool policy.

(4) The pool shall offer at least two policies, one of which will be a comprehensive policy that must comply with

RCW 48.41.120 and must at a minimum include the following services or related items:

(a) Hospital services, including charges for the most common semiprivate room, for the most common private room if semiprivate rooms do not exist in the health care facility, or for the private room if medically necessary, including no less than a total of one hundred eighty inpatient days in a calendar year, and no less than thirty days inpatient care for alcohol, drug, or chemical dependency or abuse per calendar year;

(b) Professional services including surgery for the treatment of injuries, illnesses, or conditions, other than dental, which are rendered by a health care provider, or at the direction of a health care provider, by a staff of registered or licensed practical nurses, or other health care providers;

(c) No less than twenty outpatient professional visits for the diagnosis or treatment of alcohol, drug, or chemical dependency or abuse rendered during a calendar year by a state-certified chemical dependency program approved under chapter 70.96A RCW, or by one or more physicians, psychologists, or community mental health professionals, or, at the direction of a physician, by other qualified licensed health care practitioners;

(d) Drugs and contraceptive devices requiring a prescription;

(e) Services of a skilled nursing facility, excluding custodial and convalescent care, for not less than one hundred days in a calendar year as prescribed by a physician;

(f) Services of a home health agency;

(g) Chemotherapy, radioisotope, radiation, and nuclear medicine therapy;

(h) Oxygen;

(i) Anesthesia services;

(j) Prostheses, other than dental;

(k) Durable medical equipment which has no personal use in the absence of the condition for which prescribed;

(l) Diagnostic x-rays and laboratory tests;

(m) Oral surgery including at least the following: Fractures of facial bones; excisions of mandibular joints, lesions of the mouth, lip, or tongue, tumors, or cysts excluding treatment for temporomandibular joints; incision of accessory sinuses, mouth salivary glands or ducts; dislocations of the jaw; plastic reconstruction or repair of traumatic injuries occurring while covered under the pool; and excision of impacted wisdom teeth;

(n) Maternity care services;

(o) Services of a physical therapist and services of a speech therapist;

(p) Hospice services;

(q) Professional ambulance service to the nearest health care facility qualified to treat the illness or injury;

(r) Mental health services pursuant to RCW 48.41.220; and

(s) Other medical equipment, services, or supplies required by physician's orders and medically necessary and consistent with the diagnosis, treatment, and condition.

(5) The board shall design and employ cost containment measures and requirements such as, but not limited to, care coordination, provider network limitations, preadmission certification, and concurrent inpatient review which may make the pool more cost-effective.

(6) The pool benefit policy may contain benefit limitations, exceptions, and cost shares such as copayments, coinsurance, and deductibles that are consistent with managed care products, except that differential cost shares may be adopted by the board for nonnetwork providers under point of service plans. No limitation, exception, or reduction may be used that would exclude coverage for any disease, illness, or injury.

(7) The pool may not reject an individual for health plan coverage based upon preexisting conditions of the individual or deny, exclude, or otherwise limit coverage for an individual's preexisting health conditions; except that it shall impose a six-month benefit waiting period for preexisting conditions for which medical advice was given, for which a health care provider recommended or provided treatment, or for which a prudent layperson would have sought advice or treatment, within six months before the effective date of coverage. The preexisting condition waiting period shall not apply to prenatal care services. The pool may not avoid the requirements of this section through the creation of a new rate classification or the modification of an existing rate classification. Credit against the waiting period shall be as provided in subsection (8) of this section.

(8)(a) Except as provided in (b) of this subsection, the pool shall credit any preexisting condition waiting period in its plans for a person who was enrolled at any time during the sixty-three day period immediately preceding the date of application for the new pool plan. For the person previously enrolled in a group health benefit plan, the pool must credit the aggregate of all periods of preceding coverage not separated by more than sixty-three days toward the waiting period of the new health plan. For the person previously enrolled in an individual health benefit plan other than a catastrophic health plan, the pool must credit the period of coverage the person was continuously covered under the immediately preceding health plan toward the waiting period of the new health plan. For the purposes of this subsection, a preceding health plan includes an employer-provided self-funded health plan.

(b) The pool shall waive any preexisting condition waiting period for a person who is an eligible individual as defined in section 2741(b) of the federal health insurance portability and accountability act of 1996 (42 U.S.C. 300gg-41(b)).

(9) If an application is made for the pool policy as a result of rejection by a carrier, then the date of application to the carrier, rather than to the pool, should govern for purposes of determining preexisting condition credit.

(10) The pool shall contract with organizations that provide care management that has been demonstrated to be effective and shall encourage enrollees who are eligible for care management services to participate. The pool may encourage the use of shared decision making and certified decision aids for preference-sensitive care areas. [2007 c 259 § 26; 2007 c 8 § 5; 2001 c 196 § 4; 2000 c 80 § 2; 2000 c 79 § 13; 1997 c 231 § 213; 1987 c 431 § 11.]

**Reviser's note:** This section was amended by 2007 c 8 § 5 and by 2007 c 259 § 26, each without reference to the other. Both amendments are incorporated in the publication of this section under RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

**Severability—Subheadings not law—2007 c 259:** See notes following RCW 41.05.033.

**Effective date—2007 c 8:** See note following RCW 48.20.580.

**Effective date—2001 c 196:** See note following RCW 48.20.025.

**Effective date—Severability—2000 c 79:** See notes following RCW 48.04.010.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.41.120 Comprehensive pool policy—Deductibles—Coinsurance—Carryover.** (1) Subject to the limitation provided in subsection (3) of this section, the comprehensive pool policy offered under RCW 48.41.110(4) shall impose a deductible as provided in this subsection. Deductibles of five hundred dollars and one thousand dollars on a per person per calendar year basis shall initially be offered. The board may authorize deductibles in other amounts. The deductible shall be applied to the first five hundred dollars, one thousand dollars, or other authorized amount of eligible expenses incurred by the covered person.

(2) Subject to the limitations provided in subsection (3) of this section, a mandatory coinsurance requirement shall be imposed at a rate not to exceed twenty percent of eligible expenses in excess of the mandatory deductible and which supports the efficient delivery of high quality health care services for the medical conditions of pool enrollees.

(3) The maximum aggregate out of pocket payments for eligible expenses by the insured in the form of deductibles and coinsurance under the comprehensive pool policy offered under RCW 48.41.110(4) shall not exceed in a calendar year:

(a) One thousand five hundred dollars per individual, or three thousand dollars per family, per calendar year for the five hundred dollar deductible policy;

(b) Two thousand five hundred dollars per individual, or five thousand dollars per family per calendar year for the one thousand dollar deductible policy; or

(c) An amount authorized by the board for any other deductible policy.

(4) Except for those enrolled in a high deductible health plan qualified under federal law for use with a health savings account, eligible expenses incurred by a covered person in the last three months of a calendar year, and applied toward a deductible, shall also be applied toward the deductible amount in the next calendar year.

(5) The board may modify cost-sharing as an incentive for enrollees to participate in care management services and other cost-effective programs and policies. [2007 c 259 § 31; 2000 c 79 § 14; 1989 c 121 § 8; 1987 c 431 § 12.]

**Severability—Subheadings not law—2007 c 259:** See notes following RCW 41.05.033.

**Effective date—Severability—2000 c 79:** See notes following RCW 48.04.010.

**48.41.130 Policy forms—Approval required.** All policy forms issued by the pool shall conform in substance to prototype forms developed by the pool, and shall in all other respects conform to the requirements of this chapter, and shall be filed with and approved by the commissioner before they are issued. [2000 c 79 § 15; 1997 c 231 § 215; 1987 c 431 § 13.]

**Effective date—Severability—2000 c 79:** See notes following RCW 48.04.010.

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Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.41.140 Coverage for children, unmarried dependents.** (1) Coverage shall provide that health insurance benefits are applicable to children of the person in whose name the policy is issued including adopted and newly born natural children. Coverage shall also include necessary care and treatment of medically diagnosed congenital defects and birth abnormalities. If payment of a specific premium is required to provide coverage for the child, the policy may require that notification of the birth or adoption of a child and payment of the required premium must be furnished to the pool within thirty-one days after the date of birth or adoption in order to have the coverage continued beyond the thirty-one day period. For purposes of this subsection, a child is deemed to be adopted, and benefits are payable, when the child is physically placed for purposes of adoption under the laws of this state with the person in whose name the policy is issued; and, when the person in whose name the policy is issued assumes financial responsibility for the medical expenses of the child. For purposes of this subsection, "newly born" means, and benefits are payable, from the moment of birth.

(2) A pool policy shall provide that coverage of a dependent, unmarried person shall terminate when the person becomes nineteen years of age: PROVIDED, That coverage of such person shall not terminate at age nineteen while he or she is and continues to be both (a) incapable of self-sustaining employment by reason of developmental disability or physical handicap and (b) chiefly dependent upon the person in whose name the policy is issued for support and maintenance, provided proof of such incapacity and dependency is furnished to the pool by the policyholder within thirty-one days of the dependent's attainment of age nineteen and subsequently as may be required by the pool but not more frequently than annually after the two-year period following the dependent's attainment of age nineteen. [2000 c 79 § 16; 1987 c 431 § 14.]

**Effective date—Severability—2000 c 79:** See notes following RCW 48.04.010.

**48.41.150 Medical supplement policy.** (1) The board shall offer a medical supplement policy for persons receiving medicare parts A and B. The supplement policy shall provide benefits of one hundred percent of the deductible and copayment required under medicare and eighty percent of the charges for covered services under this chapter that are not paid by medicare. The coverage shall include a limitation of one thousand dollars per person on total annual out-of-pocket expenses for the covered services.

(2) If federal law is adopted that addresses this subject, the board shall offer a policy that is consistent with that federal law. [1989 c 121 § 9; 1987 c 431 § 15.]

**48.41.160 Pool policy requirements—Continued coverage—Rate changes—Continuation.** (1) On or before December 31, 2007, the pool shall cancel all existing pool policies and replace them with policies that are identical to the existing policies except for the inclusion of a provision providing for a guarantee of the continuity of coverage consistent with this section. As a means to minimize the number of policy changes for enrollees, replacement policies pro-

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vided under this subsection also may include the plan modifications authorized in RCW 48.41.100, 48.41.110, and 48.41.120.

(2) A pool policy shall contain a guarantee of the individual's right to continued coverage, subject to the provisions of subsections (4) and (5) of this section.

(3) The guarantee of continuity of coverage required by this section shall not prevent the pool from canceling or non-renewing a policy for:

(a) Nonpayment of premium;

(b) Violation of published policies of the pool;

(c) Failure of a covered person who becomes eligible for medicare benefits by reason of age to apply for a pool medical supplement plan, or a medicare supplement plan or other similar plan offered by a carrier pursuant to federal laws and regulations;

(d) Failure of a covered person to pay any deductible or copayment amount owed to the pool and not the provider of health care services;

(e) Covered persons committing fraudulent acts as to the pool;

(f) Covered persons materially breaching the pool policy; or

(g) Changes adopted to federal or state laws when such changes no longer permit the continued offering of such coverage.

(4)(a) The guarantee of continuity of coverage provided by this section requires that if the pool replaces a plan, it must make the replacement plan available to all individuals in the plan being replaced. The replacement plan must include all of the services covered under the replaced plan, and must not significantly limit access to the kind of services covered under the replacement plan through unreasonable cost-sharing requirements or otherwise. The pool may also allow individuals who are covered by a plan that is being replaced an unrestricted right to transfer to a fully comparable plan.

(b) The guarantee of continuity of coverage provided by this section requires that if the pool discontinues offering a plan: (i) The pool must provide notice to each individual of the discontinuation at least ninety days prior to the date of the discontinuation; (ii) the pool must offer to each individual provided coverage under the discontinued plan the option to enroll in any other plan currently offered by the pool for which the individual is otherwise eligible; and (iii) in exercising the option to discontinue a plan and in offering the option of coverage under (b)(ii) of this subsection, the pool must act uniformly without regard to any health status-related factor of enrolled individuals or individuals who may become eligible for this coverage.

(c) The pool cannot replace or discontinue a plan under this subsection (4) until it has completed an evaluation of the impact of replacing the plan upon:

(i) The cost and quality of care to pool enrollees;

(ii) Pool financing and enrollment;

(iii) The board's ability to offer comprehensive and other plans to its enrollees;

(iv) Other items identified by the board.

In its evaluation, the board must request input from the constituents represented by the board members.

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(d) The guarantee of continuity of coverage provided by this section does not apply if the pool has zero enrollment in a plan.

(5) The pool may not change the rates for pool policies except on a class basis, with a clear disclosure in the policy of the pool's right to do so.

(6) A pool policy offered under this chapter shall provide that, upon the death of the individual in whose name the policy is issued, every other individual then covered under the policy may elect, within a period specified in the policy, to continue coverage under the same or a different policy. [2007 c 259 § 27; 1987 c 431 § 16.]

**Severability—Subheadings not law—2007 c 259:** See notes following RCW 41.05.033.

**48.41.170 Required rule making.** The commissioner shall adopt rules pursuant to chapter 34.05 RCW that:

(1) Provide for disclosure by the member of the availability of insurance coverage from the pool; and

(2) Implement this chapter. [1987 c 431 § 17.]

**48.41.190 Civil and criminal immunity.** The pool, members of the pool, board directors of the pool, officers of the pool, employees of the pool, the commissioner, the commissioner's representatives, and the commissioner's employees shall not be civilly or criminally liable and shall not have any penalty or cause of action of any nature arise against them for any action taken or not taken, including any discretionary decision or failure to make a discretionary decision, when the action or inaction is done in good faith and in the performance of the powers and duties under this chapter. Nothing in this section prohibits legal actions against the pool to enforce the pool's statutory or contractual duties or obligations. [2007 c 259 § 33; 1989 c 121 § 10; 1987 c 431 § 19.]

**Severability—Subheadings not law—2007 c 259:** See notes following RCW 41.05.033.

**48.41.200 Rates—Standard risk and maximum.** (1) The pool shall determine the standard risk rate by calculating the average individual standard rate charged for coverage comparable to pool coverage by the five largest members, measured in terms of individual market enrollment, offering such coverages in the state. In the event five members do not offer comparable coverage, the standard risk rate shall be established using reasonable actuarial techniques and shall reflect anticipated experience and expenses for such coverage in the individual market.

(2) Subject to subsection (3) of this section, maximum rates for pool coverage shall be as follows:

(a) Maximum rates for a pool indemnity health plan shall be one hundred fifty percent of the rate calculated under subsection (1) of this section;

(b) Maximum rates for a pool care management plan shall be one hundred twenty-five percent of the rate calculated under subsection (1) of this section; and

(c) Maximum rates for a person eligible for pool coverage pursuant to \*RCW 48.41.100(1)(a) who was enrolled at any time during the sixty-three day period immediately prior to the date of application for pool coverage in a group health benefit plan or an individual health benefit plan other than a catastrophic health plan as defined in RCW 48.43.005, where

such coverage was continuous for at least eighteen months, shall be:

(i) For a pool indemnity health plan, one hundred twenty-five percent of the rate calculated under subsection (1) of this section; and

(ii) For a pool care management plan, one hundred ten percent of the rate calculated under subsection (1) of this section.

(3)(a) Subject to (b) and (c) of this subsection:

(i) The rate for any person whose current gross family income is less than two hundred fifty-one percent of the federal poverty level shall be reduced by thirty percent from what it would otherwise be;

(ii) The rate for any person whose current gross family income is more than two hundred fifty but less than three hundred one percent of the federal poverty level shall be reduced by fifteen percent from what it would otherwise be;

(iii) The rate for any person who has been enrolled in the pool for more than thirty-six months shall be reduced by five percent from what it would otherwise be.

(b) In no event shall the rate for any person be less than one hundred ten percent of the rate calculated under subsection (1) of this section.

(c) Rate reductions under (a)(i) and (ii) of this subsection shall be available only to the extent that funds are specifically appropriated for this purpose in the omnibus appropriations act. [2007 c 259 § 28; 2000 c 79 § 17; 1997 c 231 § 214; 1987 c 431 § 20.]

**\*Reviser's note:** RCW 48.41.100 was amended by 2009 c 555 § 3, changing subsection (1)(a) to subsection (1)(a)(i).

**Severability—Subheadings not law—2007 c 259:** See notes following RCW 41.05.033.

**Effective date—Severability—2000 c 79:** See notes following RCW 48.04.010.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.41.210 Last payor of benefits.** It is the express intent of this chapter that the pool be the last payor of benefits whenever any other benefit is available.

(1) Benefits otherwise payable under pool coverage shall be reduced by all amounts paid or payable through any other health insurance, or health benefit plans, including but not limited to self-insured plans and by all hospital and medical expense benefits paid or payable under any worker's compensation coverage, automobile medical payment or liability insurance whether provided on the basis of fault or nonfault, and by any hospital or medical benefits paid or payable under or provided pursuant to any state or federal law or program.

(2) The administrator or the pool shall have a cause of action against an eligible person for the recovery of the amount of benefits paid which are not for covered expenses. Benefits due from the pool may be reduced or refused as a set-off against any amount recoverable under this subsection. [1987 c 431 § 21.]

**48.41.220 Mental health services—Definition—Coverage required, when.** (1) For the purposes of this section, "mental health services" means medically necessary outpatient and inpatient services provided to treat mental disorders covered by the diagnostic categories listed in the most current version of the diagnostic and statistical manual of mental dis-

orders, published by the American psychiatric association, on July 24, 2005, or such subsequent date as may be provided by the insurance commissioner by rule, consistent with the purposes of chapter 6, Laws of 2005, with the exception of the following categories, codes, and services: (a) Substance related disorders; (b) life transition problems, currently referred to as "V" codes, and diagnostic codes 302 through 302.9 as found in the diagnostic and statistical manual of mental disorders, 4th edition, published by the American psychiatric association; (c) skilled nursing facility services, home health care, residential treatment, and custodial care; and (d) court-ordered treatment unless the insurer's medical director or designee determines the treatment to be medically necessary.

(2) Each health insurance policy issued by the pool on or after January 1, 2008, shall provide coverage for:

(a) Mental health services. The copayment or coinsurance for mental health services may be no more than the copayment or coinsurance for medical and surgical services otherwise provided under the policy. Wellness and preventive services that are provided or reimbursed at a lesser copayment, coinsurance, or other cost sharing than other medical and surgical services are excluded from this comparison. If the policy imposes a maximum out-of-pocket limit or stop loss, it shall be a single limit or stop loss for medical, surgical, and mental health services; and

(b) Prescription drugs intended to treat any of the disorders covered in subsection (1) of this section to the same extent, and under the same terms and conditions, as other prescription drugs covered by the policy.

(3) Each health insurance policy issued by the pool on or after July 1, 2010, shall provide coverage for:

(a) Mental health services. The copayment or coinsurance for mental health services may be no more than the copayment or coinsurance for medical and surgical services otherwise provided under the policy. Wellness and preventive services that are provided or reimbursed at a lesser copayment, coinsurance, or other cost sharing than other medical and surgical services are excluded from this comparison. If the policy imposes a maximum out-of-pocket limit or stop loss, it shall be a single limit or stop loss for medical, surgical, and mental health services. If the policy imposes any deductible, mental health services shall be included with medical and surgical services for the purpose of meeting the deductible requirement. Treatment limitations or any other financial requirements on coverage for mental health services are only allowed if the same limitations or requirements are imposed on coverage for medical and surgical services; and

(b) Prescription drugs intended to treat any of the disorders covered in subsection (1) of this section to the same extent, and under the same terms and conditions, as other prescription drugs covered by the policy.

(4) In meeting the requirements of this section, a policy may not reduce the number of mental health outpatient visits or mental health inpatient days below the level in effect on July 1, 2002.

(5) This section does not prohibit a requirement that mental health services be medically necessary as determined by the medical director or designee, if a comparable requirement is applicable to medical and surgical services.

(6) Nothing in this section shall be construed to prevent the management of mental health services. [2007 c 8 § 6.]

**Effective date—2007 c 8:** See note following RCW 48.20.580.

**48.41.900 Federal supremacy.** If any part of this chapter is found to be in conflict with federal requirements which are a prescribed condition to the allocation of federal funds to the state, the conflicting part of this chapter is hereby declared to be inoperative solely to the extent of the conflict and with respect to the agencies directly affected, and such finding or determination shall not affect the operation of the remainder of this chapter in its application to the agencies concerned. The rules under this chapter shall meet federal requirements which are a necessary condition to the receipt of federal funds by the state. [1987 c 431 § 22.]

**48.41.910 Severability—1987 c 431.** If any provision of this chapter or its application to any person or circumstance is held invalid, the remainder of the chapter or the application of the provision to other persons or circumstances is not affected. [1987 c 431 § 25.]

**48.41.920 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.** For the purposes of this chapter, the terms spouse, marriage, marital, husband, wife, widow, widower, next of kin, and family shall be interpreted as applying equally to state registered domestic partnerships or individuals in state registered domestic partnerships as well as to marital relationships and married persons, and references to dissolution of marriage shall apply equally to state registered domestic partnerships that have been terminated, dissolved, or invalidated, to the extent that such interpretation does not conflict with federal law. Where necessary to implement chapter 521, Laws of 2009, gender-specific terms such as husband and wife used in any statute, rule, or other law shall be construed to be gender neutral, and applicable to individuals in state registered domestic partnerships. [2009 c 521 § 124.]

**Chapter 48.42 RCW**

**PERSONAL COVERAGE, GENERAL AUTHORITY**

(Formerly: Health care coverage, general authority)

Sections

- 48.42.010 Personal coverage, authority of commissioner.
- 48.42.020 Showing regulation by other agency, how done.
- 48.42.030 Examination by commissioner—When required, scope of.
- 48.42.040 Application of this title to otherwise unregulated entities.
- 48.42.050 Notice to purchasers by uninsured production agency—Notice to production agency by administrator of coverage.
- 48.42.090 Prenatal testing—Limitation on changes to coverage.
- 48.42.100 Women’s health care services—Duties of health care carriers.

**48.42.010 Personal coverage, authority of commissioner.** Notwithstanding any other provision of law, and except as provided in this chapter, any person or other entity which provides coverage in this state for life insurance, annuities, loss of time, medical, surgical, chiropractic, physical therapy, speech pathology, audiology, professional mental health, dental, hospital, or optometric expenses, whether the coverage is by direct payment, reimbursement, the providing of services, or otherwise, shall be subject to the authority of

the state insurance commissioner, unless the person or other entity shows that while providing the services it is subject to the jurisdiction and regulation of another agency of this state, any subdivisions thereof, or the federal government. [1985 c 264 § 15; 1983 c 36 § 1.]

**48.42.020 Showing regulation by other agency, how done.** A person or entity may show that it is subject to the jurisdiction and regulation of another agency of this state, any subdivision thereof, or the federal government, by providing to the insurance commissioner the appropriate certificate, license, or other document issued by the other governmental agency which permits or qualifies it to provide the coverage as defined in RCW 48.42.010. [1983 c 36 § 2.]

**48.42.030 Examination by commissioner—When required, scope of.** Any person or entity which is unable to show under RCW 48.42.020 that it is subject to the jurisdiction and regulation of another agency of this state, any subdivision thereof, or the federal government, shall submit to an examination by the insurance commissioner to determine the organization and solvency of the person or the entity, and to determine whether or not such person or entity complies with the applicable provisions of this title. [1983 c 36 § 3.]

**48.42.040 Application of this title to otherwise unregulated entities.** Any person or entity unable to show that it is subject to the jurisdiction and regulation of another agency of this state, any subdivision thereof, or the federal government, shall be subject to all appropriate provisions of this title regarding the conduct of its business including, but not limited to, RCW 48.43.300 through 48.43.370. [1998 c 241 § 16; 1983 c 36 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.42.050 Notice to purchasers by uninsured production agency—Notice to production agency by administrator of coverage.** Any production agency or administrator which advertises, sells, transacts, or administers the coverage in this state described in RCW 48.42.010 and which is required to submit to an examination by the insurance commissioner under RCW 48.42.030, shall, if the coverage is not fully insured or otherwise fully covered by an admitted life or disability insurer or health care service contractor or health maintenance organization agreement, advise every purchaser, prospective purchaser, and covered person of the lack of insurance or other coverage.

Any administrator which advertises or administers the coverage in this state described in RCW 48.42.010 and which is subject to an examination by the insurance commissioner under RCW 48.42.030 shall advise any production agency of the elements of the coverage, including the amount of "stop-loss" insurance in effect. [1983 c 36 § 5.]

**48.42.090 Prenatal testing—Limitation on changes to coverage.** The carrier or provider of any group disability contract, health care services contract or health maintenance agreement shall not cancel, reduce, limit or otherwise alter or change the coverage provided solely on the basis of the result of any prenatal test. [1988 c 276 § 9.]

**48.42.100 Women's health care services—Duties of health care carriers.** (1) For purposes of this section, health care carriers includes disability insurers regulated under chapter 48.20 or 48.21 RCW, health care services contractors regulated under chapter 48.44 RCW, health maintenance organizations regulated under chapter 48.46 RCW, plans operating under the health care authority under chapter 41.05 RCW, the state health insurance pool operating under chapter 48.41 RCW, and insuring entities regulated under chapter 48.43 RCW.

(2) For purposes of this section and consistent with their lawful scopes of practice, types of health care practitioners that provide women's health care services shall include, but need not be limited by a health care carrier to, the following: Any generally recognized medical specialty of practitioners licensed under chapter 18.57 or 18.71 RCW who provides women's health care services; practitioners licensed under chapters 18.57A and 18.71A RCW when providing women's health care services; midwives licensed under chapter 18.50 RCW; and advanced registered nurse practitioner specialists in women's health and midwifery under chapter 18.79 RCW.

(3) For purposes of this section, women's health care services shall include, but need not be limited by a health care carrier to, the following: Maternity care; reproductive health services; gynecological care; general examination; and preventive care as medically appropriate and medically appropriate follow-up visits for the services listed in this subsection.

(4) Health care carriers shall ensure that enrolled female patients have direct access to timely and appropriate covered women's health care services from the type of health care practitioner of their choice in accordance with subsection (5) of this section.

(5)(a) Health care carrier policies, plans, and programs written, amended, or renewed after July 23, 1995, shall provide women patients with direct access to the type of health care practitioner of their choice for appropriate covered women's health care services without the necessity of prior referral from another type of health care practitioner.

(b) Health care carriers may comply with this section by including all the types of health care practitioners listed in this section for women's health care services for women patients.

(c) Nothing in this section shall prevent health care carriers from restricting women patients to seeing only health care practitioners who have signed participating provider agreements with the health care carrier. [2000 c 7 § 1; 1995 c 389 § 1.]

### Chapter 48.43 RCW

#### INSURANCE REFORM (Formerly: Certified health plans)

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**48.43.001 Intent.** It is the intent of the legislature to ensure that all enrollees in managed care settings have access to adequate information regarding health care services covered by health carriers' health plans, and provided by health care providers and health care facilities. It is only through such disclosure that Washington state citizens can be fully informed as to the extent of health insurance coverage, availability of health care service options, and necessary treatment. With such information, citizens are able to make knowledgeable decisions regarding their health care. [1996 c 312 § 1.]

**48.43.005 Definitions. (Effective until September 29, 2010.)** Unless otherwise specifically provided, the definitions in this section apply throughout this chapter.

(1) "Adjusted community rate" means the rating method used to establish the premium for health plans adjusted to reflect actuarially demonstrated differences in utilization or cost attributable to geographic region, age, family size, and use of wellness activities.

(2) "Basic health plan" means the plan described under chapter 70.47 RCW, as revised from time to time.

(3) "Basic health plan model plan" means a health plan as required in RCW 70.47.060(2)(e).

(4) "Basic health plan services" means that schedule of covered health services, including the description of how those benefits are to be administered, that are required to be delivered to an enrollee under the basic health plan, as revised from time to time.

(5) "Catastrophic health plan" means:

(a) In the case of a contract, agreement, or policy covering a single enrollee, a health benefit plan requiring a calen-

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dar year deductible of, at a minimum, one thousand seven hundred fifty dollars and an annual out-of-pocket expense required to be paid under the plan (other than for premiums) for covered benefits of at least three thousand five hundred dollars, both amounts to be adjusted annually by the insurance commissioner; and

(b) In the case of a contract, agreement, or policy covering more than one enrollee, a health benefit plan requiring a calendar year deductible of, at a minimum, three thousand five hundred dollars and an annual out-of-pocket expense required to be paid under the plan (other than for premiums) for covered benefits of at least six thousand dollars, both amounts to be adjusted annually by the insurance commissioner; or

(c) Any health benefit plan that provides benefits for hospital inpatient and outpatient services, professional and prescription drugs provided in conjunction with such hospital inpatient and outpatient services, and excludes or substantially limits outpatient physician services and those services usually provided in an office setting.

In July 2008, and in each July thereafter, the insurance commissioner shall adjust the minimum deductible and out-of-pocket expense required for a plan to qualify as a catastrophic plan to reflect the percentage change in the consumer price index for medical care for a preceding twelve months, as determined by the United States department of labor. The adjusted amount shall apply on the following January 1st.

(6) "Certification" means a determination by a review organization that an admission, extension of stay, or other health care service or procedure has been reviewed and, based on the information provided, meets the clinical requirements for medical necessity, appropriateness, level of care, or effectiveness under the auspices of the applicable health benefit plan.

(7) "Concurrent review" means utilization review conducted during a patient's hospital stay or course of treatment.

(8) "Covered person" or "enrollee" means a person covered by a health plan including an enrollee, subscriber, policyholder, beneficiary of a group plan, or individual covered by any other health plan.

(9) "Dependent" means, at a minimum, the enrollee's legal spouse and unmarried dependent children who qualify for coverage under the enrollee's health benefit plan.

(10) "Employee" has the same meaning given to the term, as of January 1, 2008, under section 3(6) of the federal employee retirement income security act of 1974.

(11) "Emergency medical condition" means the emergent and acute onset of a symptom or symptoms, including severe pain, that would lead a prudent layperson acting reasonably to believe that a health condition exists that requires immediate medical attention, if failure to provide medical attention would result in serious impairment to bodily functions or serious dysfunction of a bodily organ or part, or would place the person's health in serious jeopardy.

(12) "Emergency services" means otherwise covered health care services medically necessary to evaluate and treat an emergency medical condition, provided in a hospital emergency department.

(13) "Enrollee point-of-service cost-sharing" means amounts paid to health carriers directly providing services,

health care providers, or health care facilities by enrollees and may include copayments, coinsurance, or deductibles.

(14) "Grievance" means a written complaint submitted by or on behalf of a covered person regarding: (a) Denial of payment for medical services or nonprovision of medical services included in the covered person's health benefit plan, or (b) service delivery issues other than denial of payment for medical services or nonprovision of medical services, including dissatisfaction with medical care, waiting time for medical services, provider or staff attitude or demeanor, or dissatisfaction with service provided by the health carrier.

(15) "Health care facility" or "facility" means hospices licensed under chapter 70.127 RCW, hospitals licensed under chapter 70.41 RCW, rural health care facilities as defined in RCW 70.175.020, psychiatric hospitals licensed under chapter 71.12 RCW, nursing homes licensed under chapter 18.51 RCW, community mental health centers licensed under chapter 71.05 or 71.24 RCW, kidney disease treatment centers licensed under chapter 70.41 RCW, ambulatory diagnostic, treatment, or surgical facilities licensed under chapter 70.41 RCW, drug and alcohol treatment facilities licensed under chapter 70.96A RCW, and home health agencies licensed under chapter 70.127 RCW, and includes such facilities if owned and operated by a political subdivision or instrumentality of the state and such other facilities as required by federal law and implementing regulations.

(16) "Health care provider" or "provider" means:

(a) A person regulated under Title 18 or chapter 70.127 RCW, to practice health or health-related services or otherwise practicing health care services in this state consistent with state law; or

(b) An employee or agent of a person described in (a) of this subsection, acting in the course and scope of his or her employment.

(17) "Health care service" means that service offered or provided by health care facilities and health care providers relating to the prevention, cure, or treatment of illness, injury, or disease.

(18) "Health carrier" or "carrier" means a disability insurer regulated under chapter 48.20 or 48.21 RCW, a health care service contractor as defined in RCW 48.44.010, or a health maintenance organization as defined in RCW 48.46.020.

(19) "Health plan" or "health benefit plan" means any policy, contract, or agreement offered by a health carrier to provide, arrange, reimburse, or pay for health care services except the following:

(a) Long-term care insurance governed by chapter 48.84 or 48.83 RCW;

(b) Medicare supplemental health insurance governed by chapter 48.66 RCW;

(c) Coverage supplemental to the coverage provided under chapter 55, Title 10, United States Code;

(d) Limited health care services offered by limited health care service contractors in accordance with RCW 48.44.035;

(e) Disability income;

(f) Coverage incidental to a property/casualty liability insurance policy such as automobile personal injury protection coverage and homeowner guest medical;

(g) Workers' compensation coverage;

(h) Accident only coverage;

(i) Specified disease or illness-triggered fixed payment insurance, hospital confinement fixed payment insurance, or other fixed payment insurance offered as an independent, noncoordinated benefit;

(j) Employer-sponsored self-funded health plans;

(k) Dental only and vision only coverage; and

(l) Plans deemed by the insurance commissioner to have a short-term limited purpose or duration, or to be a student-only plan that is guaranteed renewable while the covered person is enrolled as a regular full-time undergraduate or graduate student at an accredited higher education institution, after a written request for such classification by the carrier and subsequent written approval by the insurance commissioner.

(20) "Material modification" means a change in the actuarial value of the health plan as modified of more than five percent but less than fifteen percent.

(21) "Preexisting condition" means any medical condition, illness, or injury that existed any time prior to the effective date of coverage.

(22) "Premium" means all sums charged, received, or deposited by a health carrier as consideration for a health plan or the continuance of a health plan. Any assessment or any "membership," "policy," "contract," "service," or similar fee or charge made by a health carrier in consideration for a health plan is deemed part of the premium. "Premium" shall not include amounts paid as enrollee point-of-service cost-sharing.

(23) "Review organization" means a disability insurer regulated under chapter 48.20 or 48.21 RCW, health care service contractor as defined in RCW 48.44.010, or health maintenance organization as defined in RCW 48.46.020, and entities affiliated with, under contract with, or acting on behalf of a health carrier to perform a utilization review.

(24) "Small employer" or "small group" means any person, firm, corporation, partnership, association, political subdivision, sole proprietor, or self-employed individual that is actively engaged in business that employed an average of at least two but no more than fifty employees, during the previous calendar year and employed at least two employees on the first day of the plan year, is not formed primarily for purposes of buying health insurance, and in which a bona fide employer-employee relationship exists. In determining the number of employees, companies that are affiliated companies, or that are eligible to file a combined tax return for purposes of taxation by this state, shall be considered an employer. Subsequent to the issuance of a health plan to a small employer and for the purpose of determining eligibility, the size of a small employer shall be determined annually. Except as otherwise specifically provided, a small employer shall continue to be considered a small employer until the plan anniversary following the date the small employer no longer meets the requirements of this definition. A self-employed individual or sole proprietor who is covered as a group of one on the day prior to June 10, 2004, shall also be considered a "small employer" to the extent that individual or group of one is entitled to have his or her coverage renewed as provided in RCW 48.43.035(6).

(25) "Utilization review" means the prospective, concurrent, or retrospective assessment of the necessity and appropriateness of the allocation of health care resources and ser-

vices of a provider or facility, given or proposed to be given to an enrollee or group of enrollees.

(26) "Wellness activity" means an explicit program of an activity consistent with department of health guidelines, such as, smoking cessation, injury and accident prevention, reduction of alcohol misuse, appropriate weight reduction, exercise, automobile and motorcycle safety, blood cholesterol reduction, and nutrition education for the purpose of improving enrollee health status and reducing health service costs. [2008 c 145 § 20; 2008 c 144 § 1. Prior: 2007 c 296 § 1; 2007 c 259 § 32; 2006 c 25 § 16; 2004 c 244 § 2; prior: 2001 c 196 § 5; 2001 c 147 § 1; 2000 c 79 § 18; prior: 1997 c 231 § 202; 1997 c 55 § 1; 1995 c 265 § 4.]

**Reviser's note:** This section was amended by 2008 c 144 § 1 and by 2008 c 145 § 20, each without reference to the other. Both amendments are incorporated in the publication of this section under RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

**Severability—Effective date—2008 c 145:** See RCW 48.83.900 and 48.83.901.

**Severability—Subheadings not law—2007 c 259:** See notes following RCW 41.05.033.

**Application—2004 c 244:** See note following RCW 48.21.045.

**Effective date—2001 c 196:** See note following RCW 48.20.025.

**Effective date—Severability—2000 c 79:** See notes following RCW 48.04.010.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **48.43.005 Definitions. (Effective September 29, 2010.)**

Unless otherwise specifically provided, the definitions in this section apply throughout this chapter.

(1) "Adjusted community rate" means the rating method used to establish the premium for health plans adjusted to reflect actuarially demonstrated differences in utilization or cost attributable to geographic region, age, family size, and use of wellness activities.

(2) "Basic health plan" means the plan described under chapter 70.47 RCW, as revised from time to time.

(3) "Basic health plan model plan" means a health plan as required in RCW 70.47.060(2)(e).

(4) "Basic health plan services" means that schedule of covered health services, including the description of how those benefits are to be administered, that are required to be delivered to an enrollee under the basic health plan, as revised from time to time.

(5) "Catastrophic health plan" means:

(a) In the case of a contract, agreement, or policy covering a single enrollee, a health benefit plan requiring a calendar year deductible of, at a minimum, one thousand seven hundred fifty dollars and an annual out-of-pocket expense required to be paid under the plan (other than for premiums) for covered benefits of at least three thousand five hundred dollars, both amounts to be adjusted annually by the insurance commissioner; and

(b) In the case of a contract, agreement, or policy covering more than one enrollee, a health benefit plan requiring a calendar year deductible of, at a minimum, three thousand five hundred dollars and an annual out-of-pocket expense required to be paid under the plan (other than for premiums) for covered benefits of at least six thousand dollars, both amounts to be adjusted annually by the insurance commissioner; or

(c) Any health benefit plan that provides benefits for hospital inpatient and outpatient services, professional and prescription drugs provided in conjunction with such hospital inpatient and outpatient services, and excludes or substantially limits outpatient physician services and those services usually provided in an office setting.

In July 2008, and in each July thereafter, the insurance commissioner shall adjust the minimum deductible and out-of-pocket expense required for a plan to qualify as a catastrophic plan to reflect the percentage change in the consumer price index for medical care for a preceding twelve months, as determined by the United States department of labor. The adjusted amount shall apply on the following January 1st.

(6) "Certification" means a determination by a review organization that an admission, extension of stay, or other health care service or procedure has been reviewed and, based on the information provided, meets the clinical requirements for medical necessity, appropriateness, level of care, or effectiveness under the auspices of the applicable health benefit plan.

(7) "Concurrent review" means utilization review conducted during a patient's hospital stay or course of treatment.

(8) "Covered person" or "enrollee" means a person covered by a health plan including an enrollee, subscriber, policyholder, beneficiary of a group plan, or individual covered by any other health plan.

(9) "Dependent" means, at a minimum, the enrollee's legal spouse and unmarried dependent children who qualify for coverage under the enrollee's health benefit plan.

(10) "Emergency medical condition" means the emergent and acute onset of a symptom or symptoms, including severe pain, that would lead a prudent layperson acting reasonably to believe that a health condition exists that requires immediate medical attention, if failure to provide medical attention would result in serious impairment to bodily functions or serious dysfunction of a bodily organ or part, or would place the person's health in serious jeopardy.

(11) "Emergency services" means otherwise covered health care services medically necessary to evaluate and treat an emergency medical condition, provided in a hospital emergency department.

(12) "Employee" has the same meaning given to the term, as of January 1, 2008, under section 3(6) of the federal employee retirement income security act of 1974.

(13) "Enrollee point-of-service cost-sharing" means amounts paid to health carriers directly providing services, health care providers, or health care facilities by enrollees and may include copayments, coinsurance, or deductibles.

(14) "Grievance" means a written complaint submitted by or on behalf of a covered person regarding: (a) Denial of payment for medical services or nonprovision of medical services included in the covered person's health benefit plan, or (b) service delivery issues other than denial of payment for medical services or nonprovision of medical services, including dissatisfaction with medical care, waiting time for medical services, provider or staff attitude or demeanor, or dissatisfaction with service provided by the health carrier.

(15) "Health care facility" or "facility" means hospices licensed under chapter 70.127 RCW, hospitals licensed under chapter 70.41 RCW, rural health care facilities as defined in RCW 70.175.020, psychiatric hospitals licensed under chap-

ter 71.12 RCW, nursing homes licensed under chapter 18.51 RCW, community mental health centers licensed under chapter 71.05 or 71.24 RCW, kidney disease treatment centers licensed under chapter 70.41 RCW, ambulatory diagnostic, treatment, or surgical facilities licensed under chapter 70.41 RCW, drug and alcohol treatment facilities licensed under chapter 70.96A RCW, and home health agencies licensed under chapter 70.127 RCW, and includes such facilities if owned and operated by a political subdivision or instrumentality of the state and such other facilities as required by federal law and implementing regulations.

(16) "Health care provider" or "provider" means:

(a) A person regulated under Title 18 or chapter 70.127 RCW, to practice health or health-related services or otherwise practicing health care services in this state consistent with state law; or

(b) An employee or agent of a person described in (a) of this subsection, acting in the course and scope of his or her employment.

(17) "Health care service" means that service offered or provided by health care facilities and health care providers relating to the prevention, cure, or treatment of illness, injury, or disease.

(18) "Health carrier" or "carrier" means a disability insurer regulated under chapter 48.20 or 48.21 RCW, a health care service contractor as defined in RCW 48.44.010, or a health maintenance organization as defined in RCW 48.46.020.

(19) "Health plan" or "health benefit plan" means any policy, contract, or agreement offered by a health carrier to provide, arrange, reimburse, or pay for health care services except the following:

(a) Long-term care insurance governed by chapter 48.84 or 48.83 RCW;

(b) Medicare supplemental health insurance governed by chapter 48.66 RCW;

(c) Coverage supplemental to the coverage provided under chapter 55, Title 10, United States Code;

(d) Limited health care services offered by limited health care service contractors in accordance with RCW 48.44.035;

(e) Disability income;

(f) Coverage incidental to a property/casualty liability insurance policy such as automobile personal injury protection coverage and homeowner guest medical;

(g) Workers' compensation coverage;

(h) Accident only coverage;

(i) Specified disease or illness-triggered fixed payment insurance, hospital confinement fixed payment insurance, or other fixed payment insurance offered as an independent, noncoordinated benefit;

(j) Employer-sponsored self-funded health plans;

(k) Dental only and vision only coverage; and

(l) Plans deemed by the insurance commissioner to have a short-term limited purpose or duration, or to be a student-only plan that is guaranteed renewable while the covered person is enrolled as a regular full-time undergraduate or graduate student at an accredited higher education institution, after a written request for such classification by the carrier and subsequent written approval by the insurance commissioner.

(20) "Material modification" means a change in the actuarial value of the health plan as modified of more than five percent but less than fifteen percent.

(21) "Preexisting condition" means any medical condition, illness, or injury that existed any time prior to the effective date of coverage.

(22) "Premium" means all sums charged, received, or deposited by a health carrier as consideration for a health plan or the continuance of a health plan. Any assessment or any "membership," "policy," "contract," "service," or similar fee or charge made by a health carrier in consideration for a health plan is deemed part of the premium. "Premium" shall not include amounts paid as enrollee point-of-service cost-sharing.

(23) "Review organization" means a disability insurer regulated under chapter 48.20 or 48.21 RCW, health care service contractor as defined in RCW 48.44.010, or health maintenance organization as defined in RCW 48.46.020, and entities affiliated with, under contract with, or acting on behalf of a health carrier to perform a utilization review.

(24) "Small employer" or "small group" means any person, firm, corporation, partnership, association, political subdivision, sole proprietor, or self-employed individual that is actively engaged in business that employed an average of at least one but no more than fifty employees, during the previous calendar year and employed at least one employee on the first day of the plan year, is not formed primarily for purposes of buying health insurance, and in which a bona fide employer-employee relationship exists. In determining the number of employees, companies that are affiliated companies, or that are eligible to file a combined tax return for purposes of taxation by this state, shall be considered an employer. Subsequent to the issuance of a health plan to a small employer and for the purpose of determining eligibility, the size of a small employer shall be determined annually. Except as otherwise specifically provided, a small employer shall continue to be considered a small employer until the plan anniversary following the date the small employer no longer meets the requirements of this definition. A self-employed individual or sole proprietor who is covered as a group of one must also: (a) Have been employed by the same small employer or small group for at least twelve months prior to application for small group coverage, and (b) verify that he or she derived at least seventy-five percent of his or her income from a trade or business through which the individual or sole proprietor has attempted to earn taxable income and for which he or she has filed the appropriate internal revenue service form 1040, schedule C or F, for the previous taxable year, except a self-employed individual or sole proprietor in an agricultural trade or business, must have derived at least fifty-one percent of his or her income from the trade or business through which the individual or sole proprietor has attempted to earn taxable income and for which he or she has filed the appropriate internal revenue service form 1040, for the previous taxable year.

(25) "Utilization review" means the prospective, concurrent, or retrospective assessment of the necessity and appropriateness of the allocation of health care resources and services of a provider or facility, given or proposed to be given to an enrollee or group of enrollees.

(26) "Wellness activity" means an explicit program of an activity consistent with department of health guidelines, such as, smoking cessation, injury and accident prevention, reduction of alcohol misuse, appropriate weight reduction, exercise, automobile and motorcycle safety, blood cholesterol reduction, and nutrition education for the purpose of improving enrollee health status and reducing health service costs. [2010 c 292 § 1. Prior: 2008 c 145 § 20; 2008 c 144 § 1; prior: 2007 c 296 § 1; 2007 c 259 § 32; 2006 c 25 § 16; 2004 c 244 § 2; prior: 2001 c 196 § 5; 2001 c 147 § 1; 2000 c 79 § 18; prior: 1997 c 231 § 202; 1997 c 55 § 1; 1995 c 265 § 4.]

**Reviser's note:** The definitions in this section have been alphabetized pursuant to RCW 1.08.015(2)(k).

**Application—2010 c 292:** "This act applies to policies issued or renewed on or after January 1, 2011." [2010 c 292 § 9.]

**Contingent effective date—2010 c 292 §§ 1 and 2:** "Sections 1 and 2 of this act take effect one hundred eighty days [September 29, 2010] after the date the insurance commissioner certifies to the secretary of the senate, the chief clerk of the house of representatives, and the code reviser's office that federal legislation has been signed into law by the President of the United States that includes guaranteed issue for individuals who purchase health coverage through the individual or small group markets." [2010 c 292 § 11.]

**Severability—Effective date—2008 c 145:** See RCW 48.83.900 and 48.83.901.

**Severability—Subheadings not law—2007 c 259:** See notes following RCW 41.05.033.

**Application—2004 c 244:** See note following RCW 48.21.045.

**Effective date—2001 c 196:** See note following RCW 48.20.025.

**Effective date—Severability—2000 c 79:** See notes following RCW 48.04.010.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.43.008 Enrollment in employer-sponsored health plan—Person eligible for medical assistance.** When the department of social and health services determines that it is cost-effective to enroll a person eligible for medical assistance under chapter 74.09 RCW in an employer-sponsored health plan, a carrier shall permit the enrollment of the person in the health plan for which he or she is otherwise eligible without regard to any open enrollment period restrictions. [2007 c 259 § 24.]

**Severability—Subheadings not law—2007 c 259:** See notes following RCW 41.05.033.

**48.43.012 Individual health benefit plans—Preexisting conditions.** (1) No carrier may reject an individual for an individual health benefit plan based upon preexisting conditions of the individual except as provided in RCW 48.43.018.

(2) No carrier may deny, exclude, or otherwise limit coverage for an individual's preexisting health conditions except as provided in this section.

(3) For an individual health benefit plan originally issued on or after March 23, 2000, preexisting condition waiting periods imposed upon a person enrolling in an individual health benefit plan shall be no more than nine months for a preexisting condition for which medical advice was given, for which a health care provider recommended or provided treatment, or for which a prudent layperson would have sought advice or treatment, within six months prior to the effective date of the plan. No carrier may impose a preexisting condition waiting period on an individual health benefit plan issued to an eligible individual as defined in section

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2741(b) of the federal health insurance portability and accountability act of 1996 (42 U.S.C. 300gg-41(b)).

(4) Individual health benefit plan preexisting condition waiting periods shall not apply to prenatal care services.

(5) No carrier may avoid the requirements of this section through the creation of a new rate classification or the modification of an existing rate classification. A new or changed rate classification will be deemed an attempt to avoid the provisions of this section if the new or changed classification would substantially discourage applications for coverage from individuals who are higher than average health risks. These provisions apply only to individuals who are Washington residents. [2001 c 196 § 6; 2000 c 79 § 19.]

**Effective date—2001 c 196:** See note following RCW 48.20.025.

**Effective date—Severability—2000 c 79:** See notes following RCW 48.04.010.

**48.43.0121 Commissioner's authority to review certain rates.** The insurance commissioner's authority to review and disapprove rates for individual products, as established in RCW 48.18.110, 48.44.020, 48.46.060, 48.20.025, 48.44.017, and 48.46.062, expires January 1, 2012. [2008 c 303 § 7.]

**48.43.015 Health benefit plans—Preexisting conditions.** (1) For a health benefit plan offered to a group, every health carrier shall reduce any preexisting condition exclusion, limitation, or waiting period in the group health plan in accordance with the provisions of section 2701 of the federal health insurance portability and accountability act of 1996 (42 U.S.C. Sec. 300gg).

(2) For a health benefit plan offered to a group other than a small group:

(a) If the individual applicant's immediately preceding health plan coverage terminated during the period beginning ninety days and ending sixty-four days before the date of application for the new plan and such coverage was similar and continuous for at least three months, then the carrier shall not impose a waiting period for coverage of preexisting conditions under the new health plan.

(b) If the individual applicant's immediately preceding health plan coverage terminated during the period beginning ninety days and ending sixty-four days before the date of application for the new plan and such coverage was similar and continuous for less than three months, then the carrier shall credit the time covered under the immediately preceding health plan toward any preexisting condition waiting period under the new health plan.

(c) For the purposes of this subsection, a preceding health plan includes an employer-provided self-funded health plan, the basic health plan's offering to health coverage tax credit eligible enrollees as established by chapter 192, Laws of 2004, and plans of the Washington state health insurance pool.

(3) For a health benefit plan offered to a small group:

(a) If the individual applicant's immediately preceding health plan coverage terminated during the period beginning ninety days and ending sixty-four days before the date of application for the new plan and such coverage was similar and continuous for at least nine months, then the carrier shall

not impose a waiting period for coverage of preexisting conditions under the new health plan.

(b) If the individual applicant's immediately preceding health plan coverage terminated during the period beginning ninety days and ending sixty-four days before the date of application for the new plan and such coverage was similar and continuous for less than nine months, then the carrier shall credit the time covered under the immediately preceding health plan toward any preexisting condition waiting period under the new health plan.

(c) For the purpose of this subsection, a preceding health plan includes an employer-provided self-funded health plan, the basic health plan's offering to health coverage tax credit eligible enrollees as established by chapter 192, Laws of 2004, and plans of the Washington state health insurance pool.

(4) For a health benefit plan offered to an individual, other than an individual to whom subsection (5) of this section applies, every health carrier shall credit any preexisting condition waiting period in that plan for a person who was enrolled at any time during the sixty-three day period immediately preceding the date of application for the new health plan in a group health benefit plan or an individual health benefit plan, other than a catastrophic health plan, and (a) the benefits under the previous plan provide equivalent or greater overall benefit coverage than that provided in the health benefit plan the individual seeks to purchase; or (b) the person is seeking an individual health benefit plan due to his or her change of residence from one geographic area in Washington state to another geographic area in Washington state where his or her current health plan is not offered, if application for coverage is made within ninety days of relocation; or (c) the person is seeking an individual health benefit plan: (i) Because a health care provider with whom he or she has an established care relationship and from whom he or she has received treatment within the past twelve months is no longer part of the carrier's provider network under his or her existing Washington individual health benefit plan; and (ii) his or her health care provider is part of another carrier's provider network; and (iii) application for a health benefit plan under that carrier's provider network individual coverage is made within ninety days of his or her provider leaving the previous carrier's provider network. The carrier must credit the period of coverage the person was continuously covered under the immediately preceding health plan toward the waiting period of the new health plan. For the purposes of this subsection (4), a preceding health plan includes an employer-provided self-funded health plan, the basic health plan's offering to health coverage tax credit eligible enrollees as established by chapter 192, Laws of 2004, and plans of the Washington state health insurance pool.

(5) Every health carrier shall waive any preexisting condition waiting period in its individual plans for a person who is an eligible individual as defined in section 2741(b) of the federal health insurance portability and accountability act of 1996 (42 U.S.C. Sec. 300gg-41(b)).

(6) Subject to the provisions of subsections (1) through (5) of this section, nothing contained in this section requires a health carrier to amend a health plan to provide new benefits in its existing health plans. In addition, nothing in this section requires a carrier to waive benefit limitations not related

to an individual or group's preexisting conditions or health history. [2004 c 192 § 5; 2001 c 196 § 7; 2000 c 80 § 3; 2000 c 79 § 20; 1995 c 265 § 5.]

**Effective date—2004 c 192:** See note following RCW 70.47.020.

**Effective date—2001 c 196:** See note following RCW 48.20.025.

**Effective date—Severability—2000 c 79:** See notes following RCW 48.04.010.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.43.017 Organ transplant benefit waiting periods—Prior creditable coverage.** (1) For each health benefit plan that is issued or renewed on or after January 1, 2010, a health carrier shall reduce any organ transplant benefit waiting period by the amount of time a covered person had prior creditable coverage. Benefits provided are subject to all other terms and conditions of the health benefit plan, including but not limited to any applicable coinsurances, deductibles, and copayments.

(2) For purposes of this section, "creditable coverage" means the same as set forth in section 2701 of the federal health insurance portability and accountability act of 1996 (42 U.S.C. Sec. 300gg), as it existed on July 26, 2009, or on such subsequent date as may be provided by the commissioner by rule, consistent with the purposes of this section, and also includes coverage which terminated during the period beginning ninety days and ending sixty-four days before the date of application for the new plan if that coverage would otherwise have qualified as creditable coverage under that federal act. [2009 c 82 § 2.]

**Intent—2009 c 82:** "It is the intent of the legislature to reduce organ transplant benefit waiting periods for covered persons who have had prior continuous coverage and have changed health carriers or health benefit plans." [2009 c 82 § 1.]

**48.43.018 Requirement to complete the standard health questionnaire—Exemptions—Results.** (1) Except as provided in (a) through (g) of this subsection, a health carrier may require any person applying for an individual health benefit plan and the health care authority shall require any person applying for nonsubsidized enrollment in the basic health plan to complete the standard health questionnaire designated under chapter 48.41 RCW.

(a) If a person is seeking an individual health benefit plan or enrollment in the basic health plan as a nonsubsidized enrollee due to his or her change of residence from one geographic area in Washington state to another geographic area in Washington state where his or her current health plan is not offered, completion of the standard health questionnaire shall not be a condition of coverage if application for coverage is made within ninety days of relocation.

(b) If a person is seeking an individual health benefit plan or enrollment in the basic health plan as a nonsubsidized enrollee:

(i) Because a health care provider with whom he or she has an established care relationship and from whom he or she has received treatment within the past twelve months is no longer part of the carrier's provider network under his or her existing Washington individual health benefit plan; and

(ii) His or her health care provider is part of another carrier's or a basic health plan managed care system's provider network; and

(iii) Application for a health benefit plan under that carrier's provider network individual coverage or for basic health plan nonsubsidized enrollment is made within ninety days of his or her provider leaving the previous carrier's provider network; then completion of the standard health questionnaire shall not be a condition of coverage.

(c) If a person is seeking an individual health benefit plan or enrollment in the basic health plan as a nonsubsidized enrollee due to his or her having exhausted continuation coverage provided under 29 U.S.C. Sec. 1161 et seq., completion of the standard health questionnaire shall not be a condition of coverage if application for coverage is made within ninety days of exhaustion of continuation coverage. A health carrier or the health care authority as administrator of basic health plan nonsubsidized coverage shall accept an application without a standard health questionnaire from a person currently covered by such continuation coverage if application is made within ninety days prior to the date the continuation coverage would be exhausted and the effective date of the individual coverage applied for is the date the continuation coverage would be exhausted, or within ninety days thereafter.

(d) If a person is seeking an individual health benefit plan or enrollment in the basic health plan as a nonsubsidized enrollee due to a change in employment status that would qualify him or her to purchase continuation coverage provided under 29 U.S.C. Sec. 1161 et seq., but the person's employer is exempt under federal law from the requirement to offer such coverage, completion of the standard health questionnaire shall not be a condition of coverage if: (i) Application for coverage is made within ninety days of a qualifying event as defined in 29 U.S.C. Sec. 1163; and (ii) the person had at least twenty-four months of continuous group coverage immediately prior to the qualifying event. A health carrier shall accept an application without a standard health questionnaire from a person with at least twenty-four months of continuous group coverage if application is made no more than ninety days prior to the date of a qualifying event and the effective date of the individual coverage applied for is the date of the qualifying event, or within ninety days thereafter.

(e) If a person is seeking an individual health benefit plan, completion of the standard health questionnaire shall not be a condition of coverage if: (i) The person had at least twenty-four months of continuous basic health plan coverage under chapter 70.47 RCW immediately prior to disenrollment; and (ii) application for coverage is made within ninety days of disenrollment from the basic health plan. A health carrier shall accept an application without a standard health questionnaire from a person with at least twenty-four months of continuous basic health plan coverage if application is made no more than ninety days prior to the date of disenrollment and the effective date of the individual coverage applied for is the date of disenrollment, or within ninety days thereafter.

(f) If a person is seeking an individual health benefit plan due to a change in employment status that would qualify him or her to purchase continuation coverage provided under 29 U.S.C. Sec. 1161 et seq., completion of the standard health questionnaire is not a condition of coverage if: (i) Application for coverage is made within ninety days of a qualifying

event as defined in 29 U.S.C. Sec. 1163; and (ii) the person had at least twenty-four months of continuous group coverage immediately prior to the qualifying event. A health carrier shall accept an application without a standard health questionnaire from a person with at least twenty-four months of continuous group coverage if application is made no more than ninety days prior to the date of a qualifying event and the effective date of the individual coverage applied for is the date of the qualifying event, or within ninety days thereafter.

(g) If a person is seeking an individual health benefit plan due to their terminating continuation coverage under 29 U.S.C. Sec. 1161 et seq., completion of the standard health questionnaire shall not be a condition of coverage if: (i) Application for coverage is made within ninety days of terminating the continuation coverage; and (ii) the person had at least twenty-four months of continuous group coverage immediately prior to the termination. A health carrier shall accept an application without a standard health questionnaire from a person with at least twenty-four months of continuous group coverage if application is made no more than ninety days prior to the date of termination of the continuation coverage and the effective date of the individual coverage applied for is the date the continuation coverage is terminated, or within ninety days thereafter.

(h) If a person is seeking an individual health benefit plan because his or her employer, or former employer, discontinues group coverage due to the closure of the business, completion of the standard health questionnaire shall not be a condition of coverage if: (i) Application for coverage is made within ninety days of the employer discontinuing group coverage due to closure of the business; and (ii) the person had at least twenty-four months of continuous group coverage immediately prior to the termination. A health carrier shall accept an application without a standard health questionnaire from a person with at least twenty-four months of continuous group coverage if application is made no more than ninety days prior to the date of discontinuation of group coverage, and the effective date of the individual coverage applied for is the date the group coverage is discontinued, or within ninety days thereafter.

(2) If, based upon the results of the standard health questionnaire, the person qualifies for coverage under the Washington state health insurance pool, the following shall apply:

(a) The carrier may decide not to accept the person's application for enrollment in its individual health benefit plan and the health care authority, as administrator of basic health plan nonsubsidized coverage, shall not accept the person's application for enrollment as a nonsubsidized enrollee; and

(b) Within fifteen business days of receipt of a completed application, the carrier or the health care authority as administrator of basic health plan nonsubsidized coverage shall provide written notice of the decision not to accept the person's application for enrollment to both the person and the administrator of the Washington state health insurance pool. The notice to the person shall state that the person is eligible for health insurance provided by the Washington state health insurance pool, and shall include information about the Washington state health insurance pool and an application for such coverage. If the carrier or the health care authority as administrator of basic health plan nonsubsidized coverage

does not provide or postmark such notice within fifteen business days, the application is deemed approved.

(3) If the person applying for an individual health benefit plan: (a) Does not qualify for coverage under the Washington state health insurance pool based upon the results of the standard health questionnaire; (b) does qualify for coverage under the Washington state health insurance pool based upon the results of the standard health questionnaire and the carrier elects to accept the person for enrollment; or (c) is not required to complete the standard health questionnaire designated under this chapter under subsection (1)(a) or (b) of this section, the carrier or the health care authority as administrator of basic health plan nonsubsidized coverage, whichever entity administered the standard health questionnaire, shall accept the person for enrollment if he or she resides within the carrier's or the basic health plan's service area and provide or assure the provision of all covered services regardless of age, sex, family structure, ethnicity, race, health condition, geographic location, employment status, socioeconomic status, other condition or situation, or the provisions of RCW 49.60.174(2). The commissioner may grant a temporary exemption from this subsection if, upon application by a health carrier, the commissioner finds that the clinical, financial, or administrative capacity to serve existing enrollees will be impaired if a health carrier is required to continue enrollment of additional eligible individuals. [2010 c 277 § 1; 2009 c 42 § 1. Prior: 2007 c 259 § 37; 2007 c 80 § 13; 2004 c 244 § 3; 2001 c 196 § 8; 2000 c 80 § 4; 2000 c 79 § 21.]

**Severability—Subheadings not law—2007 c 259:** See notes following RCW 41.05.033.

**Application—2004 c 244:** See note following RCW 48.21.045.

**Effective date—2001 c 196:** See note following RCW 48.20.025.

**Effective date—Severability—2000 c 79:** See notes following RCW 48.04.010.

**48.43.021 Personally identifiable health information—Restrictions on release.** Except as otherwise required by statute or rule, a carrier and the Washington state health insurance pool, and persons acting at the direction of or on behalf of a carrier or the pool, who are in receipt of an enrollee's or applicant's personally identifiable health information included in the standard health questionnaire shall not disclose the identifiable health information unless such disclosure is explicitly authorized in writing by the person who is the subject of the information. [2000 c 79 § 22.]

**Effective date—Severability—2000 c 79:** See notes following RCW 48.04.010.

**48.43.022 Enrollee identification card—Social security number restriction.** After December 31, 2005, a health carrier that issues a card identifying a person as an enrollee, and requires the person to present the card to providers for purposes of claims processing, may not display on the card an identification number that includes more than a four-digit portion of the person's complete social security number. [2004 c 115 § 1.]

**48.43.023 Pharmacy identification cards—Rules.** (1) A health carrier that provides coverage for prescription drugs provided on an outpatient basis and issues a card or other

technology for claims processing, or an administrator of a health benefit plan including, but not limited to, third-party administrators for self-insured plans, pharmacy benefits managers, and state administered plans, shall issue to its enrollees a pharmacy identification card or other technology containing all information required for proper prescription drug claims adjudication.

(2) Upon renewal of the health benefit plan, information on the pharmacy identification card or other technology shall be made current by the health carrier or other entity that issues the card.

(3) Nothing in this section shall be construed to require any health carrier or administrator of a health benefit plan to issue a pharmacy identification card or other technology separate from another identification card issued to an enrollee under the health benefit plan if the identification card contains all of the information required under subsection (1) of this section.

(4) This section applies to health benefit plans that are delivered, issued for delivery, or renewed on or after July 1, 2003. For the purposes of this section, renewal of a health benefit policy, contract, or plan occurs on each anniversary of the date on which coverage was first effective on the person or persons covered by the health benefit plan.

(5) The insurance commissioner may adopt rules to implement chapter 106, Laws of 2001, taking into consideration any relevant standards developed by the national council for prescription drug programs and the requirements of the federal health insurance portability and accountability act of 1996. [2001 c 106 § 2.]

**Intent—2001 c 106:** "It is the intent of the legislature to improve care to patients by minimizing confusion, eliminating unnecessary paperwork, decreasing administrative burdens, and streamlining dispensing of prescription products paid for by third-party payors." [2001 c 106 § 1.]

**48.43.025 Group health benefit plans—Preexisting conditions.** (1) For group health benefit plans for groups other than small groups, no carrier may reject an individual for health plan coverage based upon preexisting conditions of the individual and no carrier may deny, exclude, or otherwise limit coverage for an individual's preexisting health conditions; except that a carrier may impose a three-month benefit waiting period for preexisting conditions for which medical advice was given, or for which a health care provider recommended or provided treatment within three months before the effective date of coverage. Any preexisting condition waiting period or limitation relating to pregnancy as a preexisting condition shall be imposed only to the extent allowed in the federal health insurance portability and accountability act of 1996.

(2) For group health benefit plans for small groups, no carrier may reject an individual for health plan coverage based upon preexisting conditions of the individual and no carrier may deny, exclude, or otherwise limit coverage for an individual's preexisting health conditions. Except that a carrier may impose a nine-month benefit waiting period for preexisting conditions for which medical advice was given, or for which a health care provider recommended or provided treatment within six months before the effective date of coverage. Any preexisting condition waiting period or limitation relating to pregnancy as a preexisting condition shall be

imposed only to the extent allowed in the federal health insurance portability and accountability act of 1996.

(3) No carrier may avoid the requirements of this section through the creation of a new rate classification or the modification of an existing rate classification. A new or changed rate classification will be deemed an attempt to avoid the provisions of this section if the new or changed classification would substantially discourage applications for coverage from individuals or groups who are higher than average health risks. These provisions apply only to individuals who are Washington residents. [2001 c 196 § 9; 2000 c 79 § 23; 1995 c 265 § 6.]

**Effective date—2001 c 196:** See note following RCW 48.20.025.

**Effective date—Severability—2000 c 79:** See notes following RCW 48.04.010.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.43.028 Eligibility to purchase certain health benefit plans—Small employers and small groups.** To the extent required of the federal health insurance portability and accountability act of 1996, the eligibility of an employer or group to purchase a health benefit plan set forth in RCW 48.21.045(1)(b), 48.44.023(1)(b), and 48.46.066(1)(b) must be extended to all small employers and small groups as defined in RCW 48.43.005. [2001 c 196 § 10.]

**Effective date—2001 c 196:** See note following RCW 48.20.025.

**48.43.035 Group health benefit plans—Guaranteed issue and continuity of coverage—Exceptions—Group of one. (Effective until September 29, 2010.)** For group health benefit plans, the following shall apply:

(1) All health carriers shall accept for enrollment any state resident within the group to whom the plan is offered and within the carrier's service area and provide or assure the provision of all covered services regardless of age, sex, family structure, ethnicity, race, health condition, geographic location, employment status, socioeconomic status, other condition or situation, or the provisions of RCW 49.60.174(2). The insurance commissioner may grant a temporary exemption from this subsection, if, upon application by a health carrier the commissioner finds that the clinical, financial, or administrative capacity to serve existing enrollees will be impaired if a health carrier is required to continue enrollment of additional eligible individuals.

(2) Except as provided in subsection (5) of this section, all health plans shall contain or incorporate by endorsement a guarantee of the continuity of coverage of the plan. For the purposes of this section, a plan is "renewed" when it is continued beyond the earliest date upon which, at the carrier's sole option, the plan could have been terminated for other than nonpayment of premium. The carrier may consider the group's anniversary date as the renewal date for purposes of complying with the provisions of this section.

(3) The guarantee of continuity of coverage required in health plans shall not prevent a carrier from canceling or non-renewing a health plan for:

(a) Nonpayment of premium;

(b) Violation of published policies of the carrier approved by the insurance commissioner;

(c) Covered persons entitled to become eligible for medicare benefits by reason of age who fail to apply for a medicare supplement plan or medicare cost, risk, or other plan offered by the carrier pursuant to federal laws and regulations;

(d) Covered persons who fail to pay any deductible or copayment amount owed to the carrier and not the provider of health care services;

(e) Covered persons committing fraudulent acts as to the carrier;

(f) Covered persons who materially breach the health plan; or

(g) Change or implementation of federal or state laws that no longer permit the continued offering of such coverage.

(4) The provisions of this section do not apply in the following cases:

(a) A carrier has zero enrollment on a product;

(b) A carrier replaces a product and the replacement product is provided to all covered persons within that class or line of business, includes all of the services covered under the replaced product, and does not significantly limit access to the kind of services covered under the replaced product. The health plan may also allow unrestricted conversion to a fully comparable product;

(c) No sooner than January 1, 2005, a carrier discontinues offering a particular type of health benefit plan offered for groups of up to two hundred if: (i) The carrier provides notice to each group of the discontinuation at least ninety days prior to the date of the discontinuation; (ii) the carrier offers to each group provided coverage of this type the option to enroll, with regard to small employer groups, in any other small employer group plan, or with regard to groups of up to two hundred, in any other applicable group plan, currently being offered by the carrier in the applicable group market; and (iii) in exercising the option to discontinue coverage of this type and in offering the option of coverage under (c)(ii) of this subsection, the carrier acts uniformly without regard to any health status-related factor of enrolled individuals or individuals who may become eligible for this coverage;

(d) A carrier discontinues offering all health coverage in the small group market or for groups of up to two hundred, or both markets, in the state and discontinues coverage under all existing group health benefit plans in the applicable market involved if: (i) The carrier provides notice to the commissioner of its intent to discontinue offering all such coverage in the state and its intent to discontinue coverage under all such existing health benefit plans at least one hundred eighty days prior to the date of the discontinuation of coverage under all such existing health benefit plans; and (ii) the carrier provides notice to each covered group of the intent to discontinue the existing health benefit plan at least one hundred eighty days prior to the date of discontinuation. In the case of discontinuation under this subsection, the carrier may not issue any group health coverage in this state in the applicable group market involved for a five-year period beginning on the date of the discontinuation of the last health benefit plan not so renewed. This subsection (4) does not require a carrier to provide notice to the commissioner of its intent to discontinue offering a health benefit plan to new applicants when

the carrier does not discontinue coverage of existing enrollees under that health benefit plan; or

(e) A carrier is withdrawing from a service area or from a segment of its service area because the carrier has demonstrated to the insurance commissioner that the carrier's clinical, financial, or administrative capacity to serve enrollees would be exceeded.

(5) The provisions of this section do not apply to health plans deemed by the insurance commissioner to be unique or limited or have a short-term purpose, after a written request for such classification by the carrier and subsequent written approval by the insurance commissioner.

(6) Notwithstanding any other provision of this section, the guarantee of continuity of coverage applies to a group of one only if: (a) The carrier continues to offer any other small employer group plan in which the group of one was eligible to enroll on the day prior to June 10, 2004; and (b) the person continues to qualify as a group of one under the criteria in place on the day prior to June 10, 2004. [2004 c 244 § 4; 2000 c 79 § 24; 1995 c 265 § 7.]

**Application—2004 c 244:** See note following RCW 48.21.045.

**Effective date—Severability—2000 c 79:** See notes following RCW 48.04.010.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.43.035 Group health benefit plans—Guaranteed issue and continuity of coverage—Exceptions. (Effective September 29, 2010.)** For group health benefit plans, the following shall apply:

(1) All health carriers shall accept for enrollment any state resident within the group to whom the plan is offered and within the carrier's service area and provide or assure the provision of all covered services regardless of age, sex, family structure, ethnicity, race, health condition, geographic location, employment status, socioeconomic status, other condition or situation, or the provisions of RCW 49.60.174(2). The insurance commissioner may grant a temporary exemption from this subsection, if, upon application by a health carrier the commissioner finds that the clinical, financial, or administrative capacity to serve existing enrollees will be impaired if a health carrier is required to continue enrollment of additional eligible individuals.

(2) Except as provided in subsection (5) of this section, all health plans shall contain or incorporate by endorsement a guarantee of the continuity of coverage of the plan. For the purposes of this section, a plan is "renewed" when it is continued beyond the earliest date upon which, at the carrier's sole option, the plan could have been terminated for other than nonpayment of premium. The carrier may consider the group's anniversary date as the renewal date for purposes of complying with the provisions of this section.

(3) The guarantee of continuity of coverage required in health plans shall not prevent a carrier from canceling or non-renewing a health plan for:

(a) Nonpayment of premium;

(b) Violation of published policies of the carrier approved by the insurance commissioner;

(c) Covered persons entitled to become eligible for medicare benefits by reason of age who fail to apply for a medicare supplement plan or medicare cost, risk, or other plan

offered by the carrier pursuant to federal laws and regulations;

(d) Covered persons who fail to pay any deductible or copayment amount owed to the carrier and not the provider of health care services;

(e) Covered persons committing fraudulent acts as to the carrier;

(f) Covered persons who materially breach the health plan; or

(g) Change or implementation of federal or state laws that no longer permit the continued offering of such coverage.

(4) The provisions of this section do not apply in the following cases:

(a) A carrier has zero enrollment on a product;

(b) A carrier replaces a product and the replacement product is provided to all covered persons within that class or line of business, includes all of the services covered under the replaced product, and does not significantly limit access to the kind of services covered under the replaced product. The health plan may also allow unrestricted conversion to a fully comparable product;

(c) No sooner than January 1, 2005, a carrier discontinues offering a particular type of health benefit plan offered for groups of up to two hundred if: (i) The carrier provides notice to each group of the discontinuation at least ninety days prior to the date of the discontinuation; (ii) the carrier offers to each group provided coverage of this type the option to enroll, with regard to small employer groups, in any other small employer group plan, or with regard to groups of up to two hundred, in any other applicable group plan, currently being offered by the carrier in the applicable group market; and (iii) in exercising the option to discontinue coverage of this type and in offering the option of coverage under (c)(ii) of this subsection, the carrier acts uniformly without regard to any health status-related factor of enrolled individuals or individuals who may become eligible for this coverage;

(d) A carrier discontinues offering all health coverage in the small group market or for groups of up to two hundred, or both markets, in the state and discontinues coverage under all existing group health benefit plans in the applicable market involved if: (i) The carrier provides notice to the commissioner of its intent to discontinue offering all such coverage in the state and its intent to discontinue coverage under all such existing health benefit plans at least one hundred eighty days prior to the date of the discontinuation of coverage under all such existing health benefit plans; and (ii) the carrier provides notice to each covered group of the intent to discontinue the existing health benefit plan at least one hundred eighty days prior to the date of discontinuation. In the case of discontinuation under this subsection, the carrier may not issue any group health coverage in this state in the applicable group market involved for a five-year period beginning on the date of the discontinuation of the last health benefit plan not so renewed. This subsection (4) does not require a carrier to provide notice to the commissioner of its intent to discontinue offering a health benefit plan to new applicants when the carrier does not discontinue coverage of existing enrollees under that health benefit plan; or

(e) A carrier is withdrawing from a service area or from a segment of its service area because the carrier has demon-

strated to the insurance commissioner that the carrier's clinical, financial, or administrative capacity to serve enrollees would be exceeded.

(5) The provisions of this section do not apply to health plans deemed by the insurance commissioner to be unique or limited or have a short-term purpose, after a written request for such classification by the carrier and subsequent written approval by the insurance commissioner. [2010 c 292 § 2; 2004 c 244 § 4; 2000 c 79 § 24; 1995 c 265 § 7.]

**Application—Contingent effective date—2010 c 292:** See notes following RCW 48.43.005.

**Application—2004 c 244:** See note following RCW 48.21.045.

**Effective date—Severability—2000 c 79:** See notes following RCW 48.04.010.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.43.038 Individual health plans—Guarantee of continuity of coverage—Exceptions.** (1) Except as provided in subsection (4) of this section, all individual health plans shall contain or incorporate by endorsement a guarantee of the continuity of coverage of the plan. For the purposes of this section, a plan is "renewed" when it is continued beyond the earliest date upon which, at the carrier's sole option, the plan could have been terminated for other than nonpayment of premium.

(2) The guarantee of continuity of coverage required in individual health plans shall not prevent a carrier from canceling or nonrenewing a health plan for:

- (a) Nonpayment of premium;
- (b) Violation of published policies of the carrier approved by the commissioner;
- (c) Covered persons entitled to become eligible for medicare benefits by reason of age who fail to apply for a medicare supplement plan or medicare cost, risk, or other plan offered by the carrier pursuant to federal laws and regulations;
- (d) Covered persons who fail to pay any deductible or copayment amount owed to the carrier and not the provider of health care services;
- (e) Covered persons committing fraudulent acts as to the carrier;
- (f) Covered persons who materially breach the health plan; or
- (g) Change or implementation of federal or state laws that no longer permit the continued offering of such coverage.

(3) This section does not apply in the following cases:

- (a) A carrier has zero enrollment on a product;
- (b) A carrier is withdrawing from a service area or from a segment of its service area because the carrier has demonstrated to the commissioner that the carrier's clinical, financial, or administrative capacity to serve enrollees would be exceeded;

(c) No sooner than the first day of the month following the expiration of a one hundred eighty-day period beginning on March 23, 2000, a carrier discontinues offering a particular type of health benefit plan offered in the individual market if: (i) The carrier provides notice to each covered individual provided coverage of this type of such discontinuation at least ninety days prior to the date of the discontinuation; (ii) the carrier offers to each individual provided coverage of this

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type the option, without being subject to the standard health questionnaire, to enroll in any other individual health benefit plan currently being offered by the carrier; and (iii) in exercising the option to discontinue coverage of this type and in offering the option of coverage under (c)(ii) of this subsection, the carrier acts uniformly without regard to any health status-related factor of enrolled individuals or individuals who may become eligible for such coverage; or

(d) A carrier discontinues offering all individual health coverage in the state and discontinues coverage under all existing individual health benefit plans if: (i) The carrier provides notice to the commissioner of its intent to discontinue offering all individual health coverage in the state and its intent to discontinue coverage under all existing health benefit plans at least one hundred eighty days prior to the date of the discontinuation of coverage under all existing health benefit plans; and (ii) the carrier provides notice to each covered individual of the intent to discontinue his or her existing health benefit plan at least one hundred eighty days prior to the date of such discontinuation. In the case of discontinuation under this subsection, the carrier may not issue any individual health coverage in this state for a five-year period beginning on the date of the discontinuation of the last health plan not so renewed. Nothing in this subsection (3) shall be construed to require a carrier to provide notice to the commissioner of its intent to discontinue offering a health benefit plan to new applicants where the carrier does not discontinue coverage of existing enrollees under that health benefit plan.

(4) The provisions of this section do not apply to health plans deemed by the commissioner to be unique or limited or have a short-term purpose, after a written request for such classification by the carrier and subsequent written approval by the commissioner. [2000 c 79 § 25.]

**Effective date—Severability—2000 c 79:** See notes following RCW 48.04.010.

**48.43.041 Individual health benefit plans—Mandatory benefits.** (1) All individual health benefit plans, other than catastrophic health plans, offered or renewed on or after October 1, 2000, shall include benefits described in this section. Nothing in this section shall be construed to require a carrier to offer an individual health benefit plan.

(a) Maternity services that include, with no enrollee cost-sharing requirements beyond those generally applicable cost-sharing requirements: Diagnosis of pregnancy; prenatal care; delivery; care for complications of pregnancy; physician services; hospital services; operating or other special procedure rooms; radiology and laboratory services; appropriate medications; anesthesia; and services required under RCW 48.43.115; and

(b) Prescription drug benefits with at least a two thousand dollar benefit payable by the carrier annually.

(2) If a carrier offers a health benefit plan that is not a catastrophic health plan to groups, and it chooses to offer a health benefit plan to individuals, it must offer at least one health benefit plan to individuals that is not a catastrophic health plan. [2000 c 79 § 26.]

**Effective dates—2000 c 79 §§ 26, 38, and 39:** "(1) Section 38 of this act takes effect July 1, 2000.

(2) Section 39 of this act takes effect September 1, 2000.

(3) \*Section 26 of this act takes effect on the first day of the month fol-

lowing the expiration of a one hundred eighty-day period beginning on the effective date of section 25 of this act." [2000 c 79 § 50.]

\*Reviser's note: Section 26 of this act takes effect October 1, 2000.

Severability—2000 c 79: See note following RCW 48.04.010.

**48.43.043 Colorectal cancer examinations and laboratory tests—Required benefits or coverage.** (1) Health plans issued or renewed on or after July 1, 2008, must provide benefits or coverage for colorectal cancer examinations and laboratory tests consistent with the guidelines or recommendations of the United States preventive services task force or the federal centers for disease control and prevention. Benefits or coverage must be provided:

(a) For any of the colorectal screening examinations and tests in the selected guidelines or recommendations, at a frequency identified in such guidelines or recommendations, as deemed appropriate by the patient's physician after consultation with the patient; and

(b) To a covered individual who is:

(i) At least fifty years old; or

(ii) Less than fifty years old and at high risk or very high risk for colorectal cancer according to such guidelines or recommendations.

(2) To encourage colorectal cancer screenings, patients and health care providers must not be required to meet burdensome criteria or overcome significant obstacles to secure such coverage. An individual may not be required to pay an additional deductible or coinsurance for testing that is greater than an annual deductible or coinsurance established for similar benefits. If the health plan does not cover a similar benefit, a deductible or coinsurance may not be set at a level that materially diminishes the value of the colorectal cancer benefit required.

(3)(a) A health carrier is not required under this section to provide for a referral to a nonparticipating health care provider, unless the carrier does not have an appropriate health care provider that is available and accessible to administer the screening exam and that is a participating health care provider with respect to such treatment.

(b) If a health carrier refers an individual to a nonparticipating health care provider pursuant to this section, screening exam services or resulting treatment, if any, must be provided at no additional cost to the individual beyond what the individual would otherwise pay for services provided by a participating health care provider. [2007 c 23 § 1.]

**48.43.045 Health plan requirements—Annual reports—Exemptions.** (1) Every health plan delivered, issued for delivery, or renewed by a health carrier on and after January 1, 1996, shall:

(a) Permit every category of health care provider to provide health services or care for conditions included in the basic health plan services to the extent that:

(i) The provision of such health services or care is within the health care providers' permitted scope of practice; and

(ii) The providers agree to abide by standards related to:

(A) Provision, utilization review, and cost containment of health services;

(B) Management and administrative procedures; and

(C) Provision of cost-effective and clinically efficacious health services.

(b) Annually report the names and addresses of all officers, directors, or trustees of the health carrier during the preceding year, and the amount of wages, expense reimbursements, or other payments to such individuals, unless substantially similar information is filed with the commissioner or the national association of insurance commissioners. This requirement does not apply to a foreign or alien insurer regulated under chapter 48.20 or 48.21 RCW that files a supplemental compensation exhibit in its annual statement as required by law.

(2) The requirements of subsection (1)(a) of this section do not apply to a licensed health care profession regulated under Title 18 RCW when the licensing statute for the profession states that such requirements do not apply. [2007 c 253 § 12; 2007 c 98 § 18; 2006 c 25 § 7; 1997 c 231 § 205; 1995 c 265 § 8.]

Severability—Effective date—Implementation—2007 c 253: See RCW 18.250.900 through 18.250.902.

Effective dates—2007 c 98: See RCW 18.74.912.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.43.049 Health carrier data—Information from annual statement—Format prescribed by commissioner—Public availability.** (1) Each health carrier offering a health benefit plan shall submit to the commissioner on or before April 1st of each year as part of the additional data statement or as a supplemental data statement the following information:

(a) The following information for the preceding year that is derived from the carrier's annual statement, including the exhibit of premiums, enrollments, and utilization for its Washington business, and the additional data to the annual statement. The information must be shown for five categories, total, individual contracts, small group contracts, and large group contracts (excluding government contracts), and government contracts:

(i) The total number of members;

(ii) The total amount of revenue;

(iii) The total amount of hospital and medical payments;

(iv) The medical loss ratio, that is computed by dividing the total amount of hospital and medical payments by the total amount of revenues;

(v) The average amount of premiums per member per month; and

(vi) The percentage change in the average premium per member per month, measured from the previous year; and

(b) The following aggregate financial information for the preceding year that is derived from the carrier's annual statement:

(i) The total amount of claim adjustment expenses;

(ii) The total amount of general administrative expenses, including identification of the five largest nonmedical administrative expenses and the assessment against the carrier for the Washington state health insurance pool;

(iii) The total amount of the reserves maintained for unpaid claims;

(iv) The total net underwriting gain or loss;

(v) The carrier's net income after taxes;

(vi) Dividends to stockholders;

(vii) The net change in capital and surplus from the prior year; and

(viii) The total amount of the capital and surplus.

(2) A carrier shall electronically submit the information described in subsection (1) of this section in a format and according to instructions prescribed by the commissioner.

(3) The commissioner shall make the information reported under this section available to the public in a format that allows comparison among carriers through a searchable public web site on the internet.

(4) For the purposes of licensed disability insurers, the commissioner shall work collaboratively with insurers to develop an additional or supplemental data statement that utilizes to the maximum extent possible information from the annual statement forms that are currently filed by these entities. [2006 c 104 § 2.]

**Intent—2006 c 104:** "Health carriers are currently required to file statutory annual statements with the office of the insurance commissioner or the national association of insurance commissioners. These annual statements are extensive and contain a significant amount of financial information. These annual statements are public documents; however, such financial information can be complex and difficult to read and understand.

It is the intent of this act to provide a method of reporting certain financial data in a user friendly format. It is also the intent of this act, to the extent possible, to utilize existing information from the annual statements when developing the additional or supplemental data statement required by this act, and to the extent possible, avoid imposing additional reporting requirements that have the unintended consequences of unduly increasing administrative costs for carriers required to file such information." [2006 c 104 § 1.]

**48.43.055 Procedures for review and adjudication of health care provider complaints—Requirements.** Each health carrier as defined under RCW 48.43.005 shall file with the commissioner its procedures for review and adjudication of complaints initiated by health care providers. Procedures filed under this section shall provide a fair review for consideration of complaints. Every health carrier shall provide reasonable means allowing any health care provider aggrieved by actions of the health carrier to be heard after submitting a written request for review. If the health carrier fails to grant or reject a request within thirty days after it is made, the complaining health care provider may proceed as if the complaint had been rejected. A complaint that has been rejected by the health carrier may be submitted to nonbinding mediation. Mediation shall be conducted under chapter 7.07 RCW, or any other rules of mediation agreed to by the parties. This section is solely for resolution of provider complaints. Complaints by, or on behalf of, a covered person are subject to the grievance processes in RCW 48.43.530. [2005 c 172 § 19; 2002 c 300 § 6; 1995 c 265 § 20.]

**Short title—Captions not law—Severability—Effective date—2005 c 172:** See RCW 7.07.900 through 7.07.902 and 7.07.904.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.43.065 Right of individuals to receive services—Right of providers, carriers, and facilities to refuse to participate in or pay for services for reason of conscience or religion—Requirements.** (1) The legislature recognizes that every individual possesses a fundamental right to exercise their religious beliefs and conscience. The legislature further recognizes that in developing public policy, conflicting religious and moral beliefs must be respected. Therefore, while recognizing the right of conscientious objection to participating in specific health services, the state shall also recognize the right of individuals enrolled with plans containing

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the basic health plan services to receive the full range of services covered under the plan.

(2)(a) No individual health care provider, religiously sponsored health carrier, or health care facility may be required by law or contract in any circumstances to participate in the provision of or payment for a specific service if they object to so doing for reason of conscience or religion. No person may be discriminated against in employment or professional privileges because of such objection.

(b) The provisions of this section are not intended to result in an enrollee being denied timely access to any service included in the basic health plan services. Each health carrier shall:

(i) Provide written notice to enrollees, upon enrollment with the plan, listing services that the carrier refuses to cover for reason of conscience or religion;

(ii) Provide written information describing how an enrollee may directly access services in an expeditious manner; and

(iii) Ensure that enrollees refused services under this section have prompt access to the information developed pursuant to (b)(ii) of this subsection.

(c) The insurance commissioner shall establish by rule a mechanism or mechanisms to recognize the right to exercise conscience while ensuring enrollees timely access to services and to assure prompt payment to service providers.

(3)(a) No individual or organization with a religious or moral tenet opposed to a specific service may be required to purchase coverage for that service or services if they object to doing so for reason of conscience or religion.

(b) The provisions of this section shall not result in an enrollee being denied coverage of, and timely access to, any service or services excluded from their benefits package as a result of their employer's or another individual's exercise of the conscience clause in (a) of this subsection.

(c) The insurance commissioner shall define by rule the process through which health carriers may offer the basic health plan services to individuals and organizations identified in (a) and (b) of this subsection in accordance with the provisions of subsection (2)(c) of this section.

(4) Nothing in this section requires a health carrier, health care facility, or health care provider to provide any health care services without appropriate payment of premium or fee. [1995 c 265 § 25.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.43.083 Chiropractor services—Participating provider agreement—Health carrier reimbursement.** (1) A health carrier must reimburse a chiropractor who has signed a participating provider agreement for services determined by the carrier to be medically necessary if:

(a) The service is:

(i) Covered chiropractic health care, as defined in RCW 48.43.515, by the health plan under which the enrollee received the services; and

(ii) Provided by the chiropractor, or the chiropractor's employee specified in RCW 18.25.190 (2) or (3) who works in the same location as the chiropractor and to whom the chiropractor, pursuant to rules adopted by the Washington state chiropractic quality assurance commission, has delegated the

service. The employee must meet the health carrier's reasonable qualifications for all such providers in the relevant class, including but not limited to standards for education and background checks, as applicable; and

(b) The chiropractor complies with the terms and conditions of the participating provider agreement. Violations of the participating provider agreement by an employee of the chiropractor to whom he or she has delegated a service may be deemed by the carrier to have been committed by the chiropractor.

(2) If a health carrier offers a participating provider agreement to a chiropractor within a single practice organized as a sole proprietorship, partnership, or corporation, the carrier must offer the same participating provider agreement to any other chiropractor within that practice providing services at the same location. The agreement may allow either party to terminate it without cause. [2007 c 502 § 1.]

**Savings—2007 c 502:** "This act does not affect any existing right acquired or liability or obligation incurred prior to January 1, 2008." [2007 c 502 § 3.]

**Severability—2007 c 502:** "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [2007 c 502 § 4.]

**Effective date—2007 c 502:** "This act takes effect January 1, 2008." [2007 c 502 § 5.]

**48.43.085 Health carrier may not prohibit its enrollees from contracting for services outside the health care plan.** Notwithstanding any other provision of law, no health carrier subject to the jurisdiction of the state of Washington may prohibit directly or indirectly its enrollees from freely contracting at any time to obtain any health care services outside the health care plan on any terms or conditions the enrollees choose. Nothing in this section shall be construed to bind a carrier for any services delivered outside the health plan. The provisions of this section shall be disclosed pursuant to \*RCW 48.43.095(2). The insurance commissioner is prohibited from adopting rules regarding this section. [1996 c 312 § 3.]

\*Reviser's note: RCW 48.43.095 was repealed by 2000 c 5 § 29, effective July 1, 2001.

**48.43.087 Contracting for services at enrollee's expense—Mental health care practitioner—Conditions—Exception.** (1) For purposes of this section:

(a) "Health carrier" includes disability insurers regulated under chapter 48.20 or 48.21 RCW, health care services contractors regulated under chapter 48.44 RCW, plans operating under the health care authority under chapter 41.05 RCW, the basic health plan operating under chapter 70.47 RCW, the state health insurance pool operating under chapter 48.41 RCW, insuring entities regulated under this chapter, and health maintenance organizations regulated under chapter 48.46 RCW.

(b) "Intermediary" means a person duly authorized to negotiate and execute provider contracts with health carriers on behalf of mental health care practitioners.

(c) Consistent with their lawful scopes of practice, "mental health care practitioners" includes only the following: Any generally recognized medical specialty of practitioners licensed under chapter 18.57 or 18.71 RCW who provide

mental health services, advanced practice psychiatric nurses as authorized by the nursing care quality assurance commission under chapter 18.79 RCW, psychologists licensed under chapter 18.83 RCW, and mental health counselors, marriage and family therapists, and social workers licensed under chapter 18.225 RCW.

(d) "Mental health services" means outpatient services.

(2) Consistent with federal and state law and rule, no contract between a mental health care practitioner and an intermediary or between a mental health care practitioner and a health carrier that is written, amended, or renewed after June 6, 1996, may contain a provision prohibiting a practitioner and an enrollee from agreeing to contract for services solely at the expense of the enrollee as follows:

(a) On the exhaustion of the enrollee's mental health care coverage;

(b) During an appeal or an adverse certification process;

(c) When an enrollee's condition is excluded from coverage; or

(d) For any other clinically appropriate reason at any time.

(3) If a mental health care practitioner provides services to an enrollee during an appeal or adverse certification process, the practitioner must provide to the enrollee written notification that the enrollee is responsible for payment of these services, unless the health carrier elects to pay for services provided.

(4) This section does not apply to a mental health care practitioner who is employed full time on the staff of a health carrier. [2001 c 251 § 33; 1996 c 304 § 1.]

**Severability—2001 c 251:** See RCW 18.225.900.

**48.43.091 Health carrier coverage of outpatient mental health services—Requirements.** Every health carrier that provides coverage for any outpatient mental health service shall comply with the following requirements:

(1) In performing a utilization review of mental health services for a specific enrollee, the utilization review is limited to accessing only the specific health care information contained in the enrollee's record.

(2) In performing an audit of a provider that has furnished mental health services to a carrier's enrollees, the audit is limited to accessing only the records of enrollees covered by the specific health carrier for which the audit is being performed, except as otherwise permitted by RCW 70.02.050 and 71.05.630. [1999 c 87 § 1.]

**48.43.093 Health carrier coverage of emergency medical services—Requirements—Conditions.** (1) When conducting a review of the necessity and appropriateness of emergency services or making a benefit determination for emergency services:

(a) A health carrier shall cover emergency services necessary to screen and stabilize a covered person if a prudent layperson acting reasonably would have believed that an emergency medical condition existed. In addition, a health carrier shall not require prior authorization of such services provided prior to the point of stabilization if a prudent layperson acting reasonably would have believed that an emergency medical condition existed. With respect to care

obtained from a nonparticipating hospital emergency department, a health carrier shall cover emergency services necessary to screen and stabilize a covered person if a prudent layperson would have reasonably believed that use of a participating hospital emergency department would result in a delay that would worsen the emergency, or if a provision of federal, state, or local law requires the use of a specific provider or facility. In addition, a health carrier shall not require prior authorization of such services provided prior to the point of stabilization if a prudent layperson acting reasonably would have believed that an emergency medical condition existed and that use of a participating hospital emergency department would result in a delay that would worsen the emergency.

(b) If an authorized representative of a health carrier authorizes coverage of emergency services, the health carrier shall not subsequently retract its authorization after the emergency services have been provided, or reduce payment for an item or service furnished in reliance on approval, unless the approval was based on a material misrepresentation about the covered person's health condition made by the provider of emergency services.

(c) Coverage of emergency services may be subject to applicable copayments, coinsurance, and deductibles, and a health carrier may impose reasonable differential cost-sharing arrangements for emergency services rendered by nonparticipating providers, if such differential between cost-sharing amounts applied to emergency services rendered by participating provider versus nonparticipating provider does not exceed fifty dollars. Differential cost sharing for emergency services may not be applied when a covered person presents to a nonparticipating hospital emergency department rather than a participating hospital emergency department when the health carrier requires preauthorization for postevaluation or poststabilization emergency services if:

(i) Due to circumstances beyond the covered person's control, the covered person was unable to go to a participating hospital emergency department in a timely fashion without serious impairment to the covered person's health; or

(ii) A prudent layperson possessing an average knowledge of health and medicine would have reasonably believed that he or she would be unable to go to a participating hospital emergency department in a timely fashion without serious impairment to the covered person's health.

(d) If a health carrier requires preauthorization for postevaluation or poststabilization services, the health carrier shall provide access to an authorized representative twenty-four hours a day, seven days a week, to facilitate review. In order for postevaluation or poststabilization services to be covered by the health carrier, the provider or facility must make a documented good faith effort to contact the covered person's health carrier within thirty minutes of stabilization, if the covered person needs to be stabilized. The health carrier's authorized representative is required to respond to a telephone request for preauthorization from a provider or facility within thirty minutes. Failure of the health carrier to respond within thirty minutes constitutes authorization for the provision of immediately required medically necessary postevaluation and poststabilization services, unless the health carrier documents that it made a good faith effort but was unable to reach the provider or facility within thirty minutes after receiving the request.

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(e) A health carrier shall immediately arrange for an alternative plan of treatment for the covered person if a nonparticipating emergency provider and health plan cannot reach an agreement on which services are necessary beyond those immediately necessary to stabilize the covered person consistent with state and federal laws.

(2) Nothing in this section is to be construed as prohibiting the health carrier from requiring notification within the time frame specified in the contract for inpatient admission or as soon thereafter as medically possible but no less than twenty-four hours. Nothing in this section is to be construed as preventing the health carrier from reserving the right to require transfer of a hospitalized covered person upon stabilization. Follow-up care that is a direct result of the emergency must be obtained in accordance with the health plan's usual terms and conditions of coverage. All other terms and conditions of coverage may be applied to emergency services. [1997 c 231 § 301.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.43.097 Filing of financial statements—Every health carrier.** Every health carrier holding a registration from the commissioner shall file its financial statements as required by this code and by the commissioner in accordance with the accounting practices and procedures manuals as adopted by the national association of insurance commissioners, unless otherwise provided by law. [1999 c 33 § 3.]

**48.43.105 Preparation of documents that compare health carriers—Immunity—Due diligence.** (1) A public or private entity who exercises due diligence in preparing a document of any kind that compares health carriers of any kind is immune from civil liability from claims based on the document and the contents of the document.

(2)(a) There is absolute immunity to civil liability from claims based on such a comparison document and its contents if the information was provided by the carrier, was substantially accurately presented, and contained the effective date of the information that the carrier supplied, if any.

(b) Where due diligence efforts to obtain accurate information have been taken, there is immunity from claims based on such a comparison document and its contents if the publisher of the comparison document asked for such information from the carrier, was refused, and relied on any usually reliable source for the information including, but not limited to, carrier enrollees, customers, insurance producers, or providers. The carrier enrollees, customers, insurance producers, or providers are likewise immune from civil liability on claims based on information they provided if they believed the information to be accurate and had exercised due diligence in their efforts to confirm the accuracy of the information provided.

(3) The immunity from liability contained in this section applies only if the comparison document contains the following in a conspicuous place and in easy to read typeface:

This comparison is based on information believed to be reliable by its publisher, but the accuracy of the information cannot be guaranteed. Caution is suggested to all readers who are encouraged to confirm

data of importance to the reader before any purchasing or other decisions are made.

(4) The insurance commissioner is prohibited from adopting rules regarding this section. [2008 c 217 § 48; 1996 c 312 § 5.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.43.115 Maternity services—Intent—Definitions—Patient preference—Clinical sovereignty of provider—Notice to policyholders—Application.** (1) The legislature recognizes the role of health care providers as the appropriate authority to determine and establish the delivery of quality health care services to maternity patients and their newly born children. It is the intent of the legislature to recognize patient preference and the clinical sovereignty of providers as they make determinations regarding services provided and the length of time individual patients may need to remain in a health care facility after giving birth. It is not the intent of the legislature to diminish a carrier's ability to utilize managed care strategies but to ensure the clinical judgment of the provider is not undermined by restrictive carrier contracts or utilization review criteria that fail to recognize individual postpartum needs.

(2) Unless otherwise specifically provided, the following definitions apply throughout this section:

(a) "Attending provider" means a provider who: Has clinical hospital privileges consistent with RCW 70.43.020; is included in a provider network of the carrier that is providing coverage; and is a physician licensed under chapter 18.57 or 18.71 RCW, a certified nurse midwife licensed under chapter 18.79 RCW, a midwife licensed under chapter 18.50 RCW, a physician's assistant licensed under chapter 18.57A or 18.71A RCW, or an advanced registered nurse practitioner licensed under chapter 18.79 RCW.

(b) "Health carrier" or "carrier" means disability insurers regulated under chapter 48.20 or 48.21 RCW, health care services contractors regulated under chapter 48.44 RCW, health maintenance organizations regulated under chapter 48.46 RCW, plans operating under the health care authority under chapter 41.05 RCW, the state health insurance pool operating under chapter 48.41 RCW, and insuring entities regulated under this chapter.

(3)(a) Every health carrier that provides coverage for maternity services must permit the attending provider, in consultation with the mother, to make decisions on the length of inpatient stay, rather than making such decisions through contracts or agreements between providers, hospitals, and insurers. These decisions must be based on accepted medical practice.

(b) Covered eligible services may not be denied for inpatient, postdelivery care to a mother and her newly born child after a vaginal delivery or a cesarean section delivery for such care as ordered by the attending provider in consultation with the mother.

(c) At the time of discharge, determination of the type and location of follow-up care must be made by the attending provider in consultation with the mother rather than by contract or agreement between the hospital and the insurer. These decisions must be based on accepted medical practice.

(d) Covered eligible services may not be denied for follow-up care, including in-person care, as ordered by the attending provider in consultation with the mother. Coverage for providers of follow-up services must include, but need not be limited to, attending providers as defined in this section, home health agencies licensed under chapter 70.127 RCW, and registered nurses licensed under chapter 18.79 RCW.

(e) This section does not require attending providers to authorize care they believe to be medically unnecessary.

(f) Coverage for the newly born child must be no less than the coverage of the child's mother for no less than three weeks, even if there are separate hospital admissions.

(4) A carrier that provides coverage for maternity services may not deselect, terminate the services of, require additional documentation from, require additional utilization review of, reduce payments to, or otherwise provide financial disincentives to any attending provider or health care facility solely as a result of the attending provider or health care facility ordering care consistent with this section. This section does not prevent any insurer from reimbursing an attending provider or health care facility on a capitated, case rate, or other financial incentive basis.

(5) Every carrier that provides coverage for maternity services must provide notice to policyholders regarding the coverage required under this section. The notice must be in writing and must be transmitted at the earliest of the next mailing to the policyholder, the yearly summary of benefits sent to the policyholder, or January 1 of the year following June 6, 1996.

(6) This section does not establish a standard of medical care.

(7) This section applies to coverage for maternity services under a contract issued or renewed by a health carrier after June 6, 1996, and applies to plans operating under the health care authority under chapter 41.05 RCW beginning January 1, 1998. [2003 c 248 § 14; 1996 c 281 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.43.125 Coverage at a long-term care facility following hospitalization—Definition.** (1) A carrier that provides coverage for a person at a long-term care facility following the person's hospitalization shall, upon the request of the person or his or her legal representative as authorized in RCW 7.70.065, provide such coverage at the facility in which the person resided immediately prior to the hospitalization if:

(a) The person's primary care physician determines that the medical care needs of the person can be met at the requested facility;

(b) The requested facility has all applicable licenses and certifications, and is not under a stop placement order that prevents the person's readmission;

(c) The requested facility agrees to accept payment from the carrier for covered services at the rate paid to similar facilities that otherwise contract with the carrier to provide such services; and

(d) The requested facility, with regard to the following, agrees to abide by the standards, terms, and conditions required by the carrier of similar facilities with which the carrier otherwise contracts: (i) Utilization review, quality assurance, and peer review; and (ii) management and administra-

tive procedures, including data and financial reporting that may be required by the carrier.

(2) For purposes of this section, "long-term care facility" or "facility" means a nursing facility licensed under chapter 18.51 RCW, continuing care retirement community defined under RCW 70.38.025, boarding home licensed under chapter 18.20 RCW, or assisted living facility. [1999 c 312 § 2.]

**Findings—1999 c 312:** "The legislature finds that a long-term care facility is home for any individual who resides there, and the individual has the right to receive services in his or her own home and to be cared for by the organization with which he or she has a contractual agreement to provide housing and related services. The legislature further finds that restricting individuals from returning to the long-term care facility in which they were residing prior to hospitalization may detrimentally impact the health and well-being of frail individuals and their families." [1999 c 312 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.43.180 Denturist services.** Notwithstanding any provision of any certified health plan covering dental care as provided for in this chapter, effective January 1, 1995, benefits shall not be denied thereunder for any service performed by a denturist licensed under chapter 18.30 RCW if (1) the service performed was within the lawful scope of such person's license, and (2) such plan would have provided benefits if such service had been performed by a dentist licensed under chapter 18.32 RCW. [1995 c 1 § 23 (Initiative Measure No. 607, approved November 8, 1994).]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.43.185 General anesthesia services for dental procedures.** (1) Each group health benefit plan that provides coverage for hospital, medical, or ambulatory surgery center services must cover general anesthesia services and related facility charges in conjunction with any dental procedure performed in a hospital or ambulatory surgical center if such anesthesia services and related facility charges are medically necessary because the covered person:

(a) Is under the age of seven, or physically or developmentally disabled, with a dental condition that cannot be safely and effectively treated in a dental office; or

(b) Has a medical condition that the person's physician determines would place the person at undue risk if the dental procedure were performed in a dental office. The procedure must be approved by the person's physician.

(2) Each group health benefit plan or group dental plan that provides coverage for dental services must cover medically necessary general anesthesia services in conjunction with any covered dental procedure performed in a dental office if the general anesthesia services are medically necessary because the covered person is under the age of seven or physically or developmentally disabled.

(3) This section does not prohibit a group health benefit plan or group dental plan from:

(a) Applying cost-sharing requirements, maximum annual benefit limitations, and prior authorization requirements to the services required under this section; or

(b) Covering only those services performed by a health care provider, or in a health care facility, that is part of its provider network; nor does it limit the health carrier in negotiating rates and contracts with specific providers.

(2010 Ed.)

(4) This section does not apply to medicare supplement policies, or supplemental contracts covering a specified disease or other limited benefits.

(5) For the purpose of this section, "general anesthesia services" means services to induce a state of unconsciousness accompanied by a loss of protective reflexes, including the ability to maintain an airway independently and respond purposefully to physical stimulation or verbal command.

(6) This section applies to group health benefit plans and group dental plans issued or renewed on or after January 1, 2002. [2001 c 321 § 2.]

#### **48.43.190 Payment of chiropractic services—Parity.**

(1)(a) A health carrier may not pay a chiropractor less for a service or procedure identified under a particular physical medicine and rehabilitation code or evaluation and management code, as listed in a nationally recognized services and procedures code book such as the American medical association current procedural terminology code book, than it pays any other type of provider licensed under Title 18 RCW for a service or procedure under the same code, except as provided in (b) of this subsection. A carrier may not circumvent this requirement by creating a chiropractor-specific code not listed in the nationally recognized code book otherwise used by the carrier for provider payment.

(b) This section does not affect a health carrier's:

(i) Implementation of a health care quality improvement program to promote cost-effective and clinically efficacious health care services, including but not limited to pay-for-performance payment methodologies and other programs fairly applied to all health care providers licensed under Title 18 RCW that are designed to promote evidence-based and research-based practices;

(ii) Health care provider contracting to comply with the network adequacy standards;

(iii) Authority to pay in-network providers differently than out-of-network providers; and

(iv) Authority to pay a chiropractor less than another provider for procedures or services under the same code based upon geographic differences in the cost of maintaining a practice.

(c) This section does not, and may not be construed to:

(i) Require the payment of provider billings that do not meet the definition of a clean claim as set forth in rules adopted by the commissioner;

(ii) Require any health plan to include coverage of any condition; or

(iii) Expand the scope of practice for any health care provider.

(2) This section applies only to payments made on or after January 1, 2009. [2008 c 304 § 1.]

**48.43.200 Disclosure of certain material transactions—Report—Information is confidential.** (1) Every certified health plan domiciled in this state shall file a report with the commissioner disclosing material acquisitions and dispositions of assets or material nonrenewals, cancellations, or revisions of ceded reinsurance agreements unless these acquisitions and dispositions of assets or material nonrenewals, cancellations, or revisions of ceded reinsurance agree-

ments have been submitted to the commissioner for review, approval, or information purposes under other provisions of this title or other requirements.

(2) The report required in subsection (1) of this section is due within fifteen days after the end of the calendar month in which any of the transactions occur.

(3) One complete copy of the report, including any exhibits or other attachments filed as part of the report, shall be filed with the:

- (a) Commissioner; and
- (b) National association of insurance commissioners.

(4) All reports obtained by or disclosed to the commissioner under this section and RCW 48.43.205 through 48.43.225 are exempt from public inspection and copying and shall not be subject to subpoena. These reports shall not be made public by the commissioner, the national association of insurance commissioners, or any other person, except to insurance departments of other states, without the prior written consent of the certified health plan to which it pertains unless the commissioner, after giving the certified health plan that would be affected by disclosure notice and a hearing under chapter 48.04 RCW, determines that the interest of policyholders, subscribers, shareholders, or the public will be served by the publication, in which event the commissioner may publish all or any part of the report in the manner he or she deems appropriate. [1995 c 86 § 7.]

**48.43.205 Material acquisitions or dispositions.** No acquisitions or dispositions of assets need be reported pursuant to RCW 48.43.200 if the acquisitions or dispositions are not material. For purposes of RCW 48.43.200 through 48.43.225, a material acquisition, or the aggregate of any series of related acquisitions during any thirty-day period; or disposition, or the aggregate of any series of related dispositions during any thirty-day period is an acquisition or disposition that is nonrecurring and not in the ordinary course of business and involves more than five percent of the reporting certified health plan's total assets as reported in its most recent statutory statement filed with the commissioner. [1995 c 86 § 8.]

**48.43.210 Asset acquisitions—Asset dispositions.** (1) Asset acquisitions subject to RCW 48.43.200 through 48.43.225 include every purchase, lease, exchange, merger, consolidation, succession, or other acquisition other than the construction or development of real property by or for the reporting certified health plan or the acquisition of materials for such purpose.

(2) Asset dispositions subject to RCW 48.43.200 through 48.43.225 include every sale, lease, exchange, merger, consolidation, mortgage, hypothecation, abandonment, destruction, other disposition, or assignment, whether for the benefit of creditors or otherwise. [1995 c 86 § 9.]

**48.43.215 Report of a material acquisition or disposition of assets—Information required.** (1) The following information is required to be disclosed in any report of a material acquisition or disposition of assets:

- (a) Date of the transaction;
- (b) Manner of acquisition or disposition;

- (c) Description of the assets involved;
- (d) Nature and amount of the consideration given or received;
- (e) Purpose of or reason for the transaction;
- (f) Manner by which the amount of consideration was determined;
- (g) Gain or loss recognized or realized as a result of the transaction; and
- (h) Names of the persons from whom the assets were acquired or to whom they were disposed.

(2) Certified health plans are required to report material acquisitions and dispositions on a nonconsolidated basis unless the certified health plan is part of a consolidated group of insurers that utilizes a pooling arrangement or one hundred percent reinsurance agreement that affects the solvency and integrity of the certified health plan's reserves and such certified health plan ceded substantially all of its direct and assumed business to the pool. A certified health plan has ceded substantially all of its direct and assumed business to a pool if the certified health plan has less than one million dollars total direct plus assumed written premiums during a calendar year that are not subject to a pooling arrangement and the net income of the business not subject to the pooling arrangement represents less than five percent of the certified health plan's net worth. [1995 c 86 § 10.]

**48.43.220 Material nonrenewals, cancellations, or revisions of ceded reinsurance agreements.** (1) No nonrenewals, cancellations, or revisions of ceded reinsurance agreements need be reported under RCW 48.43.200 if the nonrenewals, cancellations, or revisions are not material. For purposes of RCW 48.43.200 through 48.43.225, a material nonrenewal, cancellation, or revision is one that affects:

- (a) More than fifty percent of a certified health plan's total reserve credit taken for business ceded, on an annualized basis, as indicated in the certified health plan's most recent annual statement;
- (b) More than ten percent of a certified health plan's total cession when it is replaced by one or more unauthorized reinsurers; or
- (c) Previously established collateral requirements, when they have been reduced or waived as respects one or more unauthorized reinsurers representing collectively more than ten percent of a total cession.

(2) However, a filing is not required if the certified health plan's total reserve credit taken for business ceded represents, on an annualized basis, less than ten percent of the statutory reserve requirement prior to any cession. [1995 c 86 § 11.]

**48.43.225 Report of a material nonrenewal, cancellation, or revision of ceded reinsurance agreements—Information required.** (1) The following is required to be disclosed in any report of a material nonrenewal, cancellation, or revision of ceded reinsurance agreements:

- (a) The effective date of the nonrenewal, cancellation, or revision;
- (b) The description of the transaction with an identification of the initiator;
- (c) The purpose of or reason for the transaction; and

(d) If applicable, the identity of the replacement reinsurers.

(2) Certified health plans are required to report all material nonrenewals, cancellations, or revisions of ceded reinsurance agreements on a nonconsolidated basis unless the certified health plan is part of a consolidated group of insurers which utilizes a pooling arrangement or one hundred percent reinsurance agreement that affects the solvency and integrity of the certified health plan's reserves and the certified health plan ceded substantially all of its direct and assumed business to the pool. A certified health plan has ceded substantially all of its direct and assumed business to a pool if the certified health plan has less than one million dollars total direct plus assumed written premiums during a calendar year that are not subject to a pooling arrangement and the net income of the business not subject to the pooling arrangement represents less than five percent of the certified health plan's net worth. [1995 c 86 § 12.]

**48.43.290 Coverage for prescribed durable medical equipment and mobility enhancing equipment—Sales and use taxes—Definitions.** (1) Health plans issued or renewed on or after January 1, 2011, that include coverage for prescribed durable medical equipment and mobility enhancing equipment must include the sales tax or use tax calculation in plan payment, consistent with the application of sales tax in chapter 82.08 RCW or use tax in chapter 82.12 RCW.

(2) The payment for covered durable medical equipment and mobility enhancing equipment must:

(a) Reflect the negotiated provider agreement for the prescribed equipment; and

(b) Separately identify the sales tax or use tax calculation that is included in the payment if the provider submitting a claim or invoice for reimbursement submits to the health plan a claim or invoice with a separate line item for the geographically adjusted sales tax.

(3) The following definitions apply to this section unless the context clearly requires otherwise.

(a) "Durable medical equipment" means equipment, including repair and replacement parts for durable medical equipment that:

(i) Can withstand repeated use;

(ii) Is primarily and customarily used to serve a medical purpose;

(iii) Generally is not useful to a person in the absence of illness or injury; and

(iv) Is not worn in or on the body.

(b) "Mobility enhancing equipment" means equipment, including repair and replacement parts for mobility enhancing equipment that:

(i) Is primarily and customarily used to provide or increase the ability to move from one place to another and that is appropriate for use either in a home or a motor vehicle;

(ii) Is not generally used by persons with normal mobility; and

(iii) Does not include any motor vehicle or equipment on a motor vehicle normally provided by a motor vehicle manufacturer. [2010 c 44 § 1.]

(2010 Ed.)

**48.43.300 Definitions.** The definitions in this section apply throughout RCW 48.43.300 through 48.43.370 unless the context clearly requires otherwise.

(1) "Adjusted RBC report" means an RBC report that has been adjusted by the commissioner in accordance with RCW 48.43.305(4).

(2) "Corrective order" means an order issued by the commissioner specifying corrective actions that the commissioner has determined are required.

(3) "Domestic carrier" means any carrier domiciled in this state, or any person or entity subject to chapter 48.42 RCW domiciled in this state.

(4) "Foreign or alien carrier" means any carrier that is licensed to do business in this state but is not domiciled in this state, or any person or entity subject to chapter 48.42 RCW not domiciled in this state.

(5) "NAIC" means the national association of insurance commissioners.

(6) "Negative trend" means, with respect to a carrier, a negative trend over a period of time, as determined in accordance with the "trend test calculation" included in the RBC instructions.

(7) "RBC" means risk-based capital.

(8) "RBC instructions" means the RBC report including risk-based capital instructions adopted by the NAIC, as such RBC instructions may be amended by the NAIC from time to time in accordance with the procedures adopted by the NAIC.

(9) "RBC level" means a carrier's company action level RBC, regulatory action level RBC, authorized control level RBC, or mandatory control level RBC where:

(a) "Company action level RBC" means, with respect to any carrier, the product of 2.0 and its authorized control level RBC;

(b) "Regulatory action level RBC" means the product of 1.5 and its authorized control level RBC;

(c) "Authorized control level RBC" means the number determined under the risk-based capital formula in accordance with the RBC instructions;

(d) "Mandatory control level RBC" means the product of .70 and the authorized control level RBC.

(10) "RBC plan" means a comprehensive financial plan containing the elements specified in RCW 48.43.310(2). If the commissioner rejects the RBC plan, and it is revised by the carrier, with or without the commissioner's recommendation, the plan shall be called the "revised RBC plan."

(11) "RBC report" means the report required in RCW 48.43.305.

(12) "Total adjusted capital" means the sum of:

(a) Either a carrier's statutory capital and surplus or net worth, or both, as determined in accordance with statutory accounting applicable to the annual financial statements required to be filed with the commissioner; and

(b) Other items, if any, as the RBC instructions may provide. [1998 c 241 § 1.]

**48.43.305 Report of RBC levels—Distribution of report—Formula for determination—Commissioner may make adjustments.** (1) Every domestic carrier shall, on or prior to the filing date of March 1st, prepare and submit to the commissioner a report of its RBC levels as of the end of the calendar year just ended, in a form and containing such

information as is required by the RBC instructions. In addition, every domestic carrier shall file its RBC report:

(a) With the NAIC in accordance with the RBC instructions; and

(b) With the insurance commissioner in any state in which the carrier is authorized to do business, if the insurance commissioner has notified the carrier of its request in writing, in which case the carrier shall file its RBC report not later than the later of:

(i) Fifteen days from the receipt of notice to file its RBC report with that state; or

(ii) The filing date.

(2) A carrier's RBC shall be determined in accordance with the formula set forth in the RBC instructions. The formula shall take into account (and may adjust for the covariance between):

(a) The risk with respect to the carrier's assets;

(b) The risk of adverse insurance experience with respect to the carrier's liabilities and obligations;

(c) The interest rate risk with respect to the carrier's business; and

(d) All other business risks and such other relevant risks as are set forth in the RBC instructions; determined in each case by applying the factors in the manner set forth in the RBC instructions.

(3) An excess of capital over the amount produced by the risk-based capital requirements contained in RCW 48.43.300 through 48.43.370 and the formulas, schedules, and instructions referenced in RCW 48.43.300 through 48.43.370 is desirable in the business of insurance. Accordingly, carriers should seek to maintain capital above the RBC levels required by RCW 48.43.300 through 48.43.370. Additional capital is used and useful in the insurance business and helps to secure a carrier against various risks inherent in, or affecting, the business of insurance and not accounted for or only partially measured by the risk-based capital requirements contained in RCW 48.43.300 through 48.43.370.

(4) If a domestic carrier files an RBC report that in the judgment of the commissioner is inaccurate, then the commissioner shall adjust the RBC report to correct the inaccuracy and shall notify the carrier of the adjustment. The notice shall contain a statement of the reason for the adjustment. [1998 c 241 § 2.]

**48.43.310 Company action level event—Required RBC plan—Commissioner's review—Notification—Challenge by carrier.** (1) "Company action level event" means any of the following events:

(a) The filing of an RBC report by a carrier which indicates that:

(i) The carrier's total adjusted capital is greater than or equal to its regulatory action level RBC but less than its company action level RBC; or

(ii) The carrier has total adjusted capital which is greater than or equal to its company action level RBC but less than the product of its authorized control level RBC and 2.5 and has a negative trend;

(b) The notification by the commissioner to the carrier of an adjusted RBC report that indicates an event in (a) of this subsection, provided the carrier does not challenge the adjusted RBC report under RCW 48.43.330; or

(c) If, under RCW 48.43.330, a carrier challenges an adjusted RBC report that indicates the event in (a) of this subsection, the notification by the commissioner to the carrier that the commissioner has, after a hearing, rejected the carrier's challenge.

(2) In the event of a company action level event, the carrier shall prepare and submit to the commissioner an RBC plan that:

(a) Identifies the conditions that contribute to the company action level event;

(b) Contains proposals of corrective actions that the carrier intends to take and would be expected to result in the elimination of the company action level event;

(c) Provides projections of the carrier's financial results in the current year and at least the four succeeding years, both in the absence of proposed corrective actions and giving effect to the proposed corrective actions, including projections of statutory operating income, net income, capital, surplus, capital and surplus, and net worth. The projections for both new and renewal business might include separate projections for each major line of business and separately identify each significant income, expense, and benefit component;

(d) Identifies the key assumptions impacting the carrier's projections and the sensitivity of the projections to the assumptions; and

(e) Identifies the quality of, and problems associated with, the carrier's business, including but not limited to its assets, anticipated business growth and associated surplus strain, extraordinary exposure to risk, mix of business, and use of reinsurance, if any, in each case.

(3) The RBC plan shall be submitted:

(a) Within forty-five days of the company action level event; or

(b) If the carrier challenges an adjusted RBC report under RCW 48.43.330, within forty-five days after notification to the carrier that the commissioner has, after a hearing, rejected the carrier's challenge.

(4) Within sixty days after the submission by a carrier of an RBC plan to the commissioner, the commissioner shall notify the carrier whether the RBC plan may be implemented or is, in the judgment of the commissioner, unsatisfactory. If the commissioner determines the RBC plan is unsatisfactory, the notification to the carrier shall set forth the reasons for the determination, and may set forth proposed revisions that will render the RBC plan satisfactory. Upon notification from the commissioner, the carrier shall prepare a revised RBC plan, that may incorporate by reference any revisions proposed by the commissioner, and shall submit the revised RBC plan to the commissioner:

(a) Within forty-five days after the notification from the commissioner; or

(b) If the carrier challenges the notification from the commissioner under RCW 48.43.330, within forty-five days after a notification to the carrier that the commissioner has, after a hearing, rejected the carrier's challenge.

(5) In the event of a notification by the commissioner to a carrier that the carrier's RBC plan or revised RBC plan is unsatisfactory, the commissioner may, subject to the carrier's rights to a hearing under RCW 48.43.330, specify in the noti-

fication that the notification constitutes a regulatory action level event.

(6) Every domestic carrier that files an RBC plan or revised RBC plan with the commissioner shall file a copy of the RBC plan or revised RBC plan with the insurance commissioner in any state in which the carrier is authorized to do business if:

(a) Such state has an RBC provision substantially similar to RCW 48.43.335(1); and

(b) The insurance commissioner of that state has notified the carrier of its request for the filing in writing, in which case the carrier shall file a copy of the RBC plan or revised RBC plan in that state no later than the later of:

(i) Fifteen days after the receipt of notice to file a copy of its RBC plan or revised plan with the state; or

(ii) The date on which the RBC plan or revised RBC plan is filed under subsections (3) and (4) of this section. [1998 c 241 § 3.]

**48.43.315 Regulatory action level event—Required RBC plan—Commissioner’s review—Notification—Challenge by carrier.** (1) "Regulatory action level event" means, with respect to any carrier, any of the following events:

(a) The filing of an RBC report by the carrier which indicates that the carrier’s total adjusted capital is greater than or equal to its authorized control level RBC but less than its regulatory action level RBC;

(b) The notification by the commissioner to a carrier of an adjusted RBC report that indicates the event in (a) of this subsection, provided the carrier does not challenge the adjusted RBC report under RCW 48.43.330;

(c) If, under RCW 48.43.330, the carrier challenges an adjusted RBC report that indicates the event in (a) of this subsection, the notification by the commissioner to the carrier that the commissioner has, after a hearing, rejected the carrier’s challenge;

(d) The failure of the carrier to file an RBC report by the filing date, unless the carrier has provided an explanation for such failure that is satisfactory to the commissioner and has cured the failure within ten days after the filing date;

(e) The failure of the carrier to submit an RBC plan to the commissioner within the time period set forth in RCW 48.43.310(3);

(f) Notification by the commissioner to the carrier that:

(i) The RBC plan or revised RBC plan submitted by the carrier is, in the judgment of the commissioner, unsatisfactory; and

(ii) The notification constitutes a regulatory action level event with respect to the carrier, provided the carrier has not challenged the determination under RCW 48.43.330;

(g) If, under RCW 48.43.330, the carrier challenges a determination by the commissioner under (f) of this subsection, the notification by the commissioner to the carrier that the commissioner has, after a hearing, rejected the challenge;

(h) Notification by the commissioner to the carrier that the carrier has failed to adhere to its RBC plan or revised RBC plan, but only if such failure has a substantial adverse effect on the ability of the carrier to eliminate the company action level event in accordance with its RBC plan or revised RBC plan and the commissioner has so stated in the notifica-

tion, provided the carrier has not challenged the determination under RCW 48.43.330; or

(i) If, under RCW 48.43.330, the carrier challenges a determination by the commissioner under (h) of this subsection, the notification by the commissioner to the carrier that the commissioner has, after a hearing, rejected the challenge.

(2) In the event of a regulatory action level event the commissioner shall:

(a) Require the carrier to prepare and submit an RBC plan or, if applicable, a revised RBC plan;

(b) Perform the examination or analysis the commissioner deems necessary of the assets, liabilities, and operations of the carrier including a review of its RBC plan or revised RBC plan; and

(c) Subsequent to the examination or analysis, issue an order specifying those corrective actions the commissioner determines are required.

(3) In determining corrective actions, the commissioner may take into account those factors deemed relevant with respect to the carrier based upon the commissioner’s examination or analysis of the assets, liabilities, and operations of the carrier, including, but not limited to, the results of any sensitivity tests undertaken pursuant to the RBC instructions. The RBC plan or revised RBC plan shall be submitted:

(a) Within forty-five days after the occurrence of the regulatory action level event;

(b) If the carrier challenges an adjusted RBC report under RCW 48.43.330 and the challenge is not frivolous in the judgment of the commissioner within forty-five days after the notification to the carrier that the commissioner has, after a hearing, rejected the carrier’s challenge; or

(c) If the carrier challenges a revised RBC plan under RCW 48.43.330 and the challenge is not frivolous in the judgment of the commissioner, within forty-five days after the notification to the carrier that the commissioner has, after a hearing, rejected the carrier’s challenge.

(4) The commissioner may retain actuaries and investment experts and other consultants as may be necessary in the judgment of the commissioner to review the carrier’s RBC plan or revised RBC plan, examine or analyze the assets, liabilities, and operations of the carrier and formulate the corrective order with respect to the carrier. The fees, costs, and expenses relating to consultants shall be borne by the affected carrier or other party as directed by the commissioner. [1998 c 241 § 4.]

**48.43.320 Authorized control level event—Commissioner’s options.** (1) "Authorized control level event" means any of the following events:

(a) The filing of an RBC report by the carrier which indicates that the carrier’s total adjusted capital is greater than or equal to its mandatory control level RBC but less than its authorized control level RBC;

(b) The notification by the commissioner to the carrier of an adjusted RBC report that indicates the event in (a) of this subsection, provided the carrier does not challenge the adjusted RBC report under RCW 48.43.330;

(c) If, under RCW 48.43.330, the carrier challenges an adjusted RBC report that indicates the event in (a) of this subsection, notification by the commissioner to the carrier that

the commissioner has, after a hearing, rejected the carrier's challenge;

(d) The failure of the carrier to respond, in a manner satisfactory to the commissioner, to a corrective order, provided the carrier has not challenged the corrective order under RCW 48.43.330; or

(e) If the carrier has challenged a corrective order under RCW 48.43.330 and the commissioner has, after a hearing, rejected the challenge or modified the corrective order, the failure of the carrier to respond, in a manner satisfactory to the commissioner, to the corrective order subsequent to rejection or modification by the commissioner.

(2) In the event of an authorized control level event with respect to a carrier, the commissioner shall:

(a) Take those actions required under RCW 48.43.315 regarding a carrier with respect to which a regulatory action level event has occurred; or

(b) If the commissioner deems it to be in the best interests of either the policyholders or subscribers, or both, and creditors of the carrier and of the public, take those actions necessary to cause the carrier to be placed under regulatory control under chapter 48.31 RCW. In the event the commissioner takes such actions, the authorized control level event is sufficient grounds for the commissioner to take action under chapter 48.31 RCW, and the commissioner shall have the rights, powers, and duties with respect to the carrier as are set forth in chapter 48.31 RCW. In the event the commissioner takes actions under this subsection (2)(b) pursuant to an adjusted RBC report, the carrier is entitled to those protections afforded to carriers under the provisions of RCW 48.31.121 pertaining to summary proceedings. [1998 c 241 § 5.]

**48.43.325 Mandatory control level event—Commissioner's duty—Regulatory control.** (1) "Mandatory control level event" means any of the following events:

(a) The filing of an RBC report which indicates that the carrier's total adjusted capital is less than its mandatory control level RBC;

(b) Notification by the commissioner to the carrier of an adjusted RBC report that indicates the event in (a) of this subsection, provided the carrier does not challenge the adjusted RBC report under RCW 48.43.330; or

(c) If, under RCW 48.43.330, the carrier challenges an adjusted RBC report that indicates the event in (a) of this subsection, notification by the commissioner to the carrier that the commissioner has, after a hearing, rejected the carrier's challenge.

(2) In the event of a mandatory control level event, with respect to a carrier, the commissioner shall take those actions necessary to place the carrier under regulatory control under chapter 48.31 RCW. In that event, the mandatory control level event is sufficient grounds for the commissioner to take action under chapter 48.31 RCW, and the commissioner shall have the rights, powers, and duties with respect to the carrier as are set forth in chapter 48.31 RCW. If the commissioner takes actions pursuant to an adjusted RBC report, the carrier is entitled to the protections of RCW 48.31.121 pertaining to summary proceedings. However, the commissioner may forego action for up to ninety days after the mandatory control level event if the commissioner finds there is a reasonable

expectation that the mandatory control level event may be eliminated within the ninety-day period. [1998 c 241 § 6.]

**48.43.330 Carrier's right to hearing—Request by carrier—Date set by commissioner.** (1) Upon notification to a carrier by the commissioner of any of the following, the carrier shall have the right to a hearing, in accordance with chapters 48.04 and 34.05 RCW, at which the carrier may challenge any determination or action by the commissioner:

(a) Of an adjusted RBC report; or

(b)(i) That the carrier's RBC plan or revised RBC plan is unsatisfactory; and

(ii) The notification constitutes a regulatory action level event with respect to such carrier; or

(c) That the carrier has failed to adhere to its RBC plan or revised RBC plan and that such failure has a substantial adverse effect on the ability of the carrier to eliminate the company action level event with respect to the carrier in accordance with its RBC plan or revised RBC plan; or

(d) Of a corrective order with respect to the carrier.

(2) The carrier shall notify the commissioner of its request for a hearing within five days after the notification by the commissioner under this section. Upon receipt of the carrier's request for a hearing, the commissioner shall set a date for the hearing. The date shall be no less than ten nor more than thirty days after the date of the carrier's request. [1998 c 241 § 7.]

**48.43.335 Confidentiality of RBC reports and plans—Use of certain comparisons prohibited—Certain information intended solely for use by commissioner.** (1)

All RBC reports, to the extent the information therein is not required to be set forth in a publicly available annual statement schedule, and RBC plans, including the results or report of any examination or analysis of a carrier and any corrective order issued by the commissioner, with respect to any domestic carrier or foreign carrier that are filed with the commissioner constitute information that might be damaging to the carrier if made available to its competitors, and therefore shall be kept confidential by the commissioner. This information shall not be made public or be subject to subpoena, other than by the commissioner and then only for the purpose of enforcement actions taken by the commissioner.

(2) The comparison of a carrier's total adjusted capital to any of its RBC levels is a regulatory tool that may indicate the need for possible corrective action with respect to the carrier, and is not a means to rank carriers generally. Therefore, except as otherwise required under the provisions of RCW 48.43.300 through 48.43.370, the making, publishing, disseminating, circulating, or placing before the public, or causing, directly or indirectly, to be made, published, disseminated, circulated, or placed before the public, in a newspaper, magazine, or other publication, or in the form of a notice, circular, pamphlet, letter, or poster, or over any radio or television station, or in any other way, an advertisement, announcement, or statement containing an assertion, representation, or statement with regard to the RBC levels of any carrier, or of any component derived in the calculation, by any carrier, insurance producer, or other person engaged in any manner in the insurance business would be misleading

and is therefore prohibited. However, if any materially false statement with respect to the comparison regarding a carrier's total adjusted capital to its RBC levels (or any of them) or an inappropriate comparison of any other amount to the carrier's RBC levels is published in any written publication and the carrier is able to demonstrate to the commissioner with substantial proof the falsity of such statement, or the inappropriateness, as the case may be, then the carrier may publish an announcement in a written publication if the sole purpose of the announcement is to rebut the materially false statement.

(3) The RBC instructions, RBC reports, adjusted RBC reports, RBC plans, and revised RBC plans are intended solely for use by the commissioner in monitoring the solvency of carriers and the need for possible corrective action with respect to carriers and shall not be used by the commissioner for ratemaking nor considered or introduced as evidence in any rate proceeding nor used by the commissioner to calculate or derive any elements of an appropriate premium level or rate of return for any line of insurance that a carrier or any affiliate is authorized to write. [2008 c 217 § 49; 1998 c 241 § 8.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.43.340 Powers or duties of commissioner not limited—Rules.** (1) The provisions of RCW 48.43.300 through 48.43.370 are supplemental to any other provisions of the laws and rules of this state, and shall not preclude or limit any other powers or duties of the commissioner under such laws and rules, including, but not limited to, chapter 48.31 RCW.

(2) The commissioner may adopt reasonable rules necessary for the implementation of RCW 48.43.300 through 48.43.370. [1998 c 241 § 9.]

**48.43.345 Foreign or alien carriers—Required RBC report—Commissioner may require RBC plan—Mandatory control level event.** (1) Any foreign or alien carrier shall, upon the written request of the commissioner, submit to the commissioner an RBC report as of the end of the calendar year just ended by the later of:

(a) The date an RBC report would be required to be filed by a domestic carrier under RCW 48.43.300 through 48.43.370; or

(b) Fifteen days after the request is received by the foreign or alien carrier. Any foreign or alien carrier shall, at the written request of the commissioner, promptly submit to the commissioner a copy of any RBC plan that is filed with the insurance commissioner of any other state.

(2) In the event of a company action level event, regulatory action level event, or authorized control level event with respect to any foreign or alien carrier as determined under the RBC statute applicable in the state of domicile of the carrier or, if no RBC statute is in force in that state, under the provisions of RCW 48.43.300 through 48.43.370, if the insurance commissioner of the state of domicile of the foreign or alien carrier fails to require the foreign or alien carrier to file an RBC plan in the manner specified under that state's RBC statute or, if no RBC statute is in force in that state, under RCW 48.43.310, the commissioner may require the foreign or alien carrier to file an RBC plan with the commissioner. In this event, the failure of the foreign or alien carrier to file an

RBC plan with the commissioner is grounds to order the carrier to cease and desist from writing new insurance business in this state.

(3) In the event of a mandatory control level event with respect to any foreign or alien carrier, if no domiciliary receiver has been appointed with respect to the foreign or alien carrier under the rehabilitation and liquidation statute applicable in the state of domicile of the foreign or alien carrier, the commissioner may apply for an order under RCW 48.31.080 or 48.31.090 to conserve the assets within this state of foreign or alien carriers, and the occurrence of the mandatory control level event is considered adequate grounds for the application. [1998 c 241 § 10.]

**48.43.350 No liability or cause of action against commissioner or department.** There is no liability on the part of, and no cause of action shall arise against, the commissioner or insurance department or its employees or agents for any action taken by them in the performance of their powers and duties under RCW 48.43.300 through 48.43.370. [1998 c 241 § 11.]

**48.43.355 Notice by commissioner to carrier—When effective.** All notices by the commissioner to a carrier that may result in regulatory action are effective upon dispatch if transmitted by registered or certified mail, or in the case of any other transmission, are effective upon the carrier's receipt of such notice. [1998 c 241 § 12.]

**48.43.360 Initial RBC reports—Calculation of initial RBC levels—Subsequent reports.** For RBC reports to be filed by carriers commencing operations after June 11, 1998, those carriers shall calculate the initial RBC levels using financial projections, considering managed care arrangements, for its first full year in operation. Such projections, including the risk-based capital requirement, must be included as part of a comprehensive business plan that is submitted as part of the application for registration under RCW 48.44.040 and 48.46.030. The resulting RBC requirement shall be reported in the first RBC report submitted under RCW 48.43.305. For subsequent reports, the RBC results using actual financial data shall be included. [1998 c 241 § 13.]

**48.43.366 Self-funded multiple employer welfare arrangements.** A self-funded multiple employer welfare arrangement, as defined in RCW 48.125.010, is subject to the same RBC reporting requirements as a domestic carrier under RCW 48.43.300 through 48.43.370. [2004 c 260 § 19.]

**Severability—Effective date—2004 c 260:** See RCW 48.125.900 and 48.125.901.

**48.43.370 RBC standards not applicable to certain carriers.** RCW 48.43.300 through 48.43.370 shall not apply to a carrier which is subject to the provisions of RCW 48.05.430 through \*48.05.490. [1998 c 241 § 15.]

\*Reviser's note: RCW 48.05.490 was repealed by 2006 c 25 § 11.

**48.43.500 Intent—Purpose—2000 c 5.** It is the intent of the legislature that enrollees covered by health plans

receive quality health care designed to maintain and improve their health. The purpose of chapter 5, Laws of 2000 is to ensure that health plan enrollees:

- (1) Have improved access to information regarding their health plans;
- (2) Have sufficient and timely access to appropriate health care services, and choice among health care providers;
- (3) Are assured that health care decisions are made by appropriate medical personnel;
- (4) Have access to a quick and impartial process for appealing plan decisions;
- (5) Are protected from unnecessary invasions of health care privacy; and
- (6) Are assured that personal health care information will be used only as necessary to obtain and pay for health care or to improve the quality of care. [2000 c 5 § 1.]

**Application—2000 c 5:** "This act applies to: Health plans as defined in RCW 48.43.005 offered, renewed, or issued by a carrier; medical assistance provided under RCW 74.09.522; the basic health plan offered under chapter 70.47 RCW; and health benefits provided under chapter 41.05 RCW." [2000 c 5 § 19.]

**Short title—2000 c 5:** "This act may be known and cited as the health care patient bill of rights." [2000 c 5 § 22.]

**Captions not law—2000 c 5:** "Captions used in this act are not any part of the law." [2000 c 5 § 24.]

**Construction—2000 c 5:** "To the extent permitted by law, if any provision of this act conflicts with state or federal law, such provision must be construed in a manner most favorable to the enrollee." [2000 c 5 § 26.]

**Severability—2000 c 5:** "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [2000 c 5 § 27.]

**Application to contracts—Effective dates—2000 c 5:** "(1) Except as provided in subsections (2) and (3) of this section, this act applies to contracts entered into or renewing after June 30, 2001.

(2) Sections 13, 14, 15, and 16 of this act take effect January 1, 2001.

(3) Section 29 of this act takes effect July 1, 2001." [2000 c 5 § 28.]

**48.43.505 Requirement to protect enrollee's right to privacy or confidential services—Rules.** (1) Health carriers and insurers shall adopt policies and procedures that conform administrative, business, and operational practices to protect an enrollee's right to privacy or right to confidential health care services granted under state or federal laws.

(2) The commissioner may adopt rules to implement this section after considering relevant standards adopted by national managed care accreditation organizations and the national association of insurance commissioners, and after considering the effect of those standards on the ability of carriers to undertake enrollee care management and disease management programs. [2000 c 5 § 5.]

**Application—Short title—Captions not law—Construction—Severability—Application to contracts—Effective dates—2000 c 5:** See notes following RCW 48.43.500.

**48.43.510 Carrier required to disclose health plan information—Marketing and advertising restrictions—**

**Rules.** (1) A carrier that offers a health plan may not offer to sell a health plan to an enrollee or to any group representative, agent, employer, or enrollee representative without first offering to provide, and providing upon request, the following information before purchase or selection:

(a) A listing of covered benefits, including prescription drug benefits, if any, a copy of the current formulary, if any is used, definitions of terms such as generic versus brand name, and policies regarding coverage of drugs, such as how they become approved or taken off the formulary, and how consumers may be involved in decisions about benefits;

(b) A listing of exclusions, reductions, and limitations to covered benefits, and any definition of medical necessity or other coverage criteria upon which they may be based;

(c) A statement of the carrier's policies for protecting the confidentiality of health information;

(d) A statement of the cost of premiums and any enrollee cost-sharing requirements;

(e) A summary explanation of the carrier's grievance process;

(f) A statement regarding the availability of a point-of-service option, if any, and how the option operates; and

(g) A convenient means of obtaining lists of participating primary care and specialty care providers, including disclosure of network arrangements that restrict access to providers within any plan network. The offer to provide the information referenced in this subsection (1) must be clearly and prominently displayed on any information provided to any prospective enrollee or to any prospective group representative, agent, employer, or enrollee representative.

(2) Upon the request of any person, including a current enrollee, prospective enrollee, or the insurance commissioner, a carrier must provide written information regarding any health care plan it offers, that includes the following written information:

(a) Any documents, instruments, or other information referred to in the medical coverage agreement;

(b) A full description of the procedures to be followed by an enrollee for consulting a provider other than the primary care provider and whether the enrollee's primary care provider, the carrier's medical director, or another entity must authorize the referral;

(c) Procedures, if any, that an enrollee must first follow for obtaining prior authorization for health care services;

(d) A written description of any reimbursement or payment arrangements, including, but not limited to, capitation provisions, fee-for-service provisions, and health care delivery efficiency provisions, between a carrier and a provider or network;

(e) Descriptions and justifications for provider compensation programs, including any incentives or penalties that are intended to encourage providers to withhold services or minimize or avoid referrals to specialists;

(f) An annual accounting of all payments made by the carrier which have been counted against any payment limitations, visit limitations, or other overall limitations on a person's coverage under a plan;

(g) A copy of the carrier's grievance process for claim or service denial and for dissatisfaction with care; and

(h) Accreditation status with one or more national managed care accreditation organizations, and whether the carrier tracks its health care effectiveness performance using the health employer data information set (HEDIS), whether it publicly reports its HEDIS data, and how interested persons can access its HEDIS data.

(3) Each carrier shall provide to all enrollees and prospective enrollees a list of available disclosure items.

(4) Nothing in this section requires a carrier or a health care provider to divulge proprietary information to an enrollee, including the specific contractual terms and conditions between a carrier and a provider.

(5) No carrier may advertise or market any health plan to the public as a plan that covers services that help prevent illness or promote the health of enrollees unless it:

(a) Provides all clinical preventive health services provided by the basic health plan, authorized by chapter 70.47 RCW;

(b) Monitors and reports annually to enrollees on standardized measures of health care and satisfaction of all enrollees in the health plan. The state department of health shall recommend appropriate standardized measures for this purpose, after consideration of national standardized measurement systems adopted by national managed care accreditation organizations and state agencies that purchase managed health care services; and

(c) Makes available upon request to enrollees its integrated plan to identify and manage the most prevalent diseases within its enrolled population, including cancer, heart disease, and stroke.

(6) No carrier may preclude or discourage its providers from informing an enrollee of the care he or she requires, including various treatment options, and whether in the providers' view such care is consistent with the plan's health coverage criteria, or otherwise covered by the enrollee's medical coverage agreement with the carrier. No carrier may prohibit, discourage, or penalize a provider otherwise practicing in compliance with the law from advocating on behalf of an enrollee with a carrier. Nothing in this section shall be construed to authorize a provider to bind a carrier to pay for any service.

(7) No carrier may preclude or discourage enrollees or those paying for their coverage from discussing the comparative merits of different carriers with their providers. This prohibition specifically includes prohibiting or limiting providers participating in those discussions even if critical of a carrier.

(8) Each carrier must communicate enrollee information required in chapter 5, Laws of 2000 by means that ensure that a substantial portion of the enrollee population can make use of the information. Carriers may implement alternative, efficient methods of communication to ensure enrollees have access to information including, but not limited to, web site alerts, postcard mailings, and electronic communication in lieu of printed materials.

(9) The commissioner may adopt rules to implement this section. In developing rules to implement this section, the commissioner shall consider relevant standards adopted by national managed care accreditation organizations and state agencies that purchase managed health care services, as well as opportunities to reduce administrative costs included in health plans. [2009 c 304 § 1; 2000 c 5 § 6.]

**Application—Short title—Captions not law—Construction—Severability—Application to contracts—Effective dates—2000 c 5:** See notes following RCW 48.43.500.

(2010 Ed.)

**48.43.515 Access to appropriate health services—Enrollee options—Rules.** (1) Each enrollee in a health plan must have adequate choice among health care providers.

(2) Each carrier must allow an enrollee to choose a primary care provider who is accepting new enrollees from a list of participating providers. Enrollees also must be permitted to change primary care providers at any time with the change becoming effective no later than the beginning of the month following the enrollee's request for the change.

(3) Each carrier must have a process whereby an enrollee with a complex or serious medical or psychiatric condition may receive a standing referral to a participating specialist for an extended period of time.

(4) Each carrier must provide for appropriate and timely referral of enrollees to a choice of specialists within the plan if specialty care is warranted. If the type of medical specialist needed for a specific condition is not represented on the specialty panel, enrollees must have access to nonparticipating specialty health care providers.

(5) Each carrier shall provide enrollees with direct access to the participating chiropractor of the enrollee's choice for covered chiropractic health care without the necessity of prior referral. Nothing in this subsection shall prevent carriers from restricting enrollees to seeing only providers who have signed participating provider agreements or from utilizing other managed care and cost containment techniques and processes. For purposes of this subsection, "covered chiropractic health care" means covered benefits and limitations related to chiropractic health services as stated in the plan's medical coverage agreement, with the exception of any provisions related to prior referral for services.

(6) Each carrier must provide, upon the request of an enrollee, access by the enrollee to a second opinion regarding any medical diagnosis or treatment plan from a qualified participating provider of the enrollee's choice.

(7) Each carrier must cover services of a primary care provider whose contract with the plan or whose contract with a subcontractor is being terminated by the plan or subcontractor without cause under the terms of that contract for at least sixty days following notice of termination to the enrollees or, in group coverage arrangements involving periods of open enrollment, only until the end of the next open enrollment period. The provider's relationship with the carrier or subcontractor must be continued on the same terms and conditions as those of the contract the plan or subcontractor is terminating, except for any provision requiring that the carrier assign new enrollees to the terminated provider.

(8) Every carrier shall meet the standards set forth in this section and any rules adopted by the commissioner to implement this section. In developing rules to implement this section, the commissioner shall consider relevant standards adopted by national managed care accreditation organizations and state agencies that purchase managed health care services. [2000 c 5 § 7.]

**Application—Short title—Captions not law—Construction—Severability—Application to contracts—Effective dates—2000 c 5:** See notes following RCW 48.43.500.

**48.43.517 Enrollment of child participating in medical assistance program—Employer-sponsored health plan.** When the department of social and health services has

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determined that it is cost-effective to enroll a child participating in a medical assistance program under chapter 74.09 RCW in an employer-sponsored health plan, the carrier shall permit the enrollment of the participant who is otherwise eligible for coverage in the health plan without regard to any open enrollment restrictions. The request for special enrollment shall be made by the department or participant within sixty days of the department's determination that the enrollment would be cost-effective. [2007 c 5 § 7.]

**48.43.520 Requirement to maintain a documented utilization review program description and written utilization review criteria—Rules.** (1) Carriers that offer a health plan shall maintain a documented utilization review program description and written utilization review criteria based on reasonable medical evidence. The program must include a method for reviewing and updating criteria. Carriers shall make clinical protocols, medical management standards, and other review criteria available upon request to participating providers.

(2) The commissioner shall adopt, in rule, standards for this section after considering relevant standards adopted by national managed care accreditation organizations and state agencies that purchase managed health care services.

(3) A carrier shall not be required to use medical evidence or standards in its utilization review of religious non-medical treatment or religious nonmedical nursing care. [2000 c 5 § 8.]

**Application—Short title—Captions not law—Construction—Severability—Application to contracts—Effective dates—2000 c 5:** See notes following RCW 48.43.500.

**48.43.525 Prohibition against retrospective denial of health plan coverage—Rules.** (1) A health carrier that offers a health plan shall not retrospectively deny coverage for emergency and nonemergency care that had prior authorization under the plan's written policies at the time the care was rendered.

(2) The commissioner shall adopt, in rule, standards for this section after considering relevant standards adopted by national managed care accreditation organizations and state agencies that purchase managed health care services. [2000 c 5 § 9.]

**Application—Short title—Captions not law—Construction—Severability—Application to contracts—Effective dates—2000 c 5:** See notes following RCW 48.43.500.

**48.43.530 Requirement for carriers to have a comprehensive grievance process—Carrier's duties—Procedures—Appeals—Rules.** (1) Each carrier that offers a health plan must have a fully operational, comprehensive grievance process that complies with the requirements of this section and any rules adopted by the commissioner to implement this section. For the purposes of this section, the commissioner shall consider grievance process standards adopted by national managed care accreditation organizations and state agencies that purchase managed health care services.

(2) Each carrier must process as a complaint an enrollee's expression of dissatisfaction about customer service or the quality or availability of a health service. Each carrier must implement procedures for registering and

responding to oral and written complaints in a timely and thorough manner.

(3) Each carrier must provide written notice to an enrollee or the enrollee's designated representative, and the enrollee's provider, of its decision to deny, modify, reduce, or terminate payment, coverage, authorization, or provision of health care services or benefits, including the admission to or continued stay in a health care facility.

(4) Each carrier must process as an appeal an enrollee's written or oral request that the carrier reconsider: (a) Its resolution of a complaint made by an enrollee; or (b) its decision to deny, modify, reduce, or terminate payment, coverage, authorization, or provision of health care services or benefits, including the admission to, or continued stay in, a health care facility. A carrier must not require that an enrollee file a complaint prior to seeking appeal of a decision under (b) of this subsection.

(5) To process an appeal, each carrier must:

(a) Provide written notice to the enrollee when the appeal is received;

(b) Assist the enrollee with the appeal process;

(c) Make its decision regarding the appeal within thirty days of the date the appeal is received. An appeal must be expedited if the enrollee's provider or the carrier's medical director reasonably determines that following the appeal process response timelines could seriously jeopardize the enrollee's life, health, or ability to regain maximum function. The decision regarding an expedited appeal must be made within seventy-two hours of the date the appeal is received;

(d) Cooperate with a representative authorized in writing by the enrollee;

(e) Consider information submitted by the enrollee;

(f) Investigate and resolve the appeal; and

(g) Provide written notice of its resolution of the appeal to the enrollee and, with the permission of the enrollee, to the enrollee's providers. The written notice must explain the carrier's decision and the supporting coverage or clinical reasons and the enrollee's right to request independent review of the carrier's decision under RCW 48.43.535.

(6) Written notice required by subsection (3) of this section must explain:

(a) The carrier's decision and the supporting coverage or clinical reasons; and

(b) The carrier's appeal process, including information, as appropriate, about how to exercise the enrollee's rights to obtain a second opinion, and how to continue receiving services as provided in this section.

(7) When an enrollee requests that the carrier reconsider its decision to modify, reduce, or terminate an otherwise covered health service that an enrollee is receiving through the health plan and the carrier's decision is based upon a finding that the health service, or level of health service, is no longer medically necessary or appropriate, the carrier must continue to provide that health service until the appeal is resolved. If the resolution of the appeal or any review sought by the enrollee under RCW 48.43.535 affirms the carrier's decision, the enrollee may be responsible for the cost of this continued health service.

(8) Each carrier must provide a clear explanation of the grievance process upon request, upon enrollment to new enrollees, and annually to enrollees and subcontractors.

(9) Each carrier must ensure that the grievance process is accessible to enrollees who are limited English speakers, who have literacy problems, or who have physical or mental disabilities that impede their ability to file a grievance.

(10) Each carrier must: Track each appeal until final resolution; maintain, and make accessible to the commissioner for a period of three years, a log of all appeals; and identify and evaluate trends in appeals. [2000 c 5 § 10.]

**Application—Short title—Captions not law—Construction—Severability—Application to contracts—Effective dates—2000 c 5:** See notes following RCW 48.43.500.

**48.43.535 Independent review of health care disputes—System for using certified independent review organizations—Rules.** (1) There is a need for a process for the fair consideration of disputes relating to decisions by carriers that offer a health plan to deny, modify, reduce, or terminate coverage of or payment for health care services for an enrollee.

(2) An enrollee may seek review by a certified independent review organization of a carrier's decision to deny, modify, reduce, or terminate coverage of or payment for a health care service, after exhausting the carrier's grievance process and receiving a decision that is unfavorable to the enrollee, or after the carrier has exceeded the timelines for grievances provided in RCW 48.43.530, without good cause and without reaching a decision.

(3) The commissioner must establish and use a rotational registry system for the assignment of a certified independent review organization to each dispute. The system should be flexible enough to ensure that an independent review organization has the expertise necessary to review the particular medical condition or service at issue in the dispute.

(4) Carriers must provide to the appropriate certified independent review organization, not later than the third business day after the date the carrier receives a request for review, a copy of:

(a) Any medical records of the enrollee that are relevant to the review;

(b) Any documents used by the carrier in making the determination to be reviewed by the certified independent review organization;

(c) Any documentation and written information submitted to the carrier in support of the appeal; and

(d) A list of each physician or health care provider who has provided care to the enrollee and who may have medical records relevant to the appeal. Health information or other confidential or proprietary information in the custody of a carrier may be provided to an independent review organization, subject to rules adopted by the commissioner.

(5) The medical reviewers from a certified independent review organization will make determinations regarding the medical necessity or appropriateness of, and the application of health plan coverage provisions to, health care services for an enrollee. The medical reviewers' determinations must be based upon their expert medical judgment, after consideration of relevant medical, scientific, and cost-effectiveness evidence, and medical standards of practice in the state of Washington. Except as provided in this subsection, the certified independent review organization must ensure that determinations are consistent with the scope of covered benefits as

outlined in the medical coverage agreement. Medical reviewers may override the health plan's medical necessity or appropriateness standards if the standards are determined upon review to be unreasonable or inconsistent with sound, evidence-based medical practice.

(6) Once a request for an independent review determination has been made, the independent review organization must proceed to a final determination, unless requested otherwise by both the carrier and the enrollee or the enrollee's representative.

(7) Carriers must timely implement the certified independent review organization's determination, and must pay the certified independent review organization's charges.

(8) When an enrollee requests independent review of a dispute under this section, and the dispute involves a carrier's decision to modify, reduce, or terminate an otherwise covered health service that an enrollee is receiving at the time the request for review is submitted and the carrier's decision is based upon a finding that the health service, or level of health service, is no longer medically necessary or appropriate, the carrier must continue to provide the health service if requested by the enrollee until a determination is made under this section. If the determination affirms the carrier's decision, the enrollee may be responsible for the cost of the continued health service.

(9) A certified independent review organization may notify the office of the insurance commissioner if, based upon its review of disputes under this section, it finds a pattern of substandard or egregious conduct by a carrier.

(10)(a) The commissioner shall adopt rules to implement this section after considering relevant standards adopted by national managed care accreditation organizations.

(b) This section is not intended to supplant any existing authority of the office of the insurance commissioner under this title to oversee and enforce carrier compliance with applicable statutes and rules. [2000 c 5 § 11.]

**Application—Short title—Captions not law—Construction—Severability—Application to contracts—Effective dates—2000 c 5:** See notes following RCW 48.43.500.

**48.43.540 Requirement to designate a licensed medical director—Exemption.** Any carrier that offers a health plan and any self-insured health plan subject to the jurisdiction of Washington state shall designate a medical director who is licensed under chapter 18.57 or 18.71 RCW. However, a naturopathic or complementary alternative health plan, which provides solely complementary alternative health care to individuals, groups, or health plans, may have a medical director licensed under chapter 18.36A RCW. A carrier that offers dental only coverage shall designate a dental director who is licensed under chapter 18.32 RCW, or licensed in a state that has been determined by the dental quality assurance commission to have substantially equivalent licensing standards to those of Washington. A health plan or self-insured health plan that offers only religious nonmedical treatment or religious nonmedical nursing care shall not be required to have a medical director. [2002 c 103 § 1; 2000 c 5 § 13.]

**Application—Short title—Captions not law—Construction—Severability—Application to contracts—Effective dates—2000 c 5:** See notes following RCW 48.43.500.

**48.43.545 Standard of care—Liability—Causes of action—Defense—Exception.** (1)(a) A health carrier shall adhere to the accepted standard of care for health care providers under chapter 7.70 RCW when arranging for the provision of medically necessary health care services to its enrollees. A health carrier shall be liable for any and all harm proximately caused by its failure to follow that standard of care when the failure resulted in the denial, delay, or modification of the health care service recommended for, or furnished to, an enrollee.

(b) A health carrier is also liable for damages under (a) of this subsection for harm to an enrollee proximately caused by health care treatment decisions that result from a failure to follow the accepted standard of care made by its:

- (i) Employees;
- (ii) Agents; or
- (iii) Ostensible agents who are acting on its behalf and over whom it has the right to exercise influence or control or has actually exercised influence or control.

(2) The provisions of this section may not be waived, shifted, or modified by contract or agreement and responsibility for the provisions shall be a duty that cannot be delegated. Any effort to waive, modify, delegate, or shift liability for a breach of the duty established by this section, through a contract for indemnification or otherwise, is invalid.

(3) This section does not create any new cause of action, or eliminate any presently existing cause of action, with respect to health care providers and health care facilities that are included in and subject to the provisions of chapter 7.70 RCW.

(4) It is a defense to any action or liability asserted under this section against a health carrier that:

(a) The health care service in question is not a benefit provided under the plan or the service is subject to limitations under the plan that have been exhausted;

(b) Neither the health carrier, nor any employee, agent, or ostensible agent for whose conduct the health carrier is liable under subsection (1)(b) of this section, controlled, influenced, or participated in the health care decision; or

(c) The health carrier did not deny or unreasonably delay payment for treatment prescribed or recommended by a participating health care provider for the enrollee.

(5) This section does not create any liability on the part of an employer, an employer group purchasing organization that purchases coverage or assumes risk on behalf of its employers, or a governmental agency that purchases coverage on behalf of individuals and families. The governmental entity established to offer and provide health insurance to public employees, public retirees, and their covered dependents under RCW 41.05.140 is subject to liability under this section.

(6) Nothing in any law of this state prohibiting a health carrier from practicing medicine or being licensed to practice medicine may be asserted as a defense by the health carrier in an action brought against it under this section.

(7)(a) A person may not maintain a cause of action under this section against a health carrier unless:

(i) The affected enrollee has suffered substantial harm. As used in this subsection, "substantial harm" means loss of life, loss or significant impairment of limb, bodily or cogni-

tive function, significant disfigurement, or severe or chronic physical pain; and

(ii) The affected enrollee or the enrollee's representative has exercised the opportunity established in RCW 48.43.535 to seek independent review of the health care treatment decision.

(b) This subsection (7) does not prohibit an enrollee from pursuing other appropriate remedies, including injunctive relief, a declaratory judgment, or other relief available under law, if its requirements place the enrollee's health in serious jeopardy.

(8) In an action against a health carrier, a finding that a health care provider is an employee, agent, or ostensible agent of such a health carrier shall not be based solely on proof that the person's name appears in a listing of approved physicians or health care providers made available to enrollees under a health plan.

(9) Any action under this section shall be commenced within three years of the completion of the independent review process.

(10) This section does not apply to workers' compensation insurance under Title 51 RCW. [2000 c 5 § 17.]

**Application—Short title—Captions not law—Construction—Severability—Application to contracts—Effective dates—2000 c 5:** See notes following RCW 48.43.500.

**48.43.550 Delegation of duties—Carrier accountability.** Each carrier is accountable for and must oversee any activities required by chapter 5, Laws of 2000 that it delegates to any subcontractor. No contract with a subcontractor executed by the health carrier or the subcontractor may relieve the health carrier of its obligations to any enrollee for the provision of health care services or of its responsibility for compliance with statutes or rules. [2000 c 5 § 18.]

**Application—Short title—Captions not law—Construction—Severability—Application to contracts—Effective dates—2000 c 5:** See notes following RCW 48.43.500.

**48.43.600 Overpayment recovery—Carrier.** (1) Except in the case of fraud, or as provided in subsections (2) and (3) of this section, a carrier may not: (a) Request a refund from a health care provider of a payment previously made to satisfy a claim unless it does so in writing to the provider within twenty-four months after the date that the payment was made; or (b) request that a contested refund be paid any sooner than six months after receipt of the request. Any such request must specify why the carrier believes the provider owes the refund. If a provider fails to contest the request in writing to the carrier within thirty days of its receipt, the request is deemed accepted and the refund must be paid.

(2) A carrier may not, if doing so for reasons related to coordination of benefits with another carrier or entity responsible for payment of a claim: (a) Request a refund from a health care provider of a payment previously made to satisfy a claim unless it does so in writing to the provider within thirty months after the date that the payment was made; or (b) request that a contested refund be paid any sooner than six months after receipt of the request. Any such request must specify why the carrier believes the provider owes the refund, and include the name and mailing address of the entity that has primary responsibility for payment of the claim. If a pro-

vider fails to contest the request in writing to the carrier within thirty days of its receipt, the request is deemed accepted and the refund must be paid.

(3) A carrier may at any time request a refund from a health care provider of a payment previously made to satisfy a claim if: (a) A third party, including a government entity, is found responsible for satisfaction of the claim as a consequence of liability imposed by law, such as tort liability; and (b) the carrier is unable to recover directly from the third party because the third party has either already paid or will pay the provider for the health services covered by the claim.

(4) If a contract between a carrier and a health care provider conflicts with this section, this section shall prevail. However, nothing in this section prohibits a health care provider from choosing at any time to refund to a carrier any payment previously made to satisfy a claim.

(5) For purposes of this section, "refund" means the return, either directly or through an offset to a future claim, of some or all of a payment already received by a health care provider.

(6) This section neither permits nor precludes a carrier from recovering from a subscriber, enrollee, or beneficiary any amounts paid to a health care provider for benefits to which the subscriber, enrollee, or beneficiary was not entitled under the terms and conditions of the health plan, insurance policy, or other benefit agreement.

(7) This section does not apply to claims for health care services provided through dental-only health carriers, health care services provided under Title XVIII (medicare) of the social security act, or medicare supplemental plans regulated under chapter 48.66 RCW. [2005 c 278 § 1.]

**Application—2005 c 278:** "This act applies to contracts issued or renewed on or after January 1, 2006." [2005 c 278 § 3.]

**48.43.605 Overpayment recovery—Health care provider.** (1) Except in the case of fraud, or as provided in subsection (2) of this section, a health care provider may not: (a) Request additional payment from a carrier to satisfy a claim unless he or she does so in writing to the carrier within twenty-four months after the date that the claim was denied or payment intended to satisfy the claim was made; or (b) request that the additional payment be made any sooner than six months after receipt of the request. Any such request must specify why the provider believes the carrier owes the additional payment.

(2) A health care provider may not, if doing so for reasons related to coordination of benefits with another carrier or entity responsible for payment of a claim: (a) Request additional payment from a carrier to satisfy a claim unless he or she does so in writing to the carrier within thirty months after the date the claim was denied or payment intended to satisfy the claim was made; or (b) request that the additional payment be made any sooner than six months after receipt of the request. Any such request must specify why the provider believes the carrier owes the additional payment, and include the name and mailing address of any entity that has disclaimed responsibility for payment of the claim.

(3) If a contract between a carrier and a health care provider conflicts with this section, this section shall prevail. However, nothing in this section prohibits a carrier from

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choosing at any time to make additional payments to a provider to satisfy a claim.

(4) This section does not apply to claims for health care services provided through dental-only health carriers, health care services provided under Title XVIII (medicare) of the social security act, or medicare supplemental plans regulated under chapter 48.66 RCW. [2005 c 278 § 2.]

**Application—2005 c 278:** See note following RCW 48.43.600.

**48.43.650 Fixed payment insurance products—Commissioner's annual report.** The commissioner shall collect information from insurers offering fixed payment insurance products, and report aggregated data for each calendar year, including the number of groups purchasing the products, the number of enrollees, and the number of consumer complaints filed. The reports shall be provided to the legislature annually to reflect the calendar year experience, and the initial report shall reflect calendar year 2008 and be due no later than June 1, 2009, and each June thereafter. [2007 c 296 § 6.]

**48.43.670 Plan or contract renewal—Modification of wellness program.** Upon the renewal date of an individual or group health benefit plan or contract containing health benefits, the modification of a wellness program, as defined in 45 C.F.R. 146.121(f), included in such a plan or contract shall not be considered a cancellation or nonrenewal of such plan or contract. [2009 c 329 § 3.]

**48.43.680 Lifetime limit on transplants—Definition.** (1) A health benefit plan that is issued or renewed on or after January 1, 2010, and that provides coverage for organ and tissue transplants, may not permit a separate lifetime limit on transplants of any less than three hundred fifty thousand dollars. The lifetime limit on transplants shall apply from one day prior to the date of the transplant or the date of hospital admission, for a patient who receives a transplant during the course of a longer hospital stay, through one hundred days after the transplant. Donor-related services may apply to the lifetime limit on transplants any time. The major medical lifetime limit shall apply to health care services provided before and after this time period. Benefits provided are subject to all other terms and conditions of the health benefit plan, including but not limited to any applicable coinsurances, deductibles, and copayments.

(2) "Organ and tissue transplant" means the same as defined under the applicable health benefit plan. [2009 c 487 § 1.]

**48.43.690 Assessments under RCW 70.290.040 considered medical expenses.** Assessments paid by carriers under RCW 70.290.040 may be considered medical expenses for purposes of rate setting and regulatory filings. [2010 c 174 § 15.]

**Effective date—2010 c 174:** See RCW 70.290.900.

**48.43.901 Captions not law—1996 c 312.** Captions used in this act do not constitute part of the law. [1996 c 312 § 6.]

**48.43.902 Effective date—1996 c 312.** This act shall take effect July 1, 1996. [1996 c 312 § 8.]

**48.43.903 Severability—1998 c 241.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1998 c 241 § 17.]

**48.43.904 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.** For the purposes of this chapter, the terms spouse, marriage, marital, husband, wife, widow, widower, next of kin, and family shall be interpreted as applying equally to state registered domestic partnerships or individuals in state registered domestic partnerships as well as to marital relationships and married persons, and references to dissolution of marriage shall apply equally to state registered domestic partnerships that have been terminated, dissolved, or invalidated, to the extent that such interpretation does not conflict with federal law. Where necessary to implement chapter 521, Laws of 2009, gender-specific terms such as husband and wife used in any statute, rule, or other law shall be construed to be gender neutral, and applicable to individuals in state registered domestic partnerships. [2009 c 521 § 125.]

## Chapter 48.44 RCW HEALTH CARE SERVICES

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48.44.900	Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.

*Insurance producers appointed by health care service contractors, additional regulations applicable: RCW 48.17.065.*

**48.44.010 Definitions.** For the purposes of this chapter:

(1) "Carrier" means a health maintenance organization, an insurer, a health care service contractor, or other entity responsible for the payment of benefits or provision of services under a group or individual contract.

(2) "Census date" means the date upon which a health care services contractor offering coverage to a small employer must base rate calculations. For a small employer applying for a health benefit plan through a contractor other than its current contractor, the census date is the date that final group composition is received by the contractor. For a small employer that is renewing its health benefit plan through its existing contractor, the census date is ninety days prior to the effective date of the renewal.

(3) "Commissioner" means the insurance commissioner.

(4) "Copayment" means an amount specified in a group or individual contract which is an obligation of an enrolled participant for a specific service which is not fully prepaid.

(5) "Deductible" means the amount an enrolled participant is responsible to pay before the health care service contractor begins to pay the costs associated with treatment.

(6) "Enrolled participant" means a person or group of persons who have entered into a contractual arrangement or on whose behalf a contractual arrangement has been entered into with a health care service contractor to receive health care services.

(7) "Fully subordinated debt" means those debts that meet the requirements of RCW 48.44.037(3) and are recorded as equity.

(8) "Group contract" means a contract for health care services which by its terms limits eligibility to members of a specific group. The group contract may include coverage for dependents.

(9) "Health care service contractor" means any corporation, cooperative group, or association, which is sponsored by or otherwise intimately connected with a provider or group of providers, who or which not otherwise being engaged in the insurance business, accepts prepayment for health care services from or for the benefit of persons or groups of persons as consideration for providing such persons with any health care services. "Health care service contractor" does not include direct patient-provider primary care practices as defined in RCW 48.150.010.

(10) "Health care services" means and includes medical, surgical, dental, chiropractic, hospital, optometric, podiatric, pharmaceutical, ambulance, custodial, mental health, and other therapeutic services.

(11) "Individual contract" means a contract for health care services issued to and covering an individual. An individual contract may include dependents.

(12) "Insolvent" or "insolvency" means that the organization has been declared insolvent and is placed under an order of liquidation by a court of competent jurisdiction.

(13) "Net worth" means the excess of total admitted assets as defined in RCW 48.12.010 over total liabilities but the liabilities shall not include fully subordinated debt.

(14) "Participating provider" means a provider, who or which has contracted in writing with a health care service contractor to accept payment from and to look solely to such contractor according to the terms of the subscriber contract for any health care services rendered to a person who has previously paid, or on whose behalf prepayment has been made, to such contractor for such services.

(15) "Provider" means any health professional, hospital, or other institution, organization, or person that furnishes health care services and is licensed to furnish such services.

(16) "Replacement coverage" means the benefits provided by a succeeding carrier.

(17) "Uncovered expenditures" means the costs to the health care service contractor for health care services that are the obligation of the health care service contractor for which an enrolled participant would also be liable in the event of the health care service contractor's insolvency and for which no alternative arrangements have been made as provided herein. The term does not include expenditures for covered services when a provider has agreed not to bill the enrolled participant even though the provider is not paid by the health care service contractor, or for services that are guaranteed, insured or assumed by a person or organization other than the health care service contractor. [2010 c 292 § 3; 2007 c 267 § 2; 1990 c 120 § 1; 1986 c 223 § 1. Prior: 1983 c 286 § 3; 1983 c 154 § 3; 1980 c 102 § 10; 1965 c 87 § 1; 1961 c 197 § 1; 1947 c 268 § 1; Rem. Supp. 1947 § 6131-10.]

**Reviser's note:** The definitions in this section have been alphabetized pursuant to RCW 1.08.015(2)(k).

**Application—2010 c 292:** See note following RCW 48.43.005.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.44.011 Insurance producer—Definition—License required—Application, issuance, renewal, fees—Penalties involving license.** (1) Insurance producer, as used in this chapter, means any person appointed or authorized by a health care service contractor to solicit applications for health care service contracts on its behalf.

(2) No person shall act as or hold himself or herself out to be an appointed insurance producer of a health care service contractor unless licensed as a disability insurance producer by this state and appointed by the health care service contractor on whose behalf solicitations are to be made.

(3) Applications, appointments, and qualifications for licenses, the renewal thereof, the fees and issuance of a license, and the renewal thereof shall be in accordance with the provisions of chapter 48.17 RCW that are applicable to a disability insurance producer.

(4) The commissioner may revoke, suspend, or refuse to issue or renew any insurance producer's license, or levy a fine upon the licensee, in accordance with those provisions of chapter 48.17 RCW that are applicable to a disability insur-

ance producer. [2008 c 217 § 50; 1983 c 202 § 1; 1969 c 115 § 7.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.44.013 Filings with secretary of state—Copy for commissioner.** Health care service contractors and limited health care service contractors shall send a copy specifically for the office of the insurance commissioner to the secretary of state of any corporate document required to be filed in the office of the secretary of state, including articles of incorporation and bylaws, and any amendments thereto. The copy specifically provided for the office of the insurance commissioner shall be in addition to the copies required by the secretary of state and shall clearly indicate on the copy that it is for delivery to the office of the insurance commissioner. [1998 c 23 § 16.]

**48.44.015 Registration by health care service contractors required—Penalty.** (1) A person may not in this state, by mail or otherwise, act as or hold himself or herself out to be a health care service contractor, as defined in RCW 48.44.010 without first being registered with the commissioner.

(2) The issuance, sale, or offer for sale in this state of securities of its own issue by any health care service contractor domiciled in this state other than the memberships and bonds of a nonprofit corporation shall be subject to the provisions of chapter 48.06 RCW relating to obtaining solicitation permits the same as if health care service contractors were domestic insurers.

(3) Any person violating any provision of subsection (2) of this section is guilty of a gross misdemeanor and will, upon conviction, be fined not more than one thousand dollars or imprisoned for not more than six months, or both, for each violation. [2003 c 250 § 7; 1983 c 202 § 2; 1969 c 115 § 6.]

**Severability—2003 c 250:** See note following RCW 48.01.080.

**48.44.016 Unregistered activities—Acts committed in this state—Sanctions.** (1) As used in this section, "person" has the same meaning as in RCW 48.01.070.

(2) For the purpose of this section, an act is committed in this state if it is committed, in whole or in part, in the state of Washington, or affects persons or property within the state and relates to or involves a health care services contract.

(3) Any person who knowingly violates RCW 48.44.015(1) is guilty of a class B felony punishable under chapter 9A.20 RCW.

(4) Any criminal penalty imposed under this section is in addition to, and not in lieu of, any other civil or administrative penalty or sanction otherwise authorized under state law.

(5)(a) If the commissioner has cause to believe that any person has violated the provisions of RCW 48.44.015(1), the commissioner may:

(i) Issue and enforce a cease and desist order in accordance with the provisions of RCW 48.02.080; and/or

(ii) Assess a civil penalty of not more than twenty-five thousand dollars for each violation, after providing notice and an opportunity for a hearing in accordance with chapters 34.05 and 48.04 RCW.

(b) Upon failure to pay a civil penalty when due, the attorney general may bring a civil action on behalf of the commissioner to recover the unpaid penalty. Any amounts collected by the commissioner must be paid to the state treasurer for the account of the general fund. [2003 c 250 § 8.]

**Severability—2003 c 250:** See note following RCW 48.01.080.

**48.44.017 Schedule of rates for individual contracts—Loss ratio—Remittance of premiums—Definitions.** (1) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Claims" means the cost to the health care service contractor of health care services, as defined in RCW 48.43.005, provided to a contract holder or paid to or on behalf of a contract holder in accordance with the terms of a health benefit plan, as defined in RCW 48.43.005. This includes capitation payments or other similar payments made to providers for the purpose of paying for health care services for an enrollee.

(b) "Claims reserves" means: (i) The liability for claims which have been reported but not paid; (ii) the liability for claims which have not been reported but which may reasonably be expected; (iii) active life reserves; and (iv) additional claims reserves whether for a specific liability purpose or not.

(c) "Declination rate" for a health care service contractor means the percentage of the total number of applicants for individual health benefit plans received by that health care service contractor in the aggregate in the applicable year which are not accepted for enrollment by that health care service contractor based on the results of the standard health questionnaire administered pursuant to RCW 48.43.018(2)(a).

(d) "Earned premiums" means premiums, as defined in RCW 48.43.005, plus any rate credits or recoupments less any refunds, for the applicable period, whether received before, during, or after the applicable period.

(e) "Incurred claims expense" means claims paid during the applicable period plus any increase, or less any decrease, in the claims reserves.

(f) "Loss ratio" means incurred claims expense as a percentage of earned premiums.

(g) "Reserves" means: (i) Active life reserves; and (ii) additional reserves whether for a specific liability purpose or not.

(2) A health care service contractor must file supporting documentation of its method of determining the rates charged for its individual contracts. At a minimum, the health care service contractor must provide the following supporting documentation:

(a) A description of the health care service contractor's rate-making methodology;

(b) An actuarially determined estimate of incurred claims which includes the experience data, assumptions, and justifications of the health care service contractor's projection;

(c) The percentage of premium attributable in aggregate for nonclaims expenses used to determine the adjusted community rates charged; and

(d) A certification by a member of the American academy of actuaries, or other person approved by the commis-

sioner, that the adjusted community rate charged can be reasonably expected to result in a loss ratio that meets or exceeds the loss ratio standard of seventy-four percent, minus the premium tax rate applicable to the carrier's individual health benefit plans under RCW 48.14.0201.

(3) By the last day of May each year any health care service contractor issuing or renewing individual health benefit plans in this state during the preceding calendar year shall file for review by the commissioner supporting documentation of its actual loss ratio and its actual declination rate for its individual health benefit plans offered or renewed in this state in aggregate for the preceding calendar year. The filing shall include aggregate earned premiums, aggregate incurred claims, and a certification by a member of the American academy of actuaries, or other person approved by the commissioner, that the actual loss ratio has been calculated in accordance with accepted actuarial principles.

(a) At the expiration of a thirty-day period beginning with the date the filing is received by the commissioner, the filing shall be deemed approved unless prior thereto the commissioner contests the calculation of the actual loss ratio.

(b) If the commissioner contests the calculation of the actual loss ratio, the commissioner shall state in writing the grounds for contesting the calculation to the health care service contractor.

(c) Any dispute regarding the calculation of the actual loss ratio shall upon written demand of either the commissioner or the health care service contractor be submitted to hearing under chapters 48.04 and 34.05 RCW.

(4) If the actual loss ratio for the preceding calendar year is less than the loss ratio standard established in subsection (5) of this section, a remittance is due and the following shall apply:

(a) The health care service contractor shall calculate a percentage of premium to be remitted to the Washington state health insurance pool by subtracting the actual loss ratio for the preceding year from the loss ratio established in subsection (5) of this section.

(b) The remittance to the Washington state health insurance pool is the percentage calculated in (a) of this subsection, multiplied by the premium earned from each enrollee in the previous calendar year. Interest shall be added to the remittance due at a five percent annual rate calculated from the end of the calendar year for which the remittance is due to the date the remittance is made.

(c) All remittances shall be aggregated and such amounts shall be remitted to the Washington state high risk pool to be used as directed by the pool board of directors.

(d) Any remittance required to be issued under this section shall be issued within thirty days after the actual loss ratio is deemed approved under subsection (3)(a) of this section or the determination by an administrative law judge under subsection (3)(c) of this section.

(5) The loss ratio applicable to this section shall be the percentage set forth in the following schedule that correlates to the health care service contractor's actual declination rate in the preceding year, minus the premium tax rate applicable to the health care service contractor's individual health benefit plans under RCW 48.14.0201.

Actual Declination Rate	Loss Ratio
Under Six Percent (6%)	Seventy-Four Percent (74%)
Six Percent (6%) or more (but less than Seven Percent)	Seventy-Five Percent (75%)
Seven Percent (7%) or more (but less than Eight Percent)	Seventy-Six Percent (76%)
Eight Percent (8%) or more	Seventy-Seven Percent (77%)

[2008 c 303 § 5; 2001 c 196 § 11; 2000 c 79 § 29.]

**Effective date—2001 c 196:** See note following RCW 48.20.025.

**Effective date—Severability—2000 c 79:** See notes following RCW 48.04.010.

*Authority to review rates—2008 c 303:* RCW 48.43.0121.

**48.44.020 Contracts for services—Examination of contract forms by commissioner—Grounds for disapproval—Liability of participant.**

(1) Any health care service contractor may enter into contracts with or for the benefit of persons or groups of persons which require prepayment for health care services by or for such persons in consideration of such health care service contractor providing one or more health care services to such persons and such activity shall not be subject to the laws relating to insurance if the health care services are rendered by the health care service contractor or by a participating provider.

(2) The commissioner may on examination, subject to the right of the health care service contractor to demand and receive a hearing under chapters 48.04 and 34.05 RCW, disapprove any individual or group contract form for any of the following grounds:

(a) If it contains or incorporates by reference any inconsistent, ambiguous or misleading clauses, or exceptions and conditions which unreasonably or deceptively affect the risk purported to be assumed in the general coverage of the contract; or

(b) If it has any title, heading, or other indication of its provisions which is misleading; or

(c) If purchase of health care services thereunder is being solicited by deceptive advertising; or

(d) If it contains unreasonable restrictions on the treatment of patients; or

(e) If it violates any provision of this chapter; or

(f) If it fails to conform to minimum provisions or standards required by regulation made by the commissioner pursuant to chapter 34.05 RCW; or

(g) If any contract for health care services with any state agency, division, subdivision, board, or commission or with any political subdivision, municipal corporation, or quasi-municipal corporation fails to comply with state law.

(3) In addition to the grounds listed in subsection (2) of this section, the commissioner may disapprove any contract if the benefits provided therein are unreasonable in relation to the amount charged for the contract. Rates, or any modification of rates effective on or after July 1, 2008, for individual health benefit plans may not be used until sixty days after they are filed with the commissioner. If the commissioner does not disapprove a rate filing within sixty days after the health care service contractor has filed the documents

required in RCW 48.44.017(2) and any rules adopted pursuant thereto, the filing shall be deemed approved.

(4)(a) Every contract between a health care service contractor and a participating provider of health care services shall be in writing and shall state that in the event the health care service contractor fails to pay for health care services as provided in the contract, the enrolled participant shall not be liable to the provider for sums owed by the health care service contractor. Every such contract shall provide that this requirement shall survive termination of the contract.

(b) No participating provider, insurance producer, trustee, or assignee may maintain any action against an enrolled participant to collect sums owed by the health care service contractor. [2008 c 303 § 2; 2008 c 217 § 51; 2000 c 79 § 28; 1990 c 120 § 5; 1986 c 223 § 2; 1985 c 283 § 1; 1983 c 286 § 4; 1973 1st ex.s. c 65 § 1; 1969 c 115 § 1; 1961 c 197 § 2; 1947 c 268 § 2; Rem. Supp. 1947 § 6131-11.]

**Reviser's note:** This section was amended by 2008 c 217 § 51 and by 2008 c 303 § 2, each without reference to the other. Both amendments are incorporated in the publication of this section under RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**Effective date—Severability—2000 c 79:** See notes following RCW 48.04.010.

*Authority to review rates—2008 c 303: RCW 48.43.0121.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.44.021 Calculation of premiums—Members of a purchasing pool—Adjusted community rating method—Definitions.** (1) Premiums for health benefit plans for individuals who purchase the plan as a member of a purchasing pool:

(a) Consisting of five hundred or more individuals affiliated with a particular industry;

(b) To whom care management services are provided as a benefit of pool membership; and

(c) Which allows contributions from more than one employer to be used towards the purchase of an individual's health benefit plan;

shall be calculated using the adjusted community rating method that spreads financial risk across the entire purchasing pool of which the individual is a member. Such rates are subject to the following provisions:

(i) The health care service contractor shall develop its rates based on an adjusted community rate and may only vary the adjusted community rate for:

(A) Geographic area;

(B) Family size;

(C) Age;

(D) Tenure discounts; and

(E) Wellness activities.

(ii) The adjustment for age in (c)(i)(C) of this subsection may not use age brackets smaller than five-year increments which shall begin with age twenty and end with age sixty-five. Individuals under the age of twenty shall be treated as those age twenty.

(iii) The health care service contractor shall be permitted to develop separate rates for individuals age sixty-five or older for coverage for which medicare is the primary payer,

and coverage for which medicare is not the primary payer. Both rates are subject to the requirements of this subsection.

(iv) The permitted rates for any age group shall be no more than four hundred twenty-five percent of the lowest rate for all age groups on January 1, 1996, four hundred percent on January 1, 1997, and three hundred seventy-five percent on January 1, 2000, and thereafter.

(v) A discount for wellness activities shall be permitted to reflect actuarially justified differences in utilization or cost attributed to such programs.

(vi) The rate charged for a health benefit plan offered under this section may not be adjusted more frequently than annually except that the premium may be changed to reflect:

(A) Changes to the family composition;

(B) Changes to the health benefit plan requested by the individual; or

(C) Changes in government requirements affecting the health benefit plan.

(vii) For the purposes of this section, a health benefit plan that contains a restricted network provision shall not be considered similar coverage to a health benefit plan that does not contain such a provision, provided that the restrictions of benefits to network providers result in substantial differences in claims costs. This subsection does not restrict or enhance the portability of benefits as provided in RCW 48.43.015.

(viii) A tenure discount for continuous enrollment in the health plan of two years or more may be offered, not to exceed ten percent.

(2) Adjusted community rates established under this section shall not be required to be pooled with the medical experience of health benefit plans offered to small employers under RCW 48.44.023.

(3) As used in this section and RCW 48.44.023, "health benefit plan," "small employer," "adjusted community rates," and "wellness activities" mean the same as defined in RCW 48.43.005. [2006 c 100 § 4.]

**Legality of purchasing pools—Federal opinion requested—2006 c 100:** See note following RCW 48.20.028.

**48.44.022 Calculation of premiums—Adjusted community rate—Definitions.** (1) Except for health benefit plans covered under RCW 48.44.021, premium rates for health benefit plans for individuals shall be subject to the following provisions:

(a) The health care service contractor shall develop its rates based on an adjusted community rate and may only vary the adjusted community rate for:

(i) Geographic area;

(ii) Family size;

(iii) Age;

(iv) Tenure discounts; and

(v) Wellness activities.

(b) The adjustment for age in (a)(iii) of this subsection may not use age brackets smaller than five-year increments which shall begin with age twenty and end with age sixty-five. Individuals under the age of twenty shall be treated as those age twenty.

(c) The health care service contractor shall be permitted to develop separate rates for individuals age sixty-five or older for coverage for which medicare is the primary payer and coverage for which medicare is not the primary payer.

Both rates shall be subject to the requirements of this subsection.

(d) The permitted rates for any age group shall be no more than four hundred twenty-five percent of the lowest rate for all age groups on January 1, 1996, four hundred percent on January 1, 1997, and three hundred seventy-five percent on January 1, 2000, and thereafter.

(e) A discount for wellness activities shall be permitted to reflect actuarially justified differences in utilization or cost attributed to such programs.

(f) The rate charged for a health benefit plan offered under this section may not be adjusted more frequently than annually except that the premium may be changed to reflect:

(i) Changes to the family composition;

(ii) Changes to the health benefit plan requested by the individual; or

(iii) Changes in government requirements affecting the health benefit plan.

(g) For the purposes of this section, a health benefit plan that contains a restricted network provision shall not be considered similar coverage to a health benefit plan that does not contain such a provision, provided that the restrictions of benefits to network providers result in substantial differences in claims costs. This subsection does not restrict or enhance the portability of benefits as provided in RCW 48.43.015.

(h) A tenure discount for continuous enrollment in the health plan of two years or more may be offered, not to exceed ten percent.

(2) Adjusted community rates established under this section shall pool the medical experience of all individuals purchasing coverage, except individuals purchasing coverage under RCW 48.44.021, and shall not be required to be pooled with the medical experience of health benefit plans offered to small employers under RCW 48.44.023.

(3) As used in this section and RCW 48.44.023 "health benefit plan," "small employer," "adjusted community rates," and "wellness activities" mean the same as defined in RCW 48.43.005. [2006 c 100 § 3; 2004 c 244 § 6; 2000 c 79 § 30; 1997 c 231 § 208; 1995 c 265 § 15.]

**Legality of purchasing pools—Federal opinion requested—2006 c 100:** See note following RCW 48.20.028.

**Application—2004 c 244:** See note following RCW 48.21.045.

**Effective date—Severability—2000 c 79:** See notes following RCW 48.04.010.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.44.023 Health plan benefits for small employers—Coverage—Exemption from statutory requirements—Premium rates—Requirements for providing coverage for small employers.** (1)(a) A health care services contractor offering any health benefit plan to a small employer, either directly or through an association or member-governed group formed specifically for the purpose of purchasing health care, may offer and actively market to the small employer a health benefit plan featuring a limited schedule of covered health care services. Nothing in this subsection shall preclude a contractor from offering, or a small employer from purchasing, other health benefit plans that may have more comprehensive benefits than those included in the product offered under this subsection. A contractor offering a health benefit plan under this subsection shall clearly disclose all

covered benefits to the small employer in a brochure filed with the commissioner.

(b) A health benefit plan offered under this subsection shall provide coverage for hospital expenses and services rendered by a physician licensed under chapter 18.57 or 18.71 RCW but is not subject to the requirements of RCW 48.44.225, 48.44.240, 48.44.245, 48.44.290, 48.44.300, 48.44.310, 48.44.320, 48.44.325, 48.44.330, 48.44.335, 48.44.344, 48.44.360, 48.44.400, 48.44.440, 48.44.450, and 48.44.460.

(2) Nothing in this section shall prohibit a health care service contractor from offering, or a purchaser from seeking, health benefit plans with benefits in excess of the health benefit plan offered under subsection (1) of this section. All forms, policies, and contracts shall be submitted for approval to the commissioner, and the rates of any plan offered under this section shall be reasonable in relation to the benefits thereto.

(3) Premium rates for health benefit plans for small employers as defined in this section shall be subject to the following provisions:

(a) The contractor shall develop its rates based on an adjusted community rate and may only vary the adjusted community rate for:

(i) Geographic area;

(ii) Family size;

(iii) Age; and

(iv) Wellness activities.

(b) The adjustment for age in (a)(iii) of this subsection may not use age brackets smaller than five-year increments, which shall begin with age twenty and end with age sixty-five. Employees under the age of twenty shall be treated as those age twenty.

(c) The contractor shall be permitted to develop separate rates for individuals age sixty-five or older for coverage for which medicare is the primary payer and coverage for which medicare is not the primary payer. Both rates shall be subject to the requirements of this subsection (3).

(d) The permitted rates for any age group shall be no more than four hundred twenty-five percent of the lowest rate for all age groups on January 1, 1996, four hundred percent on January 1, 1997, and three hundred seventy-five percent on January 1, 2000, and thereafter.

(e) A discount for wellness activities shall be permitted to reflect actuarially justified differences in utilization or cost attributed to such programs. Up to a twenty percent variance may be allowed for small employers that develop and implement a wellness program or activities that directly improve employee wellness. Employers shall document program activities with the carrier and may, after three years of implementation, request a reduction in premiums based on improved employee health and wellness. While carriers may review the employer's claim history when making a determination regarding whether the employer's wellness program has improved employee health, the carrier may not use maternity or prevention services claims to deny the employer's request. Carriers may consider issues such as improved productivity or a reduction in absenteeism due to illness if submitted by the employer for consideration. Interested employers may also work with the carrier to develop a wellness program and a means to track improved employee health.

(f) The rate charged for a health benefit plan offered under this section may not be adjusted more frequently than annually except that the premium may be changed to reflect:

- (i) Changes to the enrollment of the small employer;
- (ii) Changes to the family composition of the employee;
- (iii) Changes to the health benefit plan requested by the small employer; or
- (iv) Changes in government requirements affecting the health benefit plan.

(g) On the census date, as defined in RCW 48.44.010, rating factors shall produce premiums for identical groups that differ only by the amounts attributable to plan design, and differences in census date between new and renewal groups, with the exception of discounts for health improvement programs.

(h) For the purposes of this section, a health benefit plan that contains a restricted network provision shall not be considered similar coverage to a health benefit plan that does not contain such a provision, provided that the restrictions of benefits to network providers result in substantial differences in claims costs. A carrier may develop its rates based on claims costs due to network provider reimbursement schedules or type of network. This subsection does not restrict or enhance the portability of benefits as provided in RCW 48.43.015.

(i) Adjusted community rates established under this section shall pool the medical experience of all groups purchasing coverage, including the small group participants in the health insurance partnership established in RCW 70.47A.030. However, annual rate adjustments for each small group health benefit plan may vary by up to plus or minus four percentage points from the overall adjustment of a carrier's entire small group pool, such overall adjustment to be approved by the commissioner, upon a showing by the carrier, certified by a member of the American academy of actuaries that: (i) The variation is a result of deductible leverage, benefit design, or provider network characteristics; and (ii) for a rate renewal period, the projected weighted average of all small group benefit plans will have a revenue neutral effect on the carrier's small group pool. Variations of greater than four percentage points are subject to review by the commissioner, and must be approved or denied within sixty days of submittal. A variation that is not denied within sixty days shall be deemed approved. The commissioner must provide to the carrier a detailed actuarial justification for any denial within thirty days of the denial.

(j) For health benefit plans purchased through the health insurance partnership established in chapter 70.47A RCW:

(i) Any surcharge established pursuant to RCW 70.47A.030(2)(e) shall be applied only to health benefit plans purchased through the health insurance partnership; and

(ii) Risk adjustment or reinsurance mechanisms may be used by the health insurance partnership program to redistribute funds to carriers participating in the health insurance partnership based on differences in risk attributable to individual choice of health plans or other factors unique to health insurance partnership participation. Use of such mechanisms shall be limited to the partnership program and will not affect small group health plans offered outside the partnership.

(k) If the rate developed under this section varies the adjusted community rate for the factors listed in (a) of this

subsection, the date for determining those factors must be no more than ninety days prior to the effective date of the health benefit plan.

(4) Nothing in this section shall restrict the right of employees to collectively bargain for insurance providing benefits in excess of those provided herein.

(5)(a) Except as provided in this subsection and subsection (3)(g) of this section, requirements used by a contractor in determining whether to provide coverage to a small employer shall be applied uniformly among all small employers applying for coverage or receiving coverage from the carrier.

(b) A contractor shall not require a minimum participation level greater than:

(i) One hundred percent of eligible employees working for groups with three or less employees; and

(ii) Seventy-five percent of eligible employees working for groups with more than three employees.

(c) In applying minimum participation requirements with respect to a small employer, a small employer shall not consider employees or dependents who have similar existing coverage in determining whether the applicable percentage of participation is met.

(d) A contractor may not increase any requirement for minimum employee participation or modify any requirement for minimum employer contribution applicable to a small employer at any time after the small employer has been accepted for coverage.

(e) Minimum participation requirements and employer premium contribution requirements adopted by the health insurance partnership board under RCW 70.47A.110 shall apply only to the employers and employees who purchase health benefit plans through the health insurance partnership.

(6) A contractor must offer coverage to all eligible employees of a small employer and their dependents. A contractor may not offer coverage to only certain individuals or dependents in a small employer group or to only part of the group. A contractor may not modify a health plan with respect to a small employer or any eligible employee or dependent, through riders, endorsements or otherwise, to restrict or exclude coverage or benefits for specific diseases, medical conditions, or services otherwise covered by the plan. [2010 c 292 § 4; 2009 c 131 § 2; 2008 c 143 § 7; 2007 c 260 § 8; 2004 c 244 § 7; 1995 c 265 § 16; 1990 c 187 § 3.]

**Application—2010 c 292:** See note following RCW 48.43.005.

**Application—2004 c 244:** See note following RCW 48.21.045.

**Finding—Intent—Severability—1990 c 187:** See notes following RCW 48.21.045.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.44.024 Requirements for plans offered to small employers—Definitions.** (1) A health care service contractor may not offer any health benefit plan to any small employer without complying with RCW 48.44.023(3).

(2) Employers purchasing health plans provided through associations or through member-governed groups formed specifically for the purpose of purchasing health care are not small employers and the plans are not subject to RCW 48.44.023(3).

(3) For purposes of this section, "health benefit plan," "health plan," and "small employer" mean the same as defined in RCW 48.43.005. [2003 c 248 § 15; 1995 c 265 § 23.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **48.44.026 Payment for certain health care services.**

Checks in payment for claims pursuant to any health care service contract for health care services provided by persons licensed or regulated under chapters 18.25, 18.29, 18.30, 18.32, 18.53, 18.57, 18.64, 18.71, 18.73, 18.74, 18.83, or 18.79 RCW, as it applies to registered nurses and advanced registered nurse practitioners, where the provider is not a participating provider under a contract with the health care service contractor, shall be made out to both the provider and the enrolled participant with the provider as the first named payee, jointly, to require endorsement by each: PROVIDED, That payment shall be made in the single name of the enrolled participant if the enrolled participant as part of his or her claim furnishes evidence of prepayment to the health care service provider: AND PROVIDED FURTHER, That nothing in this section shall preclude a health care service contractor from voluntarily issuing payment in the single name of the provider. [1999 c 130 § 1; 1994 sp.s. c 9 § 732; 1990 c 120 § 6; 1989 c 122 § 1; 1984 c 283 § 1; 1982 c 168 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.44.030 Underwriting of indemnity by insurance policy, bond, securities, or cash deposit.** If any of the health care services which are promised in any such agreement are not to be performed by the health care service contractor, or by a participating provider, such activity shall not be subject to the laws relating to insurance, provided provision is made for reimbursement or indemnity of the persons who have previously paid, or on whose behalf prepayment has been made, for such services. Such reimbursement or indemnity shall either be underwritten by an insurance company authorized to write accident, health and disability insurance in the state or guaranteed by a surety company authorized to do business in this state, or guaranteed by a deposit of cash or securities eligible for investment by insurers pursuant to chapter 48.13 RCW, with the insurance commissioner, as hereinafter provided. If the reimbursement or indemnity is underwritten by an insurance company, the contract or policy of insurance may designate the health care service contractor as the named insured, but shall be for the benefit of the persons who have previously paid, or on whose behalf prepayment has been made, for such health care services. If the reimbursement or indemnity is guaranteed by a surety company, the surety bond shall designate the state of Washington as the named obligee, but shall be for the benefit of the persons who have previously paid, or on whose behalf prepayment has been made, for such health care services, and shall be in such amount as the insurance commissioner shall direct, but in no event in a sum greater than the amount of one hundred fifty thousand dollars or the amount necessary to cover incurred but unpaid reimbursement or indemnity benefits as reported in the last annual statement filed with the insurance commissioner, and adjusted to reflect known or anticipated increases or decreases during the ensuing year, plus an

(2010 Ed.)

amount of unearned prepayments applicable to reimbursement or indemnity benefits satisfactory to the insurance commissioner, whichever amount is greater. A copy of such insurance policy or surety bond, as the case may be, and any modification thereof, shall be filed with the insurance commissioner. If the reimbursement or indemnity is guaranteed by a deposit of cash or securities, such deposit shall be in such amount as the insurance commissioner shall direct, but in no event in a sum greater than the amount of one hundred fifty thousand dollars or the amount necessary to cover incurred but unpaid reimbursement or indemnity benefits as reported in the last annual statement filed with the insurance commissioner, and adjusted to reflect known or anticipated increases or decreases during the ensuing year, plus an amount of unearned prepayments applicable to reimbursement or indemnity benefits satisfactory to the insurance commissioner, whichever amount is greater. Such cash or security deposit shall be held in trust by the insurance commissioner and shall be for the benefit of the persons who have previously paid, or on whose behalf prepayment has been made, for such health care services. [1990 c 120 § 7; 1986 c 223 § 3; 1981 c 339 § 22; 1969 c 115 § 2; 1961 c 197 § 3; 1947 c 268 § 3; Rem. Supp. 1947 § 6131-12.]

**48.44.033 Financial failure—Supervision of commissioner—Priority of distribution of assets.** (1) Any rehabilitation, liquidation, or conservation of a health care service contractor shall be deemed to be the rehabilitation, liquidation, or conservation of an insurance company and shall be conducted under the supervision of the commissioner pursuant to the law governing the rehabilitation, liquidation, or conservation of insurance companies. The commissioner may apply for an order directing the commissioner to rehabilitate, liquidate, or conserve a health care service contractor upon any one or more grounds set out in RCW 48.31.030, 48.31.050, and 48.31.080.

(2) For purpose of determining the priority of distribution of general assets, claims of enrolled participants and enrolled participants' beneficiaries shall have the same priority as established by RCW 48.31.280 for policyholders and beneficiaries of insureds of insurance companies. If an enrolled participant is liable to any provider for services provided pursuant to and covered by the health care plan, that liability shall have the status of an enrolled participant claim for distribution of general assets.

(3) Any provider who is obligated by statute or agreement to hold enrolled participants harmless from liability for services provided pursuant to and covered by a health care plan shall have a priority of distribution of the general assets immediately following that of enrolled participants and enrolled participants' beneficiaries as described herein, and immediately preceding the priority of distribution described in chapter 48.31 RCW. [1990 c 120 § 2.]

**48.44.035 Limited health care service—Uncovered expenditures—Minimum net worth requirements.** (1) For purposes of this section only, "limited health care service" means dental care services, vision care services, mental health services, chemical dependency services, pharmaceutical services, podiatric care services, and such other services

as may be determined by the commissioner to be limited health services, but does not include hospital, medical, surgical, emergency, or out-of-area services except as those services are provided incidentally to the limited health services set forth in this subsection.

(2) For purposes of this section only, a "limited health care service contractor" means a health care service contractor that offers one and only one limited health care service.

(3) Except as provided in subsection (4) of this section, every limited health care service contractor must have and maintain a minimum net worth of three hundred thousand dollars.

(4) A limited health care service contractor registered before July 27, 1997, that, on July 27, 1997, has a minimum net worth equal to or greater than that required by subsection (3) of this section must continue to have and maintain the minimum net worth required by subsection (3) of this section. A limited health care service contractor registered before July 27, 1997, that, on July 27, 1997, does not have the minimum net worth required by subsection (3) of this section must have and maintain a minimum net worth of:

(a) Thirty-five percent of the amount required by subsection (3) of this section by December 31, 1997;

(b) Seventy percent of the amount required by subsection (3) of this section by December 31, 1998; and

(c) One hundred percent of the amount required by subsection (3) of this section by December 31, 1999.

(5) For all limited health care service contractors that have had a certificate of registration for less than three years, their uncovered expenditures shall be either insured or guaranteed by a foreign or domestic carrier admitted in the state of Washington or by another carrier acceptable to the commissioner. All such contractors shall also deposit with the commissioner one-half of one percent of their projected premium for the next year in cash, approved surety bond, securities, or other form acceptable to the commissioner.

(6) For all limited health care service contractors that have had a certificate of registration for three years or more, their uncovered expenditures shall be assured by depositing with the insurance commissioner twenty-five percent of their last year's uncovered expenditures as reported to the commissioner and adjusted to reflect any anticipated increases or decreases during the ensuing year plus an amount for unearned prepayments; in cash, approved surety bond, securities, or other form acceptable to the commissioner. Compliance with subsection (5) of this section shall also constitute compliance with this requirement.

(7) Limited health service contractors need not comply with RCW 48.44.030 or 48.44.037. [1997 c 212 § 1; 1990 c 120 § 3.]

**48.44.037 Minimum net worth—Requirement to maintain—Determination of amount.** (1) Except as provided in subsection (2) of this section, every health care service contractor must have and maintain a minimum net worth equal to the greater of:

(a) Three million dollars; or

(b) Two percent of the annual premium earned, as reported on the most recent annual financial statement filed with the commissioner, on the first one hundred fifty million

dollars of premium and one percent of the annual premium on the premium in excess of one hundred fifty million dollars.

(2) A health care service contractor registered before July 27, 1997, that, on July 27, 1997, has a minimum net worth equal to or greater than that required by subsection (1) of this section must continue to have and maintain the minimum net worth required by subsection (1) of this section. A health care service contractor registered before July 27, 1997, that, on July 27, 1997, does not have the minimum net worth required by subsection (1) of this section must have and maintain a minimum net worth of:

(a) The amount required immediately prior to July 27, 1997, until December 31, 1997;

(b) Fifty percent of the amount required by subsection (1) of this section by December 31, 1997;

(c) Seventy-five percent of the amount required by subsection (1) of this section by December 31, 1998; and

(d) One hundred percent of the amount required by subsection (1) of this section by December 31, 1999.

(3)(a) In determining net worth, no debt shall be considered fully subordinated unless the subordination is in a form acceptable to the commissioner. An interest obligation relating to the repayment of a subordinated debt must be similarly subordinated.

(b) The interest expenses relating to the repayment of a fully subordinated debt shall not be considered uncovered expenditures.

(c) A subordinated debt incurred by a note meeting the requirement of this section, and otherwise acceptable to the commissioner, shall not be considered a liability and shall be recorded as equity.

(4) Every health care service contractor shall, when determining liabilities, include an amount estimated in the aggregate to provide for any unearned premium and for the payment of all claims for health care expenditures which have been incurred, whether reported or unreported, which are unpaid and for which the organization is or may be liable, and to provide for the expense of adjustment or settlement of the claims.

Liabilities shall be computed in accordance with regulations adopted by the commissioner upon reasonable consideration of the ascertained experience and character of the health care service contractor.

(5) All income from reserves on deposit with the commissioner shall belong to the depositing health care service contractor and shall be paid to it as it becomes available.

(6) Any funded reserve required by this chapter shall be considered an asset of the health care service contractor in determining the organization's net worth.

(7) A health care service contractor that has made a securities deposit with the commissioner may, at its option, withdraw the securities deposit or any part thereof after first having deposited or provided in lieu thereof an approved surety bond, a deposit of cash or securities, or any combination of these or other deposits of equal amount and value to that withdrawn. Any securities and surety bond shall be subject to approval by the commissioner before being substituted. [1997 c 212 § 2; 1990 c 120 § 4.]

**48.44.039 Minimum net worth—Domestic or foreign health care service contractor.** (1) For purposes of this section:

(a) "Domestic health care service contractor" means a health care service contractor formed under the laws of this state; and

(b) "Foreign health care service contractor" means a health care service contractor formed under the laws of the United States, of a state or territory of the United States other than this state, or of the District of Columbia.

(2) If the minimum net worth of a domestic health care service contractor falls below the minimum net worth required by this chapter, the commissioner shall at once ascertain the amount of the deficiency and serve notice upon the domestic health care service contractor to cure the deficiency within ninety days after that service of notice.

(3) If the deficiency is not cured, and proof thereof filed with the commissioner within the ninety-day period, the domestic health care service contractor shall be declared insolvent and shall be proceeded against as authorized by this code, or the commissioner shall, consistent with chapters 48.04 and 34.05 RCW, suspend or revoke the registration of the domestic health care service contractor as being hazardous to its subscribers and the people in this state.

(4) If the deficiency is not cured the domestic health care service contractor shall not issue or deliver any individual or group contract after the expiration of the ninety-day period.

(5) If the minimum net worth of a foreign health care service contractor falls below the minimum net worth required by this chapter, the commissioner shall, consistent with chapters 48.04 and 34.05 RCW, suspend or revoke the foreign health care service contractor's registration as being hazardous to its subscribers or the people in this state. [1997 c 212 § 3.]

**48.44.040 Registration with commissioner—Fee.**

Every health care service contractor who or which enters into agreements which require prepayment for health care services shall register with the insurance commissioner on forms to be prescribed and provided by him or her. Such registrants shall state their name, address, type of organization, area of operation, type or types of health care services provided, and such other information as may reasonably be required by the insurance commissioner and shall file with such registration a copy of all contracts being offered and a schedule of all rates charged. No registrant shall change any rates, modify any contract, or offer any new contract, until he or she has filed a copy of the changed rate schedule, modified contract, or new contract with the insurance commissioner. The insurance commissioner shall charge a fee of ten dollars for the filing of each original registration statement and may require each registrant to file a current reregistration statement annually thereafter. [2009 c 549 § 7145; 1947 c 268 § 4; Rem. Supp. 1947 § 6131-13.]

**48.44.050 Rules and regulations.** The insurance commissioner shall make reasonable regulations in aid of the administration of this chapter which may include, but shall not be limited to regulations concerning the maintenance of adequate insurance, bonds, or cash deposits, information required of registrants, and methods of expediting speedy and

fair payments to claimants. [1947 c 268 § 5; Rem. Supp. 1947 § 6131-14.]

**48.44.055 Plan for handling insolvency—Commissioner's review.** Each health care service contractor shall have a plan for handling insolvency that allows for continuation of benefits for the duration of the contract period for which premiums have been paid and continuation of benefits to members who are confined on the date of insolvency in an inpatient facility until their discharge or expiration of benefits. The commissioner shall approve such a plan if it includes:

(1) Insurance to cover the expenses to be paid for continued benefits after insolvency;

(2) Provisions in provider contracts that obligate the provider to provide services for the duration of the period after the health care service contractor's insolvency for which premium payment has been made and until the enrolled participants are discharged from inpatient facilities;

(3) Use of insolvency reserves established under RCW 48.44.030;

(4) Acceptable letters of credit or approved surety bonds; or

(5) Any other arrangements the commissioner and the organization mutually agree are appropriate to assure that the benefits are continued. [1990 c 120 § 11.]

**48.44.057 Insolvency—Commissioner's duties—Participants' options—Allocation of coverage.** (1)(a) In the event of insolvency of a health services contractor or health maintenance organization and upon order of the commissioner, all other carriers then having active enrolled participants under a group plan with the affected agreement holder that participated in the enrollment process with the insolvent health services contractor or health maintenance organization at a group's last regular enrollment period shall offer the eligible enrolled participants of the insolvent health services contractor or health maintenance organization the opportunity to enroll in an existing group plan without medical underwriting during a thirty-day open enrollment period, commencing on the date of the insolvency. Eligible enrolled participants shall not be subject to preexisting condition limitations except to the extent that a waiting period for a preexisting condition has not been satisfied under the insolvent carrier's group plan. An open enrollment shall not be required where the agreement holder participates in a self-insured, self-funded, or other health plan exempt from commissioner rule, unless the plan administrator and agreement holder voluntarily agree to offer a simultaneous open enrollment and extend coverage under the same enrollment terms and conditions as are applicable to carriers under this title and rules adopted under this title. If an exempt plan was offered during the last regular open enrollment period, then the carrier may offer the agreement holder the same coverage as any self-insured plan or plans offered by the agreement holder without regard to coverage, benefit, or provider requirements mandated by this title for the duration of the current agreement period.

(b) For purposes of this subsection only, the term "carrier" means a health maintenance organization or a health

care services contractor. In the event of insolvency of a carrier and if no other carrier has active enrolled participants under a group plan with the affected agreement holder, or if the commissioner determines that the other carriers lack sufficient health care delivery resources to assure that health services will be available or accessible to all of the group enrollees of the insolvent carrier, then the commissioner shall allocate equitably the insolvent carrier's group agreements for these groups among all carriers that operate within a portion of the insolvent carrier's area, taking into consideration the health care delivery resources of each carrier. Each carrier to which a group or groups are allocated shall offer the agreement holder, without medical underwriting, the carrier's existing coverage that is most similar to each group's coverage with the insolvent carrier at rates determined in accordance with the successor carrier's existing rating methodology. The eligible enrolled participants shall not be subject to preexisting condition limitations except to the extent that a waiting period for a preexisting condition has not been satisfied under the insolvent carrier's group plan. No offering by a carrier shall be required where the agreement holder participates in a self-insured, self-funded, or other health plan exempt from commissioner rule. The carrier may offer the agreement holder the same coverage as any self-insured plan or plans offered by the agreement holder without regard to coverage, benefit, or provider requirements mandated by this title for the duration of the current agreement period.

(2) The commissioner shall also allocate equitably the insolvent carrier's nongroup enrolled participants who are unable to obtain coverage among all carriers that operate within a portion of the insolvent carrier's service area, taking into consideration the health care delivery resources of the carrier. Each carrier to which nongroup enrolled participants are allocated shall offer the nongroup enrolled participants the carrier's existing comprehensive conversion plan, without additional medical underwriting, at rates determined in accordance with the successor carrier's existing rating methodology. The eligible enrolled participants shall not be subject to preexisting condition limitations except to the extent that a waiting period for a preexisting condition has not been satisfied under the insolvent carrier's plan.

(3) Any agreements covering participants allocated pursuant to subsections (1)(b) and (2) of this section to carriers pursuant to this section may be rerated after ninety days of coverage.

(4) A limited health care service contractor shall not be required to offer services other than its one limited health care service to any enrolled participant of an insolvent carrier. [1990 c 120 § 8.]

**48.44.060 Penalty.** Except as otherwise provided in this chapter, any person who violates any of the provisions of this chapter is guilty of a gross misdemeanor. [2003 c 250 § 9; 1947 c 268 § 6; Rem. Supp. 1947 § 6131-15.]

**Severability—2003 c 250:** See note following RCW 48.01.080.

**48.44.070 Contracts to be filed with commissioner.**

(1) Forms of contracts between health care service contractors and participating providers shall be filed with the insurance commissioner prior to use.

(2) Any contract form not affirmatively disapproved within fifteen days of filing shall be deemed approved, except that the commissioner may extend the approval period an additional fifteen days upon giving notice before the expiration of the initial fifteen-day period. The commissioner may approve such a contract form for immediate use at any time. Approval may be subsequently withdrawn for cause.

(3) Subject to the right of the health care service contractor to demand and receive a hearing under chapters 48.04 and 34.05 RCW, the commissioner may disapprove such a contract form if it is in any respect in violation of this chapter or if it fails to conform to minimum provisions or standards required by the commissioner by rule under chapter 34.05 RCW. [1990 c 120 § 9; 1965 c 87 § 2; 1961 c 197 § 4.]

**48.44.080 Master lists of contractor's participating providers—Filing with commissioner—Notice of termination or participation.** Every health care service contractor shall file with its annual statement with the insurance commissioner a master list of the participating providers with whom or with which such health care service contractor has executed contracts of participation, certifying that each such participating provider has executed such contract of participation. The health care service contractor shall on the first day of each month notify the insurance commissioner in writing in case of the termination of any such contract, and of any participating provider who has entered into a participating contract during the preceding month. [1990 c 120 § 10; 1986 c 223 § 4; 1965 c 87 § 3; 1961 c 197 § 5.]

**48.44.090 Refusal to register corporate, etc., contractor if name confusing with existing contractor or insurance company.** The insurance commissioner shall refuse to accept the registration of any corporation, cooperative group, or association seeking to act as a health care service contractor if, in his or her discretion, the insurance commissioner deems that the name of the corporation, cooperative group, or association would be confused with the name of an existing registered health care service contractor or authorized insurance company. [2009 c 549 § 7146; 1961 c 197 § 6.]

**48.44.095 Annual financial statement—Filings—Contents—Fee—Penalty for failure to file.** (1) Every domestic health care service contractor shall annually, on or before the first day of March, file with the commissioner a statement verified by at least two of the principal officers of the health care service contractor showing its financial condition as of the last day of the preceding calendar year. The statement shall be in such form as is furnished or prescribed by the commissioner. The commissioner may for good reason allow a reasonable extension of the time within which such annual statement shall be filed.

(2) In addition to the requirements of subsection (1) of this section, every health care service contractor that is registered in this state shall annually, on or before March 1st of each year, file with the national association of insurance commissioners a copy of its annual statement, along with those additional schedules as prescribed by the commissioner for the preceding year. The information filed with the national association of insurance commissioners shall be in the same

format and scope as that required by the commissioner and shall include the signed jurate page and the actuarial certification. Any amendments and addendums to the annual statement filing subsequently filed with the commissioner shall also be filed with the national association of insurance commissioners.

(3) Coincident with the filing of its annual statement and other schedules, each health care service contractor shall pay a reasonable fee directly to the national association of insurance commissioners in an amount approved by the commissioner to cover the costs associated with the analysis of the annual statement.

(4) Foreign health care service contractors that are domiciled in a state that has a law substantially similar to subsection (2) of this section are considered to be in compliance with this section.

(5) In the absence of actual malice, members of the national association of insurance commissioners, their duly authorized committees, subcommittees, and task forces, their delegates, national association of insurance commissioners employees, and all other persons charged with the responsibility of collecting, reviewing, analyzing, and disseminating the information developed from the filing of the annual statement shall be acting as agents of the commissioner under the authority of this section and shall not be subject to civil liability for libel, slander, or any other cause of action by virtue of their collection, review, analysis, or dissemination of the data and information collected for the filings required under this section.

(6) The commissioner may suspend or revoke the certificate of registration of any health care service contractor failing to file its annual statement or pay the fees when due or during any extension of time therefor which the commissioner, for good cause, may grant. [2006 c 25 § 8; 1997 c 212 § 4; 1993 c 492 § 295; 1983 c 202 § 3; 1969 c 115 § 5.]

**Findings—Intent—1993 c 492:** See notes following RCW 43.20.050.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.44.100 Filing inaccurate financial statement prohibited.** No person shall knowingly file with any public official or knowingly make, publish, or disseminate any financial statement of a health care service contractor which does not accurately state the health care service contractor's financial condition. [1961 c 197 § 7.]

**48.44.110 False representation, advertising.** No person shall knowingly make, publish, or disseminate any false, deceptive, or misleading representation or advertising in the conduct of the business of a health care service contractor, or relative to the business of a health care service contractor or to any person engaged therein. [1961 c 197 § 8.]

**48.44.120 Misrepresentations of contract terms, benefits, etc.** No person shall knowingly make, issue, or circulate, or cause to be made, issued, or circulated, a misrepresentation of the terms of any contract, or the benefits or advantages promised thereby, or use the name or title of any contract or class of contract misrepresenting the nature thereof. [1961 c 197 § 9.]

(2010 Ed.)

**48.44.130 Future dividends or refunds—When permissible.** No health care service contractor nor any individual acting on behalf thereof shall guarantee or agree to the payment of future dividends or future refunds of unused charges or savings in any specific or approximate amounts or percentages in respect to any contract being offered to the public, except in a group contract containing an experience refund provision. [1961 c 197 § 10.]

**48.44.140 Misleading comparisons to terminate or retain contract.** No health care service contractor nor any person representing a health care service contractor shall by misrepresentation or misleading comparisons induce or attempt to induce any member of any health care service contractor to terminate or retain a contract or membership. [1961 c 197 § 11.]

**48.44.145 Examination of contractors—Duties of contractor, powers of commissioner—Independent audit reports.** (1) The commissioner may make an examination of the operations of any health care service contractor as often as he or she deems necessary in order to carry out the purposes of this chapter.

(2) Every health care service contractor shall submit its books and records relating to its operation for financial condition and market conduct examinations and in every way facilitate them. For the purpose of examinations, the commissioner may issue subpoenas, administer oaths, and examine the officers and principals of the health care service contractor.

(3) The commissioner may elect to accept and rely on audit reports made by an independent certified public accountant for the health care service contractor in the course of that part of the commissioner's examination covering the same general subject matter as the audit. The commissioner may incorporate the audit report in his or her report of the examination.

(4) Whenever any health care service contractor applies for initial admission, the commissioner may make, or cause to be made, an examination of the applicant's business and affairs. Whenever such an examination is made, all of the provisions of chapter 48.03 RCW not inconsistent with this chapter shall be applicable. In lieu of making an examination himself or herself the commissioner may, in the case of a foreign health care service contractor, accept an examination report of the applicant by the regulatory official in its state of domicile. [2009 c 549 § 7147; 1986 c 296 § 8; 1983 c 63 § 1; 1969 c 115 § 12.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.44.150 Certificate of registration not an endorsement—Display in solicitation prohibited.** The granting of a certificate of registration to a health care service contractor is permissive only, and shall not constitute an endorsement by the insurance commissioner of any person or thing related to the health care service contractor, and no person shall advertise or display a certificate of registration for use as an inducement in any solicitation. [1961 c 197 § 12.]

[Title 48 RCW—page 337]

**48.44.160 Revocation, suspension, refusal of registration—Hearing—Cease and desist orders, injunctive action—Grounds.** The insurance commissioner may, subject to a hearing if one is demanded pursuant to chapters 48.04 and 34.05 RCW, revoke, suspend, or refuse to accept or renew registration from any health care service contractor, or he or she may issue a cease and desist order, or bring an action in any court of competent jurisdiction to enjoin a health care service contractor from doing further business in this state, if such health care service contractor:

(1) Fails to comply with any provision of chapter 48.44 RCW or any proper order or regulation of the commissioner.

(2) Is found by the commissioner to be in such financial condition that its further transaction of business in this state would jeopardize the payment of claims and refunds to subscribers.

(3) Has refused to remove or discharge a director or officer who has been convicted of any crime involving fraud, dishonesty, or like moral turpitude, after written request by the commissioner for such removal, and expiration of a reasonable time therefor as specified in such request.

(4) Usually compels claimants under contracts either to accept less than the amount due them or to bring suit against it to secure full payment of the amount due.

(5) Is affiliated with and under the same general management, or interlocking directorate, or ownership as another health care contractor which operates in this state without having registered therefor, except as is permitted by this chapter.

(6) Refuses to be examined, or if its directors, officers, employees or representatives refuse to submit to examination or to produce its accounts, records, and files for examination by the commissioner when required, or refuse to perform any legal obligation relative to the examination.

(7) Fails to pay any final judgment rendered against it in this state upon any contract, bond, recognizance, or undertaking issued or guaranteed by it, within thirty days after the judgment became final or within thirty days after time for taking an appeal has expired, or within thirty days after dismissal of an appeal before final determination, whichever date is the later.

(8) Is found by the commissioner, after investigation or upon receipt of reliable information, to be managed by persons, whether by its directors, officers, or by any other means, who are incompetent or untrustworthy or so lacking in health care contracting or related managerial experience as to make the operation hazardous to the subscribing public; or that there is good reason to believe it is affiliated directly or indirectly through ownership, control, or other business relations, with any person or persons whose business operations are or have been marked, to the detriment of policyholders or stockholders, or investors or creditors or subscribers or of the public, by bad faith or by manipulation of assets, or of accounts, or of reinsurance. [2009 c 549 § 7148; 1988 c 248 § 19; 1973 1st ex.s. c 65 § 2; 1969 c 115 § 3; 1961 c 197 § 13.]

**48.44.164 Notice of suspension, revocation, or refusal to be given contractor—Authority of insurance producers.** Upon the suspension, revocation or refusal of a health care service contractor's registration, the commissioner shall give notice thereof to such contractor and shall likewise sus-

pend, revoke, or refuse the authority of its appointed insurance producers to represent it in this state and give notice thereof to the appointed insurance producers. [2008 c 217 § 52; 1969 c 115 § 10.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.44.166 Fine in addition to or in lieu of suspension, revocation, or refusal.** After hearing or upon stipulation by the registrant and in addition to or in lieu of the suspension, revocation or refusal to renew any registration of a health care service contractor the commissioner may levy a fine against the party involved for each offense in an amount not less than fifty dollars and not more than ten thousand dollars. The order levying such fine shall specify the period within which the fine shall be fully paid and which period shall not be less than fifteen nor more than thirty days from the date of such order. Upon failure to pay any such fine when due the commissioner shall revoke the registration of the registrant, if not already revoked, and the fine shall be recovered in a civil action brought in behalf of the commissioner by the attorney general. Any fine so collected shall be paid by the commissioner to the state treasurer for the account of the general fund. [1983 c 202 § 4; 1969 c 115 § 11.]

**48.44.170 Hearings and appeals.** For the purposes of this chapter, the insurance commissioner shall be subject to and may avail himself or herself of the provisions of chapter 48.04 RCW, which relate to hearings and appeals. [2009 c 549 § 7149; 1961 c 197 § 14.]

**48.44.180 Enforcement.** For the purposes of this chapter, the insurance commissioner shall have the same powers and duties of enforcement as are provided in RCW 48.02.080. [1961 c 197 § 15.]

**48.44.200 Individual health care service plan contracts—Coverage of dependent child not to terminate because of developmental disability or physical handicap.** An individual health care service plan contract, delivered or issued for delivery in this state more than one hundred twenty days after August 11, 1969, which provides that coverage of a dependent child shall terminate upon attainment of the limiting age for dependent children specified in the contract shall also provide in substance that attainment of such limiting age shall not operate to terminate the coverage of such child while the child is and continues to be both (1) incapable of self-sustaining employment by reason of developmental disability or physical handicap and (2) chiefly dependent upon the subscriber for support and maintenance, provided proof of such incapacity and dependency is furnished to the health care service plan corporation by the subscriber within thirty-one days of the child's attainment of the limiting age and subsequently as may be required by the corporation but not more frequently than annually after the two year period following the child's attainment of the limiting age. [1977 ex.s. c 80 § 33; 1969 ex.s. c 128 § 1.]

**Purpose—Intent—Severability—1977 ex.s. c 80:** See notes following RCW 4.16.190.

**48.44.210 Group health care service plan contracts—Coverage of dependent child not to terminate because of developmental disability or physical handicap.** A group health care service plan contract, delivered or issued for delivery in this state more than one hundred twenty days after August 11, 1969, which provides that coverage of a dependent child of an employee or other member of the covered group shall terminate upon attainment of the limiting age for dependent children specified in the contract shall also provide in substance that attainment of such limiting age shall not operate to terminate the coverage of such child while the child is and continues to be both (1) incapable of self-sustaining employment by reason of developmental disability or physical handicap and (2) chiefly dependent upon the employee or member for support and maintenance, provided proof of such incapacity and dependency is furnished to the health care service plan corporation by the employee or member within thirty-one days of the child's attainment of the limiting age and subsequently as may be required by the corporation, but not more frequently than annually after the two year period following the child's attainment of the limiting age. [1977 ex.s. c 80 § 34; 1969 ex.s. c 128 § 2.]

**Purpose—Intent—Severability—1977 ex.s. c 80:** See notes following RCW 4.16.190.

**48.44.212 Coverage of dependent children to include newborn infants and congenital anomalies from moment of birth—Notification period.** (1) Any health care service plan contract under this chapter delivered or issued for delivery in this state more than one hundred twenty days after February 16, 1974, which provides coverage for dependent children of the insured or covered group member, shall provide coverage for newborn infants of the insured or covered group member from and after the moment of birth. Coverage provided in accord with this section shall include, but not be limited to, coverage for congenital anomalies of such infant children from the moment of birth.

(2) If payment of an additional premium is required to provide coverage for a child, the contract may require that notification of birth of a newly born child and payment of the required premium must be furnished to the contractor. The notification period shall be no less than sixty days from the date of birth. This subsection applies to policies issued or renewed on or after January 1, 1984. [1984 c 4 § 1; 1983 c 202 § 5; 1974 ex.s. c 139 § 3.]

**48.44.215 Option to cover dependents under age twenty-five.** (1) Any individual health care service plan contract that provides coverage for a subscriber's dependent must offer the option of covering any unmarried dependent under the age of twenty-five.

(2) Any group health care service plan contract that provides coverage for a participating member's dependent must offer each participating member the option of covering any unmarried dependent under the age of twenty-five. [2007 c 259 § 21.]

**Effective date—2007 c 259 §§ 18-22:** See note following RCW 41.05.095.

**Severability—Subheadings not law—2007 c 259:** See notes following RCW 41.05.033.

(2010 Ed.)

**48.44.220 Discrimination prohibited.** No health care service contractor shall deny coverage to any person solely on account of race, religion, national origin, or the presence of any sensory, mental, or physical handicap. Nothing in this section shall be construed as limiting a health care service contractor's authority to deny or otherwise limit coverage to a person when the person because of a medical condition does not meet the essential eligibility requirements established by the health care service contractor for purposes of determining coverage for any person.

No health care service contractor shall refuse to provide reimbursement or indemnity to any person for covered health care services for reasons that the health care services were provided by a holder of a license under chapter 18.22 RCW. [1983 c 154 § 4; 1979 c 127 § 1; 1969 c 115 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.44.225 Podiatric physicians and surgeons not excluded.** A health care service contractor which provides foot care services shall not exclude any individual doctor who is licensed to perform podiatric health care services from being a participant for reason that the doctor is licensed under chapter 18.22 RCW. Rejections of requests by doctors to be participants must be in writing stating the cause for the rejection. [1983 c 154 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.44.230 Individual health service plan contract—Return within ten days of delivery—Refunds—Void from beginning—Notice required.** Every subscriber of an individual health care service plan contract issued after September 1, 1973, may return the contract to the health care service contractor or the insurance producer through whom it was purchased within ten days of its delivery to the subscriber if, after examination of the contract, he or she is not satisfied with it for any reason, and the health care service contractor shall refund promptly any fee paid for such contract. Upon such return of the contract it shall be void from the beginning and the parties shall be in the same position as if no policy had been issued. Notice of the substance of this section shall be printed on the face of each such contract or be attached thereto. An additional ten percent penalty shall be added to any premium refund due which is not paid within thirty days of return of the policy to the insurer or insurance producer. [2008 c 217 § 53; 1983 1st ex.s. c 32 § 11; 1973 1st ex.s. c 65 § 4.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.44.240 Chemical dependency benefits—Provisions of group contracts delivered or renewed after January 1, 1988.** Each group contract for health care services that is delivered or issued for delivery or renewed, on or after January 1, 1988, must contain provisions providing benefits for the treatment of chemical dependency rendered to covered persons by a provider that is an "approved treatment program" under RCW 70.96A.020(3). [2005 c 223 § 25; 1990 1st ex.s. c 3 § 12; 1987 c 458 § 16; 1975 1st ex.s. c 266 § 14; 1974 ex.s. c 119 § 4.]

*Chemical dependency benefits, rules:* RCW 48.21.197.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.44.241 Chemical dependency benefits—RCW 48.21.160 through 48.21.190, 48.44.240 inapplicable, when.** See RCW 48.21.190.

**48.44.245 "Chemical dependency" defined.** For the purposes of RCW 48.44.240, "chemical dependency" means an illness characterized by a physiological or psychological dependency, or both, on a controlled substance regulated under chapter 69.50 RCW and/or alcoholic beverages. It is further characterized by a frequent or intense pattern of pathological use to the extent the user exhibits a loss of self-control over the amount and circumstances of use; develops symptoms of tolerance or physiological and/or psychological withdrawal if use of the controlled substance or alcoholic beverage is reduced or discontinued; and the user's health is substantially impaired or endangered or his or her social or economic function is substantially disrupted. [1987 c 458 § 17.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.44.250 Payment of premium by employee in event of suspension of compensation due to labor dispute.** Any employee whose compensation includes a health care services contract providing health care services expenses, the premiums for which are paid in full or in part by an employer including the state of Washington, its political subdivisions, or municipal corporations, or paid by payroll deduction, may pay the premiums as they become due directly to the contract holder whenever the employee's compensation is suspended or terminated directly or indirectly as the result of a strike, lockout, or other labor dispute, for a period not exceeding six months and at the rate and coverages as the health care services contract provides. During that period of time such contract may not be altered or changed. Nothing in this section shall be deemed to impair the right of the health care service contractor to make normal decreases or increases of the premium rate upon expiration and renewal of the contract, in accordance with the provisions of the contract. Thereafter, if such health care services coverage is no longer available, then the employee shall be given the opportunity to purchase an individual health care services contract at a rate consistent with rates filed by the health care service contractor with the commissioner. When the employee's compensation is so suspended or terminated, the employee shall be notified immediately by the contract holder in writing, by mail addressed to the address last of record with the contract holder, that the employee may pay the premiums to the contract holder as they become due as provided in this section.

Payment of the premiums must be made when due or the coverage may be terminated by the health care service contractor.

The provisions of any health care services contract contrary to provisions of this section are void and unenforceable after May 29, 1975. [1982 c 149 § 1; 1975 1st ex.s. c 117 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.44.260 Notice of reason for cancellation, denial, or refusal to renew contract.** Every authorized health care service contractor, upon canceling, denying, or refusing to renew any individual health care service contract, shall, upon written request, directly notify in writing the applicant or subscriber, as the case may be, of the reasons for the action by the health care service contractor. Any benefits, terms, rates, or conditions of such a contract which are restricted, excluded, modified, increased, or reduced shall, upon written request, be set forth in writing and supplied to the subscriber. The written communications required by this section shall be phrased in simple language which is readily understandable to a person of average intelligence, education, and reading ability. [1993 c 492 § 290; 1979 c 133 § 3.]

**Findings—Intent—1993 c 492:** See notes following RCW 43.20.050.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.44.270 Immunity from libel or slander.** With respect to health care service contracts as defined in RCW 48.44.260, there shall be no liability on the part of, and no cause of action of any nature shall arise against, the insurance commissioner, the commissioner's agents, or members of the commissioner's staff, or against any health care service contractor, its authorized representative, its agents, its employees, furnishing to the health care service contractor information as to reasons for cancellation or refusal to issue or renew, for libel or slander on the basis of any statement made by any of them in any written notice of cancellation or refusal to issue or renew, or in any other communications, oral or written, specifying the reasons for cancellation or refusal to issue or renew or the providing of information pertaining thereto, or for statements made or evidence submitted in any hearing conducted in connection therewith. [1979 c 133 § 4.]

**48.44.290 Registered nurses or advanced registered nurses.** Notwithstanding any provision of this chapter, for any health care service contract thereunder which is entered into or renewed after July 26, 1981, benefits shall not be denied under such contract for any health care service performed by a holder of a license for registered nursing practice or advanced registered nursing practice issued pursuant to chapter 18.79 RCW if (1) the service performed was within the lawful scope of such person's license, and (2) such contract would have provided benefits if such service had been performed by a holder of a license issued pursuant to chapter 18.71 RCW: PROVIDED, HOWEVER, That no provision of chapter 18.71 RCW shall be asserted to deny benefits under this section.

The provisions of this section are intended to be remedial and procedural to the extent that they do not impair the obligation of any existing contract. [1994 sp.s. c 9 § 733; 1986 c 223 § 6; 1981 c 175 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.44.299 Legislative finding.** The legislature finds and declares that there is a paramount concern that the right of the people to obtain access to health care in all its facets is being impaired by prepaid agreements which provide benefits, reimbursement, or indemnity by health care service contractors, whether for profit or for nonprofit, which do not pro-

vide parity of reimbursement among licensed health care providers performing the same health care services. It is further the intent of the legislature not to mandate the providing of any health care benefit, but rather to require parity of reimbursement for the same health care services performed by all licensees who perform such services within the scope of their respective licenses thereby assuring the people of the state access to health care services of their choice. [1983 c 154 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.44.300 Podiatric medicine and surgery—Benefits not to be denied.** Benefits shall not be denied under a contract for any health care service performed by a holder of a license issued under chapter 18.22 RCW if (1) the service performed was within the lawful scope of the person's license, and (2) the contract would have provided benefits if the service had been performed by a holder of a license issued under chapter 18.71 RCW. There shall not be imposed upon one class of doctors providing health care services as defined by this chapter any requirement that is not imposed upon all other doctors providing the same or similar health care services within the scope of their license.

The provisions of this section are intended to be procedural to the extent that they do not impair the obligation of any existing contract. [1986 c 223 § 7; 1983 c 154 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.44.305 When injury caused by intoxication or use of narcotics.** A health care service contractor may not deny coverage for the treatment of an injury solely because the injury was sustained as a consequence of the enrolled participant's being intoxicated or under the influence of a narcotic. [2004 c 112 § 4.]

**Finding—Application—2004 c 112:** See notes following RCW 48.20.385.

**48.44.309 Legislative finding.** The legislature finds and declares that there is a paramount concern that the right of the people to obtain access to health care in all its facets is being impaired. The legislature further finds that there is a heavy reliance by the public upon prepaid health care service agreements and insurance, whether profit or nonprofit, as the only effective manner in which the large majority of the people can obtain access to quality health care. Further, the legislature finds that health care service agreements may be anti-competitive because of the exclusion of other licensed forms of health care and that because of the high costs of health care, there is a need for competition to reduce these costs. It is, therefore, declared to be in the public interest that these contracts as a form of insurance be regulated under the police power of the state to assure that all the people have the greatest access to health care services. [1983 c 286 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.44.310 Chiropractic care, coverage required, exceptions.** (1) Each group contract for comprehensive health care service which is entered into, or renewed, on or after September 8, 1983, between a health care service contractor and the person or persons to receive such care shall

offer coverage for chiropractic care on the same basis as any other care.

(2) A patient of a chiropractor shall not be denied benefits under a contract because the practitioner is not licensed under chapter 18.57 or 18.71 RCW.

(3) This section shall not apply to a group contract for comprehensive health care services entered into in accordance with a collective bargaining agreement between management and labor representatives. Benefits for chiropractic care shall be offered by the employer in good faith on the same basis as any other care as a subject for collective bargaining for group contracts for health care services. [1986 c 223 § 8; 1983 c 286 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.44.315 Diabetes coverage—Definitions.** The legislature finds that diabetes imposes a significant health risk and tremendous financial burden on the citizens and government of the state of Washington, and that access to the medically accepted standards of care for diabetes, its treatment and supplies, and self-management training and education is crucial to prevent or delay the short and long-term complications of diabetes and its attendant costs.

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

(a) "Person with diabetes" means a person diagnosed by a health care provider as having insulin using diabetes, non-insulin using diabetes, or elevated blood glucose levels induced by pregnancy; and

(b) "Health care provider" means a health care provider as defined in RCW 48.43.005.

(2) All health benefit plans offered by health care service contractors, issued or renewed after January 1, 1998, shall provide benefits for at least the following services and supplies for persons with diabetes:

(a) For health benefit plans that include coverage for pharmacy services, appropriate and medically necessary equipment and supplies, as prescribed by a health care provider, that includes but is not limited to insulin, syringes, injection aids, blood glucose monitors, test strips for blood glucose monitors, visual reading and urine test strips, insulin pumps and accessories to the pumps, insulin infusion devices, prescriptive oral agents for controlling blood sugar levels, foot care appliances for prevention of complications associated with diabetes, and glucagon emergency kits; and

(b) For all health benefit plans, outpatient self-management training and education, including medical nutrition therapy, as ordered by the health care provider. Diabetes outpatient self-management training and education may be provided only by health care providers with expertise in diabetes. Nothing in this section prevents the health care services contractor from restricting patients to seeing only health care providers who have signed participating provider agreements with the health care services contractor or an insuring entity under contract with the health care services contractor.

(3) Coverage required under this section may be subject to customary cost-sharing provisions established for all other similar services or supplies within a policy.

(4) Health care coverage may not be reduced or eliminated due to this section.

(5) Services required under this section shall be covered when deemed medically necessary by the medical director, or his or her designee, subject to any referral and formulary requirements.

(6) The health care service contractor need not include the coverage required in this section in a group contract offered to an employer or other group that offers to its eligible enrollees a self-insured health plan not subject to mandated benefits status under this title that does not offer coverage similar to that mandated under this section.

(7) This section does not apply to the health benefit plans that provide benefits identical to the schedule of services covered by the basic health plan. [2004 c 244 § 12; 1997 c 276 § 4.]

**Application—2004 c 244:** See note following RCW 48.21.045.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.44.320 Home health care, hospice care, optional coverage required—Standards, limitations, restrictions—Rules—Medicare supplemental contracts excluded.** (1) Every health care service contractor entering into or renewing a group health care service contract governed by this chapter shall offer optional coverage for home health care and hospice care for persons who are homebound and would otherwise require hospitalization. Such optional coverage need only be offered in conjunction with a policy that provides payment for hospitalization as a part of health care coverage.

(2) Home health care and hospice care coverage offered under subsection (1) of this section shall conform to the following standards, limitations, and restrictions in addition to those set forth in chapters 70.126 and 70.127 RCW:

(a) The coverage may include reasonable deductibles, coinsurance provisions, and internal maximums;

(b) The coverage should be structured to create incentives for the use of home health care and hospice care as an alternative to hospitalization;

(c) The coverage may contain provisions for utilization review and quality assurance;

(d) The coverage may require that home health agencies and hospices have written treatment plans approved by a physician licensed under chapter 18.57 or 18.71 RCW, and may require such treatment plans to be reviewed at designated intervals;

(e) The coverage shall provide benefits for, and restrict benefits to, services rendered by home health and hospice agencies licensed under chapter 70.127 RCW;

(f) Hospice care coverage shall provide benefits for terminally ill patients for an initial period of care of not less than six months and may provide benefits for an additional six months of care in cases where the patient is facing imminent death or is entering remission if certified in writing by the attending physician;

(g) Home health care coverage shall provide benefits for a minimum of one hundred thirty health care visits per calendar year. However, a visit of any duration by an employee of a home health agency for the purpose of providing services under the plan of treatment constitutes one visit;

(h) The coverage may be structured so that services or supplies included in the primary contract are not duplicated in the optional home health and hospice coverage.

(3) The insurance commissioner shall adopt any rules necessary to implement this section.

(4) The requirements of this section shall not apply to contracts or policies governed by chapter 48.66 RCW.

(5) An insurer, as a condition of reimbursement, may require compliance with home health and hospice certification regulations established by the United States department of health and human services. [1989 1st ex.s. c 9 § 222; 1988 c 245 § 33; 1984 c 22 § 3; 1983 c 249 § 3.]

*Home health care, hospice care, rules: Chapter 70.126 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **48.44.325 Mammograms—Insurance coverage.**

Each health care service contract issued or renewed after January 1, 1990, that provides benefits for hospital or medical care shall provide benefits for screening or diagnostic mammography services, provided that such services are delivered upon the recommendation of the patient's physician or advanced registered nurse practitioner as authorized by the nursing care quality assurance commission pursuant to chapter 18.79 RCW or physician assistant pursuant to chapter 18.71A RCW.

This section shall not be construed to prevent the application of standard contract provisions applicable to other benefits such as deductible or copayment provisions. This section does not limit the authority of a contractor to negotiate rates and contract with specific providers for the delivery of mammography services. This section shall not apply to medicare supplement policies or supplemental contracts covering a specified disease or other limited benefits. [1994 sp.s. c 9 § 734; 1989 c 338 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.44.327 Prostate cancer screening.** (1) Each health care service contract issued or renewed after December 31, 2006, that provides coverage for hospital or medical expenses shall provide coverage for prostate cancer screening, provided that the screening is delivered upon the recommendation of the patient's physician, advanced registered nurse practitioner, or physician assistant.

(2) This section shall not be construed to prevent the application of standard policy provisions applicable to other benefits, such as deductible or copayment provisions. This section does not limit the authority of a contractor to negotiate rates and contract with specific providers for the delivery of prostate cancer screening services. This section shall not apply to medicare supplemental policies or supplemental contracts covering a specified disease or other limited benefits. [2006 c 367 § 4.]

**48.44.330 Reconstructive breast surgery.** (1) Each contract for health care entered into or renewed after July 24, 1983, between a health care services contractor and the person or persons to receive the care shall provide coverage for reconstructive breast surgery resulting from a mastectomy which resulted from disease, illness, or injury.

(2) Each contract for health care entered into or renewed after January 1, 1986, between a health care services contractor and the person or persons to receive the care shall provide coverage for all stages of one reconstructive breast reduction on the nondiseased breast to make it equal in size with the diseased breast after definitive reconstructive surgery on the diseased breast has been performed. [1985 c 54 § 7; 1983 c 113 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.44.335 Mastectomy, lumpectomy.** No health care service contractor under this chapter may refuse to issue any contract or cancel or decline to renew the contract solely because of a mastectomy or lumpectomy performed on the insured or prospective insured more than five years previously. The amount of benefits payable, or any term, rate, condition, or type of coverage shall not be restricted, modified, excluded, increased, or reduced solely on the basis of a mastectomy or lumpectomy performed on the insured or prospective insured more than five years previously. [1985 c 54 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.44.341 Mental health services—Health plans—Definition—Coverage required, when.** (1) For the purposes of this section, "mental health services" means medically necessary outpatient and inpatient services provided to treat mental disorders covered by the diagnostic categories listed in the most current version of the diagnostic and statistical manual of mental disorders, published by the American psychiatric association, on July 24, 2005, or such subsequent date as may be provided by the insurance commissioner by rule, consistent with the purposes of chapter 6, Laws of 2005, with the exception of the following categories, codes, and services: (a) Substance related disorders; (b) life transition problems, currently referred to as "V" codes, and diagnostic codes 302 through 302.9 as found in the diagnostic and statistical manual of mental disorders, 4th edition, published by the American psychiatric association; (c) skilled nursing facility services, home health care, residential treatment, and custodial care; and (d) court ordered treatment unless the health care service contractor's medical director or designee determines the treatment to be medically necessary.

(2) All health service contracts providing health benefit plans that provide coverage for medical and surgical services shall provide:

(a) For all group health benefit plans for groups other than small groups, as defined in RCW 48.43.005 delivered, issued for delivery, or renewed on or after January 1, 2006, coverage for:

(i) Mental health services. The copayment or coinsurance for mental health services may be no more than the copayment or coinsurance for medical and surgical services otherwise provided under the health benefit plan. Wellness and preventive services that are provided or reimbursed at a lesser copayment, coinsurance, or other cost sharing than other medical and surgical services are excluded from this comparison; and

(ii) Prescription drugs intended to treat any of the disorders covered in subsection (1) of this section to the same

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extent, and under the same terms and conditions, as other prescription drugs covered by the health benefit plan.

(b) For all health benefit plans delivered, issued for delivery, or renewed on or after January 1, 2008, coverage for:

(i) Mental health services. The copayment or coinsurance for mental health services may be no more than the copayment or coinsurance for medical and surgical services otherwise provided under the health benefit plan. Wellness and preventive services that are provided or reimbursed at a lesser copayment, coinsurance, or other cost sharing than other medical and surgical services are excluded from this comparison. If the health benefit plan imposes a maximum out-of-pocket limit or stop loss, it shall be a single limit or stop loss for medical, surgical, and mental health services; and

(ii) Prescription drugs intended to treat any of the disorders covered in subsection (1) of this section to the same extent, and under the same terms and conditions, as other prescription drugs covered by the health benefit plan.

(c) For all health benefit plans delivered, issued for delivery, or renewed on or after July 1, 2010, coverage for:

(i) Mental health services. The copayment or coinsurance for mental health services may be no more than the copayment or coinsurance for medical and surgical services otherwise provided under the health benefit plan. Wellness and preventive services that are provided or reimbursed at a lesser copayment, coinsurance, or other cost sharing than other medical and surgical services are excluded from this comparison. If the health benefit plan imposes a maximum out-of-pocket limit or stop loss, it shall be a single limit or stop loss for medical, surgical, and mental health services. If the health benefit plan imposes any deductible, mental health services shall be included with medical and surgical services for the purpose of meeting the deductible requirement. Treatment limitations or any other financial requirements on coverage for mental health services are only allowed if the same limitations or requirements are imposed on coverage for medical and surgical services; and

(ii) Prescription drugs intended to treat any of the disorders covered in subsection (1) of this section to the same extent, and under the same terms and conditions, as other prescription drugs covered by the health benefit plan.

(3) In meeting the requirements of subsection (2)(a) and (b) of this section, health benefit plans may not reduce the number of mental health outpatient visits or mental health inpatient days below the level in effect on July 1, 2002.

(4) This section does not prohibit a requirement that mental health services be medically necessary as determined by the medical director or designee, if a comparable requirement is applicable to medical and surgical services.

(5) Nothing in this section shall be construed to prevent the management of mental health services. [2007 c 8 § 3; 2006 c 74 § 2; 2005 c 6 § 4.]

**Effective date—2007 c 8:** See note following RCW 48.20.580.

**Effective date—2006 c 74:** See note following RCW 48.21.241.

**Findings—Intent—Severability—2005 c 6:** See notes following RCW 41.05.600.

**48.44.342 Mental health treatment—Waiver of pre-authorization for persons involuntarily committed.** A

health care service contractor providing hospital or medical services or benefits in this state shall waive a preauthorization from the contractor before an insured or an insured's covered dependents receive mental health treatment rendered by a state hospital as defined in RCW 72.23.010 if the insured or the insured's covered dependents are involuntarily committed to a state hospital as defined in RCW 72.23.010. [1993 c 272 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.44.344 Benefits for prenatal diagnosis of congenital disorders—Contracts entered into or renewed on or after January 1, 1990.** On or after January 1, 1990, every group health care services contract entered into or renewed that covers hospital, medical, or surgical expenses on a group basis, and which provides benefits for pregnancy, childbirth, or related medical conditions to enrollees of such groups, shall offer benefits for prenatal diagnosis of congenital disorders of the fetus by means of screening and diagnostic procedures during pregnancy to such enrollees when those services are determined to be medically necessary by the health care service contractor in accord with standards set in rule by the board of health. Every group health care services contractor shall communicate the availability of such coverage to all group health care service contract holders and to all groups with whom they are negotiating. [1988 c 276 § 7.]

*Prenatal testing—Limitation on changes to coverage: RCW 48.42.090.*

**48.44.350 Financial interests of health care service contractors, restricted—Exceptions, regulations.** (1) No person having any authority in the investment or disposition of the funds of a health care service contractor and no officer or director of a health care service contractor shall accept, except for the health care service contractor, or be the beneficiary of any fee, brokerage, gift, commission, or other emolument because of any sale of health care service agreements or any investment, loan, deposit, purchase, sale, payment, or exchange made by or for the health care service contractor, or be pecuniarily interested therein in any capacity; except, that such a person may procure a loan from the health care service contractor directly upon approval by two-thirds of its directors and upon the pledge of securities eligible for the investment of the health care service contractor's funds under this title.

(2) The commissioner may, by regulations, from time to time, define and permit additional exceptions to the prohibition contained in subsection (1) of this section solely to enable payment of reasonable compensation to a director who is not otherwise an officer or employee of the health care service contractor, or to a corporation or firm in which the director is interested, for necessary services performed or sales or purchases made to or for the health care service contractor in the ordinary course of the health care service contractor's business and in the usual private professional or business capacity of the director or the corporation or firm. [1986 c 223 § 9; 1983 c 202 § 6.]

**48.44.360 Continuation option to be offered.** Every health care service contractor that issues group contracts providing group coverage for hospital or medical expense shall

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offer the contract holder an option to include a contract provision granting a person who becomes ineligible for coverage under the group contract, the right to continue the group benefits for a period of time and at a rate agreed upon. The contract provision shall provide that when such coverage terminates, the covered person may convert to a contract as provided in RCW 48.44.370. [1984 c 190 § 5.]

**Legislative intent—Severability—1984 c 190:** See notes following RCW 48.21.250.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.44.370 Conversion contract to be offered—Exceptions, conditions.** (1) Except as otherwise provided by this section, any group health care service contract that provides benefits for hospital or medical expenses must contain a provision granting a person covered by the group contract the right to obtain a conversion contract from the contractor upon termination of the person's eligibility for coverage under the group contract.

(2) A contractor need not offer a conversion contract to:

(a) A person whose coverage under the group contract ended when the person's employment or membership was terminated for misconduct: PROVIDED, That when a person's employment or membership is terminated for misconduct, a conversion policy shall be offered to the spouse and/or dependents of the terminated employee or member. The policy shall include in the conversion provisions the same conversion rights and conditions which are available to employees or members and their spouses and/or dependents who are terminated for reasons other than misconduct;

(b) A person who is eligible for federal medicare coverage; or

(c) A person who is covered under another group plan, policy, contract, or agreement providing benefits for hospital or medical care.

(3) To obtain the conversion contract, a person must submit a written application and the first premium payment for the conversion contract not later than thirty-one days after the date the person's eligibility for group coverage terminates or thirty-one days after the date the person received notice of termination of coverage, whichever is later. The conversion contract shall become effective, without lapse of coverage, immediately following termination of coverage under the group contract.

(4) If a health care service contractor or group contract holder does not renew, cancels, or otherwise terminates the group contract, the health care service contractor must offer a conversion contract to any person who was covered under the terminated contract unless the person is eligible to obtain group hospital or medical expense coverage within thirty-one days after such nonrenewal, cancellation, or termination of the group contract or thirty-one days after the date the person received notice of termination of coverage, whichever is later.

(5) The health care service contractor shall determine the premium for the conversion contract in accordance with the contractor's table of premium rates applicable to the age and class of risk of each person to be covered under the contract and the type and amount of benefits provided. [2010 c 110 § 2; 1984 c 190 § 6.]

**Application—2010 c 110:** See note following RCW 48.21.260.

**Legislative intent—Severability—1984 c 190:** See notes following RCW 48.21.250.

**48.44.380 Conversion contract—Restrictions and requirements.** (1) A health care service contractor shall not require proof of insurability as a condition for issuance of the conversion contract.

(2) A conversion contract may not contain an exclusion for preexisting conditions except to the extent that a waiting period for a preexisting condition has not been satisfied under the group contract.

(3) A health care service contractor must offer at least three contract benefit plans that comply with the following:

(a) A major medical plan with a five thousand dollar deductible and a lifetime benefit maximum of two hundred fifty thousand dollars per person;

(b) A comprehensive medical plan with a five hundred dollar deductible and a lifetime benefit maximum of five hundred thousand dollars per person; and

(c) A basic medical plan with a one thousand dollar deductible and a lifetime maximum of seventy-five thousand dollars per person.

(4) The insurance commissioner may revise the deductibles and lifetime benefit amounts in subsection (3) of this section from time to time to reflect changing health care costs.

(5) The insurance commissioner shall adopt rules to establish minimum benefit standards for conversion contracts.

(6) The commissioner shall adopt rules to establish specific standards for conversion contract provisions. These rules may include but are not limited to:

- (a) Terms of renewability;
- (b) Nonduplication of coverage;
- (c) Benefit limitations, exceptions, and reductions; and
- (d) Definitions of terms. [1984 c 190 § 7.]

**Legislative intent—Severability—1984 c 190:** See notes following RCW 48.21.250.

**48.44.390 Modification of basis of agreement, endorsement required.** If an individual health care service agreement is issued on any basis other than as applied for, an endorsement setting forth such modification must accompany and be attached to the agreement. No agreement shall be effective unless the endorsement is signed by the applicant, and a signed copy thereof returned to the health care service contractor. [1986 c 223 § 10.]

**48.44.400 Continuance provisions for former family members.** After July 1, 1986, or on the next renewal date of the agreement, whichever is later, every health care service agreement issued, amended, or renewed for an individual and his or her dependents shall contain provisions to assure that the covered spouse and/or dependents, in the event that any cease to be a qualified family member by reason of termination of marriage or death of the principal enrollee, shall have the right to continue the health care service agreement without a physical examination, statement of health, or other proof of insurability. [1986 c 223 § 11.]

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**48.44.420 Coverage for adopted children.** (1) Any health care service contract under this chapter delivered or issued for delivery in this state, which provides coverage for dependent children, as defined in the contract of the subscriber, shall cover adoptive children placed with the subscriber on the same basis as other dependents, as provided in RCW 48.01.180.

(2) If payment of an additional premium is required to provide coverage for a child, the contract may require that notification of placement of a child for adoption and payment of the required premium must be furnished to the health care services contractor. The notification period shall be no less than sixty days from the date of placement. [1986 c 140 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.44.430 Cancellation of rider.** Upon application by a subscriber, a rider shall be canceled if at least five years after its issuance, no health care services have been received by the subscriber during that time for the condition specified in the rider, and a physician, selected by the carrier for that purpose, agrees in writing to the full medical recovery of the subscriber from that condition, such agreement not to be unreasonably withheld. The option of the subscriber to apply for cancellation shall be disclosed on the face of the rider in clear and conspicuous language.

For purposes of this section, a rider is a legal document that modifies a contract to exclude, limit, or reduce coverage or benefits for specifically named or described preexisting diseases or physical conditions. [1987 c 37 § 3.]

**48.44.440 Phenylketonuria.** (1) The legislature finds that:

- (a) Phenylketonuria is a rare inherited genetic disorder.
- (b) Children with phenylketonuria are unable to metabolize an essential amino acid, phenylalanine, which is found in the proteins of most food.
- (c) To remain healthy, children with phenylketonuria must maintain a strict diet and ingest a mineral and vitamin-enriched formula.

(d) Children who do not maintain their diets with the formula acquire severe mental and physical difficulties.

(e) Originally, the formulas were listed as prescription drugs but were reclassified as medical foods to increase their availability.

(2) Subject to requirements and exceptions which may be established by rules adopted by the commissioner, any contract for health care services delivered or issued for delivery or renewed in this state on or after September 1, 1988, shall provide coverage for the formulas necessary for the treatment of phenylketonuria. [1988 c 173 § 3.]

**48.44.450 Neurodevelopmental therapies—Employer-sponsored group contracts.** (1) Each employer-sponsored group contract for comprehensive health care service which is entered into, or renewed, on or after twelve months after July 23, 1989, shall include coverage for neurodevelopmental therapies for covered individuals age six and under.

(2) Benefits provided under this section shall cover the services of those authorized to deliver occupational therapy,

speech therapy, and physical therapy. Benefits shall be payable only where the services have been delivered pursuant to the referral and periodic review of a holder of a license issued pursuant to chapter 18.71 or 18.57 RCW or where covered services have been rendered by such licensee. Nothing in this section shall prohibit a health care service contractor from requiring that covered services be delivered by a provider who participates by contract with the health care service contractor unless no participating provider is available to deliver covered services. Nothing in this section shall prohibit a health care service contractor from negotiating rates with qualified providers.

(3) Benefits provided under this section shall be for medically necessary services as determined by the health care service contractor. Benefits shall be payable for services for the maintenance of a covered individual in cases where significant deterioration in the patient's condition would result without the service. Benefits shall be payable to restore and improve function.

(4) It is the intent of this section that employers purchasing comprehensive group coverage including the benefits required by this section, together with the health care service contractor, retain authority to design and employ utilization and cost controls. Therefore, benefits delivered under this section may be subject to contractual provisions regarding deductible amounts and/or copayments established by the employer purchasing coverage and the health care service contractor. Benefits provided under this section may be subject to standard waiting periods for preexisting conditions, and may be subject to the submission of written treatment plans.

(5) In recognition of the intent expressed in subsection (4) of this section, benefits provided under this section may be subject to contractual provisions establishing annual and/or lifetime benefit limits. Such limits may define the total dollar benefits available or may limit the number of services delivered as agreed by the employer purchasing coverage and the health care service contractor. [1989 c 345 § 1.]

**48.44.460 Temporomandibular joint disorders—Insurance coverage.** (1) Except as provided in this section, a group health care service contract entered into or renewed after December 31, 1989, shall offer optional coverage for the treatment of temporomandibular joint disorders.

(a) Health care service contractors offering medical coverage only may limit benefits in such coverages to medical services related to treatment of temporomandibular joint disorders. Health care service contractors offering dental coverage only may limit benefits in such coverage to dental services related to treatment of temporomandibular joint disorders. No health care service contractor offering medical coverage only may define all temporomandibular joint disorders as purely dental in nature, and no health care service contractor offering dental coverage only may define all temporomandibular joint disorders as purely medical in nature.

(b) Health care contractors offering optional temporomandibular joint disorder coverage as provided in this section may, but are not required to, offer lesser or no temporomandibular joint disorder coverage as part of their basic group disability contract.

(c) Benefits and coverage offered under this section may be subject to negotiation to promote broad flexibility in potential benefit coverage. This flexibility shall apply to services to be reimbursed, determination of treatments to be considered medically necessary, systems through which services are to be provided, including referral systems and use of other providers, and related issues.

(2) Unless otherwise directed by law, the insurance commissioner shall adopt rules, to be implemented on January 1, 1993, establishing minimum benefits, terms, definitions, conditions, limitations, and provisions for the use of reasonable deductibles and copayments.

(3) A contractor need not make the offer of coverage required by this section to an employer or other group that offers to its eligible enrollees a self-insured health plan not subject to mandated benefit statutes under Title 48 RCW that does not provide coverage for temporomandibular joint disorders. [1989 c 331 § 3.]

**Legislative finding—Effective date—1989 c 331:** See notes following RCW 48.21.320.

**48.44.465 Prescriptions—Preapproval of individual claims—Subsequent rejection prohibited—Written record required.** Health care service contractors who through an authorized representative have first approved, by any means, an individual prescription claim as eligible may not reject that claim at some later date. Pharmacists or drug dispensing outlets who obtain preapproval of claims shall keep a written record of the preapproval that consists of identification by name and telephone number of the person who approved the claim. [1993 c 253 § 4.]

**Findings—Effective date—1993 c 253:** See notes following RCW 48.20.525.

**48.44.470 Nonresident pharmacies.** For the purposes of this chapter, a nonresident pharmacy is defined as any pharmacy located outside this state that ships, mails, or delivers, in any manner, except when delivered in person to an enrolled participant or his/her representative, controlled substances, legend drugs, or devices into this state.

After October 1, 1991, a health care service contractor providing coverage of prescription drugs from nonresident pharmacies may only provide coverage from licensed nonresident pharmacies. The health care service contractors shall obtain proof of current licensure in conformity with this section and RCW 18.64.350 through 18.64.400 from the nonresident pharmacy and keep that proof of licensure on file.

The department may request from the health care service contractor the proof of current licensure for all nonresident pharmacies through which the insurer is providing coverage for prescription drugs for residents of the state of Washington. This information, which may constitute a full or partial customer list, shall be confidential and exempt from public disclosure, and from the requirements of chapter 42.56 RCW. The board or the department shall not be restricted in the disclosure of the name of a nonresident pharmacy that is or has been licensed under RCW 18.64.360 or 18.64.370 or of the identity of a nonresident pharmacy disciplined under RCW 18.64.350 through 18.64.400. [2005 c 274 § 314; 1991 c 87 § 9.]

**Part headings not law—Effective date—2005 c 274:** See RCW 42.56.901 and 42.56.902.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.44.495 Dental services that are not subject to contract or provider agreement.** (1) Notwithstanding any other provisions of law, no contract of any health care service contractor subject to the jurisdiction of the state of Washington that covers any dental services, and no contract or participating provider agreement with a dentist may:

(a) Require, directly or indirectly, that a dentist who is a participating provider provide services to an enrolled participant at a fee set by, or at a fee subject to the approval of, the health care service contractor unless the dental services are covered services, including services that would be reimbursable but for the application of contractual limitations such as benefit maximums, deductibles, coinsurance, waiting periods, or frequency limitations, under the applicable group contract or individual contract; nor

(b) Prohibit, directly or indirectly, a dentist who is a participating provider from offering or providing to an enrolled participant dental services that are not covered services on any terms or conditions acceptable to the dentist and the enrolled participant.

(2) For the purposes of this section, "covered services" means dental services that are reimbursable under the applicable subscriber agreement or would be reimbursable but for the application of contractual limitations such as benefit maximums, deductibles, coinsurance, waiting periods or frequency limitations. [2010 c 228 § 3.]

**48.44.500 Denturist services.** Notwithstanding any provision of any health care service contract covering dental care as provided for in this chapter, effective January 1, 1995, benefits shall not be denied thereunder for any service performed by a denturist licensed under chapter 18.30 RCW if (1) the service performed was within the lawful scope of such person's license, and (2) such contract would have provided benefits if such service had been performed by a dentist licensed under chapter 18.32 RCW. [1995 c 1 § 24 (Initiative Measure No. 607, approved November 8, 1994).]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.44.530 Disclosure of certain material transactions—Report—Information is confidential.** (1) Every health care service contractor domiciled in this state shall file a report with the commissioner disclosing material acquisitions and dispositions of assets or material nonrenewals, cancellations, or revisions of ceded reinsurance agreements unless these acquisitions and dispositions of assets or material nonrenewals, cancellations, or revisions of ceded reinsurance agreements have been submitted to the commissioner for review, approval, or information purposes under other provisions of this title or other requirements.

(2) The report required in subsection (1) of this section is due within fifteen days after the end of the calendar month in which any of the transactions occur.

(3) One complete copy of the report, including any exhibits or other attachments filed as part of the report, shall be filed with the:

(a) Commissioner; and

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(b) National association of insurance commissioners.

(4) All reports obtained by or disclosed to the commissioner under this section and RCW 48.44.535 through 48.44.555 are exempt from public inspection and copying and shall not be subject to subpoena. These reports shall not be made public by the commissioner, the national association of insurance commissioners, or any other person, except to insurance departments of other states, without the prior written consent of the health care service contractor to which it pertains unless the commissioner, after giving the health care service contractor that would be affected by disclosure notice and a hearing under chapter 48.04 RCW, determines that the interest of policyholders, subscribers, shareholders, or the public will be served by the publication, in which event the commissioner may publish all or any part of the report in the manner he or she deems appropriate. [1995 c 86 § 13.]

**48.44.535 Material acquisitions or dispositions.** No acquisitions or dispositions of assets need be reported pursuant to RCW 48.44.530 if the acquisitions or dispositions are not material. For purposes of RCW 48.44.530 through 48.44.555, a material acquisition, or the aggregate of any series of related acquisitions during any thirty-day period; or disposition, or the aggregate of any series of related dispositions during any thirty-day period is an acquisition or disposition that is nonrecurring and not in the ordinary course of business and involves more than five percent of the reporting health care service contractor's total assets as reported in its most recent statutory statement filed with the commissioner. [1995 c 86 § 14.]

**48.44.540 Asset acquisitions—Asset dispositions.** (1) Asset acquisitions subject to RCW 48.44.530 through 48.44.555 include every purchase, lease, exchange, merger, consolidation, succession, or other acquisition other than the construction or development of real property by or for the reporting health care service contractor or the acquisition of materials for such purpose.

(2) Asset dispositions subject to RCW 48.44.530 through 48.44.555 include every sale, lease, exchange, merger, consolidation, mortgage, hypothecation, abandonment, destruction, other disposition, or assignment, whether for the benefit of creditors or otherwise. [1995 c 86 § 15.]

**48.44.545 Report of a material acquisition or disposition of assets—Information required.** The following information is required to be disclosed in any report of a material acquisition or disposition of assets:

- (1) Date of the transaction;
- (2) Manner of acquisition or disposition;
- (3) Description of the assets involved;
- (4) Nature and amount of the consideration given or received;
- (5) Purpose of or reason for the transaction;
- (6) Manner by which the amount of consideration was determined;
- (7) Gain or loss recognized or realized as a result of the transaction; and
- (8) Names of the persons from whom the assets were acquired or to whom they were disposed. [1995 c 86 § 16.]

**48.44.550 Material nonrenewals, cancellations, or revisions of ceded reinsurance agreements.** (1) No nonrenewals, cancellations, or revisions of ceded reinsurance agreements need be reported under RCW 48.44.530 if the nonrenewals, cancellations, or revisions are not material. For purposes of RCW 48.44.530 through 48.44.555, a material nonrenewal, cancellation, or revision is one that affects:

(a) More than fifty percent of a health care service contractor's total reserve credit taken for business ceded, on an annualized basis, as indicated in the health care service contractor's most recent annual statement;

(b) More than ten percent of a health care service contractor's total cession when it is replaced by one or more unauthorized reinsurers; or

(c) Previously established collateral requirements, when they have been reduced or waived as respects one or more unauthorized reinsurers representing collectively more than ten percent of a total cession.

(2) However, a filing is not required if a health care service contractor's total reserve credit taken for business ceded represents, on an annualized basis, less than ten percent of the statutory reserve requirement prior to any cession. [1995 c 86 § 17.]

**48.44.555 Report of a material nonrenewal, cancellation, or revision of ceded reinsurance agreements—Information required.** The following is required to be disclosed in any report of a material nonrenewal, cancellation, or revision of ceded reinsurance agreements:

(1) The effective date of the nonrenewal, cancellation, or revision;

(2) The description of the transaction with an identification of the initiator;

(3) The purpose of or reason for the transaction; and

(4) If applicable, the identity of the replacement reinsurers. [1995 c 86 § 18.]

**48.44.900 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.** For the purposes of this chapter, the terms spouse, marriage, marital, husband, wife, widow, widower, next of kin, and family shall be interpreted as applying equally to state registered domestic partnerships or individuals in state registered domestic partnerships as well as to marital relationships and married persons, and references to dissolution of marriage shall apply equally to state registered domestic partnerships that have been terminated, dissolved, or invalidated, to the extent that such interpretation does not conflict with federal law. Where necessary to implement chapter 521, Laws of 2009, gender-specific terms such as husband and wife used in any statute, rule, or other law shall be construed to be gender neutral, and applicable to individuals in state registered domestic partnerships. [2009 c 521 § 126.]

### Chapter 48.45 RCW RURAL HEALTH CARE

#### Sections

48.45.005 Findings.  
48.45.010 Definitions.

48.45.020 Rural health care service arrangements.  
48.45.030 Rule making.

**48.45.005 Findings.** The legislature finds that the residents of rural communities are having difficulties in locating and purchasing affordable health insurance. The legislature further finds that many rural communities have sufficient funds to pay for needed services, but those funds are being expended elsewhere causing insufficient funding of local health services. As part of the solution to this problem, rural communities need to be able to structure the financing of local health services to better serve local residents. The legislature further finds that as rural communities need well financed and organized health care, it is in the interest of residents of rural communities that existing unauthorized entities comply with appropriate fiscal solvency standards and consumer safeguards, and that those entities be given an opportunity to come into compliance with existing state laws. [1990 c 271 § 20.]

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

(1) "Rural community" means any grouping of consumers, seventy-five percent of whom reside in areas outside of a standard metropolitan statistical area as defined by the United States bureau of census.

(2) "Consumer" means any person enrolled and eligible to receive benefits in the rural health care arrangement.

(3) "Rural health care service arrangement" or "arrangement" means any arrangement which is established or maintained for the purpose of offering or providing through the purchase of insurance or otherwise, medical, surgical, or hospital care or benefits in the event of sickness, accident, or disability in a rural community, as defined in this section, that is subject to the jurisdiction of the insurance commissioner but is not now a currently authorized carrier. [1990 c 271 § 22.]

**48.45.020 Rural health care service arrangements.** Rural health care service arrangements existing on March 29, 1990, may continue in full operation only so long as they comply with all of the following:

(1) Within ten days following March 29, 1990, all rural health care service arrangements shall inform the insurance commissioner of their intent to apply for approval to operate as an entity authorized under chapter 48.44 RCW or intend to merge with an entity authorized under Title 48 RCW or merge with an entity defined in this section;

(2) The arrangement submits an application for approval as an entity authorized under chapter 48.44 RCW by May 1, 1990;

(3) The arrangement has one hundred thousand dollars on deposit with the insurance commissioner by July 1, 1990;

(4) The arrangement has one hundred fifty thousand dollars on deposit with the insurance commissioner by September 1, 1990; and

(5) The arrangement complies with all reasonable requirements of the insurance commissioner excluding the deposit requirement, except as outlined in this section.

If such rural health care service arrangements fail to comply with any of the above requirements, or if during the

application process an entity engages in any activities which the insurance commissioner reasonably determines may cause imminent harm to consumers, the entity may be subject to appropriate legal action by the insurance commissioner pursuant to the authority provided in Title 48 RCW.

A rural health care service arrangement which comes into compliance with Title 48 RCW through the method outlined in this chapter shall be subject to all applicable requirements of Title 48 RCW except that the deposit requirements shall not be increased until May 1, 1991. [1990 c 271 § 23.]

**48.45.030 Rule making.** The insurance commissioner, pursuant to chapter 34.05 RCW, may promulgate rules to implement RCW 48.45.010 and 48.45.020. [1990 c 271 § 24.]

**Chapter 48.46 RCW**

**HEALTH MAINTENANCE ORGANIZATIONS**

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*Health care assistants: Chapter 18.135 RCW.*

*Insurance producers appointed by health maintenance organizations, additional regulations applicable: RCW 48.17.065.*

**48.46.010 Legislative declaration—Purpose.** In affirmation of the declared principle that health care is a right of every citizen of the state, the legislature expresses its concern that the present high costs of health care in Washington may be preventing or inhibiting a large segment of the people from obtaining access to quality health care services.

The legislature declares that the establishment of qualified prepaid group and individual practice health care delivery systems should be encouraged in order to provide all citizens of the state with the freedom of choice between competitive, alternative health care delivery systems necessary to realize their right to health. It is the purpose and policy of this chapter to provide for the development and registration of prepaid group and individual practice health care plans as health maintenance organizations, which the legislature declares to be in the interest of the health, safety and welfare of the people. [1975 1st ex.s. c 290 § 2.]

**48.46.012 Filings with secretary of state—Copy for commissioner.** Health maintenance organizations shall send a copy specifically for the office of the insurance commissioner to the secretary of state of any corporate document required to be filed in the office of the secretary of state, including articles of incorporation and bylaws, and any amendments thereto. The copy specifically provided for the office of the insurance commissioner shall be in addition to the copies required by the secretary of state and shall clearly indicate on the copy that it is for delivery to the office of the insurance commissioner. [1998 c 23 § 17.]

**48.46.020 Definitions.** As used in this chapter, the terms defined in this section shall have the meanings indicated unless the context indicates otherwise.

(1) "Carrier" means a health maintenance organization, an insurer, a health care services contractor, or other entity responsible for the payment of benefits or provision of services under a group or individual agreement.

(2) "Census date" means the date upon which a health maintenance organization offering coverage to a small employer must base rate calculations. For a small employer applying for a health benefit plan through a health maintenance organization other than its current health maintenance organization, the census date is the date that final group composition is received by the health maintenance organization. For a small employer that is renewing its health benefit plan through its existing health maintenance organization, the census date is ninety days prior to the effective date of the renewal.

(3) "Commissioner" means the insurance commissioner.

(4) "Comprehensive health care services" means basic consultative, diagnostic, and therapeutic services rendered by licensed health professionals together with emergency and preventive care, inpatient hospital, outpatient and physician care, at a minimum, and any additional health care services offered by the health maintenance organization.

(5) "Consumer" means any member, subscriber, enrollee, beneficiary, or other person entitled to health care services under terms of a health maintenance agreement, but

not including health professionals, employees of health maintenance organizations, partners, or shareholders of stock corporations licensed as health maintenance organizations.

(6) "Copayment" means an amount specified in a subscriber agreement which is an obligation of an enrolled participant for a specific service which is not fully prepaid.

(7) "Deductible" means the amount an enrolled participant is responsible to pay out-of-pocket before the health maintenance organization begins to pay the costs associated with treatment.

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

(9) "Enrolled participant" means a person who or group of persons which has entered into a contractual arrangement or on whose behalf a contractual arrangement has been entered into with a health maintenance organization to receive health care services.

(10) "Fully subordinated debt" means those debts that meet the requirements of RCW 48.46.235(3) and are recorded as equity.

(11) "Group practice" means a partnership, association, corporation, or other group of health professionals:

(a) The members of which may be individual health professionals, clinics, or both individuals and clinics who engage in the coordinated practice of their profession; and

(b) The members of which are compensated by a prearranged salary, or by capitation payment or drawing account that is based on the number of enrolled participants.

(12) "Health maintenance agreement" means an agreement for services between a health maintenance organization which is registered pursuant to the provisions of this chapter and enrolled participants of such organization which provides enrolled participants with comprehensive health services rendered to enrolled participants by health professionals, groups, facilities, and other personnel associated with the health maintenance organization.

(13) "Health maintenance organization" means any organization receiving a certificate of registration by the commissioner under this chapter which provides comprehensive health care services to enrolled participants of such organization on a group practice per capita prepayment basis or on a prepaid individual practice plan, except for an enrolled participant's responsibility for copayments and/or deductibles, either directly or through contractual or other arrangements with other institutions, entities, or persons, and which qualifies as a health maintenance organization pursuant to RCW 48.46.030 and 48.46.040.

(14) "Health professionals" means health care practitioners who are regulated by the state of Washington.

(15) "Individual practice health care plan" means an association of health professionals in private practice who associate for the purpose of providing prepaid comprehensive health care services on a fee-for-service or capitation basis.

(16) "Insolvent" or "insolvency" means that the organization has been declared insolvent and is placed under an order of liquidation by a court of competent jurisdiction.

(17) "Meaningful grievance procedure" means a procedure for investigation of consumer grievances in a timely manner aimed at mutual agreement for settlement according to procedures approved by the commissioner, and which may include arbitration procedures.

(18) "Meaningful role in policy making" means a procedure approved by the commissioner which provides consumers or elected representatives of consumers a means of submitting the views and recommendations of such consumers to the governing board of such organization coupled with reasonable assurance that the board will give regard to such views and recommendations.

(19) "Net worth" means the excess of total admitted assets as defined in RCW 48.12.010 over total liabilities but the liabilities shall not include fully subordinated debt.

(20) "Participating provider" means a provider as defined in subsection (21) of this section who contracts with the health maintenance organization or with its contractor or subcontractor and has agreed to provide health care services to enrolled participants with an expectation of receiving payment, other than copayment or deductible, directly or indirectly, from the health maintenance organization.

(21) "Provider" means any health professional, hospital, or other institution, organization, or person that furnishes any health care services and is licensed or otherwise authorized to furnish such services.

(22) "Replacement coverage" means the benefits provided by a succeeding carrier.

(23) "Uncovered expenditures" means the costs to the health maintenance organization of health care services that are the obligation of the health maintenance organization for which an enrolled participant would also be liable in the event of the health maintenance organization's insolvency and for which no alternative arrangements have been made as provided herein. The term does not include expenditures for covered services when a provider has agreed not to bill the enrolled participant even though the provider is not paid by the health maintenance organization, or for services that are guaranteed, insured, or assumed by a person or organization other than the health maintenance organization. [2010 c 292 § 5; 1990 c 119 § 1; 1983 c 106 § 1; 1982 c 151 § 1; 1975 1st ex.s. c 290 § 3.]

**Reviser's note:** The definitions in this section have been alphabetized pursuant to RCW 1.08.015(2)(k).

**Application—2010 c 292:** See note following RCW 48.43.005.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.46.023 Insurance producer—Definition—License required—Application, issuance, renewal, fees—Penalties involving license.** (1) Insurance producer, as used in this chapter, means any person appointed or authorized by a health maintenance organization to solicit applications for health care service agreements on its behalf.

(2) No person shall act as or hold himself or herself out to be an appointed insurance producer of a health maintenance organization unless licensed as a disability insurance producer by this state and appointed or authorized by the health maintenance organization on whose behalf solicitations are to be made.

(3) Applications, appointments, and qualifications for licenses, the renewal thereof, the fees and issuance of a license, and the renewal thereof shall be in accordance with the provisions of chapter 48.17 RCW that are applicable to a disability insurance producer.

(4) The commissioner may revoke, suspend, or refuse to issue or renew any insurance producer's license, or levy a

fine upon the licensee, in accordance with those provisions of chapter 48.17 RCW that are applicable to a disability insurance producer. [2008 c 217 § 54; 1983 c 202 § 8.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.46.027 Registration, required—Issuance of securities—Penalty.** (1) A person may not in this state, by mail or otherwise, act as or hold himself or herself out to be a health maintenance organization as defined in RCW 48.46.020 without first being registered with the commissioner.

(2) The issuance, sale, or offer for sale in this state of securities of its own issue by any health maintenance organization domiciled in this state other than the memberships and bonds of a nonprofit corporation is subject to the provisions of chapter 48.06 RCW relating to obtaining solicitation permits the same as if health maintenance organizations were domestic insurers.

(3) Any person violating any provision of subsection (2) of this section is guilty of a gross misdemeanor and will, upon conviction, be fined not more than one thousand dollars, or imprisoned for not more than six months, or both, for each violation. [2003 c 250 § 10; 1983 c 202 § 9.]

**Severability—2003 c 250:** See note following RCW 48.01.080.

**48.46.030 Eligibility requirements for certificate of registration—Application requirements, information.** Any corporation, cooperative group, partnership, individual, association, or groups of health professionals licensed by the state of Washington, public hospital district, or public institutions of higher education shall be entitled to a certificate of registration from the insurance commissioner as a health maintenance organization if it:

(1) Provides comprehensive health care services to enrolled participants on a group practice per capita prepayment basis or on a prepaid individual practice plan and provides such health services either directly or through arrangements with institutions, entities, and persons which its enrolled population might reasonably require as determined by the health maintenance organization in order to be maintained in good health; and

(2) Is governed by a board elected by enrolled participants, or otherwise provides its enrolled participants with a meaningful role in policy making procedures of such organization, as defined in RCW \*48.46.020(7), and 48.46.070; and

(3) Affords enrolled participants with a meaningful grievance procedure aimed at settlement of disputes between such persons and such health maintenance organization, as defined in RCW \*48.46.020(8) and 48.46.100; and

(4) Provides enrolled participants, or makes available for inspection at least annually, financial statements pertaining to health maintenance agreements, disclosing income and expenses, assets and liabilities, and the bases for proposed rate adjustments for health maintenance agreements relating to its activity as a health maintenance organization; and

(5) Demonstrates to the satisfaction of the commissioner that its facilities and personnel are reasonably adequate to provide comprehensive health care services to enrolled participants and that it is financially capable of providing such members with, or has made adequate contractual arrange-

ments through insurance or otherwise to provide such members with, such health services; and

(6) Substantially complies with administrative rules and regulations of the commissioner for purposes of this chapter; and

(7) Submits an application for a certificate of registration which shall be verified by an officer or authorized representative of the applicant, being in form as the commissioner prescribes, and setting forth:

(a) A copy of the basic organizational document, if any, of the applicant, such as the articles of incorporation, articles of association, partnership agreement, trust agreement, or other applicable documents, and all amendments thereto;

(b) A copy of the bylaws, rules and regulations, or similar documents, if any, which regulate the conduct of the internal affairs of the applicant, and all amendments thereto;

(c) A list of the names, addresses, members of the board of directors, board of trustees, executive committee, or other governing board or committee and the principal officers, partners, or members;

(d) A full and complete disclosure of any financial interests held by any officer, or director in any provider associated with the applicant or any provider of the applicant;

(e) A description of the health maintenance organization, its facilities and its personnel, and the applicant's most recent financial statement showing such organization's assets, liabilities, income, and other sources of financial support;

(f) A description of the geographic areas and the population groups to be served and the size and composition of the anticipated enrollee population;

(g) A copy of each type of health maintenance agreement to be issued to enrolled participants;

(h) A schedule of all proposed rates of reimbursement to contracting health care facilities or providers, if any, and a schedule of the proposed charges for enrollee coverage for health care services, accompanied by data relevant to the formulation of such schedules;

(i) A description of the proposed method and schedule for soliciting enrollment in the applicant health maintenance organization and the basis of compensation for such solicitation services;

(j) A copy of the solicitation document to be distributed to all prospective enrolled participants in connection with any solicitation;

(k) A financial projection which sets forth the anticipated results during the initial two years of operation of such organization, accompanied by a summary of the assumptions and relevant data upon which the projection is based. The projection should include the projected expenses, enrollment trends, income, enrollee utilization patterns, and sources of working capital;

(l) A detailed description of the enrollee complaint system as provided by RCW 48.46.100;

(m) A detailed description of the procedures and programs to be implemented to assure that the health care services delivered to enrolled participants will be of professional quality;

(n) A detailed description of procedures to be implemented to meet the requirements to protect against insolvency in RCW 48.46.245;

(o) Documentation that the health maintenance organization has an initial net worth of one million dollars and shall thereafter maintain the minimum net worth required under RCW 48.46.235; and

(p) Such other information as the commissioner shall require by rule or regulation which is reasonably necessary to carry out the provisions of this section.

A health maintenance organization shall, unless otherwise provided for in this chapter, file a notice describing any modification of any of the information required by subsection (7) of this section. Such notice shall be filed with the commissioner. [1990 c 119 § 2; 1985 c 320 § 1; 1983 c 106 § 2; 1975 1st ex.s. c 290 § 4.]

**\*Reviser's note:** RCW 48.46.020 was alphabetized pursuant to RCW 1.08.015(2)(k), changing subsections (7) and (8) to subsections (18) and (17), respectively.

**48.46.033 Unregistered activities—Acts committed in this state—Sanctions.** (1) As used in this section, "person" has the same meaning as in RCW 48.01.070.

(2) For the purpose of this section, an act is committed in this state if it is committed, in whole or in part, in the state of Washington, or affects persons or property within the state and relates to or involves a health maintenance agreement.

(3) Any person who knowingly violates RCW 48.46.027(1) is guilty of a class B felony punishable under chapter 9A.20 RCW.

(4) Any criminal penalty imposed under this section is in addition to, and not in lieu of, any other civil or administrative penalty or sanction otherwise authorized under state law.

(5)(a) If the commissioner has cause to believe that any person has violated the provisions of RCW 48.46.027(1), the commissioner may:

(i) Issue and enforce a cease and desist order in accordance with the provisions of RCW 48.02.080; and/or

(ii) Assess a civil penalty of not more than twenty-five thousand dollars for each violation, after providing notice and an opportunity for a hearing in accordance with chapters 34.05 and 48.04 RCW.

(b) Upon failure to pay a civil penalty when due, the attorney general may bring a civil action on behalf of the commissioner to recover the unpaid penalty. Any amounts collected by the commissioner must be paid to the state treasurer for the account of the general fund. [2003 c 250 § 11.]

**Severability—2003 c 250:** See note following RCW 48.01.080.

**48.46.040 Certificate of registration—Issuance—Grounds for refusal—Name restrictions—Inspection and review of facilities.** The commissioner shall issue a certificate of registration to the applicant within sixty days of such filing unless he or she notifies the applicant within such time that such application is not complete and the reasons therefor; or that he or she is not satisfied that:

(1) The basic organizational document of the applicant permits the applicant to conduct business as a health maintenance organization;

(2) The organization has demonstrated the intent and ability to assure that comprehensive health care services will be provided in a manner to assure both their availability and accessibility;

(3) The organization is financially responsible and may be reasonably expected to meet its obligations to its enrolled participants. In making this determination, the commissioner shall consider among other relevant factors:

(a) Any agreements with an insurer, a medical or hospital service bureau, a government agency or any other organization paying or insuring payment for health care services;

(b) Any agreements with providers for the provision of health care services;

(c) Any arrangements for liability and malpractice insurance coverage; and

(d) Adequate procedures to be implemented to meet the protection against insolvency requirements in RCW 48.46.245;

(4) The procedures for offering health care services and offering or terminating contracts with enrolled participants are reasonable and equitable in comparison with prevailing health insurance subscription practices and health maintenance organization enrollment procedures; and, that

(5) Procedures have been established to:

(a) Monitor the quality of care provided by such organization, including, as a minimum, procedures for internal peer review;

(b) Resolve complaints and grievances initiated by enrolled participants in accordance with RCW 48.46.010 and 48.46.100;

(c) Offer enrolled participants an opportunity to participate in matters of policy and operation in accordance with RCW \*48.46.020(7) and 48.46.070.

No person to whom a certificate of registration has not been issued, except a health maintenance organization certified by the secretary of the department of health and human services, pursuant to Public Law 93-222 or its successor, shall use the words "health maintenance organization" or the initials "HMO" in its name, contracts, or literature. Persons who are contracting with, operating in association with, recruiting enrolled participants for, or otherwise authorized by a health maintenance organization possessing a certificate of registration to act on its behalf may use the terms "health maintenance organization" or "HMO" for the limited purpose of denoting or explaining their relationship to such health maintenance organization.

The department of health, at the request of the insurance commissioner, shall inspect and review the facilities of every applicant health maintenance organization to determine that such facilities are reasonably adequate to provide the health care services offered in their contracts. If the commissioner has information to indicate that such facilities fail to continue to be adequate to provide the health care services offered, the department of health, upon request of the insurance commissioner, shall reinspect and review the facilities and report to the insurance commissioner as to their adequacy or inadequacy. [2009 c 549 § 7150; 1990 c 119 § 3; 1989 1st ex.s. c 9 § 223; 1983 c 106 § 3; 1975 1st ex.s. c 290 § 5.]

\*Reviser's note: RCW 48.46.020 was alphabetized pursuant to RCW 1.08.015(2)(k), changing subsection (7) to subsection (18).

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.46.045 Catastrophic health plans permitted.** Notwithstanding the provisions of this chapter, a health maintenance

organization may offer catastrophic health plans as defined in RCW 48.43.005. [2000 c 79 § 27.]

Effective date—Severability—2000 c 79: See notes following RCW 48.04.010.

**48.46.060 Prepayment agreements—Standards for forms and documents—Grounds for disapproval—Cancellation or failure to renew—Filing of agreement forms.**

(1) Any health maintenance organization may enter into agreements with or for the benefit of persons or groups of persons, which require prepayment for health care services by or for such persons in consideration of the health maintenance organization providing health care services to such persons. Such activity is not subject to the laws relating to insurance if the health care services are rendered directly by the health maintenance organization or by any provider which has a contract or other arrangement with the health maintenance organization to render health services to enrolled participants.

(2) All forms of health maintenance agreements issued by the organization to enrolled participants or other marketing documents purporting to describe the organization's comprehensive health care services shall comply with such minimum standards as the commissioner deems reasonable and necessary in order to carry out the purposes and provisions of this chapter, and which fully inform enrolled participants of the health care services to which they are entitled, including any limitations or exclusions thereof, and such other rights, responsibilities and duties required of the contracting health maintenance organization.

(3) Subject to the right of the health maintenance organization to demand and receive a hearing under chapters 48.04 and 34.05 RCW, the commissioner may disapprove an individual or group agreement form for any of the following grounds:

(a) If it contains or incorporates by reference any inconsistent, ambiguous, or misleading clauses, or exceptions or conditions which unreasonably or deceptively affect the risk purported to be assumed in the general coverage of the agreement;

(b) If it has any title, heading, or other indication which is misleading;

(c) If purchase of health care services thereunder is being solicited by deceptive advertising;

(d) If it contains unreasonable restrictions on the treatment of patients;

(e) If it is in any respect in violation of this chapter or if it fails to conform to minimum provisions or standards required by the commissioner by rule under chapter 34.05 RCW; or

(f) If any agreement for health care services with any state agency, division, subdivision, board, or commission or with any political subdivision, municipal corporation, or quasi-municipal corporation fails to comply with state law.

(4) In addition to the grounds listed in subsection (2) of this section, the commissioner may disapprove any agreement if the benefits provided therein are unreasonable in relation to the amount charged for the agreement. Rates, or any modification of rates effective on or after July 1, 2008, for individual health benefit plans may not be used until sixty days after they are filed with the commissioner. If the com-

missioner does not disapprove a rate filing within sixty days after the health maintenance organization has filed the documents required in RCW 48.46.062(2) and any rules adopted pursuant thereto, the filing shall be deemed approved.

(5) No health maintenance organization authorized under this chapter shall cancel or fail to renew the enrollment on any basis of an enrolled participant or refuse to transfer an enrolled participant from a group to an individual basis for reasons relating solely to age, sex, race, or health status. Nothing contained herein shall prevent cancellation of an agreement with enrolled participants (a) who violate any published policies of the organization which have been approved by the commissioner, or (b) who are entitled to become eligible for medicare benefits and fail to enroll for a medicare supplement plan offered by the health maintenance organization and approved by the commissioner, or (c) for failure of such enrolled participant to pay the approved charge, including cost-sharing, required under such contract, or (d) for a material breach of the health maintenance agreement.

(6) No agreement form or amendment to an approved agreement form shall be used unless it is first filed with the commissioner. [2008 c 303 § 3; 2000 c 79 § 31; 1989 c 10 § 10. Prior: 1985 c 320 § 2; 1985 c 283 § 2; 1983 c 106 § 4; 1975 1st ex.s. c 290 § 7.]

**Effective date—Severability—2000 c 79:** See notes following RCW 48.04.010.

*Authority to review rates—2008 c 303:* RCW 48.43.0121.

**48.46.062 Schedule of rates for individual agreements—Loss ratio—Remittance of premiums—Definitions.** (1) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Claims" means the cost to the health maintenance organization of health care services, as defined in RCW 48.43.005, provided to an enrollee or paid to or on behalf of the enrollee in accordance with the terms of a health benefit plan, as defined in RCW 48.43.005. This includes capitation payments or other similar payments made to providers for the purpose of paying for health care services for an enrollee.

(b) "Claims reserves" means: (i) The liability for claims which have been reported but not paid; (ii) the liability for claims which have not been reported but which may reasonably be expected; (iii) active life reserves; and (iv) additional claims reserves whether for a specific liability purpose or not.

(c) "Declination rate" for a health maintenance organization means the percentage of the total number of applicants for individual health benefit plans received by that health maintenance organization in the aggregate in the applicable year which are not accepted for enrollment by that health maintenance organization based on the results of the standard health questionnaire administered pursuant to RCW 48.43.018(2)(a).

(d) "Earned premiums" means premiums, as defined in RCW 48.43.005, plus any rate credits or recoupments less any refunds, for the applicable period, whether received before, during, or after the applicable period.

(e) "Incurred claims expense" means claims paid during the applicable period plus any increase, or less any decrease, in the claims reserves.

(f) "Loss ratio" means incurred claims expense as a percentage of earned premiums.

(g) "Reserves" means: (i) Active life reserves; and (ii) additional reserves whether for a specific liability purpose or not.

(2) A health maintenance organization must file supporting documentation of its method of determining the rates charged for its individual agreements. At a minimum, the health maintenance organization must provide the following supporting documentation:

(a) A description of the health maintenance organization's rate-making methodology;

(b) An actuarially determined estimate of incurred claims which includes the experience data, assumptions, and justifications of the health maintenance organization's projection;

(c) The percentage of premium attributable in aggregate for nonclaims expenses used to determine the adjusted community rates charged; and

(d) A certification by a member of the American academy of actuaries, or other person approved by the commissioner, that the adjusted community rate charged can be reasonably expected to result in a loss ratio that meets or exceeds the loss ratio standard of seventy-four percent, minus the premium tax rate applicable to the carrier's individual health benefit plans under RCW 48.14.0201.

(3) By the last day of May each year any health maintenance organization issuing or renewing individual health benefit plans in this state during the preceding calendar year shall file for review by the commissioner supporting documentation of its actual loss ratio and its actual declination rate for its individual health benefit plans offered or renewed in the state in aggregate for the preceding calendar year. The filing shall include aggregate earned premiums, aggregate incurred claims, and a certification by a member of the American academy of actuaries, or other person approved by the commissioner, that the actual loss ratio has been calculated in accordance with accepted actuarial principles.

(a) At the expiration of a thirty-day period beginning with the date the filing is received by the commissioner, the filing shall be deemed approved unless prior thereto the commissioner contests the calculation of the actual loss ratio.

(b) If the commissioner contests the calculation of the actual loss ratio, the commissioner shall state in writing the grounds for contesting the calculation to the health maintenance organization.

(c) Any dispute regarding the calculation of the actual loss ratio shall, upon written demand of either the commissioner or the health maintenance organization, be submitted to hearing under chapters 48.04 and 34.05 RCW.

(4) If the actual loss ratio for the preceding calendar year is less than the loss ratio standard established in subsection (5) of this section, a remittance is due and the following shall apply:

(a) The health maintenance organization shall calculate a percentage of premium to be remitted to the Washington state health insurance pool by subtracting the actual loss ratio for the preceding year from the loss ratio established in subsection (5) of this section.

(b) The remittance to the Washington state health insurance pool is the percentage calculated in (a) of this subsection, multiplied by the premium earned from each enrollee in the previous calendar year. Interest shall be added to the

remittance due at a five percent annual rate calculated from the end of the calendar year for which the remittance is due to the date the remittance is made.

(c) All remittances shall be aggregated and such amounts shall be remitted to the Washington state high risk pool to be used as directed by the pool board of directors.

(d) Any remittance required to be issued under this section shall be issued within thirty days after the actual loss ratio is deemed approved under subsection (3)(a) of this section or the determination by an administrative law judge under subsection (3)(c) of this section.

(5) The loss ratio applicable to this section shall be the percentage set forth in the following schedule that correlates to the health maintenance organization's actual declination rate in the preceding year, minus the premium tax rate applicable to the health maintenance organization's individual health benefit plans under RCW 48.14.0201.

Actual Declination Rate	Loss Ratio
Under Six Percent (6%)	Seventy-Four Percent (74%)
Six Percent (6%) or more (but less than Seven Percent)	Seventy-Five Percent (75%)
Seven Percent (7%) or more (but less than Eight Percent)	Seventy-Six Percent (76%)
Eight Percent (8%) or more	Seventy-Seven Percent (77%)

[2008 c 303 § 6; 2001 c 196 § 12; 2000 c 79 § 32.]

**Effective date—2001 c 196:** See note following RCW 48.20.025.

**Effective date—Severability—2000 c 79:** See notes following RCW 48.04.010.

*Authority to review rates—2008 c 303: RCW 48.43.0121.*

**48.46.063 Calculation of premiums—Members of a purchasing pool—Adjusted community rating method—Definitions.** (1) Premiums for health benefit plans for individuals who purchase the plan as a member of a purchasing pool:

- (a) Consisting of five hundred or more individuals affiliated with a particular industry;
- (b) To whom care management services are provided as a benefit of pool membership; and
- (c) Which allows contributions from more than one employer to be used towards the purchase of an individual's health benefit plan;

shall be calculated using the adjusted community rating method that spreads financial risk across the entire purchasing pool of which the individual is a member. Such rates are subject to the following provisions:

- (i) The health maintenance organization shall develop its rates based on an adjusted community rate and may only vary the adjusted community rate for:
  - (A) Geographic area;
  - (B) Family size;
  - (C) Age;
  - (D) Tenure discounts; and
  - (E) Wellness activities.

(ii) The adjustment for age in (c)(i)(C) of this subsection may not use age brackets smaller than five-year increments which shall begin with age twenty and end with age sixty-five. Individuals under the age of twenty shall be treated as those age twenty.

(iii) The health maintenance organization shall be permitted to develop separate rates for individuals age sixty-five or older for coverage for which medicare is the primary payer, and coverage for which medicare is not the primary payer. Both rates are subject to the requirements of this subsection.

(iv) The permitted rates for any age group shall be no more than four hundred twenty-five percent of the lowest rate for all age groups on January 1, 1996, four hundred percent on January 1, 1997, and three hundred seventy-five percent on January 1, 2000, and thereafter.

(v) A discount for wellness activities shall be permitted to reflect actuarially justified differences in utilization or cost attributed to such programs.

(vi) The rate charged for a health benefit plan offered under this section may not be adjusted more frequently than annually except that the premium may be changed to reflect:

- (A) Changes to the family composition;
- (B) Changes to the health benefit plan requested by the individual; or
- (C) Changes in government requirements affecting the health benefit plan.

(vii) For the purposes of this section, a health benefit plan that contains a restricted network provision shall not be considered similar coverage to a health benefit plan that does not contain such a provision, provided that the restrictions of benefits to network providers result in substantial differences in claims costs. This subsection does not restrict or enhance the portability of benefits as provided in RCW 48.43.015.

(viii) A tenure discount for continuous enrollment in the health plan of two years or more may be offered, not to exceed ten percent.

(2) Adjusted community rates established under this section shall not be required to be pooled with the medical experience of health benefit plans offered to small employers under RCW 48.46.066.

(3) As used in this section and RCW 48.46.066, "health benefit plan," "adjusted community rates," "small employer," and "wellness activities" mean the same as defined in RCW 48.43.005. [2006 c 100 § 6.]

**Legality of purchasing pools—Federal opinion requested—2006 c 100:** See note following RCW 48.20.028.

**48.46.064 Calculation of premiums—Adjusted community rate—Definitions.** (1) Except for health benefit plans covered under RCW 48.46.063, premium rates for health benefit plans for individuals shall be subject to the following provisions:

- (a) The health maintenance organization shall develop its rates based on an adjusted community rate and may only vary the adjusted community rate for:
  - (i) Geographic area;
  - (ii) Family size;
  - (iii) Age;
  - (iv) Tenure discounts; and
  - (v) Wellness activities.

(b) The adjustment for age in (a)(iii) of this subsection may not use age brackets smaller than five-year increments which shall begin with age twenty and end with age sixty-five. Individuals under the age of twenty shall be treated as those age twenty.

(c) The health maintenance organization shall be permitted to develop separate rates for individuals age sixty-five or older for coverage for which medicare is the primary payer and coverage for which medicare is not the primary payer. Both rates shall be subject to the requirements of this subsection.

(d) The permitted rates for any age group shall be no more than four hundred twenty-five percent of the lowest rate for all age groups on January 1, 1996, four hundred percent on January 1, 1997, and three hundred seventy-five percent on January 1, 2000, and thereafter.

(e) A discount for wellness activities shall be permitted to reflect actuarially justified differences in utilization or cost attributed to such programs.

(f) The rate charged for a health benefit plan offered under this section may not be adjusted more frequently than annually except that the premium may be changed to reflect:

- (i) Changes to the family composition;
- (ii) Changes to the health benefit plan requested by the individual; or
- (iii) Changes in government requirements affecting the health benefit plan.

(g) For the purposes of this section, a health benefit plan that contains a restricted network provision shall not be considered similar coverage to a health benefit plan that does not contain such a provision, provided that the restrictions of benefits to network providers result in substantial differences in claims costs. This subsection does not restrict or enhance the portability of benefits as provided in RCW 48.43.015.

(h) A tenure discount for continuous enrollment in the health plan of two years or more may be offered, not to exceed ten percent.

(2) Adjusted community rates established under this section shall pool the medical experience of all individuals purchasing coverage, except individuals purchasing coverage under \*RCW 48.46.063, and shall not be required to be pooled with the medical experience of health benefit plans offered to small employers under RCW 48.46.066.

(3) As used in this section and RCW 48.46.066, "health benefit plan," "adjusted community rate," "small employer," and "wellness activities" mean the same as defined in RCW 48.43.005. [2006 c 100 § 5; 2004 c 244 § 8; 2000 c 79 § 33; 1997 c 231 § 209; 1995 c 265 § 17.]

**\*Reviser's note:** The reference in 2006 c 100 § 5 to "section 5 of this act" was erroneous. Section 6 of this act, codified as RCW 48.46.063, was apparently intended.

**Legality of purchasing pools—Federal opinion requested—2006 c 100:** See note following RCW 48.20.028.

**Application—2004 c 244:** See note following RCW 48.21.045.

**Effective date—Severability—2000 c 79:** See notes following RCW 48.04.010.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.46.066 Health plan benefits for small employers—Coverage—Exemption from statutory requirements—Premium rates—Requirements for providing coverage**

**for small employers.** (1)(a) A health maintenance organization offering any health benefit plan to a small employer, either directly or through an association or member-governed group formed specifically for the purpose of purchasing health care, may offer and actively market to the small employer a health benefit plan featuring a limited schedule of covered health care services. Nothing in this subsection shall preclude a health maintenance organization from offering, or a small employer from purchasing, other health benefit plans that may have more comprehensive benefits than those included in the product offered under this subsection. A health maintenance organization offering a health benefit plan under this subsection shall clearly disclose all the covered benefits to the small employer in a brochure filed with the commissioner.

(b) A health benefit plan offered under this subsection shall provide coverage for hospital expenses and services rendered by a physician licensed under chapter 18.57 or 18.71 RCW but is not subject to the requirements of RCW 48.46.275, 48.46.280, 48.46.285, 48.46.350, 48.46.355, 48.46.375, 48.46.440, 48.46.480, 48.46.510, 48.46.520, and 48.46.530.

(2) Nothing in this section shall prohibit a health maintenance organization from offering, or a purchaser from seeking, health benefit plans with benefits in excess of the health benefit plan offered under subsection (1) of this section. All forms, policies, and contracts shall be submitted for approval to the commissioner, and the rates of any plan offered under this section shall be reasonable in relation to the benefits thereto.

(3) Premium rates for health benefit plans for small employers as defined in this section shall be subject to the following provisions:

(a) The health maintenance organization shall develop its rates based on an adjusted community rate and may only vary the adjusted community rate for:

- (i) Geographic area;
- (ii) Family size;
- (iii) Age; and
- (iv) Wellness activities.

(b) The adjustment for age in (a)(iii) of this subsection may not use age brackets smaller than five-year increments, which shall begin with age twenty and end with age sixty-five. Employees under the age of twenty shall be treated as those age twenty.

(c) The health maintenance organization shall be permitted to develop separate rates for individuals age sixty-five or older for coverage for which medicare is the primary payer and coverage for which medicare is not the primary payer. Both rates shall be subject to the requirements of this subsection (3).

(d) The permitted rates for any age group shall be no more than four hundred twenty-five percent of the lowest rate for all age groups on January 1, 1996, four hundred percent on January 1, 1997, and three hundred seventy-five percent on January 1, 2000, and thereafter.

(e) A discount for wellness activities shall be permitted to reflect actuarially justified differences in utilization or cost attributed to such programs. Up to a twenty percent variance may be allowed for small employers that develop and implement a wellness program or activities that directly improve

employee wellness. Employers shall document program activities with the carrier and may, after three years of implementation, request a reduction in premiums based on improved employee health and wellness. While carriers may review the employer's claim history when making a determination regarding whether the employer's wellness program has improved employee health, the carrier may not use maternity or prevention services claims to deny the employer's request. Carriers may consider issues such as improved productivity or a reduction in absenteeism due to illness if submitted by the employer for consideration. Interested employers may also work with the carrier to develop a wellness program and a means to track improved employee health.

(f) The rate charged for a health benefit plan offered under this section may not be adjusted more frequently than annually except that the premium may be changed to reflect:

- (i) Changes to the enrollment of the small employer;
- (ii) Changes to the family composition of the employee;
- (iii) Changes to the health benefit plan requested by the small employer; or
- (iv) Changes in government requirements affecting the health benefit plan.

(g) On the census date, as defined in RCW 48.46.020, rating factors shall produce premiums for identical groups that differ only by the amounts attributable to plan design, and differences in census date between new and renewal groups, with the exception of discounts for health improvement programs.

(h) For the purposes of this section, a health benefit plan that contains a restricted network provision shall not be considered similar coverage to a health benefit plan that does not contain such a provision, provided that the restrictions of benefits to network providers result in substantial differences in claims costs. A carrier may develop its rates based on claims costs due to network provider reimbursement schedules or type of network. This subsection does not restrict or enhance the portability of benefits as provided in RCW 48.43.015.

(i) Adjusted community rates established under this section shall pool the medical experience of all groups purchasing coverage, including the small group participants in the health insurance partnership established in RCW 70.47A.030. However, annual rate adjustments for each small group health benefit plan may vary by up to plus or minus four percentage points from the overall adjustment of a carrier's entire small group pool, such overall adjustment to be approved by the commissioner, upon a showing by the carrier, certified by a member of the American academy of actuaries that: (i) The variation is a result of deductible leverage, benefit design, or provider network characteristics; and (ii) for a rate renewal period, the projected weighted average of all small group benefit plans will have a revenue neutral effect on the carrier's small group pool. Variations of greater than four percentage points are subject to review by the commissioner, and must be approved or denied within sixty days of submittal. A variation that is not denied within sixty days shall be deemed approved. The commissioner must provide to the carrier a detailed actuarial justification for any denial within thirty days of the denial.

(j) For health benefit plans purchased through the health insurance partnership established in chapter 70.47A RCW:

(i) Any surcharge established pursuant to RCW 70.47A.030(2)(e) shall be applied only to health benefit plans purchased through the health insurance partnership; and

(ii) Risk adjustment or reinsurance mechanisms may be used by the health insurance partnership program to redistribute funds to carriers participating in the health insurance partnership based on differences in risk attributable to individual choice of health plans or other factors unique to health insurance partnership participation. Use of such mechanisms shall be limited to the partnership program and will not affect small group health plans offered outside the partnership.

(k) If the rate developed under this section varies the adjusted community rate for the factors listed in (a) of this subsection, the date for determining those factors must be no more than ninety days prior to the effective date of the health benefit plan.

(4) Nothing in this section shall restrict the right of employees to collectively bargain for insurance providing benefits in excess of those provided herein.

(5)(a) Except as provided in this subsection and subsection (3)(g) of this section, requirements used by a health maintenance organization in determining whether to provide coverage to a small employer shall be applied uniformly among all small employers applying for coverage or receiving coverage from the carrier.

(b) A health maintenance organization shall not require a minimum participation level greater than:

- (i) One hundred percent of eligible employees working for groups with three or less employees; and
- (ii) Seventy-five percent of eligible employees working for groups with more than three employees.

(c) In applying minimum participation requirements with respect to a small employer, a small employer shall not consider employees or dependents who have similar existing coverage in determining whether the applicable percentage of participation is met.

(d) A health maintenance organization may not increase any requirement for minimum employee participation or modify any requirement for minimum employer contribution applicable to a small employer at any time after the small employer has been accepted for coverage.

(e) Minimum participation requirements and employer premium contribution requirements adopted by the health insurance partnership board under RCW 70.47A.110 shall apply only to the employers and employees who purchase health benefit plans through the health insurance partnership.

(6) A health maintenance organization must offer coverage to all eligible employees of a small employer and their dependents. A health maintenance organization may not offer coverage to only certain individuals or dependents in a small employer group or to only part of the group. A health maintenance organization may not modify a health plan with respect to a small employer or any eligible employee or dependent, through riders, endorsements or otherwise, to restrict or exclude coverage or benefits for specific diseases, medical conditions, or services otherwise covered by the plan. [2010 c 292 § 6; 2009 c 131 § 3; 2008 c 143 § 8; 2007 c 260 § 9; 2004 c 244 § 9; 1995 c 265 § 18; 1990 c 187 § 4.]

**Application—2010 c 292:** See note following RCW 48.43.005.

**Application—2004 c 244:** See note following RCW 48.21.045.

**Finding—Intent—Severability—1990 c 187:** See notes following RCW 48.21.045.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.46.068 Requirements for plans offered to small employers—Definitions.** (1) A health maintenance organization may not offer any health benefit plan to any small employer without complying with RCW 48.46.066(3).

(2) Employers purchasing health plans provided through associations or through member-governed groups formed specifically for the purpose of purchasing health care are not small employers and are not subject to RCW 48.46.066(3).

(3) For purposes of this section, "health benefit plan," "health plan," and "small employer" mean the same as defined in RCW 48.43.005. [2003 c 248 § 16; 1995 c 265 § 24.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.46.070 Governing body.** (1) The members of the governing body of a health maintenance organization shall be nominated by the voting members or by the enrolled participants and providers, and shall be elected by the enrolled participants or voting members pursuant to the provisions of their bylaws, which shall not be restricted to providers. At least one-third of such body shall consist of consumers who are substantially representative of the enrolled population of such organization: PROVIDED, HOWEVER, That any organization that is a qualified health maintenance organization under P.L. 93-222 (Title XIII, section 1310(d) of the public health services act) is deemed to have satisfied these governing body requirements and the requirements of RCW 48.46.030(2).

(2) For health maintenance organizations formed by public institutions of higher education or public hospital districts, the governing body shall be advised by an advisory board consisting of at least two-thirds consumers who are elected by the voting members or the enrolled participants and are substantially representative of the enrolled population. [1985 c 320 § 3; 1983 c 106 § 5; 1975 1st ex.s. c 290 § 8.]

**48.46.080 Annual statement—Filings—Contents—Fee—Penalty for failure to file—Accuracy required.** (1) Every domestic health maintenance organization shall annually, on or before the first day of March, file with the commissioner a statement verified by at least two of the principal officers of the health maintenance organization showing its financial condition as of the last day of the preceding calendar year.

(2) Such annual report shall be in such form as the commissioner shall prescribe and shall include:

(a) A financial statement of such organization, including its balance sheet and receipts and disbursements for the preceding year, which reflects at a minimum;

(i) All prepayments and other payments received for health care services rendered pursuant to health maintenance agreements;

(ii) Expenditures to all categories of health care facilities, providers, insurance companies, or hospital or medical service plan corporations with which such organization has contracted to fulfill obligations to enrolled participants arising

out of its health maintenance agreements, together with all other direct expenses including depreciation, enrollment, and commission; and

(iii) Expenditures for capital improvements, or additions thereto, including but not limited to construction, renovation, or purchase of facilities and capital equipment;

(b) The number of participants enrolled and terminated during the report period. Every employer offering health care benefits to their employees through a group contract with a health maintenance organization shall furnish said health maintenance organization with a list of their employees enrolled under such plan;

(c) The number of doctors by type of practice who, under contract with or as an employee of the health maintenance organization, furnished health care services to consumers during the past year;

(d) A report of the names and addresses of all officers, directors, or trustees of the health maintenance organization during the preceding year, and the amount of wages, expense reimbursements, or other payments to such individuals for services to such organization. For partnership and professional service corporations, a report shall be made for partners or shareholders as to any compensation or expense reimbursement received by them for services, other than for services and expenses relating directly for patient care;

(e) Such other information relating to the performance of the health maintenance organization or the health care facilities or providers with which it has contracted as reasonably necessary to the proper and effective administration of this chapter, in accordance with rules and regulations; and

(f) Disclosure of any financial interests held by officers and directors in any providers associated with the health maintenance organization or any provider of the health maintenance organization.

(3) The commissioner may for good reason allow a reasonable extension of the time within which such annual statement shall be filed.

(4) In addition to the requirements of subsections (1) and (2) of this section, every health maintenance organization that is registered in this state shall annually, on or before March 1st of each year, file with the national association of insurance commissioners a copy of its annual statement, along with those additional schedules as prescribed by the commissioner for the preceding year. The information filed with the national association of insurance commissioners shall be in the same format and scope as that required by the commissioner and shall include the signed jurate page and the actuarial certification. Any amendments and addendums to the annual statement filing subsequently filed with the commissioner shall also be filed with the national association of insurance commissioners.

(5) Coincident with the filing of its annual statement and other schedules, each health maintenance organization shall pay a reasonable fee directly to the national association of insurance commissioners in an amount approved by the commissioner to cover the costs associated with the analysis of the annual statement.

(6) Foreign health maintenance organizations that are domiciled in a state that has a law substantially similar to subsection (4) of this section are considered to be in compliance with this section.

(7) In the absence of actual malice, members of the national association of insurance commissioners, their duly authorized committees, subcommittees, and task forces, their delegates, national association of insurance commissioners employees, and all other persons charged with the responsibility of collecting, reviewing, analyzing, and disseminating the information developed from the filing of the annual statement shall be acting as agents of the commissioner under the authority of this section and shall not be subject to civil liability for libel, slander, or any other cause of action by virtue of their collection, review, analysis, or dissemination of the data and information collected for the filings required under this section.

(8) The commissioner may suspend or revoke the certificate of registration of any health maintenance organization failing to file its annual statement or pay the fees when due or during any extension of time therefor which the commissioner, for good cause, may grant.

(9) No person shall knowingly file with any public official or knowingly make, publish, or disseminate any financial statement of a health maintenance organization which does not accurately state the health maintenance organization's financial condition. [2006 c 25 § 9; 1997 c 212 § 5; 1993 c 492 § 296. Prior: 1983 c 202 § 10; 1983 c 106 § 6; 1975 1st ex.s. c 290 § 9.]

**Findings—Intent—1993 c 492:** See notes following RCW 43.20.050.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.46.090 Standard of services provided.** A health maintenance organization, and the health care facilities and providers with which such organization has entered into contracts to provide health care services to its enrolled participants, shall provide such services in a manner consistent with the dignity of each enrolled participant as a human being. [1975 1st ex.s. c 290 § 10.]

**48.46.100 Grievance procedure.** A health maintenance organization shall establish and maintain a grievance procedure, approved by the commissioner, to provide reasonable and effective resolution of complaints initiated by enrolled participants concerning any matter relating to the interpretation of any provision of such enrolled participants' health maintenance contracts, including, but not limited to, claims regarding the scope of coverage for health care services; denials, cancellations, or nonrenewals of enrolled participants' coverage; and the quality of the health care services rendered, and which may include procedures for arbitration. [1975 1st ex.s. c 290 § 11.]

**48.46.110 Name restrictions—Discrimination—Recovery of costs of health care services participant not entitled to.** (1) No health maintenance organization may refer to itself in its name or advertising with any of the words: "insurance", "casualty", "surety", "mutual", or any other words descriptive of the insurance, casualty, or surety business, or deceptively similar to the name or description of any insurance or surety corporation or health care service contractor or other health maintenance organization doing business in this state.

(2010 Ed.)

(2) No health maintenance organization, nor any health care facility or provider with which such organization has contracted to provide health care services, shall discriminate against any person from whom or on whose behalf, payment to meet the required charge is available, with regard to enrollment, disenrollment, or the provision of health care services, on the basis of such person's race, color, sex, religion, place of residence if there is reasonable access to the facility of the health maintenance organization, socioeconomic status, or status as a recipient of medicare under Title XVIII of the Social Security Act, 42 U.S.C. section 1396, et seq.

(3) Where a health maintenance organization determines that an enrolled participant has received health care services to which such enrolled participant is not entitled under the terms of his or her health maintenance agreement, neither such organization, nor any health care facility or provider with which such organization has contracted to provide health care services, shall have recourse against such enrolled participant for any amount above the actual cost of providing such service, if any, specified in such agreement, unless the enrolled participant or a member of his or her family has given or withheld information to the health maintenance organization, the effect of which is to mislead or misinform the health maintenance organization as to the enrolled participant's right to receive such services. [2009 c 549 § 7151; 1983 c 202 § 11; 1975 1st ex.s. c 290 § 12.]

**48.46.120 Examination of health maintenance organizations—Duties of organizations, powers of commissioner—Independent audit reports.** (1) The commissioner may make an examination of the operations of any health maintenance organization as often as he or she deems necessary in order to carry out the purposes of this chapter.

(2) Every health maintenance organization shall submit its books and records relating its operation for financial condition and market conduct examinations and in every way facilitate them. The quality or appropriateness of medical services or systems shall not be examined except to the extent that such items are incidental to an examination of the financial condition or the market conduct of a health maintenance organization. For the purpose of examinations, the commissioner may issue subpoenas, administer oaths, and examine the officers and principals of the health maintenance organization and the principals of such providers concerning their business.

(3) The commissioner may elect to accept and rely on audit reports made by an independent certified public accountant for the health maintenance organization in the course of that part of the commissioner's examination covering the same general subject matter as the audit. The commissioner may incorporate the audit report in his or her report of the examination. [2009 c 549 § 7152; 2007 c 468 § 2; 1987 c 83 § 1; 1986 c 296 § 9; 1985 c 7 § 115; 1983 c 63 § 2; 1975 1st ex.s. c 290 § 13.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.46.130 Investigation of violations—Hearing—Findings—Penalties—Order requiring compliance, etc.—Suspension or revocation of certificate, effect—Application to courts.** (1) The commissioner may, consist-

tent with the provisions of the administrative procedure act, chapter 34.05 RCW, initiate proceedings to determine whether a health maintenance organization has:

(a) Operated in a manner that materially violates its organizational documents;

(b) Materially breached its obligation to furnish the health care services specified in its contracts with enrolled participants;

(c) Violated any provision of this chapter, or any rules and regulations promulgated thereunder;

(d) Made any false statement with respect to any report or statement required by this chapter or by the commissioner under this chapter;

(e) Advertised or marketed, or attempted to market, its services in such a manner as to misrepresent its services or capacity for services, or engaged in deceptive, misleading, or unfair practices with respect to advertising or marketing;

(f) Prevented the commissioner from the performance of any duty imposed by this chapter; or

(g) Fraudulently procured or attempted to procure any benefit under this chapter.

(2) After providing written notice and an opportunity for a hearing to be scheduled no sooner than ten days following such notice, the commissioner shall make administrative findings and may, as appropriate:

(a) Impose a penalty of not more than ten thousand dollars for each and every unlawful act committed which materially affects the health services offered or furnished;

(b) Issue an administrative order requiring the health maintenance organization to:

(i) Cease or modify inappropriate conduct or practices by it or any of the personnel employed or associated with it;

(ii) Fulfill its contractual obligations;

(iii) Provide a service which has been improperly denied;

(iv) Take steps to provide or arrange for any service which it has agreed to make available; or

(v) Abide by the terms of an arbitration proceeding, if any;

(c) Suspend or revoke the certificate of authority of the health maintenance organization:

(i) If its certificate of authority is suspended, the organization shall not, during the period of such suspension, enroll any additional participants except newborn children or other newly acquired dependents of existing enrolled participants, and shall not engage in any advertising or solicitation whatsoever;

(ii) If its certificate of authority is revoked, the organization shall proceed under the supervision of the commissioner immediately following the effective date of the order of revocation to wind up its affairs, and shall conduct no further business except as may be essential to the orderly conclusion of such affairs: PROVIDED, That the commissioner may, by written order, permit such further operation of the organization as it may find to be in the best interest of enrolled participants, to the end that such enrolled participants will be afforded the greatest practical opportunity to obtain continuing health care coverage: PROVIDED, FURTHER, That if the organization is qualified to operate as a health care service contractor under chapter 48.44 RCW, it may continue to operate as such when it obtains the appropriate license.

(3) The commissioner may apply to any court for such legal or equitable relief as it deems necessary to effectively carry out the purposes of this chapter, including, but not limited to, an action in any court of competent jurisdiction to enjoin any such acts or practices and to enforce compliance with this chapter or any rule or order hereunder. Upon a proper showing a permanent or temporary injunction, restraining order, or writ of mandamus shall be granted and a receiver or conservator may be appointed for the defendant or the defendant's assets. The commissioner may not be required to post a bond. [1975 1st ex.s. c 290 § 14.]

**48.46.135 Fine in addition to or in lieu of suspension, revocation, or refusal.** After hearing or upon stipulation by the registrant and in addition to or in lieu of the suspension, revocation, or refusal to renew any registration of a health maintenance organization, the commissioner may levy a fine against the party involved for each offense in an amount not less than fifty dollars and not more than ten thousand dollars. The order levying such fine shall specify the period within which the fine shall be fully paid and which period shall not be less than fifteen nor more than thirty days from the date of such order. Upon failure to pay any such fine when due the commissioner shall revoke the registration of the registrant, if not already revoked, and the fine shall be recovered in a civil action brought on behalf of the commissioner by the attorney general. Any fine so collected shall be paid by the commissioner to the state treasurer for the account of the general fund. [1983 c 202 § 15.]

**48.46.140 Fees.** Every organization subject to this chapter shall pay to the commissioner the following fees:

(1) For filing a copy of its application for a certificate of registration or amendment thereto, one hundred dollars;

(2) For filing each annual report pursuant to RCW 48.46.080, ten dollars. [1975 1st ex.s. c 290 § 15.]

**48.46.170 Effect of chapter as to other laws—Construction.** (1) Solicitation of enrolled participants by a health maintenance organization granted a certificate of registration, or its appointed insurance producers or representatives, does not violate any provision of law relating to solicitation or advertising by health professionals.

(2) Any health maintenance organization authorized under this chapter is not violating any law prohibiting the practice by unlicensed persons of podiatric medicine and surgery, chiropractic, dental hygiene, opticianry, dentistry, optometry, osteopathic medicine and surgery, pharmacy, medicine and surgery, physical therapy, nursing, or psychology. This subsection does not expand a health professional's scope of practice or allow employees of a health maintenance organization to practice as a health professional unless licensed.

(3) This chapter does not alter any statutory obligation, or rule adopted thereunder, in chapter 70.38 RCW.

(4) Any health maintenance organization receiving a certificate of registration pursuant to this chapter is exempt from chapter 48.05 RCW. [2008 c 217 § 55; 2003 c 248 § 17; 1996 c 178 § 13; 1983 c 106 § 7; 1975 1st ex.s. c 290 § 18.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.46.180 Duty of employer to inform and make available to employees option of enrolling in health maintenance organization.** (1) The state government, or any political subdivision thereof, which offers its employees a health benefits plan shall make available to and inform its employees or members of the option to enroll in at least one health maintenance organization holding a valid certificate of authority which provides health care services in the geographic areas in which such employees or members reside.

(2) Each employer, public or private, having more than fifty employees in this state which offers its employees a health benefits plan, and each employee benefits fund in this state having more than fifty members which offers its members any form of health benefits shall make available to and inform its employees or members of the option to enroll in at least one health maintenance organization holding a valid certificate of authority which provides health care services in the geographic areas in which a substantial number of such employees or members reside: PROVIDED, That unless at least twenty-five employees agree to participate in a health maintenance organization the employer need not provide such an option: PROVIDED FURTHER, That where such employees are members of a bona fide bargaining unit covered by a labor-management collective bargaining agreement, the selection of the options required by this section may be specified in such agreement: AND PROVIDED FURTHER, That the provisions of this section shall not be mandatory where such members are covered by a Taft-Hartley health care trust, except that the labor-management trustees may contract with a health maintenance organization if a feasibility study determines it is to the advantage of the members to so contract.

(3) Subsections (1) and (2) of this section shall impose no responsibilities or duties upon state government or any political subdivision thereof or any other employer, either public or private, to provide health maintenance organization coverage when no health maintenance organization exists for the purpose of providing health care services in the geographic areas in which the employees or members reside.

(4) No employer in this state shall in any way be required to pay more for health benefits as a result of the application of this section than would otherwise be required by any prevailing collective bargaining agreement or other legally enforceable contract of obligation for the provision of health benefits between such employer and its employees. [1975 1st ex.s. c 290 § 19.]

**48.46.190 Payroll deductions for capitation payments to health maintenance organizations.** See RCW 41.04.233.

**48.46.200 Rules and regulations.** The commissioner may, in accordance with the provisions of the administrative procedure act, chapter 34.05 RCW, promulgate rules and regulations as necessary or proper to carry out the provisions of this chapter. Nothing in this chapter shall be construed to prohibit the commissioner from requiring changes in proce-

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dures previously approved by him or her. [2009 c 549 § 7153; 1975 1st ex.s. c 290 § 21.]

**48.46.210 Compliance with federal funding requirements—Construction.** Nothing in this chapter shall prohibit any health maintenance organization from meeting the requirements of any federal law which would authorize such health maintenance organization to receive federal financial assistance or enroll beneficiaries assisted by federal funds. [1975 1st ex.s. c 290 § 22.]

**48.46.220 Review of administrative action.** Any party aggrieved by a decision, order, or regulation made under this chapter by the commissioner shall have the right to have such reviewed pursuant to the provisions of the administrative procedure act, chapter 34.05 RCW. [1975 1st ex.s. c 290 § 23.]

**48.46.225 Financial failure—Supervision of commissioner—Priority of distribution of assets.** (1) Any rehabilitation, liquidation, or conservation of a health maintenance organization is the same as the rehabilitation, liquidation, or conservation of an insurance company and must be conducted under the supervision of the commissioner pursuant to the law governing the rehabilitation, liquidation, or conservation of insurance companies. The commissioner may apply for an order directing the commissioner to rehabilitate, liquidate, or conserve a health maintenance organization upon any one or more grounds set out in RCW 48.31.030, 48.31.050, and 48.31.080. Enrolled participants have the same priority in the event of liquidation or rehabilitation as the law provides to policyholders of an insurer.

(2) For purposes of determining the priority of distribution of general assets, claims of enrolled participants and enrolled participants' beneficiaries have the same priority as established by RCW 48.31.280 for policyholders and beneficiaries of insureds of insurance companies. If an enrolled participant is liable to any provider for services provided pursuant to and covered by the health maintenance agreement, that liability has the status of an enrolled participant claim for distribution of general assets.

(3) A provider who is obligated by statute or agreement to hold enrolled participants harmless from liability for services provided pursuant to and covered by a health care plan has a priority of distribution of the general assets immediately following that of enrolled participants and enrolled participants' beneficiaries under this section. [2003 c 248 § 18; 1990 c 119 § 4.]

**48.46.235 Minimum net worth—Requirement to maintain—Determination of amount.** (1) Except as provided in subsection (2) of this section, every health maintenance organization must have and maintain a minimum net worth equal to the greater of:

(a) Three million dollars; or

(b) Two percent of annual premium earned as reported on the most recent annual financial statement filed with the commissioner on the first one hundred fifty million dollars of premium and one percent of annual premium on the premium in excess of one hundred fifty million dollars; or

(c) An amount equal to the sum of three months' uncovered expenditures as reported on the most recent financial statement filed with the commissioner.

(2) A health maintenance organization registered before July 27, 1997, that, on July 27, 1997, has a minimum net worth equal to or greater than that required by subsection (1) of this section must continue to have and maintain the minimum net worth required by subsection (1) of this section. A health maintenance organization registered before July 27, 1997, that, on July 27, 1997, does not have the minimum net worth required by subsection (1) of this section must have and maintain a minimum net worth of:

(a) The amount required immediately prior to July 27, 1997, until December 31, 1997;

(b) Fifty percent of the amount required by subsection (1) of this section by December 31, 1997;

(c) Seventy-five percent of the amount required by subsection (1) of this section by December 31, 1998; and

(d) One hundred percent of the amount required by subsection (1) of this section by December 31, 1999.

(3)(a) In determining net worth, no debt shall be considered fully subordinated unless the subordination clause is in a form acceptable to the commissioner. An interest obligation relating to the repayment of a subordinated debt must be similarly subordinated.

(b) The interest expenses relating to the repayment of a fully subordinated debt shall not be considered uncovered expenditures.

(c) A subordinated debt incurred by a note meeting the requirement of this section, and otherwise acceptable to the commissioner, shall not be considered a liability and shall be recorded as equity.

(4) Every health maintenance organization shall, when determining liabilities, include an amount estimated in the aggregate to provide for any unearned premium and for the payment of all claims for health care expenditures that have been incurred, whether reported or unreported, which are unpaid and for which such organization is or may be liable, and to provide for the expense of adjustment or settlement of such claims.

Such liabilities shall be computed in accordance with rules promulgated by the commissioner upon reasonable consideration of the ascertained experience and character of the health maintenance organization. [1997 c 212 § 6; 1990 c 119 § 5.]

**48.46.237 Minimum net worth—Domestic or foreign health maintenance organization.** (1) For purposes of this section:

(a) "Domestic health maintenance organization" means a health maintenance organization formed under the laws of this state; and

(b) "Foreign health maintenance organization" means a health maintenance organization formed under the laws of the United States, of a state or territory of the United States other than this state, or of the District of Columbia.

(2) If the minimum net worth of a domestic health maintenance organization falls below the minimum net worth required by this chapter, the commissioner shall at once ascertain the amount of the deficiency and serve notice upon

the domestic health maintenance organization to cure the deficiency within ninety days after that service of notice.

(3) If the deficiency is not cured, and proof thereof filed with the commissioner within the ninety-day period, the domestic health maintenance organization shall be declared insolvent and shall be proceeded against as authorized by this code or the commissioner shall, consistent with chapters 48.04 and 34.05 RCW, suspend or revoke the registration of the domestic health maintenance organization as being hazardous to its subscribers and the people in this state.

(4) If the deficiency is not cured the domestic health maintenance organization shall not issue or deliver any health maintenance agreement after the expiration of the ninety-day period.

(5) If the minimum net worth of a foreign health maintenance organization falls below the minimum net worth required by this chapter, the commissioner shall, consistent with chapters 48.04 and 34.05 RCW, suspend or revoke the foreign health maintenance organization's registration as being hazardous to its subscribers, enrollees, or the people in this state. [1997 c 212 § 7.]

**48.46.240 Funded reserve requirements.** (1) Each health maintenance organization obtaining a certificate of registration from the commissioner shall provide and maintain a funded reserve of one hundred fifty thousand dollars. The funded reserve shall be deposited with the commissioner or with any organization/trustee acceptable to him or her in the form of cash, securities eligible for investment by the health maintenance organization pursuant to chapter 48.13 RCW, approved surety bond or any combination of these, and must equal or exceed one hundred fifty thousand dollars. The funded reserve shall be established as an assurance that the uncovered expenditure obligations of the health maintenance organization to the enrolled participants will be performed.

(2) All income from reserves on deposit with the commissioner shall belong to the depositing health maintenance organization and shall be paid to it as it becomes available.

(3) Any funded reserve required by this section shall be considered an asset of the health maintenance organization in determining the organization's net worth.

(4) A health maintenance organization that has made a securities deposit with the commissioner may, at its option, withdraw the securities deposit or any part of the deposit after first having deposited or provided in lieu thereof an approved surety bond, a deposit of cash or securities, or any combination of these or other deposits of equal amount and value to that withdrawn. Any securities and surety bond shall be subject to approval by the commissioner before being substituted. [2009 c 549 § 7154; 1990 c 119 § 6; 1985 c 320 § 4; 1982 c 151 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.46.243 Contract—Participant liability—Commissioner's review.** (1) Subject to subsection (2) of this section, every contract between a health maintenance organization and its participating providers of health care services shall be in writing and shall set forth that in the event the health maintenance organization fails to pay for health care services as

set forth in the agreement, the enrolled participant shall not be liable to the provider for any sums owed by the health maintenance organization. Every such contract shall provide that this requirement shall survive termination of the contract.

(2) The provisions of subsection (1) of this section shall not apply to emergency care from a provider who is not a participating provider, to out-of-area services or, in exceptional situations approved in advance by the commissioner, if the health maintenance organization is unable to negotiate reasonable and cost-effective participating provider contracts.

(3)(a) Each participating provider contract form shall be filed with the commissioner fifteen days before it is used.

(b) Any contract form not affirmatively disapproved within fifteen days of filing shall be deemed approved, except that the commissioner may extend the approval period an additional fifteen days upon giving notice before the expiration of the initial fifteen-day period. The commissioner may approve such a contract form for immediate use at any time. Approval may be subsequently withdrawn for cause.

(c) Subject to the right of the health maintenance organization to demand and receive a hearing under chapters 48.04 and 34.05 RCW, the commissioner may disapprove such a contract form if it is in any respect in violation of this chapter or if it fails to conform to minimum provisions or standards required by the commissioner by rule under chapter 34.05 RCW.

(4) No participating provider, or insurance producer, trustee, or assignee thereof, may maintain an action against an enrolled participant to collect sums owed by the health maintenance organization. [2008 c 217 § 56; 1990 c 119 § 7.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.46.245 Plan for handling insolvency—Commissioner's review.** Each health maintenance organization shall have a plan for handling insolvency which allows for continuation of benefits for the duration of the agreement period for which premiums have been paid and continuation of benefits to members who are confined on the date of insolvency in an inpatient facility until their discharge or expiration of benefits. The commissioner shall approve such a plan if it includes:

(1) Insurance to cover the expenses to be paid for continued benefits after insolvency;

(2) Provisions in provider contracts that obligate the provider to provide services for the duration of the period after the health maintenance organization's insolvency for which premium payment has been made and until the enrolled participants' discharge from inpatient facilities;

(3) Use of insolvency reserves established under RCW 48.46.240;

(4) Acceptable letters of credit or approved surety bonds;

or  
(5) Any other arrangements the commissioner and the organization mutually agree are appropriate to assure that benefits are continued. [1990 c 119 § 8.]

**48.46.247 Insolvency—Commissioner's duties—Participants' options—Allocation of coverage.** (1)(a) In the event of insolvency of a health care service contractor or health maintenance organization and upon order of the com-

missioner, all other carriers then having active enrolled participants under a group plan with the affected agreement holder that participated in the enrollment process with the insolvent health care service contractor or health maintenance organization at a group's last regular enrollment period shall offer the eligible enrolled participants of the insolvent health services contractor or health maintenance organization the opportunity to enroll in an existing group plan without medical underwriting during a thirty-day open enrollment period, commencing on the date of the insolvency. Eligible enrolled participants shall not be subject to preexisting condition limitations except to the extent that a waiting period for a preexisting condition has not been satisfied under the insolvent carrier's group plan. An open enrollment shall not be required where the agreement holder participates in a self-insured, self-funded, or other health plan exempt from commissioner rule, unless the plan administrator and agreement holder voluntarily agree to offer a simultaneous open enrollment and extend coverage under the same enrollment terms and conditions as are applicable to carriers under this title and rules adopted under this title. If an exempt plan was offered during the last regular open enrollment period, then the carrier may offer the agreement holder the same coverage as any self-insured plan or plans offered by the agreement holder without regard to coverage, benefit, or provider requirements mandated by this title for the duration of the current agreement period.

(b) For purposes of this subsection only, the term "carrier" means a health maintenance organization or a health care service contractor. In the event of insolvency of a carrier and if no other carrier has active enrolled participants under a group plan with the affected agreement holder, or if the commissioner determines that the other carriers lack sufficient health care delivery resources to assure that health services will be available or accessible to all of the group enrollees of the insolvent carrier, then the commissioner shall allocate equitably the insolvent carrier's group agreements for these groups among all carriers that operate within a portion of the insolvent carrier's area, taking into consideration the health care delivery resources of each carrier. Each carrier to which a group or groups are allocated shall offer the agreement holder, without medical underwriting, the carrier's existing coverage that is most similar to each group's coverage with the insolvent carrier at rates determined in accordance with the successor carrier's existing rating methodology. The eligible enrolled participants shall not be subject to preexisting condition limitations except to the extent that a waiting period for a preexisting condition has not been satisfied under the insolvent carrier's group plan. No offering by a carrier shall be required where the agreement holder participates in a self-insured, self-funded, or other health plan exempt from commissioner rule. The carrier may offer the agreement holder the same coverage as any self-insured plan or plans offered by the agreement holder without regard to coverage, benefit, or provider requirements mandated by this title for the duration of the current agreement period.

(2) The commissioner shall also allocate equitably the insolvent carrier's nongroup enrolled participants who are unable to obtain coverage among all carriers that operate within a portion of the insolvent carrier's service area, taking into consideration the health care delivery resources of the

carrier. Each carrier to which nongroup enrolled participants are allocated shall offer the nongroup enrolled participants the carrier's existing comprehensive conversion plan, without additional medical underwriting, at rates determined in accordance with the successor carrier's existing rating methodology. The eligible enrolled participants shall not be subject to preexisting condition limitations except to the extent that a waiting period for a preexisting condition has not been satisfied under the insolvent carrier's plan.

(3) Any agreements covering participants allocated pursuant to subsections (1)(b) and (2) of this section to carriers pursuant to this section may be rerated after ninety days of coverage.

(4) A limited health care service contractor shall not be required to offer services other than its one limited health care service to any enrolled participant of an insolvent carrier. [1990 c 119 § 9.]

**48.46.250 Coverage of dependent children—Newborn infants, congenital anomalies—Notification period.**

(1) Any health maintenance agreement under this chapter which provides coverage for dependent children of the enrolled participant shall provide the same coverage for newborn infants of the enrolled participant from and after the moment of birth. Coverage provided under this section shall include, but not be limited to, coverage for congenital anomalies of such children from the moment of birth.

(2) If payment of an additional premium is required to provide coverage for a child, the agreement may require that notification of birth of a newly born child and payment of the required premiums must be furnished to the health maintenance organization. The notification period shall be no less than sixty days from the date of birth. This subsection applies to agreements issued or renewed on or after January 1, 1984. [1984 c 4 § 2; 1983 c 202 § 12.]

**48.46.260 Individual health maintenance agreement—Return within ten days of delivery—Refunds—Void from beginning.**

Every subscriber of an individual health maintenance agreement may return the agreement to the health maintenance organization or the insurance producer through whom it was purchased within ten days of its delivery to the subscriber if, after examination of the agreement, the subscriber is not satisfied with it for any reason. The health maintenance organization shall refund promptly any fee paid for the agreement. An additional ten percent penalty shall be added to any premium refund due which is not paid within thirty days of return of the policy to the health maintenance organization or insurance producer. Upon such return of the agreement, it shall be void from the beginning and the parties shall be in the same position as if no agreement had been issued. Notice of the provisions of this section shall be printed on the face of each such agreement or be attached thereto. [2008 c 217 § 57; 1983 c 202 § 13.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.46.270 Financial interests of health maintenance organization authorities, restricted—Exceptions, regulations.**

(1) No person having any authority in the investment

or disposition of the funds of a health maintenance organization and no officer or director of a health maintenance organization shall accept, except for the health maintenance organization, or be the beneficiary of any fee, brokerage, gift, commission, or other emolument because of any sale of health care service agreements or any investment, loan, deposit, purchase, sale, payment, or exchange made by or for the health maintenance organization, or be pecuniarily interested therein in any capacity; except, that such a person may procure a loan from the health maintenance organization directly upon approval by two-thirds of its directors and upon the pledge of securities eligible for the investment of the health maintenance organization's funds under this title.

(2) The commissioner may, by regulations, from time to time, define and permit additional exceptions to the prohibition contained in subsection (1) of this section solely to enable payment of reasonable compensation to a director who is not otherwise an officer or employee of the health maintenance organization, or to a corporation or firm in which the director is interested, for necessary services performed or sales or purchases made to or for the health maintenance organization in the ordinary course of the health maintenance organization's business and in the usual private professional or business capacity of the director or the corporation or firm. [1985 c 320 § 5; 1983 c 202 § 14.]

**48.46.272 Diabetes coverage—Definitions.** The legislature finds that diabetes imposes a significant health risk and tremendous financial burden on the citizens and government of the state of Washington, and that access to the medically accepted standards of care for diabetes, its treatment and supplies, and self-management training and education is crucial to prevent or delay the short and long-term complications of diabetes and its attendant costs.

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

(a) "Person with diabetes" means a person diagnosed by a health care provider as having insulin using diabetes, non-insulin using diabetes, or elevated blood glucose levels induced by pregnancy; and

(b) "Health care provider" means a health care provider as defined in RCW 48.43.005.

(2) All health benefit plans offered by health maintenance organizations, issued or renewed after January 1, 1998, shall provide benefits for at least the following services and supplies for persons with diabetes:

(a) For health benefit plans that include coverage for pharmacy services, appropriate and medically necessary equipment and supplies, as prescribed by a health care provider, that includes but is not limited to insulin, syringes, injection aids, blood glucose monitors, test strips for blood glucose monitors, visual reading and urine test strips, insulin pumps and accessories to the pumps, insulin infusion devices, prescriptive oral agents for controlling blood sugar levels, foot care appliances for prevention of complications associated with diabetes, and glucagon emergency kits; and

(b) For all health benefit plans, outpatient self-management training and education, including medical nutrition therapy, as ordered by the health care provider. Diabetes outpatient self-management training and education may be provided only by health care providers with expertise in diabe-

tes. Nothing in this section prevents the health maintenance organization from restricting patients to seeing only health care providers who have signed participating provider agreements with the health maintenance organization or an insuring entity under contract with the health maintenance organization.

(3) Coverage required under this section may be subject to customary cost-sharing provisions established for all other similar services or supplies within a policy.

(4) Health care coverage may not be reduced or eliminated due to this section.

(5) Services required under this section shall be covered when deemed medically necessary by the medical director, or his or her designee, subject to any referral and formulary requirements.

(6) The health maintenance organization need not include the coverage required in this section in a group contract offered to an employer or other group that offers to its eligible enrollees a self-insured health plan not subject to mandated benefits status under this title that does not offer coverage similar to that mandated under this section.

(7) This section does not apply to the health benefit plans that provide benefits identical to the schedule of services covered by the basic health plan. [2004 c 244 § 14; 1997 c 276 § 5.]

**Application—2004 c 244:** See note following RCW 48.21.045.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **48.46.275 Mammograms—Insurance coverage.**

Each health maintenance agreement issued or renewed after January 1, 1990, that provides benefits for hospital or medical care shall provide benefits for screening or diagnostic mammography services, provided that such services are delivered upon the recommendation of the patient's physician or advanced registered nurse practitioner as authorized by the nursing care quality assurance commission pursuant to chapter 18.79 RCW or physician assistant pursuant to chapter 18.71A RCW.

All services must be provided by the health maintenance organization or rendered upon referral by the health maintenance organization. This section shall not be construed to prevent the application of standard agreement provisions applicable to other benefits such as deductible or copayment provisions. This section does not limit the authority of a health maintenance organization to negotiate rates and contract with specific providers for the delivery of mammography services. This section shall not apply to medicare supplement policies or supplemental contracts covering a specified disease or other limited benefits. [1994 sp.s. c 9 § 735; 1989 c 338 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.46.277 Prostate cancer screening.** (1) Each health maintenance agreement issued or renewed after December 31, 2006, that provides coverage for hospital or medical expenses shall provide coverage for prostate cancer screening, provided that the screening is delivered upon the recommendation of the patient's physician, advanced registered nurse practitioner, or physician assistant.

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(2) All services must be provided by the health maintenance organization or rendered upon a referral by the health maintenance organization.

(3) This section shall not be construed to prevent the application of standard policy provisions applicable to other benefits, such as deductible or copayment provisions. This section does not limit the authority of a health maintenance organization to negotiate rates and contract with specific providers for the delivery of prostate cancer screening services. This section shall not apply to medicare supplemental policies or supplemental contracts covering a specified disease or other limited benefits. [2006 c 367 § 5.]

**48.46.280 Reconstructive breast surgery.** (1) Any health care service plan issued, amended, or renewed after July 24, 1983, shall provide coverage for reconstructive breast surgery resulting from a mastectomy which resulted from disease, illness, or injury.

(2) Any health care service plan issued, amended, or renewed after January 1, 1986, shall provide coverage for all stages of one reconstructive breast reduction on the nondiseased breast to make it equal in size with the diseased breast after definitive reconstructive surgery on the diseased breast has been performed. [1985 c 54 § 8; 1983 c 113 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.46.285 Mastectomy, lumpectomy.** No health maintenance organization under this chapter may refuse coverage or cancel or decline coverage solely because of a mastectomy or lumpectomy performed on the insured or prospective insured more than five years previously. The amount of benefits payable, or any term, rate, condition, or type of coverage shall not be restricted, modified, excluded, increased, or reduced solely on the basis of a mastectomy or lumpectomy performed on the insured or prospective insured more than five years previously. [1985 c 54 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **48.46.291 Mental health services—Health plans—Definition—Coverage required, when.**

(1) For the purposes of this section, "mental health services" means medically necessary outpatient and inpatient services provided to treat mental disorders covered by the diagnostic categories listed in the most current version of the diagnostic and statistical manual of mental disorders, published by the American psychiatric association, on July 24, 2005, or such subsequent date as may be provided by the insurance commissioner by rule, consistent with the purposes of chapter 6, Laws of 2005, with the exception of the following categories, codes, and services: (a) Substance related disorders; (b) life transition problems, currently referred to as "V" codes, and diagnostic codes 302 through 302.9 as found in the diagnostic and statistical manual of mental disorders, 4th edition, published by the American psychiatric association; (c) skilled nursing facility services, home health care, residential treatment, and custodial care; and (d) court ordered treatment unless the health maintenance organization's medical director or designee determines the treatment to be medically necessary.

(2) All health benefit plans offered by health maintenance organizations that provide coverage for medical and surgical services shall provide:

(a) For all group health benefit plans for groups other than small groups, as defined in RCW 48.43.005 delivered, issued for delivery, or renewed on or after January 1, 2006, coverage for:

(i) Mental health services. The copayment or coinsurance for mental health services may be no more than the copayment or coinsurance for medical and surgical services otherwise provided under the health benefit plan. Wellness and preventive services that are provided or reimbursed at a lesser copayment, coinsurance, or other cost sharing than other medical and surgical services are excluded from this comparison; and

(ii) Prescription drugs intended to treat any of the disorders covered in subsection (1) of this section to the same extent, and under the same terms and conditions, as other prescription drugs covered by the health benefit plan.

(b) For all health benefit plans delivered, issued for delivery, or renewed on or after January 1, 2008, coverage for:

(i) Mental health services. The copayment or coinsurance for mental health services may be no more than the copayment or coinsurance for medical and surgical services otherwise provided under the health benefit plan. Wellness and preventive services that are provided or reimbursed at a lesser copayment, coinsurance, or other cost sharing than other medical and surgical services are excluded from this comparison. If the health benefit plan imposes a maximum out-of-pocket limit or stop loss, it shall be a single limit or stop loss for medical, surgical, and mental health services; and

(ii) Prescription drugs intended to treat any of the disorders covered in subsection (1) of this section to the same extent, and under the same terms and conditions, as other prescription drugs covered by the health benefit plan.

(c) For all health benefit plans delivered, issued for delivery, or renewed on or after July 1, 2010, coverage for:

(i) Mental health services. The copayment or coinsurance for mental health services may be no more than the copayment or coinsurance for medical and surgical services otherwise provided under the health benefit plan. Wellness and preventive services that are provided or reimbursed at a lesser copayment, coinsurance, or other cost sharing than other medical and surgical services are excluded from this comparison. If the health benefit plan imposes a maximum out-of-pocket limit or stop loss, it shall be a single limit or stop loss for medical, surgical, and mental health services. If the health benefit plan imposes any deductible, mental health services shall be included with medical and surgical services for the purpose of meeting the deductible requirement. Treatment limitations or any other financial requirements on coverage for mental health services are only allowed if the same limitations or requirements are imposed on coverage for medical and surgical services; and

(ii) Prescription drugs intended to treat any of the disorders covered in subsection (1) of this section to the same extent, and under the same terms and conditions, as other prescription drugs covered by the health benefit plan.

(3) In meeting the requirements of subsection (2)(a) and (b) of this section, health benefit plans may not reduce the number of mental health outpatient visits or mental health inpatient days below the level in effect on July 1, 2002.

(4) This section does not prohibit a requirement that mental health services be medically necessary as determined by the medical director or designee, if a comparable requirement is applicable to medical and surgical services.

(5) Nothing in this section shall be construed to prevent the management of mental health services. [2007 c 8 § 4; 2006 c 74 § 3; 2005 c 6 § 5.]

**Effective date—2007 c 8:** See note following RCW 48.20.580.

**Effective date—2006 c 74:** See note following RCW 48.21.241.

**Findings—Intent—Severability—2005 c 6:** See notes following RCW 41.05.600.

**48.46.292 Mental health treatment—Waiver of preauthorization for persons involuntarily committed.** A health maintenance organization providing services or benefits for hospital or medical care coverage in this state shall waive a preauthorization from the health maintenance organization before an enrolled participant or the enrolled participant's covered dependents receive mental health treatment rendered by a state hospital as defined in RCW 72.23.010 if the enrolled participant or the enrolled participant's covered dependents are involuntarily committed to a state hospital as defined in RCW 72.23.010. [1993 c 272 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.46.300 Future dividends or refunds, restricted—Issuance or sale of securities regulated.** (1) No health maintenance organization nor any individual acting in behalf thereof may guarantee or agree to the payment of future dividends or future refunds of unused charges or savings in any specific or approximate amounts or percentages in respect to any contract being offered to the public, except in a group contract containing an experience refund provision.

(2) The issuance, sale, or offer for sale in this state of securities of its own issue by any health maintenance organization domiciled in this state other than the memberships and bonds of a nonprofit corporation are subject to the provisions of chapter 48.06 RCW relating to obtaining solicitation permits. [1983 c 106 § 8.]

**48.46.310 Registration not endorsement.** The granting of a certificate of registration to a health maintenance organization is permissive only, and does not constitute an endorsement by the insurance commissioner of any person or thing related to the health maintenance organization, and no person may advertise or display a certificate of registration for use as an inducement in any solicitation. [1983 c 106 § 9.]

**48.46.320 Dependent children, termination of coverage, conditions.** Any health maintenance agreement which provides that coverage of a dependent child shall terminate upon attainment of the limiting age for dependent children specified in the agreement shall also provide in substance that attainment of such limiting age shall not operate to terminate the coverage of such child while the child is and continues to be both: (1) Incapable of self-sustaining employment by rea-

son of developmental disability or physical handicap; and (2) chiefly dependent upon the subscriber for support and maintenance, if proof of such incapacity and dependency is furnished to the health maintenance organization by the enrolled participant within thirty-one days of the child's attainment of the limiting age and subsequently as required by the health maintenance organization but not more frequently than annually after the two-year period following the child's attainment of the limiting age. [1985 c 320 § 6; 1983 c 106 § 10.]

**48.46.325 Option to cover dependents under age twenty-five.** (1) Any individual health maintenance agreement that provides coverage for a subscriber's dependent must offer the option of covering any unmarried dependent under the age of twenty-five.

(2) Any group health maintenance agreement that provides coverage for a participating member's dependent must offer each participating member the option of covering any unmarried dependent under the age of twenty-five. [2007 c 259 § 22.]

**Effective date—2007 c 259 §§ 18-22:** See note following RCW 41.05.095.

**Severability—Subheadings not law—2007 c 259:** See notes following RCW 41.05.033.

**48.46.340 Return of agreement within ten days.** Every subscriber of an individual health maintenance agreement may return the agreement to the health maintenance organization or the insurance producer through whom it was purchased within ten days of its delivery to the subscriber if, after examination of the agreement, the subscriber is not satisfied with it for any reason. The health maintenance organization shall refund promptly any fee paid for the agreement. Upon such return of the agreement, it shall be void from the beginning and the parties shall be in the same position as if no agreement had been issued. Notice of the substance of this section shall be printed on the face of each such agreement or be attached thereto. [2008 c 217 § 58; 1983 c 106 § 12.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.46.350 Chemical dependency treatment.** Each group agreement for health care services that is delivered or issued for delivery or renewed on or after January 1, 1988, must contain provisions providing benefits for the treatment of chemical dependency rendered to covered persons by a provider which is an "approved treatment program" under RCW 70.96A.020(3). However, this section does not apply to any agreement written as supplemental coverage to any federal or state programs of health care including, but not limited to, Title XVIII health insurance for the aged, which is commonly referred to as Medicare, Parts A&B, and amendments thereto. Treatment must be covered under the chemical dependency coverage if treatment is rendered by the health maintenance organization or if the health maintenance organization refers the enrolled participant or the enrolled participant's dependents to a physician licensed under chapter 18.57 or 18.71 RCW, or to a qualified counselor employed by an approved treatment program described in RCW 70.96A.020(3). In all cases, a health maintenance organization retains the right to diagnose the presence of

chemical dependency and select the modality of treatment that best serves the interest of the health maintenance organization's enrolled participant, or the enrolled participant's covered dependent. [2003 c 248 § 19; 1990 1st ex.s. c 3 § 14; 1987 c 458 § 18; 1983 c 106 § 13.]

*Chemical dependency benefits, rules:* RCW 48.21.197.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.46.355 "Chemical dependency" defined.** For the purposes of RCW 48.46.350, "chemical dependency" means an illness characterized by a physiological or psychological dependency, or both, on a controlled substance regulated under chapter 69.50 RCW and/or alcoholic beverages. It is further characterized by a frequent or intense pattern of pathological use to the extent the user exhibits a loss of self-control over the amount and circumstances of use; develops symptoms of tolerance or physiological and/or psychological withdrawal if use of the controlled substance or alcoholic beverage is reduced or discontinued; and the user's health is substantially impaired or endangered or his or her social or economic function is substantially disrupted. [1987 c 458 § 19.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.46.360 Payment of cost of agreement directly to holder during labor dispute—Changes restricted—Notice to employee.** Any employee whose compensation includes a health maintenance agreement, the cost of which is paid in full or in part by an employer including the state of Washington, its political subdivisions, or municipal corporations, or paid by payroll deduction, may pay the cost as it becomes due directly to the agreement holder whenever the employee's compensation is suspended or terminated directly or indirectly as a result of a strike, lockout, or other labor dispute, for a period not exceeding six months and at the rate and coverages as the health maintenance agreement provides. During that period of time, such agreement may not be altered or changed. Nothing in this section impairs the right of the health maintenance organization to make normal decreases or increases in the cost of the health maintenance agreement upon expiration and renewal of the agreement, in accordance with the agreement. Thereafter, if such health maintenance agreement is no longer available, the employee shall be given the opportunity to convert as specified in RCW 48.46.450 and 48.46.460. When the employee's compensation is so suspended or terminated, the employee shall be notified immediately by the agreement holder in writing, by mail addressed to the address last of record with the agreement holder, that the employee may pay the cost of the health maintenance agreement to the agreement holder as it becomes due as provided in this section. Payment must be made when due or the coverage may be terminated by the health maintenance organization. [1985 c 7 § 116; 1983 c 106 § 14.]

**48.46.370 Coverage not denied for handicap.** No health maintenance organization may deny coverage to a person solely on account of the presence of any sensory, mental, or physical handicap. Nothing in this section may be construed as limiting a health maintenance organization's

authority to deny or otherwise limit coverage to a person when the person because of a medical condition does not meet the essential eligibility requirements established by the health maintenance organization for purposes of determining coverage for any person. [1983 c 106 § 15.]

**48.46.375 Benefits for prenatal diagnosis of congenital disorders—Agreements entered into or renewed on or after January 1, 1990.** On or after January 1, 1990, every group health maintenance agreement entered into or renewed that covers hospital, medical, or surgical expenses and which provides benefits for pregnancy, childbirth, or related medical conditions to enrollees of such groups, shall offer benefits for prenatal diagnosis of congenital disorders of the fetus by means of screening and diagnostic procedures during pregnancy to such enrollees when those services are determined to be medically necessary by the health maintenance organization in accord with standards set in rule by the board of health: PROVIDED, That such procedures shall be covered only if rendered directly by the health maintenance organization or upon referral by the health maintenance organization. Every group health maintenance organization shall communicate the availability of such coverage to all groups covered and to all groups with whom they are negotiating. [1988 c 276 § 8.]

*Prenatal testing—Limitation on changes to coverage: RCW 48.42.090.*

**48.46.380 Notice of reason for cancellation, denial, or refusal to renew agreement.** Every authorized health maintenance organization, upon canceling, denying, or refusing to renew any individual health maintenance agreement, shall, upon written request, directly notify in writing the applicant or enrolled participant as appropriate, of the reasons for the action by the health maintenance organization. Any benefits, terms, rates, or conditions of such agreement which are restricted, excluded, modified, increased, or reduced shall, upon written request, be set forth in writing and supplied to the individual. The written communications required by this section shall be phrased in simple language which is readily understandable to a person of average intelligence, education, and reading ability. [1993 c 492 § 291; 1983 c 106 § 16.]

**Findings—Intent—1993 c 492:** See notes following RCW 43.20.050.  
Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.46.390 Providing information on cancellation or refusal—No liability for insurance commissioner or health maintenance organization.** With respect to the provisions of health maintenance agreements as set forth in RCW 48.46.380, there shall be no liability on the part of, and no cause of action of any nature shall arise against, the insurance commissioner, the commissioner's agents, or members of the commissioner's staff, or against any health maintenance organization, its authorized representative, its agents, its employees, for providing to the health maintenance organization information as to reasons for cancellation or refusal to issue or renew, for libel or slander on the basis of any statement made by any of them in any written notice of cancellation or refusal to issue or renew, or in any other communications, oral or written, specifying the reasons for cancellation or refusal to issue or renew or the providing of information

pertaining thereto, or for statements made or evidence submitted in any hearing conducted in connection therewith. [1983 c 106 § 17.]

**48.46.400 False or misleading advertising prohibited.** No person may knowingly make, publish, or disseminate any false, deceptive, or misleading representation or advertising in the conduct of the business of a health maintenance organization, or relative to the business of a health maintenance organization or to any person engaged therein. [1983 c 106 § 18.]

**48.46.410 Misrepresentations to induce termination or retention of agreement prohibited.** No health maintenance organization nor any person representing a health maintenance organization may by misrepresentation or misleading comparisons induce or attempt to induce any member of a health maintenance organization to terminate or retain an agreement or membership in the organization. [1983 c 106 § 19.]

**48.46.420 Penalty for violations.** (1) Except as otherwise provided in this chapter, any health maintenance organization which, or person who, violates any provision of this chapter is guilty of a gross misdemeanor.

(2) A health maintenance organization that fails to comply with the net worth requirements of this chapter must cure that defect in compliance with an order of the commissioner rendered in conformity with rules adopted pursuant to chapter 34.05 RCW. The commissioner is authorized to take appropriate action to assure that the continued operation of the health maintenance organization will not be hazardous to its enrolled participants. [2003 c 250 § 12; 1990 c 119 § 10; 1983 c 106 § 20.]

**Severability—2003 c 250:** See note following RCW 48.01.080.

**48.46.430 Enforcement authority of commissioner.** For the purposes of this chapter, the insurance commissioner shall have the same powers and duties of enforcement as are provided in RCW 48.02.080. [1983 c 106 § 21.]

**48.46.440 Continuation option to be offered.** Every health maintenance organization that issues agreements providing group coverage for hospital or medical care shall offer the agreement holder an option to include an agreement provision granting a person who becomes ineligible for coverage under the group agreement, the right to continue the group benefits for a period of time and at a rate agreed upon. The agreement provision shall provide that when such coverage terminates the covered person may convert to an agreement as provided in RCW 48.46.450. [1984 c 190 § 8.]

**Legislative intent—Severability—1984 c 190:** See notes following RCW 48.21.250.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.46.450 Conversion agreement to be offered—Exceptions, conditions.** (1) Except as otherwise provided by this section, any group health maintenance agreement that provides benefits for hospital or medical care must contain a provision granting a person covered by the group agreement

the right to obtain a conversion agreement from the health maintenance organization upon termination of the person's eligibility for coverage under the group agreement.

(2) A health maintenance organization need not offer a conversion agreement to:

(a) A person whose coverage under the group agreement ended when the person's employment or membership was terminated for misconduct: PROVIDED, That when a person's employment or membership is terminated for misconduct, a conversion policy shall be offered to the spouse and/or dependents of the terminated employee or member. The policy shall include in the conversion provisions the same conversion rights and conditions which are available to employees or members and their spouses and/or dependents who are terminated for reasons other than misconduct;

(b) A person who is eligible for federal medicare coverage; or

(c) A person who is covered under another group plan, policy, contract, or agreement providing benefits for hospital or medical care.

(3) To obtain the conversion agreement, a person must submit a written application and the first premium payment for the conversion agreement not later than thirty-one days after the date the person's eligibility for group coverage terminates or thirty-one days after the date the person received notice of termination of coverage, whichever is later. The conversion agreement shall become effective without lapse of coverage, immediately following termination of coverage under the group agreement.

(4) If a health maintenance organization or group agreement holder does not renew, cancels, or otherwise terminates the group agreement, the health maintenance organization must offer a conversion agreement to any person who was covered under the terminated agreement unless the person is eligible to obtain group benefits for hospital or medical care within thirty-one days after such nonrenewal, cancellation, or termination of the group agreement or thirty-one days after the date the person received notice of termination of coverage, whichever is later.

(5) The health maintenance organization shall determine the premium for the conversion agreement in accordance with the organization's table of premium rates applicable to the age and class of risk of each person to be covered under the agreement and the type and amount of benefits provided. [2010 c 110 § 3; 1984 c 190 § 9.]

**Application—2010 c 110:** See note following RCW 48.21.260.

**Legislative intent—Severability—1984 c 190:** See notes following RCW 48.21.250.

**48.46.460 Conversion agreement—Restrictions and requirements.** (1) A health maintenance organization must offer a conversion agreement for comprehensive health care services and shall not require proof of insurability as a condition for issuance of the conversion agreement.

(2) A conversion agreement may not contain an exclusion for preexisting conditions except to the extent that a waiting period for a preexisting condition has not been satisfied under the group agreement.

(3) A conversion agreement need not provide benefits identical to those provided under the group agreement. The conversion agreement may contain provisions requiring the

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person covered by the conversion agreement to pay reasonable deductibles and copayments.

(4) The insurance commissioner shall adopt rules to establish minimum benefit standards for conversion agreements.

(5) The commissioner shall adopt rules to establish specific standards for conversion agreement provisions. These rules may include but are not limited to:

(a) Terms of renewability;

(b) Nonduplication of coverage;

(c) Benefit limitations, exceptions, and reductions; and

(d) Definitions of terms. [1984 c 190 § 10.]

**Legislative intent—Severability—1984 c 190:** See notes following RCW 48.21.250.

**48.46.470 Endorsement of modifications.** If an individual health care service agreement is issued on any basis other than as applied for, an endorsement setting forth such modification must accompany and be attached to the agreement. No agreement shall be effective unless the endorsement is signed by the applicant, and a signed copy thereof returned to the health maintenance organization. [1985 c 320 § 7.]

**48.46.480 Continuation of coverage of former family members.** Every health care service agreement issued, amended, or renewed after January 1, 1986, for an individual and his or her dependents shall contain provisions to assure that the covered spouse and/or dependents, in the event that any cease to be a qualified family member by reason of termination of marriage or death of the principal enrollee, shall have the right to continue the health maintenance agreement without a physical examination, statement of health, or other proof of insurability. [1985 c 320 § 8.]

**48.46.490 Coverage for adopted children.** (1) Any health maintenance agreement under this chapter which provides coverage for dependent children, as defined in the agreement of the enrolled participant, shall cover adoptive children placed with the enrolled participant on the same basis as other dependents, as provided in RCW 48.01.180.

(2) If payment of an additional premium is required to provide coverage for a child, the agreement may require that notification of placement of a child for adoption and payment of the required premium must be furnished to the health maintenance organization. The notification period shall be no less than sixty days from the date of placement. [1986 c 140 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.46.500 Cancellation of rider.** Upon application by an enrollee, a rider shall be canceled if at least five years after its issuance, no health care services have been received by the enrollee during that time for the condition specified in the rider, and a physician, selected by the carrier for that purpose, agrees in writing to the full medical recovery of the enrollee from that condition, such agreement not to be unreasonably withheld. The option of the enrollee to apply for cancellation shall be disclosed on the face of the rider in clear and conspicuous language.

For purposes of this section, a rider is a legal document that modifies a contract to exclude, limit, or reduce coverage or benefits for specifically named or described preexisting diseases or physical conditions. [1987 c 37 § 4.]

**48.46.510 Phenylketonuria.** (1) The legislature finds that:

(a) Phenylketonuria is a rare inherited genetic disorder.

(b) Children with phenylketonuria are unable to metabolize an essential amino acid, phenylalanine, which is found in the proteins of most food.

(c) To remain healthy, children with phenylketonuria must maintain a strict diet and ingest a mineral and vitamin-enriched formula.

(d) Children who do not maintain their diets with the formula acquire severe mental and physical difficulties.

(e) Originally, the formulas were listed as prescription drugs but were reclassified as medical foods to increase their availability.

(2) Subject to requirements and exceptions which may be established by rules adopted by the commissioner, any agreement for health care services delivered or issued for delivery or renewed in this state on or after September 1, 1988, shall provide coverage for the formulas necessary for the treatment of phenylketonuria. Such formulas shall be covered when deemed medically necessary by the medical director or his or her designee of the health maintenance organization and if provided by the health maintenance organization or upon the health maintenance organization's referral. Formulas shall be covered at the usual and customary rates for such formulas, subject to contract provisions with respect to deductible amounts or co-payments. [1988 c 173 § 4.]

**48.46.520 Neurodevelopmental therapies—Employer-sponsored group contracts.** (1) Each employer-sponsored group contract for comprehensive health care service which is entered into, or renewed, on or after twelve months after July 23, 1989, shall include coverage for neurodevelopmental therapies for covered individuals age six and under.

(2) Benefits provided under this section shall cover the services of those authorized to deliver occupational therapy, speech therapy, and physical therapy. Covered benefits and treatment must be rendered or referred by the health maintenance organization, and delivered pursuant to the referral and periodic review of a holder of a license issued pursuant to chapter 18.71 or 18.57 RCW or where treatment is rendered by such licensee. Nothing in this section shall prohibit a health maintenance organization from negotiating rates with qualified providers.

(3) Benefits provided under this section shall be for medically necessary services as determined by the health maintenance organization. Benefits shall be provided for the maintenance of a covered enrollee in cases where significant deterioration in the patient's condition would result without the service. Benefits shall be provided to restore and improve function.

(4) It is the intent of this section that employers purchasing comprehensive group coverage including the benefits required by this section, together with the health maintenance

organization, retain authority to design and employ utilization and cost controls. Therefore, benefits provided under this section may be subject to contractual provisions regarding deductible amounts and/or copayments established by the employer purchasing coverage and the health maintenance organization. Benefits provided under this section may be subject to standard waiting periods for preexisting conditions, and may be subject to the submission of written treatment plans.

(5) In recognition of the intent expressed in subsection (4) of this section, benefits provided under this section may be subject to contractual provisions establishing annual and/or lifetime benefit limits. Such limits may define the total dollar benefits available, or may limit the number of services delivered as agreed by the employer purchasing coverage and the health maintenance organization. [1989 c 345 § 3.]

**48.46.530 Temporomandibular joint disorders—Insurance coverage.** (1) Except as provided in this section, a health maintenance agreement entered into or renewed after December 31, 1989, shall offer optional coverage for the treatment of temporomandibular joint disorders.

(a) Health maintenance organizations offering medical coverage only may limit benefits in such coverages to medical services related to treatment of temporomandibular joint disorders. No health maintenance organizations offering medical and dental coverage may limit benefits in such coverage to dental services related to treatment of temporomandibular joint disorders. No health maintenance organization offering medical coverage only may define all temporomandibular joint disorders as purely dental in nature.

(b) Health maintenance organizations offering optional temporomandibular joint disorder coverage as provided in this section may, but are not required to, offer lesser or no temporomandibular joint disorder coverage as part of their basic group disability contract.

(c) Benefits and coverage offered under this section may be subject to negotiation to promote broad flexibility in potential benefit coverage. This flexibility shall apply to services to be reimbursed, determination of treatments to be considered medically necessary, systems through which services are to be provided, including referral systems and use of other providers, and related issues.

(2) Unless otherwise directed by law, the insurance commissioner shall adopt rules, to be implemented on January 1, 1993, establishing minimum benefits, terms, definitions, conditions, limitations, and provisions for the use of reasonable deductibles and copayments.

(3) A health maintenance organization need not make the offer of coverage required by this section to an employer or other group that offers to its eligible enrollees a self-insured health plan not subject to mandated benefit statutes under Title 48 RCW that does not provide coverage for temporomandibular joint disorders. [1989 c 331 § 4.]

**Legislative finding—Effective date—1989 c 331:** See notes following RCW 48.21.320.

**48.46.535 Prescriptions—Preapproval of individual claims—Subsequent rejection prohibited—Written record required.** Health maintenance organizations who through an authorized representative have first approved, by

any means, an individual prescription claim as eligible may not reject that claim at some later date. Pharmacists or drug dispensing outlets who obtain preapproval of claims shall keep a written record of the preapproval that consists of identification by name and telephone number of the person who approved the claim. [1993 c 253 § 5.]

**Findings—Effective date—1993 c 253:** See notes following RCW 48.20.525.

**48.46.540 Nonresident pharmacies.** For the purposes of this chapter, a nonresident pharmacy is defined as any pharmacy located outside this state that ships, mails, or delivers, in any manner, except when delivered in person to an enrolled participant or his/her representative, controlled substances, legend drugs, or devices into this state.

After October 1, 1991, a health maintenance organization providing coverage of prescription drugs from nonresident pharmacies may only provide coverage from licensed nonresident pharmacies. The health maintenance organizations shall obtain proof of current licensure in conformity with this section and RCW 18.64.350 through 18.64.400 from the nonresident pharmacy and keep that proof of licensure on file.

The department may request from the health maintenance organization the proof of current licensure for all nonresident pharmacies through which the insurer is providing coverage for prescription drugs for residents of the state of Washington. This information, which may constitute a full or partial customer list, shall be confidential and exempt from public disclosure, and from the requirements of chapter 42.56 RCW. The board or the department shall not be restricted in the disclosure of the name of a nonresident pharmacy that is or has been licensed under RCW 18.64.360 or 18.64.370 or of the identity of a nonresident pharmacy disciplined under RCW 18.64.350 through 18.64.400. [2005 c 274 § 315; 1991 c 87 § 10.]

**Part headings not law—Effective date—2005 c 274:** See RCW 42.56.901 and 42.56.902.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.46.565 Foot care services.** Except to the extent that a health maintenance organization contracts with a group medical practice which only treats that organization's patients, a health maintenance organization may not discriminate in the terms and conditions, including reimbursement, for the provision of foot care services between physicians and surgeons licensed under chapters 18.22, 18.57, and 18.71 RCW. [1999 c 64 § 1.]

**Intent—1999 c 64:** "This act is intended to be procedural and not to impair the obligation of any existing contract." [1999 c 64 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.46.570 Denturist services.** Notwithstanding any provision of any health maintenance organization agreement covering dental care as provided for in this chapter, effective January 1, 1995, benefits shall not be denied thereunder for any service performed by a denturist licensed under chapter 18.30 RCW if (1) the service performed was within the lawful scope of such person's license, and (2) such agreement would have provided benefits if such service had been performed by a dentist licensed under chapter 18.32 RCW.

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[1995 c 1 § 25 (Initiative Measure No. 607, approved November 8, 1994).]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.46.575 Doctor of osteopathic medicine and surgery—Discrimination based on board certification is prohibited.** A health maintenance organization that provides health care services to the general public may not discriminate against a qualified doctor of osteopathic medicine and surgery licensed under chapter 18.57 RCW, who has applied to practice with the health maintenance organization, solely because that practitioner was board certified or eligible under an approved osteopathic certifying board instead of board certified or eligible respectively under an approved medical certifying board. [1995 c 64 § 1.]

**48.46.580 When injury caused by intoxication or use of narcotics.** A health maintenance organization may not deny coverage for the treatment of an injury solely because the injury was sustained as a consequence of the enrolled participant's being intoxicated or under the influence of a narcotic. [2004 c 112 § 5.]

**Finding—Application—2004 c 112:** See notes following RCW 48.20.385.

**48.46.600 Disclosure of certain material transactions—Report—Information is confidential.** (1) Every health maintenance organization domiciled in this state shall file a report with the commissioner disclosing material acquisitions and dispositions of assets or material nonrenewals, cancellations, or revisions of ceded reinsurance agreements unless these acquisitions and dispositions of assets or material nonrenewals, cancellations, or revisions of ceded reinsurance agreements have been submitted to the commissioner for review, approval, or information purposes under other provisions of this title or other requirements.

(2) The report required in subsection (1) of this section is due within fifteen days after the end of the calendar month in which any of the transactions occur.

(3) One complete copy of the report, including any exhibits or other attachments filed as part of the report, shall be filed with the:

- (a) Commissioner; and
- (b) National association of insurance commissioners.

(4) All reports obtained by or disclosed to the commissioner under this section and RCW 48.46.605 through 48.46.625 are exempt from public inspection and copying and shall not be subject to subpoena. These reports shall not be made public by the commissioner, the national association of insurance commissioners, or any other person, except to insurance departments of other states, without the prior written consent of the health maintenance organization to which it pertains unless the commissioner, after giving the health maintenance organization that would be affected by disclosure notice and a hearing under chapter 48.04 RCW, determines that the interest of policyholders, subscribers, shareholders, or the public will be served by the publication, in which event the commissioner may publish all or any part of the report in the manner he or she deems appropriate. [1995 c 86 § 19.]

**48.46.605 Material acquisitions or dispositions.** No acquisitions or dispositions of assets need be reported pursuant to RCW 48.46.600 if the acquisitions or dispositions are not material. For purposes of RCW 48.46.600 through 48.46.625, a material acquisition, or the aggregate of any series of related acquisitions during any thirty-day period; or disposition, or the aggregate of any series of related dispositions during any thirty-day period is an acquisition or disposition that is nonrecurring and not in the ordinary course of business and involves more than five percent of the reporting health maintenance organization's total assets as reported in its most recent statutory statement filed with the commissioner. [1995 c 86 § 20.]

**48.46.610 Asset acquisitions—Asset dispositions.** (1) Asset acquisitions subject to RCW 48.46.600 through 48.46.625 include every purchase, lease, exchange, merger, consolidation, succession, or other acquisition other than the construction or development of real property by or for the reporting health maintenance organization or the acquisition of materials for such purpose.

(2) Asset dispositions subject to RCW 48.46.600 through 48.46.625 include every sale, lease, exchange, merger, consolidation, mortgage, hypothecation, abandonment, destruction, other disposition, or assignment, whether for the benefit of creditors or otherwise. [1995 c 86 § 21.]

**48.46.615 Report of a material acquisition or disposition of assets—Information required.** The following information is required to be disclosed in any report of a material acquisition or disposition of assets:

- (1) Date of the transaction;
- (2) Manner of acquisition or disposition;
- (3) Description of the assets involved;
- (4) Nature and amount of the consideration given or received;
- (5) Purpose of or reason for the transaction;
- (6) Manner by which the amount of consideration was determined;
- (7) Gain or loss recognized or realized as a result of the transaction; and
- (8) Names of the persons from whom the assets were acquired or to whom they were disposed. [1995 c 86 § 22.]

**48.46.620 Material nonrenewals, cancellations, or revisions of ceded reinsurance agreements.** (1) No nonrenewals, cancellations, or revisions of ceded reinsurance agreements need be reported under RCW 48.46.600 if the nonrenewals, cancellations, or revisions are not material. For purposes of RCW 48.46.600 through 48.46.625, a material nonrenewal, cancellation, or revision is one that affects:

(a) More than fifty percent of a health maintenance organization's total reserve credit taken for business ceded, on an annualized basis, as indicated in the health maintenance organization's most recent annual statement;

(b) More than ten percent of a health maintenance organization's total cession when it is replaced by one or more unauthorized reinsurers; or

(c) Previously established collateral requirements, when they have been reduced or waived as respects one or more

unauthorized reinsurers representing collectively more than ten percent of a total cession.

(2) However, a filing is not required if a health maintenance organization's total reserve credit taken for business ceded represents, on an annualized basis, less than ten percent of the statutory reserve requirement prior to any cession. [1995 c 86 § 23.]

**48.46.625 Report of a material nonrenewal, cancellation, or revision of ceded reinsurance agreements—Information required.** The following is required to be disclosed in any report of a material nonrenewal, cancellation, or revision of ceded reinsurance agreements:

(1) The effective date of the nonrenewal, cancellation or revision;

(2) The description of the transaction with an identification of the initiator;

(3) The purpose of or reason for the transaction; and

(4) If applicable, the identity of the replacement reinsurers. [1995 c 86 § 24.]

**48.46.900 Liberal construction.** It is intended that the provisions of this chapter shall be liberally construed to accomplish the purposes provided for and authorized herein. [1975 1st ex.s. c 290 § 24.]

**48.46.910 Severability—1975 1st ex.s. c 290.** If any provision of this 1975 amendatory act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected. [1975 1st ex.s. c 290 § 26.]

**48.46.920 Short title.** This 1975 amendatory act may be known and cited as "The Washington Health Maintenance Organization Act of 1975". [1975 1st ex.s. c 290 § 27.]

**48.46.930 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.** For the purposes of this chapter, the terms spouse, marriage, marital, husband, wife, widow, widower, next of kin, and family shall be interpreted as applying equally to state registered domestic partnerships or individuals in state registered domestic partnerships as well as to marital relationships and married persons, and references to dissolution of marriage shall apply equally to state registered domestic partnerships that have been terminated, dissolved, or invalidated, to the extent that such interpretation does not conflict with federal law. Where necessary to implement chapter 521, Laws of 2009, gender-specific terms such as husband and wife used in any statute, rule, or other law shall be construed to be gender neutral, and applicable to individuals in state registered domestic partnerships. [2009 c 521 § 127.]

## Chapter 48.47 RCW

### MANDATED HEALTH BENEFITS

#### Sections

48.47.005	Legislative findings—Purpose.
48.47.010	Definitions.
48.47.020	Submission of mandated health benefit proposal—Review—Benefit must be authorized by law.

- 48.47.030 Mandated health benefit proposal—Guidelines for assessing impact—Inclusion of ad hoc review panels—Health care authority.  
 48.47.900 Severability—1997 c 412.

**48.47.005 Legislative findings—Purpose.** The legislature finds that there is a continued interest in mandating certain health coverages or offering of health coverages by health carriers; and that improved access to these health care services to segments of the population which desire them can provide beneficial social and health consequences which may be in the public interest.

The legislature finds further, however, that the cost ramifications of expanding health coverages is of continuing concern; and that the merits of a particular mandated benefit must be balanced against a variety of consequences which may go far beyond the immediate impact upon the cost of insurance coverage. The legislature hereby finds and declares that a systematic review of proposed mandated benefits, which explores all the ramifications of such proposed legislation, will assist the legislature in determining whether mandating a particular coverage or offering is in the public interest. The purpose of this chapter is to establish a procedure for the proposal, review, and determination of mandated benefit necessity. [1997 c 412 § 1; 1984 c 56 § 1. Formerly RCW 48.42.060.]

**48.47.010 Definitions.** Unless otherwise specifically provided, the definitions in this section apply throughout this chapter.

(1) "Appropriate committees of the legislature" or "committees" means nonfiscal standing committees of the Washington state senate and house of representatives that have jurisdiction over statutes that regulate health carriers, health care facilities, health care providers, or health care services.

(2) "Department" means the Washington state department of health.

(3) "Health care facility" or "facility" means hospices licensed under chapter 70.127 RCW, hospitals licensed under chapter 70.41 RCW, rural health care facilities as defined in RCW 70.175.020, psychiatric hospitals licensed under chapter 71.12 RCW, nursing homes licensed under chapter 18.51 RCW, community mental health centers licensed under chapter 71.05 or 71.24 RCW, kidney disease treatment centers licensed under chapter 70.41 RCW, ambulatory diagnostic, treatment, or surgical facilities licensed under chapter 70.41 RCW, drug and alcohol treatment facilities licensed under chapter 70.96A RCW, and home health agencies licensed under chapter 70.127 RCW, and includes such facilities if owned and operated by a political subdivision or instrumentality of the state, and such other facilities as required by federal law and implementing regulations.

(4) "Health care provider" or "provider" means:

(a) A person regulated under Title 18 or chapter 70.127 RCW, to practice health or health-related services or otherwise practicing health care services in this state consistent with state law; or

(b) An employee or agent of a person described in (a) of this subsection, acting in the course and scope of his or her employment.

(5) "Health care service" or "service" means a service, drug, or medical equipment offered or provided by a health

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care facility and a health care provider relating to the prevention, cure, or treatment of illness, injury, or disease.

(6) "Health carrier" or "carrier" means a disability insurer regulated under chapter 48.20 or 48.21 RCW, a health care service contractor as defined in RCW 48.44.010, a health maintenance organization as defined in RCW 48.46.020, plans operating under the state health care authority under chapter 41.05 RCW, the state health insurance pool operating under chapter 48.41 RCW, and insuring entities regulated in chapter 48.43 RCW.

(7) "Mandated health benefit," "mandated benefit," or "benefit" means coverage or offering required by law to be provided by a health carrier to: (a) Cover a specific health care service or services; (b) cover treatment of a specific condition or conditions; or (c) contract, pay, or reimburse specific categories of health care providers for specific services; however, it does not mean benefits established pursuant to chapter 74.09, 41.05, or 70.47 RCW, or scope of practice modifications pursuant to chapter 18.120 RCW. [1997 c 412 § 2.]

**48.47.020 Submission of mandated health benefit proposal—Review—Benefit must be authorized by law.** Mandated health benefits shall be established as follows:

(1) Every person who, or organization that, seeks to establish a mandated benefit shall, at least ninety days prior to a regular legislative session, submit a mandated benefit proposal to the appropriate committees of the legislature, assessing the social impact, financial impact, and evidence of health care service efficacy of the benefit in strict adherence to the criteria enumerated in RCW 48.47.030.

(2) The chair of a committee may request that the department examine the proposal using the criteria set forth in RCW 48.47.030, however, such request must be made no later than nine months prior to a subsequent regular legislative session.

(3) To the extent that funds are appropriated for this purpose, the department shall report to the appropriate committees of the legislature on the appropriateness of adoption no later than thirty days prior to the legislative session during which the proposal is to be considered.

(4) Mandated benefits must be authorized by law. [1997 c 412 § 3; 1989 1st ex.s. c 9 § 221; 1987 c 150 § 79; 1984 c 56 § 2. Formerly RCW 48.42.070.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.47.030 Mandated health benefit proposal—Guidelines for assessing impact—Inclusion of ad hoc review panels—Health care authority.** (1) Based on the availability of relevant information, the following criteria shall be used to assess the impact of proposed mandated benefits:

(a) The social impact: (i) To what extent is the benefit generally utilized by a significant portion of the population? (ii) To what extent is the benefit already generally available? (iii) If the benefit is not generally available, to what extent has its unavailability resulted in persons not receiving needed services? (iv) If the benefit is not generally available, to what extent has its unavailability resulted in unreasonable financial hardship? (v) What is the level of public demand for the ben-

efit? (vi) What is the level of interest of collective bargaining agents in negotiating privately for inclusion of this benefit in group contracts?

(b) The financial impact: (i) To what extent will the benefit increase or decrease the cost of treatment or service? (ii) To what extent will the coverage increase the appropriate use of the benefit? (iii) To what extent will the benefit be a substitute for a more expensive benefit? (iv) To what extent will the benefit increase or decrease the administrative expenses of health carriers and the premium and administrative expenses of policyholders? (v) What will be the impact of this benefit on the total cost of health care services and on premiums for health coverage? (vi) What will be the impact of this benefit on costs for state-purchased health care? (vii) What will be the impact of this benefit on affordability and access to coverage?

(c) Evidence of health care service efficacy:

(i) If a mandatory benefit of a specific service is sought, to what extent has there been conducted professionally accepted controlled trials demonstrating the health consequences of that service compared to no service or an alternative service?

(ii) If a mandated benefit of a category of health care provider is sought, to what extent has there been conducted professionally accepted controlled trials demonstrating the health consequences achieved by the mandated benefit of this category of health care provider?

(iii) To what extent will the mandated benefit enhance the general health status of the state residents?

(2) The department shall consider the availability of relevant information in assessing the completeness of the proposal.

(3) The department may supplement these criteria to reflect new relevant information or additional significant issues.

(4) The department shall establish, where appropriate, ad hoc panels composed of related experts, and representatives of carriers, consumers, providers, and purchasers to assist in the proposal review process. Ad hoc panel members shall serve without compensation.

(5) The health care authority shall evaluate the reasonableness and accuracy of cost estimates associated with the proposed mandated benefit that are provided to the department by the proposer or other interested parties, and shall provide comment to the department. Interested parties may, in addition, submit data directly to the department. [1997 c 412 § 4; 1984 c 56 § 3. Formerly RCW 48.42.080.]

**48.47.900 Severability—1997 c 412.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1997 c 412 § 7.]

### Chapter 48.50 RCW

## INSURANCE FRAUD REPORTING IMMUNITY ACT

(Formerly: Arson reporting immunity act)

### Sections

48.50.010 Short title.  
48.50.020 Definitions.

48.50.030 Release of information or evidence by insurer.  
48.50.040 Notification by insurer.  
48.50.050 Release of information by authorized agencies.  
48.50.055 Release of information to requesting insurer.  
48.50.070 Immunity from liability for releasing information.  
48.50.075 Immunity from liability for denying claim based on written opinion of authorized agency.  
48.50.090 Local ordinances not preempted.  
48.50.900 Severability—1979 ex.s. c 80.

**48.50.010 Short title.** This chapter shall be known and may be cited as the Insurance Fraud Reporting Immunity Act. [1995 c 285 § 20; 1979 ex.s. c 80 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.50.020 Definitions.** As used in this chapter the following terms have the meanings indicated unless the context clearly requires otherwise.

(1) "Authorized agency" means a public agency or its official representative having legal authority to investigate criminal activity or the cause of a fire or to initiate criminal proceedings, including the following persons and agencies:

(a) The chief of the Washington state patrol and the director of fire protection;

(b) The prosecuting attorney of the county where the criminal activity occurred;

(c) State, county, and local law enforcement agencies;

(d) The state attorney general;

(e) The federal bureau of investigation, or any other federal law enforcement agency;

(f) The United States attorney's office; and

(g) The office of the insurance commissioner.

(2) "Insurer" means any insurer, as defined in RCW 48.01.050 and any self-insurer.

(3) "Relevant information" means information having any tendency to make the existence of any fact that is of consequence to the investigation or determination of criminal activity or the cause of any fire more probable or less probable than it would be without the information. [2000 c 254 § 1. Prior: 1995 c 369 § 36; 1995 c 285 § 21; 1986 c 266 § 77; 1985 c 470 § 27; 1979 ex.s. c 80 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.50.030 Release of information or evidence by insurer.** (1) Any authorized agency may request, in writing, that an insurer release to the agency any or all relevant information or evidence which the insurer may have in its possession relating to criminal activity, if such information or evidence is deemed important by the agency in its discretion.

(2) An insurer who has reason to believe that a person participated or is participating in criminal activity relating to a contract of insurance may report relevant information to an authorized agency.

(3) The information provided to an authorized agency under this section may include, without limitation:

(a) Pertinent insurance policy information relating to a claim under investigation and any application for such a policy;

(b) Policy premium payment records which are available;

(c) History of previous claims in which the person was involved; and

(d) Material relating to the investigation of the loss, including statements of any person, proof of loss, and any other evidence found in the investigation.

(4) The insurer receiving a request under subsection (1) of this section shall furnish all relevant information requested to the agency within a reasonable time, orally or in writing. [1995 c 285 § 22; 1979 ex.s. c 80 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.50.040 Notification by insurer.** (1) When an insurer has reason to believe that a fire loss reported to the insurer may be of other than accidental cause, the insurer shall notify the chief of the Washington state patrol, through the director of fire protection, in the manner prescribed under RCW 48.05.320 concerning the circumstances of the fire loss, including any and all relevant material developed from the insurer's inquiry into the fire loss.

(2) Notification of the chief of the Washington state patrol, through the director of fire protection, under subsection (1) of this section does not relieve the insurer of the duty to respond to a request for information from any other authorized agency and does not bar an insurer from other reporting under RCW 48.50.030(2). [2000 c 254 § 2. Prior: 1995 c 369 § 37; 1995 c 285 § 23; 1986 c 266 § 91; 1979 ex.s. c 80 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.50.050 Release of information by authorized agencies.** An authorized agency receiving information under RCW 48.50.030, 48.50.040, or 48.50.055 may release or provide such information to any other authorized agencies. [2000 c 254 § 3; 1979 ex.s. c 80 § 5.]

**48.50.055 Release of information to requesting insurer.** An insurer providing information to an authorized agency or agencies under RCW 48.50.030 or 48.50.040 may request that an authorized agency furnish to the insurer any or all relevant information possessed by the agency relating to the particular fire loss. At their discretion, and unless prohibited by any other provision of law, the agency or agencies may release or provide information to the requesting insurer. [2000 c 254 § 4.]

**48.50.070 Immunity from liability for releasing information.** Any licensed insurance producer, title insurance agent, or insurer or person acting in the insurer's behalf, health maintenance organization or person acting in behalf of the health maintenance organization, health care service contractor or person acting in behalf of the health care service contractor, or any authorized agency which releases information, whether oral or written, to the commissioner, the national insurance crime bureau, the national association of insurance commissioners, other law enforcement agent or agency, or another insurer under RCW 48.50.030, 48.50.040, 48.50.050, 48.50.055, or 48.135.050 is immune from liability in any civil or criminal action, suit, or prosecution arising from the release of the information, unless actual malice on the part of the insurance producer, title insurance agent, insurer, health care maintenance organization, health care service contractor, or authorized agency against the insured is

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shown. [2008 c 217 § 59; 2006 c 284 § 14; 2000 c 254 § 5; 1980 c 102 § 9; 1979 ex.s. c 80 § 7.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**Severability—Effective date—2006 c 284:** See RCW 48.135.900 and 48.135.901.

**48.50.075 Immunity from liability for denying claim based on written opinion of authorized agency.** In denying a claim, an insurer, health maintenance organization, or health care service contractor who relies upon a written opinion from an authorized agency specifically enumerated in RCW 48.50.020(1) (a) through (g) that criminal activity that is related to that claim is being investigated, or a crime has been charged, and that the claimant is a target of the investigation or has been charged with a crime, is not liable for bad faith or other noncontractual theory of damages as a result of this reliance.

Immunity under this section shall exist only so long as the incident for which the claimant may be responsible is under active investigation or prosecution, or the authorized agency states its position that the claim includes or is a result of criminal activity in which the claimant was a participant. [2006 c 284 § 15; 1995 c 285 § 24; 1981 c 320 § 2.]

**Severability—Effective date—2006 c 284:** See RCW 48.135.900 and 48.135.901.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.50.090 Local ordinances not preempted.** This chapter does not preempt or preclude any county or municipality from enacting ordinances relating to fire prevention or control of arson. [1979 ex.s. c 80 § 9.]

**48.50.900 Severability—1979 ex.s. c 80.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1979 ex.s. c 80 § 11.]

## Chapter 48.53 RCW

### FIRE INSURANCE—ARSON FRAUD REDUCTION

#### Sections

48.53.010	Purpose.
48.53.020	Designation of high arson incidence areas and classes of occupancy—Anti-arson application, contents.
48.53.030	Cancellation of policy—Conditions required for.
48.53.040	Cancellation of policy—Procedure.
48.53.050	Issuance or cancellation of policy in violation of chapter.
48.53.060	Adoption of rules.

**48.53.010 Purpose.** It is the purpose of this chapter to reduce the incidence of arson fraud by requiring insurers to obtain specified information prior to issuing a fire insurance policy for certain structures and by authorizing insurers to cancel fire insurance policies when characteristics frequently associated with arson fraud are present. [1982 c 110 § 1.]

**48.53.020 Designation of high arson incidence areas and classes of occupancy—Anti-arson application, contents.** (1) The chief of the Washington state patrol, through the director of fire protection, may designate certain classes

of occupancy within a geographic area or may designate geographic areas as having an abnormally high incidence of arson. This designation shall not be a valid reason for cancellation, refusal to issue or renew, modification, or increasing the premium for any fire insurance policy.

(2) A fire insurance policy may not be issued to insure any property within a class of occupancy within a geographic area or within a geographic area designated by the chief of the Washington state patrol, through the director of fire protection, as having an abnormally high incidence of arson until the applicant has submitted an anti-arson application and the insurer or the insurer's representative has inspected the property. The application shall be prescribed by the chief of the Washington state patrol, through the director of fire protection, and shall contain but not be limited to the following:

(a) The name and address of the prospective insured and any mortgagees or other parties having an ownership interest in the property to be insured;

(b) The amount of insurance requested and the method of valuation used to establish the amount of insurance;

(c) The dates and selling prices of the property, if any, during the previous three years;

(d) Fire losses exceeding one thousand dollars during the previous five years for property in which the prospective insured held an equity interest or mortgage;

(e) Current corrective orders pertaining to fire, safety, health, building, or construction codes that have not been complied with within the time period or any extension of such time period authorized by the authority issuing such corrective order applicable to the property to be insured;

(f) Present or anticipated occupancy of the structure, and whether a certificate of occupancy has been issued;

(g) Signature and title, if any, of the person submitting the application.

(3) If the facts required to be reported by subsection (2) of this section materially change, the insured shall notify the insurer of any such change within fourteen days.

(4) An anti-arson application is not required for: (a) Fire insurance policies covering one to four-unit owner-occupied residential dwellings; (b) policies existing as of June 10, 1982; or (c) the renewal of these policies.

(5) An anti-arson application shall contain a notice stating: "Designation of a class of occupancy within a geographic area or geographic areas as having an abnormally high incidence of arson shall not be a valid reason for cancellation, refusal to issue or renew, modification, or increasing the premium for any fire insurance policy." [1995 c 369 § 38; 1986 c 266 § 92; 1982 c 110 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.53.030 Cancellation of policy—Conditions required for.** Notwithstanding the provisions of RCW 48.18.290, where two or more of the following conditions exist, an insurer may, under RCW 48.53.040, cancel a fire insurance policy for any structure:

(1) Which, without reasonable explanation, is unoccupied for more than sixty consecutive days, or in which at least sixty-five percent of the rental units are unoccupied for more than one hundred twenty consecutive days unless the struc-

ture is maintained for seasonal occupancy or is under construction or repair;

(2) On which, without reasonable explanation, progress toward completion of permanent repairs has not occurred within sixty days after receipt of funds following satisfactory adjustment or adjudication of loss resulting from a fire;

(3) Which, because of its physical condition, is in danger of collapse;

(4) For which, because of its physical condition, a vacation or demolition order has been issued, or which has been declared unsafe in accordance with applicable law;

(5) From which fixed and salvageable items have been removed, indicating an intent to vacate the structure;

(6) For which, without reasonable explanation, heat, water, sewer, and electricity are not furnished for sixty consecutive days; and

(7) Which is not maintained in substantial compliance with fire, safety, and building codes. [1982 c 110 § 3.]

**48.53.040 Cancellation of policy—Procedure.** An insurer may cancel a fire insurance policy when the requirements of RCW 48.53.030 are met only in accordance with the following procedure:

(1) The insurer shall, not less than five days prior to cancellation, issue written notice of cancellation to the insured or the insured's representative in charge of the policy. The notice shall contain at least the following:

(a) The date that the policy will be canceled;

(b) A description of the specific facts justifying the cancellation;

(c) A copy of this chapter; and

(d) The name, title, address, and telephone number of the insurer's employee who may be contacted regarding cancellation of the policy.

(2) The notice required by this section shall be actually delivered or mailed to the insured by certified mail, return receipt requested, and in addition by first-class mail. A copy of the notice shall, at the time of delivery or mailing to the insured, or the insured's representative in charge of the policy, be mailed to the insurance commissioner.

(3) The insurer shall also comply with the requirements of \*RCW 48.18.290 (1)(b), (2) and (3), and shall provide not less than twenty days notice of cancellation to each mortgagee, pledgee, or other person shown by the policy to have an interest in any loss which may occur thereunder except as provided in subsection (1) of this section.

(4) The portion of any premium paid to the insurer on account of the policy, unearned because of the cancellation and in an amount as computed on a pro rata basis, must be actually paid or mailed to the insured or other person entitled thereto as shown by the policy or any endorsement thereon, as soon as possible, and no later than thirty days after the date that the notice of cancellation was issued. [1982 c 110 § 4.]

\*Reviser's note: RCW 48.18.290 was amended by 2006 c 8 § 212, changing subsection (1)(b) to subsection (1)(e).

**48.53.050 Issuance or cancellation of policy in violation of chapter.** (1) Any fire insurance policy issued in violation of this chapter shall not be canceled by the insurer under the procedures authorized by this chapter.

(2) Cancellation of a fire insurance policy in violation of this chapter shall constitute a violation of this title. [1982 c 110 § 5.]

**48.53.060 Adoption of rules.** Rules designating geographic areas or classes of occupancy as having an abnormally high incidence of arson, and any other rules necessary to implement this chapter shall be adopted by the chief of the Washington state patrol, through the director of fire protection, under chapter 34.05 RCW. [1995 c 369 § 39; 1986 c 266 § 93; 1982 c 110 § 6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

## Chapter 48.56 RCW

### INSURANCE PREMIUM FINANCE COMPANY ACT

#### Sections

48.56.010	Short title.
48.56.020	Definitions.
48.56.030	License—Required—Fees—Information to be furnished—Penalty.
48.56.040	Investigation of applicant—Qualifications—Hearing.
48.56.050	Revocation, suspension, or refusal to renew.
48.56.060	Records.
48.56.070	Rules and regulations.
48.56.080	Premium finance agreement.
48.56.090	Service charge.
48.56.100	Delinquency charge—Cancellation charge.
48.56.110	Cancellation of insurance contract.
48.56.120	Cancellation of insurance contract—Return of unearned premiums.
48.56.130	Filing of agreement.
48.56.900	Effective date—1969 ex.s. c 190.

**48.56.010 Short title.** This chapter shall be known and may be cited as "The Insurance Premium Finance Company Act". [1969 ex.s. c 190 § 1.]

**48.56.020 Definitions.** As used in this chapter:

(1) "Insurance premium finance company" means a person engaged in the business of entering into insurance premium finance agreements.

(2) "Premium finance agreement" means an agreement by which an insured or prospective insured promises to pay to a premium finance company the amount advanced or to be advanced under the agreement to an insurer or to an insurance producer in payment of premiums on an insurance contract together with a service charge as authorized and limited by this chapter and as security therefor the insurance premium finance company receives an assignment of the unearned premium.

(3) "Licensee" means a premium finance company holding a license issued by the insurance commissioner under this chapter. [2008 c 217 § 60; 1969 ex.s. c 190 § 2.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.56.030 License—Required—Fees—Information to be furnished—Penalty.** (1) No person shall engage in the business of financing insurance premiums in the state without first having obtained a license as a premium finance company from the commissioner. Any person who shall engage in the business of financing insurance premiums in the state without obtaining a license as provided hereunder shall, upon conviction,

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be guilty of a misdemeanor and shall be subject to the penalties provided in this chapter.

(2)(a) Application to the commissioner for the license shall be made on forms furnished by the commissioner. As part of, or in connection with, this application, the applicant and, at the commissioner's discretion, any or all stockholders, directors, partners, officers, and employees of the business shall furnish information concerning his or her identity, including fingerprints for submission to the Washington state patrol, the federal bureau of investigation, and any governmental agency or entity authorized to receive this information for a state and national criminal history background check; personal history; experience; business records; purposes; and other pertinent information, as the commissioner may reasonably require.

(b) The annual license fee shall be one hundred dollars. Licenses may be renewed from year to year as of the first day of May of each year upon payment of the fee of one hundred dollars. The fee for the license shall be paid to the insurance commissioner.

(3) The person to whom the license or the renewal may be issued shall file sworn answers, subject to the penalties of perjury, to such interrogatories as the commissioner may require. The commissioner shall have authority, at any time, to require the applicant to disclose fully the identity of all stockholders, directors, partners, officers, and employees and may, in his or her discretion, refuse to issue or renew a license in the name of any firm, partnership, or corporation if he or she finds that any officer, employee, stockholder, or partner who may materially influence the applicant's conduct does not meet the standards of this chapter.

(4) This section shall not apply to any savings and loan association, bank, trust company, consumer loan company, industrial loan company or credit union authorized to do business in this state but RCW 48.56.080 through 48.56.130 and any rules adopted by the commissioner pertaining to such sections shall be applicable to such organizations, if otherwise eligible, under all premium finance transactions wherein an insurance policy, other than a life or disability insurance policy, or any rights thereunder is made the security or collateral for the repayment of the debt, however, neither this section nor the provisions of this chapter shall be applicable to the inclusion of insurance in a retail installment transaction or to insurance purchased in connection with a real estate transaction, mortgage, deed of trust, or other security instrument or an insurance company authorized to do business in this state unless the insurance company elects to become a licensee.

(5) If in the process of verifying fingerprints under subsection (2) of this section, business records, or other information the commissioner's office incurs fees or charges from another governmental agency or from a business firm, the amount of the fees or charges shall be paid to the commissioner's office by the applicant. [2002 c 227 § 4; 1969 ex.s. c 190 § 3.]

**Effective date—2002 c 227:** See note following RCW 48.06.040.

**48.56.040 Investigation of applicant—Qualifications—Hearing.** (1) Upon the filing of an application and the payment of the license fee the commissioner shall make

an investigation of each applicant and shall issue a license if the applicant is qualified in accordance with this chapter. If the commissioner does not so find, he or she shall, within thirty days after he or she has received such application, at the request of the applicant, give the applicant a full hearing.

(2) The commissioner shall issue or renew a license as may be applied for when he or she is satisfied that the person to be licensed—

(a) is competent and trustworthy and intends to act in good faith in the capacity involved by the license applied for,

(b) has a good business reputation and has had experience, training, or education so as to be qualified in the business for which the license is applied for, and

(c) if a corporation, is a corporation incorporated under the laws of the state or a foreign corporation authorized to transact business in the state. [2009 c 549 § 7155; 1969 ex.s. c 190 § 4.]

**48.56.050 Revocation, suspension, or refusal to renew.** (1) The commissioner may revoke or suspend the license of any premium finance company when and if after investigation it appears to the commissioner that—

(a) any license issued to such company was obtained by fraud,

(b) there was any misrepresentation in the application for the license,

(c) the holder of such license has otherwise shown himself or herself untrustworthy or incompetent to act as a premium finance company, or

(d) such company has violated any of the provisions of this chapter.

(2) Before the commissioner shall revoke, suspend, or refuse to renew the license of any premium finance company, he or she shall give to such person an opportunity to be fully heard and to introduce evidence in his or her behalf. In lieu of revoking or suspending the license for any of the causes enumerated in this section, after hearing as herein provided, the commissioner may subject such company to a penalty of not more than two hundred dollars for each offense when in his or her judgment he or she finds that the public interest would not be harmed by the continued operation of such company. The amount of any such penalty shall be paid by such company through the office of the commissioner to the state treasurer. At any hearing provided by this section, the commissioner shall have authority to administer oaths to witnesses. Anyone testifying falsely, after having been administered such oath, shall be subject to the penalty of perjury.

(3) If the commissioner refuses to issue or renew any license or if any applicant or licensee is aggrieved by any action of the commissioner, said applicant or licensee shall have the right to a hearing and court proceeding as provided by statute. [2009 c 549 § 7156; 1969 ex.s. c 190 § 5.]

**48.56.060 Records.** (1) Every licensee shall maintain records of its premium finance transactions and the said records shall be open to examination and investigation by the commissioner. The commissioner may at any time require any licensee to bring such records as he or she may direct to the commissioner's office for examination.

(2) Every licensee shall preserve its records of such premium finance transactions, including cards used in a card system, for at least three years after making the final entry in respect to any premium finance agreement. The preservation of records in photographic form shall constitute compliance with this requirement. [2009 c 549 § 7157; 1969 ex.s. c 190 § 6.]

**48.56.070 Rules and regulations.** The commissioner shall have authority to make and enforce such reasonable rules and regulations as may be necessary in making effective the provisions of this chapter, but such rules and regulations shall not be contrary to nor inconsistent with the provisions of this chapter. [1969 ex.s. c 190 § 7.]

**48.56.080 Premium finance agreement.** (1) A premium finance agreement shall:

(a) Be dated, signed by or on behalf of the insured, and the printed portion thereof shall be in at least eight point type;

(b) Contain the name and place of business of the insurance producer negotiating the related insurance contract, the name and residence or the place of business of the premium finance company to which payments are to be made, a description of the insurance contracts involved and the amount of the premium therefor; and

(c) Set forth the following items where applicable:

(i) The total amount of the premiums;

(ii) The amount of the down payment;

(iii) The principal balance (the difference between items (i) and (ii));

(iv) The amount of the service charge;

(v) The balance payable by the insured (sum of items (iii) and (iv)); and

(vi) The number of installments required, the amount of each installment expressed in dollars, and the due date or period thereof.

(2) The items set out in subsection (1)(c) of this section need not be stated in the sequence or order in which they appear in that subsection, and additional items may be included to explain the computations made in determining the amount to be paid by the insured.

(3) The information required by subsection (1) of this section shall only be required in the initial agreement where the premium finance company and the insured enter into an open end credit transaction, which is defined as follows: A plan prescribing the terms of credit transactions which may be made thereunder from time to time and under the terms of which a finance charge may be computed on the outstanding unpaid balance from time to time thereunder.

(4) A copy of the premium finance agreement shall be given to the insured at the time or within ten days of its execution, except where the application has been signed by the insured and all the finance charges are one dollar or less per payment. In addition, the premium finance company shall deliver or mail a copy of the premium finance agreement or notice identifying policy, insured, and insurance producer to each insurer that has premiums involved in the transaction, within thirty days of the execution of the premium finance agreement.

(5) It shall be illegal for a premium finance company to offset funds of an insurance producer with funds belonging to an insured. Premiums advanced by a premium finance company are funds belonging to the insured and shall be held in a fiduciary relationship. [2008 c 217 § 61; 1975-'76 2nd ex.s. c 119 § 6; 1969 ex.s. c 190 § 8.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.56.090 Service charge.** (1) A premium finance company shall not charge, contract for, receive, or collect a service charge other than as permitted by this chapter.

(2) The service charge is to be computed on the balance of the premiums due (after subtracting the down payment made by the insured in accordance with the premium finance agreement) from the effective date of the insurance coverage, for which the premiums are being advanced, to and including the date when the final installment of the premium finance agreement is payable.

(3) The service charge shall be a maximum of ten dollars per one hundred dollars per year plus an acquisition charge of ten dollars per premium finance agreement which need not be refunded upon cancellation or prepayment. [1969 ex.s. c 190 § 9.]

**48.56.100 Delinquency charge—Cancellation charge.** A premium finance agreement may provide for the payment by the insured of a delinquency charge of one dollar to a maximum of five percent of the delinquent installment that is in default for a period of five days or more except that if the loan is primarily for personal, family, or household purposes the delinquency charge shall not exceed five dollars.

If the default results in the cancellation of any insurance contract listed in the agreement, the agreement may provide for the payment by the insured of a cancellation charge equal to the difference between any delinquency charge imposed with respect to the installment in default and five dollars. [1995 c 72 § 1; 1969 ex.s. c 190 § 10.]

**48.56.110 Cancellation of insurance contract.** (1) When a premium finance agreement contains a power of attorney enabling the premium finance company to cancel any insurance contract or contracts listed in the agreement, the insurance contract or contracts shall not be canceled by the premium finance company unless such cancellation is effectuated in accordance with this section.

(2) Not less than ten days' written notice shall be mailed to the insured of the intent of the premium finance company to cancel the insurance contract unless the default is cured within such ten-day period.

(3) After expiration of such ten-day period, the premium finance company may thereafter request in the name of the insured, cancellation of such insurance contract or contracts by mailing to the insurer a notice of cancellation, and the insurance contract shall be canceled as if such notice of cancellation had been submitted by the insured himself or herself, but without requiring the return of the insurance contract or contracts. The premium finance company shall also mail a notice of cancellation to the insured at his or her last known address.

(2010 Ed.)

(4) All statutory, regulatory, and contractual restrictions providing that the insurance contract may not be canceled unless notice is given to a governmental agency, mortgagee, or other third party shall apply where cancellation is effected under the provisions of this section. The insurer shall give the prescribed notice in behalf of itself or the insured to any governmental agency, mortgagee, or other third party on or before the second business day after the day it receives the notice of cancellation from the premium finance company and shall determine the effective date of cancellation taking into consideration the number of days notice required to complete the cancellation. [2010 c 8 § 11006; 2009 c 549 § 7158; 1969 ex.s. c 190 § 11.]

**48.56.120 Cancellation of insurance contract—Return of unearned premiums.** (1) Whenever a financed insurance contract is canceled, the insurer shall return whatever gross unearned premiums are due under the insurance contract to the premium finance company for the account of the insured or insureds.

(2) In the event that the crediting of return premiums to the account of the insured results in a surplus over the amount due from the insured, the premium finance company shall refund such excess to the insured: PROVIDED, That no such refund shall be required if it amounts to less than one dollar. [1969 ex.s. c 190 § 12.]

**48.56.130 Filing of agreement.** No filing of the premium finance agreement shall be necessary to perfect the validity of such agreement as a secured transaction as against creditors, subsequent purchasers, pledgees, encumbrancers, successors, or assigns. [1969 ex.s. c 190 § 13.]

**48.56.900 Effective date—1969 ex.s. c 190.** This act is necessary for the immediate preservation of the public peace, health and safety, the support of the state government and its existing public institutions, and shall take effect on the sixtieth day following passage by the legislature and submission to the governor for action. [1969 ex.s. c 190 § 15.]

## Chapter 48.58 RCW

### RIOT REINSURANCE REIMBURSEMENT

#### Sections

48.58.010 Riot reinsurance reimbursement—Assessments.

**48.58.010 Riot reinsurance reimbursement—Assessments.** (1) The commissioner may reimburse the secretary of the department of housing and urban development under the provisions of Section 1223(a)(1) of the Urban Property Protection and Reinsurance Act of 1968 (Public Law 90-448) for losses reinsured by the secretary of the department of housing and urban development and occurring in this state on or after August 1, 1968. After receipt by the state treasurer of a statement requesting reimbursement from the secretary of the department of housing and urban development and upon certification promptly made by the commissioner of insurance, hereafter referred to as the commissioner, of the correctness of the amount thereof, the commissioner is hereby authorized to provide for an assessment upon insurers authorized to do

business in this state in amounts sufficient to pay reimbursement to the secretary of the department of housing and urban development: PROVIDED, That the amount assessed each insurer shall be in the same proportion that the premiums written by each insurer in this state bear to the aggregate premiums written in this state by all insurance companies on those lines for which reinsurance was available in this state from the secretary of the department of housing and urban development during the preceding calendar year.

(2) In the event any insurer fails, by reason of insolvency, to pay any assessment as provided herein, the amount assessed each insurer, as computed under subsection (1) of this section, shall be immediately recalculated excluding therefrom the insolvent insurer so that its assessment is, in effect, assumed and redistributed among the remaining insurers.

(3) When assessments as provided herein are made, the individual insurer, after having paid the full amount assessed against the insurer, may deduct from future premium tax liabilities an amount not to exceed twenty percent per annum until such deductions equal the amount of the assessment levied against the insurer.

(4) This section shall cease to be of any force and effect upon termination of the Urban Property Protection and Reinsurance Act of 1968 (Public Law 90-448), except that obligations incurred pursuant to the provisions of this section shall not be impaired by the expiration of the same.

(5) Notwithstanding the termination of the Urban Property Protection and Reinsurance Act of 1968 (Public Law 90-448), the commissioner is authorized to continue in force the program developed in response to that act, the Washington essential property insurance inspection and placement program, in order to provide essential property insurance within the state where it cannot be obtained through the normal insurance market. [1987 c 128 § 1; 1980 c 32 § 9; 1969 ex.s. c 140 § 1.]

### Chapter 48.62 RCW

#### LOCAL GOVERNMENT INSURANCE TRANSACTIONS

##### Sections

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**48.62.011 Legislative intent—Construction.** This chapter is intended to provide the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. This chapter shall be liberally construed to grant local government entities maximum flexibility in self-insuring to the extent the self-insurance programs are operated in a safe and sound manner. This chapter is intended to require prior approval for the establishment of every individual local government self-insured employee health and welfare benefit program and every joint local government self-insurance program. In addition, this chapter is intended to require every local government entity that establishes a self-insurance program not subject to prior approval to notify the state of the existence of the program and to comply with the regulatory and statutory standards governing the management and operation of the programs as provided in this chapter. This chapter is not intended to authorize or regulate self-insurance of unemployment compensation under chapter 50.44 RCW, or industrial insurance under chapter 51.14 RCW. [1991 sp.s. c 30 § 1.]

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

(1) "Local government entity" or "entity" means every unit of local government, both general purpose and special purpose, and includes, but is not limited to, counties, cities, towns, port districts, public utility districts, water-sewer districts, school districts, fire protection districts, irrigation districts, metropolitan municipal corporations, conservation districts, and other political subdivisions, governmental subdivisions, municipal corporations, and quasi-municipal corporations.

(2) "Risk assumption" means a decision to absorb the entity's financial exposure to a risk of loss without the creation of a formal program of advance funding of anticipated losses.

(3) "Self-insurance" means a formal program of advance funding and management of entity financial exposure to a risk of loss that is not transferred through the purchase of an insurance policy or contract.

(4) "Health and welfare benefits" means a plan or program established by a local government entity or entities for the purpose of providing its employees and their dependents, and in the case of school districts, its district employees, students, directors, or any of their dependents, with health care, accident, disability, death, and salary protection benefits.

(5) "Property and liability risks" includes the risk of property damage or loss sustained by a local government entity and the risk of claims arising from the tortious or negligent conduct or any error or omission of the local government entity, its officers, employees, agents, or volunteers as a

result of which a claim may be made against the local government entity.

(6) "State risk manager" means the risk manager of the risk management division within the office of financial management.

(7) "Nonprofit corporation" or "corporation" has the same meaning as defined in RCW 24.03.005(3). [2004 c 255 § 2; 2002 c 332 § 24; 1999 c 153 § 60; 1991 sp.s. c 30 § 2.]

**Findings—Intent—2004 c 255:** See note following RCW 48.62.036.

**Intent—Effective date—2002 c 332:** See notes following RCW 43.41.280.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.62.031 Authority to self-insure—Options—Risk manager.** (1) The governing body of a local government entity may individually self-insure, may join or form a self-insurance program together with other entities, and may jointly purchase insurance or reinsurance with other entities for property and liability risks, and health and welfare benefits only as permitted under this chapter. In addition, the entity or entities may contract for or hire personnel to provide risk management, claims, and administrative services in accordance with this chapter.

(2) The agreement to form a joint self-insurance program shall be made under chapter 39.34 RCW and may create a separate legal or administrative entity with powers delegated thereto. Such entity may include or create a nonprofit corporation organized under chapter 24.03 or 24.06 RCW or a partnership organized under chapter 25.04 RCW.

(3) Every individual and joint self-insurance program is subject to audit by the state auditor.

(4) If provided for in the agreement or contract established under chapter 39.34 RCW, a joint self-insurance program may, in conformance with this chapter:

(a) Contract or otherwise provide for risk management and loss control services;

(b) Contract or otherwise provide legal counsel for the defense of claims and other legal services;

(c) Consult with the state insurance commissioner and the state risk manager;

(d) Jointly purchase insurance and reinsurance coverage in such form and amount as the program's participants agree by contract;

(e) Obligate the program's participants to pledge revenues or contribute money to secure the obligations or pay the expenses of the program, including the establishment of a reserve or fund for coverage; and

(f) Possess any other powers and perform all other functions reasonably necessary to carry out the purposes of this chapter.

(5) A local government entity that has decided to assume a risk of loss must have available for inspection by the state auditor a written report indicating the class of risk or risks the governing body of the entity has decided to assume.

(6) Every joint self-insurance program governed by this chapter shall appoint the risk manager as its attorney to receive service of, and upon whom shall be served, all legal process issued against it in this state upon causes of action arising in this state.

(a) Service upon the risk manager as attorney shall constitute service upon the program. Service upon joint insur-

ance programs subject to chapter 30, Laws of 1991 1st sp. sess. can be had only by service upon the risk manager. At the time of service, the plaintiff shall pay to the risk manager a fee to be set by the risk manager, taxable as costs in the action.

(b) With the initial filing for approval with the risk manager, each joint self-insurance program shall designate by name and address the person to whom the risk manager shall forward legal process so served upon him or her. The joint self-insurance program may change such person by filing a new designation.

(c) The appointment of the risk manager as attorney shall be irrevocable, shall bind any successor in interest or to the assets or liabilities of the joint self-insurance program, and shall remain in effect as long as there is in force in this state any contract made by the joint self-insurance program or liabilities or duties arising therefrom.

(d) The risk manager shall keep a record of the day and hour of service upon him or her of all legal process. A copy of the process, by registered mail with return receipt requested, shall be sent by the risk manager, to the person designated for the purpose by the joint self-insurance program in its most recent such designation filed with the risk manager. No proceedings shall be had against the joint self-insurance program, and the program shall not be required to appear, plead, or answer, until the expiration of forty days after the date of service upon the risk manager. [2005 c 147 § 1; 1991 sp.s. c 30 § 3.]

**48.62.034 Joint self-insurance program—Actions authorized.** (1) For the purpose of carrying out a joint self-insurance program, a joint self-insurance program and a separate legal entity created under RCW 48.62.031 each may:

(a) Contract indebtedness and issue and sell revenue bonds evidencing such indebtedness or establish lines of credit pursuant to and in the manner provided for local governments in chapter 39.46 RCW with the joint board under RCW 39.34.030; board of directors under RCW 48.62.081; or governing board of a separate legal entity formed under RCW 48.62.031, performing the functions to be performed by the governing body of a local government under chapter 39.46 RCW and appointing a treasurer to perform the functions to be performed by the treasurer under chapter 39.46 RCW;

(b) Contract indebtedness and issue and sell short-term obligations evidencing such indebtedness pursuant to and in the manner provided for municipal corporations in chapter 39.50 RCW with the joint board under RCW 39.34.030; board of directors under RCW 48.62.081; or governing board of a separate legal entity formed under RCW 48.62.031, performing the functions to be performed by the governing body of a municipal corporation under chapter 39.50 RCW; and

(c) Contract indebtedness and issue and sell refunding bonds pursuant to and in the manner provided for public bodies in chapter 39.53 RCW with the joint board under RCW 39.34.030; board of directors under RCW 48.62.081; or governing board of a separate legal entity formed under RCW 48.62.031, performing the functions to be performed by the governing body of a public body under chapter 39.53 RCW.

(2) For the purpose of carrying out a joint self-insurance program, a joint self-insurance program and a separate legal

entity formed under RCW 48.62.031 each may make loans of the proceeds of revenue bonds issued under this section to a joint self-insurance program or a local government entity that has joined or formed a joint self-insurance program.

(3) For the purpose of carrying out a joint self-insurance program, a joint self-insurance program and each local government entity that has joined or formed a joint self-insurance program may accept loans of the proceeds of revenue bonds issued under this section. [2005 c 147 § 2.]

**48.62.036 Authority to form or join a self-insurance risk pool—When section not applicable.** (1) A nonprofit corporation may form or join a self-insurance risk pool with one or more nonprofit corporations or with a local government entity or entities for property and liability risks.

(2) A nonprofit corporation that participates in or forms a self-insurance risk pool with one or more nonprofit corporations or with a local government entity or entities, as provided in subsection (1) of this section, is subject to the same rules and regulations that apply to a local government entity or entities under this chapter.

(3) This section does not apply to a nonprofit corporation that:

(a) Individually self-insures for property and liability risks;

(b) Participates in a risk pooling arrangement, including a risk retention group or a risk purchasing group, regulated under chapter 48.92 RCW, or is a captive insurer authorized in its state of domicile; or

(c) Is a hospital licensed under chapter 70.41 RCW or an entity owned, operated, controlled by, or affiliated with such a hospital that participates in a self-insurance risk pool or other risk pooling arrangement, unless the self-insurance pool or other risk pooling arrangement for property and liability risks includes a local government entity. [2004 c 255 § 3.]

**Findings—Intent—2004 c 255:** "The legislature finds that recent increases in property and liability insurance premiums experienced by some nonprofit organizations have the potential to negatively impact the ability of these organizations to continue to offer the level of service they provide in our communities. The legislature finds that nonprofit organizations are distinct from private for-profit businesses. By their very nature, nonprofit organizations are formed for purposes other than generating a profit, and are restricted from distributing any part of the organization's income to its directors or officers. Because of these characteristics, nonprofit organizations provide a unique public good to the residents in our state.

The legislature finds that in order to sustain the financial viability of nonprofit organizations, they should be provided with alternative options for insuring against risks. The legislature further finds that local government entities and nonprofit organizations share the common goal of providing services beneficial to the public interest. The legislature finds that allowing nonprofit organizations and local government entities to pool risk in self-insurance risk pools may be of mutual benefit for both types of entities. Therefore, it is the intent of the legislature to allow nonprofit organizations to form or participate in self-insurance risk pools with other nonprofit organizations or with local government entities where authority for such risk pooling arrangements does not currently exist in state or federal law." [2004 c 255 § 1.]

**48.62.061 Rule making by state risk manager—Standards.** The state risk manager shall adopt rules governing the management and operation of both individual and joint local government self-insurance programs covering property or liability risks. The state risk manager shall also adopt rules governing the management and operation of both individual

and joint local government self-insured health and welfare benefits programs. All rules shall be appropriate for the type of program and class of risk covered. The state risk manager's rules shall include:

(1) Standards for the management, operation, and solvency of self-insurance programs, including the necessity and frequency of actuarial analyses and claims audits;

(2) Standards for claims management procedures; and

(3) Standards for contracts between self-insurance programs and private businesses including standards for contracts between third-party administrators and programs. [2010 1st sp.s. c 7 § 55; 1991 sp.s. c 30 § 6.]

**Effective date—2010 1st sp.s. c 26; 2010 1st sp.s. c 7:** See note following RCW 43.03.027.

**48.62.071 Program approval required—State risk manager—Plan of management and operation.** Before the establishment of a joint self-insurance program covering property or liability risks by local government entities, or an individual or joint local government self-insured health and welfare benefits program, the entity or entities must obtain the approval of the state risk manager. Risk manager approval is not required for the establishment of an individual local government self-insurance program covering property or liability risks. The entity or entities proposing creation of a self-insurance program requiring prior approval shall submit a plan of management and operation to the state risk manager and the state auditor that provides at least the following information:

(1) The risk or risks to be covered, including any coverage definitions, terms, conditions, and limitations or in the case of health and welfare benefits programs, the benefits to be provided, including any benefit definitions, terms, conditions, and limitations;

(2) The amount and method of financing the benefits or covered risks, including the initial capital and proposed rates and projected premiums;

(3) The proposed claim reserving practices;

(4) The proposed purchase and maintenance of insurance or reinsurance in excess of the amounts retained by the self-insurance program;

(5) In the case of a joint program, the legal form of the program, including but not limited to any bylaws, charter, or trust agreement;

(6) In the case of a joint program, the agreements with members of the program defining the responsibilities and benefits of each member and management;

(7) The proposed accounting, depositing, and investment practices of the program;

(8) The proposed time when actuarial analysis will be first conducted and the frequency of future actuarial analysis;

(9) A designation of the individual upon whom service of process shall be executed on behalf of the program. In the case of a joint program, a designation of the individual to whom service of process shall be forwarded by the risk manager on behalf of the program;

(10) All contracts between the program and private persons providing risk management, claims, or other administrative services;

(11) A professional analysis of the feasibility of creation and maintenance of the program; and

(12) Any other information required by rule of the state risk manager that is necessary to determine the probable financial and management success of the program or that is necessary to determine compliance with this chapter. [1991 sp.s. c 30 § 7.]

**48.62.081 Multistate program participants—**

**Requirements.** A local government entity may participate in a joint self-insurance program covering property or liability risks with similar local government entities from other states if the program satisfies the following requirements:

(1) Only those local government entities of this state and similar entities of other states that are provided insurance by the program may have ownership interest in the program;

(2) The participating local government entities of this state and other states shall elect a board of directors to manage the program, a majority of whom shall be affiliated with one or more of the participating entities;

(3) The program must provide coverage through the delivery to each participating entity of one or more written policies effecting insurance of covered risks;

(4) The program shall be financed, including the payment of premiums and the contribution of initial capital, in accordance with the plan of management and operation submitted to the state risk manager in accordance with this chapter;

(5) The financial statements of the program shall be audited annually by the certified public accountants for the program, and such audited financial statements shall be delivered to the Washington state auditor and the state risk manager not more than one hundred twenty days after the end of each fiscal year of the program;

(6) The investments of the program shall be initiated only with financial institutions and/or broker-dealers doing business in those states in which participating entities are located, and such investments shall be audited annually by the certified public accountants for the program, and a list of such investments shall be delivered to the Washington state auditor not more than one hundred twenty days after the end of each fiscal year of the program;

(7) The treasurer of a multistate joint self-insurance program shall be designated by resolution of the program and such treasurer shall be located in the state of one of the participating entities;

(8) The participating entities may have no contingent liabilities for covered claims, other than liabilities for unpaid premiums, retrospective premiums, or assessments, if assets of the program are insufficient to cover the program's liabilities; and

(9) The program shall obtain approval from the state risk manager in accordance with this chapter and shall remain in compliance with the provisions of this chapter, except to the extent that such provisions are modified by or inconsistent with this section. [1991 sp.s. c 30 § 8.]

**48.62.091 Program approval or disapproval—Procedures—Annual report.** (1) Within one hundred twenty days of receipt of a plan of management and operation, the state risk manager shall either approve or disapprove the formation of the self-insurance program after reviewing the plan to

determine whether the proposed program complies with this chapter and all rules adopted in accordance with this chapter.

(2) If the state risk manager denies a request for approval, the state risk manager shall specify in detail the reasons for denial and the manner in which the program fails to meet the requirements of this chapter or any rules adopted in accordance with this chapter.

(3) Whenever the state risk manager determines that a joint self-insurance program covering property or liability risks or an individual or joint self-insured health and welfare benefits program is in violation of this chapter or is operating in an unsafe financial condition, the state risk manager may issue and serve upon the program an order to cease and desist from the violation or practice.

(a) The state risk manager shall deliver the order to the appropriate entity or entities directly or mail it to the appropriate entity or entities by registered mail with return receipt requested.

(b) If the program violates the order or has not taken steps to comply with the order after the expiration of twenty days after the cease and desist order has been received by the program, the program is deemed to be operating in violation of this chapter, and the state risk manager shall notify the state auditor and the attorney general of the violation.

(c) After hearing or with the consent of a program governed by this chapter and in addition to or in lieu of a continuation of the cease and desist order, the risk manager may levy a fine upon the program in an amount not less than three hundred dollars and not more than ten thousand dollars. The order levying such fine shall specify the period within which the fine shall be fully paid. The period within which such fines shall be paid shall not be less than fifteen nor more than thirty days from the date of such order. Upon failure to pay any such fine when due the risk manager shall request the attorney general to bring a civil action on the risk manager's behalf to collect the fine. The risk manager shall pay any fine so collected to the state treasurer for the account of the general fund.

(4) Each self-insurance program approved by the state risk manager shall annually file a report with the state risk manager and state auditor providing:

(a) Details of any changes in the articles of incorporation, bylaws, or interlocal agreement;

(b) Copies of all the insurance coverage documents;

(c) A description of the program structure, including participants' retention, program retention, and excess insurance limits and attachment point;

(d) An actuarial analysis, if required;

(e) A list of contractors and service providers;

(f) The financial and loss experience of the program; and

(g) Such other information as required by rule of the state risk manager.

(5) No self-insurance program requiring the state risk manager's approval may engage in an act or practice that in any respect significantly differs from the management and operation plan that formed the basis for the state risk manager's approval of the program unless the program first notifies the state risk manager in writing and obtains the state risk manager's approval. The state risk manager shall approve or disapprove the proposed change within sixty days of receipt of the notice. If the state risk manager denies a requested

change, the risk manager shall specify in detail the reasons for denial and the manner in which the program would fail to meet the requirements of this chapter or any rules adopted in accordance with this chapter. [1991 sp.s. c 30 § 9.]

**48.62.101 Access to information—Executive sessions—Public records act.** (1) All self-insurance programs governed by this chapter may provide for executive sessions in accordance with chapter 42.30 RCW to consider litigation and settlement of claims when it appears that public discussion of these matters would impair the program's ability to conduct its business effectively.

(2) Notwithstanding any provision to the contrary contained in the public records act, chapter 42.56 RCW, in a claim or action against the state or a local government entity, no person is entitled to discover that portion of any funds or liability reserve established for purposes of satisfying a claim or cause of action, except that the reserve is discoverable in a supplemental or ancillary proceeding to enforce a judgment. All other records of individual or joint self-insurance programs are subject to disclosure in accordance with chapter 42.56 RCW.

(3) In accordance with chapter 42.56 RCW, bargaining groups representing local government employees shall have reasonable access to information concerning the experience and performance of any health and welfare benefits program established for the benefit of such employees. [2005 c 274 § 316; 1991 sp.s. c 30 § 10.]

**Part headings not law—Effective date—2005 c 274:** See RCW 42.56.901 and 42.56.902.

**48.62.111 Investments—Designated treasurer—Deposit requirements—Bond.** (1) The assets of a joint self-insurance program governed by this chapter may be invested only in accordance with the general investment authority that participating local government entities possess as a governmental entity.

(2) Except as provided in subsection (3) of this section, a joint self-insurance program may invest all or a portion of its assets by depositing the assets with the treasurer of a county within whose territorial limits any of its member local government entities lie, to be invested by the treasurer for the joint program.

(3) Local government members of a joint self-insurance program may by resolution of the program designate some other person having experience in financial or fiscal matters as treasurer of the program, if that designated treasurer is located in Washington state. The program shall, unless the program's treasurer is a county treasurer, require a bond obtained from a surety company authorized to do business in Washington in an amount and under the terms and conditions that the program finds will protect against loss arising from mismanagement or malfeasance in investing and managing program funds. The program may pay the premium on the bond.

All program funds must be paid to the treasurer and shall be disbursed by the treasurer only on warrants issued by the treasurer or a person appointed by the program and upon orders or vouchers approved by the program or as authorized under chapters 35A.40 and 42.24 RCW. The treasurer shall establish a program account, into which shall be recorded all

program funds, and the treasurer shall maintain special accounts as may be created by the program into which the treasurer shall record all money as the program may direct by resolution.

(4) The treasurer of the joint program shall deposit all program funds in a public depository or depositories as defined in \*RCW 39.58.010(2) and under the same restrictions, contracts, and security as provided for any participating local government entity, and the depository shall be designated by resolution of the program.

(5) A joint self-insurance program may invest all or a portion of its assets by depositing the assets with the state investment board, to be invested by the state investment board in accordance with chapter 43.33A RCW. The state investment board shall designate a manager for those funds to whom the program may direct requests for disbursement upon orders or vouchers approved by the program or as authorized under chapters 35A.40 and 42.24 RCW.

(6) All interest and earnings collected on joint program funds belong to the program and must be deposited to the program's credit in the proper program account.

(7) A joint program may require a reasonable bond from any person handling money or securities of the program and may pay the premium for the bond.

(8) Subsections (3) and (4) of this section do not apply to a multistate joint self-insurance program governed by RCW 48.62.081. [2003 c 248 § 20; 1991 sp.s. c 30 § 11.]

**\*Reviser's note:** RCW 39.58.010 was alphabetized pursuant to 2009 c 9 § 19, changing subsection (2) to subsection (15).

**48.62.121 General operating regulations—Employee remuneration—Governing control—School districts—Use of insurance producers and surplus line brokers—Health care services—Trusts.** (1) No employee or official of a local government entity may directly or indirectly receive anything of value for services rendered in connection with the operation and management of a self-insurance program other than the salary and benefits provided by his or her employer or the reimbursement of expenses reasonably incurred in furtherance of the operation or management of the program. No employee or official of a local government entity may accept or solicit anything of value for personal benefit or for the benefit of others under circumstances in which it can be reasonably inferred that the employee's or official's independence of judgment is impaired with respect to the management and operation of the program.

(2)(a) No local government entity may participate in a joint self-insurance program in which local government entities do not retain complete governing control. This prohibition does not apply to:

(i) Local government contribution to a self-insured employee health and welfare benefits plan otherwise authorized and governed by state statute;

(ii) Local government participation in a multistate joint program where control is shared with local government entities from other states; or

(iii) Local government contribution to a self-insured employee health and welfare benefit trust in which the local government shares governing control with their employees.

(b) If a local government self-insured health and welfare benefit program, established by the local government as a trust, shares governing control of the trust with its employees:

(i) The local government must maintain at least a fifty percent voting control of the trust;

(ii) No more than one voting, nonemployee, union representative selected by employees may serve as a trustee; and

(iii) The trust agreement must contain provisions for resolution of any deadlock in the administration of the trust.

(3) Moneys made available and moneys expended by school districts and educational service districts for self-insurance under this chapter are subject to such rules of the superintendent of public instruction as the superintendent may adopt governing budgeting and accounting. However, the superintendent shall ensure that the rules are consistent with those adopted by the state risk manager for the management and operation of self-insurance programs.

(4) RCW 48.30.140, 48.30.150, 48.30.155, and 48.30.157 apply to the use of insurance producers and surplus line brokers by local government self-insurance programs.

(5) Every individual and joint local government self-insured health and welfare benefits program that provides comprehensive coverage for health care services shall include mandated benefits that the state health care authority is required to provide under RCW 41.05.170 and 41.05.180. The state risk manager may adopt rules identifying the mandated benefits.

(6) An employee health and welfare benefit program established as a trust shall contain a provision that trust funds be expended only for purposes of the trust consistent with statutes and rules governing the local government or governments creating the trust. [2009 c 162 § 29; 2008 c 217 § 62; 1993 c 458 § 1; 1991 sp.s. c 30 § 12.]

**Effective date—2009 c 162:** See note following RCW 48.03.020.

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.62.123 Existing benefit program established as a trust—Risk manager—Limited extension of deadline for compliance.** No local government self-insured employee health and welfare benefit program established as a trust by a local government entity or entities prior to July 25, 1993, may continue in operation unless such program complies with the provisions of this chapter within one hundred eighty days after July 25, 1993. The state risk manager may extend such period if the risk manager finds that such local government entity or entities are making a good faith effort and taking all necessary steps to comply with this chapter; however, in no event may the risk manager extend the period required for compliance more than ninety days after the expiration of the initial one hundred eighty-day period. [1993 c 458 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.62.125 Educational service districts—Rules—Superintendent of public instruction.** All rules adopted by the superintendent of public instruction by January 1, 1992, that apply to self-insurance programs of educational service districts remain in effect until expressly amended, repealed,

or superseded by the state risk manager or the state health care authority. [1991 sp.s. c 30 § 31.]

**48.62.131 Preexisting programs—Notice to state auditor.** Every local government entity that has established a self-insurance program not subject to the prior approval requirements of this chapter shall provide written notice to the state auditor of the existence of the program. The notice must identify the manager of the program and the class or classes of risk self-insured. The notice must also identify all investments and distribution of assets of the program, the current depository of assets and the program's designation of asset depository and investment agent as required by RCW 48.62.111. In addition, the local government entity shall notify the state auditor whenever the program covers a new class of risk or discontinues the self-insurance of a class of risk. [1991 sp.s. c 30 § 13.]

**48.62.141 Insufficient assets—Program requirement.** Every joint self-insurance program covering liability or property risks, excluding multistate programs governed by RCW 48.62.081, shall provide for the contingent liability of participants in the program if assets of the program are insufficient to cover the program's liabilities. [1991 sp.s. c 30 § 14.]

**48.62.151 Insurance premium taxes—Exemption.** A joint self-insurance program approved in accordance with this chapter is exempt from insurance premium taxes, from fees assessed under chapter 48.02 RCW, from chapters 48.32 and 48.32A RCW, from business and occupations taxes imposed under chapter 82.04 RCW, and from any assigned risk plan or joint underwriting association otherwise required by law. This section does not apply to and no exemption is provided for insurance companies issuing policies to cover program risks, nor does it apply to or provide an exemption for third-party administrators, surplus line brokers, or insurance producers serving the self-insurance program. [2009 c 162 § 30; 2008 c 217 § 63; 1991 sp.s. c 30 § 15.]

**Effective date—2009 c 162:** See note following RCW 48.03.020.

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.62.161 Establishment of fee to cover costs—State risk manager.** (1) The state risk manager shall establish and charge an investigation fee in an amount necessary to cover the costs for the initial review and approval of a self-insurance program. The fee must accompany the initial submission of the plan of operation and management.

(2) The costs of subsequent reviews and investigations shall be charged to the self-insurance program being reviewed or investigated in accordance with the actual time and expenses incurred in the review or investigation.

(3) The state risk manager may calculate, levy, and collect from each joint property and liability self-insurance program and each individual and joint health and welfare benefit program regulated by this chapter a start-up assessment to pay initial expenses and operating costs of the risk manager's office in administering this chapter. Any program failing to remit its assessment when due is subject to denial of permis-

sion to operate or to a cease and desist order until the assessment is paid. [2010 1st sp.s. c 7 § 56; 1991 sp.s. c 30 § 16.]

Effective date—2010 1st sp.s. c 26; 2010 1st sp.s. c 7: See note following RCW 43.03.027.

**48.62.171 Dissemination of information—Civil immunity.** (1) Any person who files reports or furnishes other information required under Title 48 RCW, required by the risk manager or the state auditor under authority granted by Title 48 RCW, or which is useful to the risk manager or the state auditor in the administration of Title 48 RCW, shall be immune from liability in any civil action or suit arising from the filing of any such report or furnishing such information to the risk manager or to the state auditor, unless actual malice, fraud, or bad faith is shown.

(2) The risk manager and the state auditor, and the agents and employees of each, are immune from liability in any civil action or suit arising from the publication of any report or bulletins or arising from dissemination of information related to the official activities of the risk manager, the advisory boards, or the state auditor, unless actual malice, fraud, or bad faith is shown.

(3) The immunity granted by this section is in addition to any common law or statutory privilege or immunity enjoyed by such person, and nothing in this section is intended to abrogate or modify in any way such common law or statutory privilege or immunity. [1991 sp.s. c 30 § 17.]

**48.62.900 Effective date, implementation, application—1991 sp.s. c 30.** (1) This act shall take effect January 1, 1992, but the state risk manager shall take all steps necessary to implement this act on its effective date.

(2) Every individual local government self-insured employee health and welfare plan and self-insurance program that has been in continuous operation for at least one year before January 1, 1992, need not obtain approval to continue operations until January 1, 1993, but must comply with all other provisions of this act.

(3) Local government entity authority to self-insure employee health and welfare benefits applies retroactively to 1979. [1991 sp.s. c 30 § 30.]

**48.62.901 Severability—1991 sp.s. c 30.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1991 sp.s. c 30 § 32.]

**Chapter 48.64 RCW**

**AFFORDABLE HOUSING ENTITIES—JOINT SELF-INSURANCE PROGRAMS**

Sections

48.64.005	Intent—Liberal construction.
48.64.010	Definitions.
48.64.020	Rules necessary to implement multistate program—State risk manager.
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48.64.050	Management and operation of programs—Rules adopted by state risk manager.

48.64.060	Program approval required from state risk manager—Plan submission.
48.64.070	Multistate programs—Conditions and requirements for participation.
48.64.080	Program approval or disapproval—Plan review—State risk manager’s duties—Violations—Fines—Annual program reports.
48.64.090	Program may designate treasurer—Bond.
48.64.100	Employees or officials of a participating affordable housing entity—Restrictions on receiving anything of value.
48.64.110	Programs are exempt from certain taxes and fees.
48.64.120	Investigation fee—Amount determined by state risk manager.
48.64.130	Immunity from liability in civil actions—Filing, furnishing, or using information.
48.64.900	Effective date—2009 c 314.

**48.64.005 Intent—Liberal construction.** This chapter is intended to provide authority for two or more affordable housing entities to participate in a joint self-insurance program covering property or liability risks. This chapter provides affordable housing entities with the exclusive source of authority to jointly self-insure property and liability risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services with other affordable housing entities. This chapter must be liberally construed to grant affordable housing entities maximum flexibility in jointly self-insuring to the extent the self-insurance programs are operated in a safe and sound manner. This chapter is intended to require prior approval for the establishment of every joint self-insurance program. In addition, this chapter is intended to require every joint self-insurance program for affordable housing entities established under this chapter to notify the state of the existence of the program and to comply with the regulatory and statutory standards governing the management and operation of the programs as provided in this chapter. This chapter is not intended to authorize or regulate self-insurance of unemployment compensation under chapter 50.44 RCW or industrial insurance under chapter 51.14 RCW. [2009 c 314 § 1.]

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

(1) "Affordable housing" means housing projects in which some of the dwelling units may be purchased or rented on a basis that is affordable to households with an income of eighty percent or less of the county median family income, adjusted for family size.

(2) "Affordable housing entity" means any of the following:

(a) A housing authority created under the laws of this state or another state and any agency or instrumentality of a housing authority including, but not limited to, a legal entity created to conduct a joint self-insurance program for housing authorities that is operating in accordance with chapter 48.62 RCW;

(b) A nonprofit corporation, whether organized under the laws of this state or another state, that is engaged in providing affordable housing and is necessary for the completion, management, or operation of a project because of its access to funding sources that are not available to a housing authority, as described in this section; or

(c) A general or limited partnership or limited liability company, whether organized under the laws of this state or another state, that is engaged in providing affordable housing

as defined in this section. A partnership or limited liability company may only be considered an affordable housing entity if a housing authority or nonprofit corporation, as described in this subsection, satisfies any of the following conditions: (i) It has, or has the right to acquire, a financial or ownership interest in the partnership or limited liability company; (ii) it possesses the power to direct management or policies of the partnership or limited liability company; or (iii) it has entered into a contract to lease, manage, or operate the affordable housing owned by the partnership or limited liability company.

(3) "Property and liability risks" includes the risk of property damage or loss sustained by an affordable housing entity and the risk of claims arising from the tortious or negligent conduct or any error or omission of the entity, its officers, employees, agents, or volunteers as a result of which a claim may be made against the entity.

(4) "Self-insurance" means a formal program of advance funding and management of entity financial exposure to a risk of loss that is not transferred through the purchase of an insurance policy or contract.

(5) "State risk manager" means the risk manager of the risk management division within the office of financial management. [2009 c 314 § 2.]

**48.64.020 Rules necessary to implement multistate program—State risk manager.** Prior to the approval of a multistate joint self-insurance program for affordable housing entities, the state risk manager shall adopt rules further clarifying the definitions of "affordable housing" and "affordable housing entity" as defined in RCW 48.64.010, and the conditions and limitations under which affordable housing entities may participate or be expelled from the joint self-insurance program. [2009 c 314 § 3.]

**48.64.030 Authority to join or form program—Requirements—Terms of agreement.** (1) The governing body of an affordable housing entity may join or form a self-insurance program together with one or more other affordable housing entities, and may jointly purchase insurance or reinsurance with one or more other affordable housing entities for property and liability risks only as permitted under this chapter. Affordable housing entities may contract for or hire personnel to provide risk management, claims, and administrative services in accordance with this chapter.

(2) The agreement to form a joint self-insurance program may include the organization of a separate legal or administrative entity with powers delegated to the entity. The entity may be a nonprofit corporation, limited liability company, partnership, trust, or other form of entity, whether organized under the laws of this state or another state.

(3) If provided for in the organizational documents, a joint self-insurance program may, in conformance with this chapter:

(a) Contract or otherwise provide for risk management and loss control services;

(b) Contract or otherwise provide legal counsel for the defense of claims and other legal services;

(c) Consult with the state insurance commissioner and the state risk manager;

(d) Jointly purchase insurance and reinsurance coverage in a form and amount as provided for in the organizational documents;

(e) Obligate the program's participants to pledge revenues or contribute money to secure the obligations or pay the expenses of the program, including the establishment of a reserve or fund for coverage; and

(f) Possess any other powers and perform all other functions reasonably necessary to carry out the purposes of this chapter.

(4) Every joint self-insurance program governed by this chapter must appoint the state risk manager as its attorney to receive service of, and upon whom must be served, all legal process issued against the program in this state upon causes of action arising in this state.

(a) Service upon the state risk manager as attorney constitutes service upon the program. Service upon joint self-insurance programs subject to this chapter may only occur by service upon the state risk manager. At the time of service, the plaintiff shall pay to the state risk manager a fee to be set by the state risk manager, taxable as costs in the action.

(b) With the initial filing for approval with the state risk manager, each joint self-insurance program must designate by name and address the person to whom the state risk manager must forward legal process that is served upon him or her. The joint self-insurance program may change this person by filing a new designation.

(c) The appointment of the state risk manager as attorney is irrevocable, binds any successor in interest or to the assets or liabilities of the joint self-insurance program, and remains in effect as long as there is in force in this state any contract made by the joint self-insurance program or liabilities or duties arising from the contract.

(d) The state risk manager shall keep a record of the day and hour of service upon him or her of all legal process. A copy of the process, by registered mail with return receipt requested, must be sent by the state risk manager to the person designated to receive legal process by the joint self-insurance program in its most recent designation filed with the state risk manager. Proceedings must not commence against the joint self-insurance program, and the program must not be required to appear, plead, or answer, until the expiration of forty days after the date of service upon the state risk manager. [2009 c 314 § 4.]

**48.64.040 When chapter not applicable.** This chapter does not apply to an affordable housing entity that:

(1) Individually self-insures for property and liability risks; or

(2) Participates in a risk pooling arrangement, including a risk retention group or a risk purchasing group, regulated under chapter 48.92 RCW, or is a captive insurer authorized in its state of domicile. [2009 c 314 § 5.]

**48.64.050 Management and operation of programs—Rules adopted by state risk manager.** The state risk manager shall adopt rules governing the management and operation of joint self-insurance programs for affordable housing entities that cover property or liability risks. All rules must

be appropriate for the type of program and class of risk covered. The state risk manager's rules must include:

- (1) Standards for the management, operation, and solvency of joint self-insurance programs, including the necessity and frequency of actuarial analyses and claims audits;
- (2) Standards for claims management procedures;
- (3) Standards for contracts between joint self-insurance programs and private businesses, including standards for contracts between third-party administrators and programs; and
- (4) Standards that preclude housing authorities or other public entities participating in the joint self-insurance program from subsidizing, regardless of the form of subsidy, affordable housing entities that are not housing authorities or public entities. These standards do not apply to the consideration attributable to the ownership interest of a housing authority or public entity in a separate legal or administrative entity organized with respect to the program. [2009 c 314 § 6.]

**48.64.060 Program approval required from state risk manager—Plan submission.** Before the establishment of a joint self-insurance program covering property or liability risks by affordable housing entities, the entities must obtain the approval of the state risk manager. The entities proposing the creation of a joint self-insurance program requiring prior approval shall submit a plan of management and operation to the state risk manager that provides at least the following information:

- (1) The risk or risks to be covered, including any coverage definitions, terms, conditions, and limitations;
- (2) The amount and method of funding the covered risks, including the initial capital and proposed rates and projected premiums;
- (3) The proposed claim reserving practices;
- (4) The proposed purchase and maintenance of insurance or reinsurance in excess of the amounts retained by the joint self-insurance program;
- (5) The legal form of the program including, but not limited to, any articles of incorporation, bylaws, charter, or trust agreement or other agreement among the participating entities;
- (6) The agreements with participants in the program defining the responsibilities and benefits of each participant and management;
- (7) The proposed accounting, depositing, and investment practices of the program;
- (8) The proposed time when actuarial analysis will be first conducted and the frequency of future actuarial analysis;
- (9) A designation of the individual to whom service of process must be forwarded by the state risk manager on behalf of the program;
- (10) All contracts between the program and private persons providing risk management, claims, or other administrative services;
- (11) A professional analysis of the feasibility of the creation and maintenance of the program;
- (12) A legal determination of the potential federal and state tax liabilities of the program; and
- (13) Any other information required by rule of the state risk manager that is necessary to determine the probable

financial and management success of the program or that is necessary to determine compliance with this chapter. [2009 c 314 § 7.]

**48.64.070 Multistate programs—Conditions and requirements for participation.** An affordable housing entity may participate in a joint self-insurance program covering property or liability risks with similar affordable housing entities from other states if the program satisfies the following requirements:

- (1) An ownership interest in the program is limited to some or all of the affordable housing entities of this state and affordable housing entities of other states that are provided insurance by the program;
- (2) The participating affordable housing entities of this state and other states shall elect a board of directors to manage the program, a majority of whom must be affiliated with one or more of the participating affordable housing entities;
- (3) The program must provide coverage through the delivery to each participating affordable housing entity of one or more written policies affecting insurance of covered risks;
- (4) The program must be financed, including the payment of premiums and the contribution of initial capital, in accordance with the plan of management and operation submitted to the state risk manager in accordance with this chapter;
- (5) The financial statements of the program must be audited annually by the certified public accountants for the program, and these audited financial statements must be delivered to the state risk manager not more than one hundred twenty days after the end of each fiscal year of the program;
- (6) The investments of the program must be initiated only with financial institutions or broker-dealers, or both, doing business in those states in which participating affordable housing entities are located, and these investments must be audited annually by the certified public accountants for the program;
- (7) The treasurer of a multistate joint self-insurance program must be designated by resolution of the program and the treasurer must be located in the state of one of the participating entities;
- (8) The participating affordable housing entities may have no contingent liabilities for covered claims, other than liabilities for unpaid premiums, if assets of the program are insufficient to cover the program's liabilities; and
- (9) The program must obtain approval from the state risk manager in accordance with this chapter and must remain in compliance with this chapter, except if provided otherwise under this section. [2009 c 314 § 8.]

**48.64.080 Program approval or disapproval—Plan review—State risk manager's duties—Violations—Fines—Annual program reports.** (1) Within one hundred twenty days of receipt of a plan of management and operation, the state risk manager shall either approve or disapprove of the formation of the joint self-insurance program after reviewing the plan to determine whether the proposed program complies with this chapter and all rules adopted in accordance with this chapter.

(2) If the state risk manager denies a request for approval, the state risk manager shall specify in detail the reasons for denial and the manner in which the program fails to meet the requirements of this chapter or any rules adopted in accordance with this chapter.

(3) If the state risk manager determines that a joint self-insurance program covering property or liability risks is in violation of this chapter or is operating in an unsafe financial condition, the state risk manager may issue and serve upon the program an order to cease and desist from the violation or practice.

(a) The state risk manager shall deliver the order to the appropriate entity or entities directly or mail it to the appropriate entity or entities by certified mail with return receipt requested.

(b) If the program violates the order or has not taken steps to comply with the order after the expiration of twenty days after the cease and desist order has been received by the program, the program is deemed to be operating in violation of this chapter, and the state risk manager shall notify the attorney general of the violation.

(c) After hearing or with the consent of a program governed under this chapter and in addition to or in lieu of a continuation of the cease and desist order, the state risk manager may levy a fine upon the program in an amount not less than three hundred dollars and not more than ten thousand dollars. The order levying the fine must specify the period within which the fine must be fully paid. The period within which the fines must be paid must not be less than fifteen and no more than thirty days from the date of the order. Upon failure to pay the fine when due, the state risk manager shall request the attorney general to bring a civil action on the state risk manager's behalf to collect the fine. The state risk manager shall pay any fine collected to the state treasurer for the account of the general fund.

(4) Each joint self-insurance program approved by the state risk manager shall annually file a report with the state risk manager providing:

(a) Details of any changes in the articles of incorporation, bylaws, charter, or trust agreement or other agreement among the participating affordable housing entities;

(b) Copies of all the insurance coverage documents;

(c) A description of the program structure, including participants' retention, program retention, and excess insurance limits and attachment point;

(d) An actuarial analysis;

(e) A list of contractors and service providers;

(f) The financial and loss experience of the program; and

(g) Other information as required by rule of the state risk manager.

(5) A joint self-insurance program requiring the state risk manager's approval may not engage in an act or practice that in any respect significantly differs from the management and operation plan that formed the basis for the state risk manager's approval of the program unless the program first notifies the state risk manager in writing and obtains the state risk manager's approval. The state risk manager shall approve or disapprove the proposed change within sixty days of receipt of the notice. If the state risk manager denies a requested change, the state risk manager shall specify in detail the reasons for the denial and the manner in which the program

would fail to meet the requirements of this chapter or any rules adopted in accordance with this chapter. [2009 c 314 § 9.]

#### **48.64.090 Program may designate treasurer—Bond.**

(1) A joint self-insurance program may by resolution of the program designate a person having experience with investments or financial matters as treasurer of the program. The program must require a bond obtained from a surety company in an amount and under the terms and conditions that the program finds will protect against loss arising from mismanagement or malfeasance in investing and managing program funds. The program may pay the premium on the bond.

(2) All interest and earnings collected on joint self-insurance program funds belong to the program and must be deposited to the program's credit in the proper program account. [2009 c 314 § 10.]

#### **48.64.100 Employees or officials of a participating affordable housing entity—Restrictions on receiving anything of value.**

(1) An employee or official of a participating affordable housing entity in a joint self-insurance program may not directly or indirectly receive anything of value for services rendered in connection with the operation and management of a self-insurance program other than the salary and benefits provided by his or her employer or the reimbursement of expenses reasonably incurred in furtherance of the operation or management of the program. An employee or official of a participating affordable housing entity in a joint self-insurance program may not accept or solicit anything of value for personal benefit or for the benefit of others under circumstances in which it can be reasonably inferred that the employee's or official's independence of judgment is impaired with respect to the management and operation of the program.

(2) RCW 48.30.140, 48.30.150, and 48.30.157 apply to the use of insurance producers by a joint self-insurance program. [2009 c 314 § 11.]

#### **48.64.110 Programs are exempt from certain taxes and fees.**

A joint self-insurance program approved in accordance with this chapter is exempt from insurance premium taxes, fees assessed under chapter 48.02 RCW, chapters 48.32 and 48.32A RCW, business and occupation taxes imposed under chapter 82.04 RCW, and any assigned risk plan or joint underwriting association otherwise required by law. This section does not apply to, and no exemption is provided for, insurance companies issuing policies to cover program risks, and does not apply to or provide an exemption for third-party administrators or insurance producers serving the joint self-insurance program. [2009 c 314 § 12.]

#### **48.64.120 Investigation fee—Amount determined by state risk manager.**

(1) The state risk manager shall establish and charge an investigation fee in an amount necessary to cover the costs for the initial review and approval of a joint self-insurance program. The fee must accompany the initial submission of the plan of operation and management.

(2) The costs of subsequent reviews and investigations must be charged to the joint self-insurance program being

reviewed or investigated in accordance with the actual time and expenses incurred in the review or investigation.

(3) Any program failing to remit its assessment when due is subject to denial of permission to operate or to a cease and desist order until the assessment is paid. [2009 c 314 § 13.]

**48.64.130 Immunity from liability in civil actions—Filing, furnishing, or using information.** (1) Any person who files reports or furnishes other information required under this title, required by the state risk manager under the authority granted under this title, or which is useful to the state risk manager in the administration of this title, is immune from liability in any civil action or suit arising from the filing of any such report or furnishing such information to the state risk manager, unless actual malice, fraud, or bad faith is shown.

(2) The state risk manager and his or her agents and employees are immune from liability in any civil action or suit arising from the publication of any report or bulletins or arising from dissemination of information related to the official activities of the state risk manager unless actual malice, fraud, or bad faith is shown.

(3) The immunity granted under this section is in addition to any common law or statutory privilege or immunity enjoyed by such person. This section is not intended to abrogate or modify in any way such common law or statutory privilege or immunity. [2010 c 8 § 11007; 2009 c 314 § 14.]

**48.64.900 Effective date—2009 c 314.** This act takes effect January 1, 2010. [2009 c 314 § 17.]

### Chapter 48.66 RCW

## MEDICARE SUPPLEMENTAL HEALTH INSURANCE ACT

#### Sections

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48.66.055	Termination or disenrollment—Application for coverage—Eligible persons—Types of policies—Guaranteed issue periods.
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48.66.165	Conformity with federal law—Rules.

48.66.900	Severability—1981 c 153.
48.66.910	Effective date—1981 c 153.
48.66.920	Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.

**48.66.010 Short title—Intent—Application of chapter.** This chapter shall be known and may be cited as "The Medicare Supplemental Health Insurance Act" and is intended to govern the content and sale of medicare supplemental insurance as defined in this chapter. The provisions of this chapter shall apply in addition to, rather than in place of, other requirements of Title 48 RCW. [1981 c 153 § 1.]

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

(1) "Medicare supplemental insurance" or "medicare supplement insurance policy" refers to a group or individual policy of disability insurance or a subscriber contract of a health care service contractor, a health maintenance organization, or a fraternal benefit society, which relates its benefits to medicare, or which is advertised, marketed, or designed primarily as a supplement to reimbursements under medicare for the hospital, medical, or surgical expenses of persons eligible for medicare. Such term does not include:

(a) A policy or contract of one or more employers or labor organizations, or of the trustees of a fund established by one or more employers or labor organizations, or combination thereof, for employees or former employees, or combination thereof, or for members or former members, or combination thereof, of the labor organizations; or

(b) A policy issued pursuant to a contract under section 1876 of the federal social security act (42 U.S.C. Sec. 1395 et seq.), or an issued policy under a demonstration specified in 42 U.S.C. Sec. 1395(g)(1); or

(c) Medicare advantage plans established under medicare part C; or

(d) Outpatient prescription drug plans established under medicare part D; or

(e) Any health care prepayment plan that provides benefits pursuant to an agreement under section 1833(a)(1)(A) of the federal social security act.

(2) "Medicare" means the "Health Insurance for the Aged Act," Title XVIII of the Social Security Amendments of 1965, as then constituted or later amended.

(3) "Medicare advantage plan" means a plan of coverage for health benefits under medicare part C as defined in 42 U.S.C. Sec. 1395w-28(b), and includes:

(a) Coordinated care plans which provide health care services, including but not limited to health maintenance organization plans (with or without a point-of-service option), plans offered by provider-sponsored organizations, and preferred provider organization plans;

(b) Medical savings account plans coupled with a contribution into a medicare advantage plan medical savings account; and

(c) Medicare advantage private fee-for-service plans.

(4) "Medicare eligible expenses" means health care expenses of the kinds covered by medicare parts A and B, to the extent recognized as reasonable and medically necessary by medicare.

(5) "Applicant" means:

(a) In the case of an individual medicare supplement insurance policy or subscriber contract, the person who seeks to contract for insurance benefits; and

(b) In the case of a group medicare supplement insurance policy or subscriber contract, the proposed certificate holder.

(6) "Certificate" means any certificate delivered or issued for delivery in this state under a group medicare supplement insurance policy.

(7) "Loss ratio" means the incurred claims as a percentage of the earned premium computed under rules adopted by the insurance commissioner.

(8) "Preexisting condition" means a covered person's medical condition that caused that person to have received medical advice or treatment during a specified time period immediately prior to the effective date of coverage.

(9) "Disclosure form" means the form designated by the insurance commissioner which discloses medicare benefits, the supplemental benefits offered by the insurer, and the remaining amount for which the insured will be responsible.

(10) "Issuer" includes insurance companies, health care service contractors, health maintenance organizations, fraternal benefit societies, and any other entity delivering or issuing for delivery medicare supplement policies or certificates to a resident of this state.

(11) "Bankruptcy" means when a medicare advantage organization that is not an issuer has filed, or has had filed against it, a petition for declaration of bankruptcy and has ceased doing business in the state.

(12) "Continuous period of creditable coverage" means the period during which an individual was covered by creditable coverage, if during the period of the coverage the individual had no breaks in coverage greater than sixty-three days.

(13)(a) "Creditable coverage" means, with respect to an individual, coverage of the individual provided under any of the following:

(i) A group health plan;

(ii) Health insurance coverage;

(iii) Part A or part B of Title XVIII of the social security act (medicare);

(iv) Title XIX of the social security act (medicaid), other than coverage consisting solely of benefits under section 1928;

(v) Chapter 55 of Title 10 U.S.C. (CHAMPUS);

(vi) A medical care program of the Indian health service or of a tribal organization;

(vii) A state health benefits risk pool;

(viii) A health plan offered under chapter 89 of Title 5 U.S.C. (federal employees health benefits program);

(ix) A public health plan as defined in federal regulation; and

(x) A health benefit plan under section 5(e) of the peace corps act (22 U.S.C. Sec. 2504(e)).

(b) "Creditable coverage" does not include one or more, or any combination, of the following:

(i) Coverage only for accident or disability income insurance, or any combination thereof;

(ii) Coverage issued as a supplement to liability insurance;

(iii) Liability insurance, including general liability insurance and automobile liability insurance;

(iv) Worker's compensation or similar insurance;

(v) Automobile medical payment insurance;

(vi) Credit-only insurance;

(vii) Coverage for on-site medical clinics; and

(viii) Other similar insurance coverage, specified in federal regulations, under which benefits for medical care are secondary or incidental to other insurance benefits.

(c) "Creditable coverage" does not include the following benefits if they are provided under a separate policy, certificate, or contract of insurance or are otherwise not an integral part of the plan:

(i) Limited scope dental or vision benefits;

(ii) Benefits for long-term care, nursing home care, home health care, community-based care, or any combination thereof; and

(iii) Other similar, limited benefits as are specified in federal regulations.

(d) "Creditable coverage" does not include the following benefits if offered as independent, noncoordinated benefits:

(i) Coverage only for a specified disease or illness; and

(ii) Hospital indemnity or other fixed indemnity insurance.

(e) "Creditable coverage" does not include the following if it is offered as a separate policy, certificate, or contract of insurance:

(i) Medicare supplemental health insurance as defined under section 1882(g)(1) of the social security act;

(ii) Coverage supplemental to the coverage provided under chapter 55 of Title 10 U.S.C.; and

(iii) Similar supplemental coverage provided to coverage under a group health plan.

(14) "Employee welfare benefit plan" means a plan, fund, or program of employee benefits as defined in 29 U.S.C. Sec. 1002 (employee retirement income security act).

(15) "Insolvency" means when an issuer, licensed to transact the business of insurance in this state, has had a final order of liquidation entered against it with a finding of insolvency by a court of competent jurisdiction in the issuer's state of domicile. [2005 c 41 § 3; 1996 c 269 § 1; 1995 c 85 § 1; 1992 c 138 § 1; 1981 c 153 § 2.]

**Intent—2005 c 41:** See note following RCW 48.66.025.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **48.66.025 Restrictions on issuers—Age of applicants—Preexisting conditions.**

(1) An issuer may not deny or condition the issuance or effectiveness of any medicare supplement policy or certificate available for sale in this state, or discriminate in the pricing of a policy or certificate, because of the health status, claims experience, receipt of health care, or medical condition of an applicant in the case of an application for a policy or certificate that is submitted prior to or during the six-month period beginning with the first day of the first month in which an individual is both sixty-five years of age or older and is enrolled for benefits under medicare part B. Each medicare supplement policy and certificate currently available from an insurer must be made available to all applicants who qualify under this subsection without regard to age.

(2) If an applicant qualifies under this section and submits an application during the time period referenced in sub-

section (1) of this section and, as of the date of application, has had a continuous period of creditable coverage of at least three months, the issuer may not exclude benefits based on a preexisting condition.

(3) If an applicant qualified under this section submits an application during the time period referenced in subsection (1) of this section and, as of the date of application, has had a continuous period of creditable coverage that is less than three months, the issuer must reduce the period of any preexisting condition exclusion by the aggregate of the period of creditable coverage applicable to the applicant as of the enrollment date. [2005 c 41 § 2.]

**Intent—2005 c 41:** "This act is intended to satisfy the directive from the centers for medicare and medicaid services requiring states to implement changes to their medicare supplement insurance requirements to comply with the standards prescribed by the medicare modernization act that are consistent with amendments to the national association of insurance commissioners medicare supplement insurance minimum standards model act along with other corrections to be compliant with federal requirements." [2005 c 41 § 1.]

**48.66.030 Renewability—Benefit standards—Benefit limitations.** (1) A medicare supplement insurance policy which provides for the payment of benefits may not be based on standards described as "usual and customary," "reasonable and customary," or words of similar import.

(2) Limitations on benefits, such as policy exclusions or waiting periods, shall be labeled in a separate section of the policy or placed with the benefit provisions to which they apply, rather than being included in other sections of the policy, rider, or endorsement. [1992 c 138 § 2; 1981 c 153 § 3.]

**48.66.035 Commissioner's approval required.** (1) A medicare supplement insurance policy or certificate form or application form, rider, or endorsement shall not be issued, delivered, or used unless it has been filed with and approved by the commissioner.

(2) Rates, or modification of rates, for medicare supplement policies or certificates shall not be used until filed with and approved by the commissioner.

(3) Every filing shall be received not less than thirty days in advance of any such issuance, delivery, or use. At the expiration of such thirty days the form or rate so filed shall be deemed approved unless prior thereto it has been affirmatively approved or disapproved by order of the commissioner. The commissioner may extend by not more than an additional fifteen days the period within which he or she may affirmatively approve or disapprove any such form or rate, by giving notice of such extension before expiration of the initial thirty-day waiting period. At the expiration of any such period as so extended, and in the absence of such prior affirmative approval or disapproval, any such form or rate shall be deemed approved. A filing of a form or rate or modification thereto may not be deemed approved unless the filing contains all required documents prescribed by the commissioner. The commissioner may withdraw any such approval at any time for cause. By approval of any such form or rate for immediate use, the commissioner may waive any unexpired portion of such initial thirty-day waiting period.

(4) The commissioner's order disapproving any such form or rate or withdrawing a previous approval shall state the grounds therefor.

(5) A form or rate shall not knowingly be issued, delivered, or used if the commissioner's approval does not then exist. [1992 c 138 § 3.]

**48.66.041 Minimum standards required by rule—Waiver.** (1) The insurance commissioner shall adopt rules to establish minimum standards for benefits in medicare supplement insurance policies and certificates.

(2) The commissioner shall adopt rules to establish specific standards for medicare supplement insurance policy or certificate provisions. These rules may include but are not limited to:

- (a) Terms of renewability;
- (b) Nonduplication of coverage;
- (c) Benefit limitations, exceptions, and reductions;
- (d) Definitions of terms;
- (e) Requiring refunds or credits if the policies or certificates do not meet loss ratio requirements;
- (f) Establishing uniform methodology for calculating and reporting loss ratios;
- (g) Assuring public access to policies, premiums, and loss ratio information of an issuer of medicare supplement insurance;
- (h) Establishing a process for approving or disapproving proposed premium increases; and
- (i) Establishing standards for medicare SELECT policies and certificates.

(3) The insurance commissioner may adopt rules that establish disclosure standards for replacement of policies or certificates by persons eligible for medicare.

(4) The insurance commissioner may by rule prescribe that an informational brochure, designed to improve the buyer's understanding of medicare and ability to select the most appropriate coverage, be provided to persons eligible for medicare by reason of age. The commissioner may require that the brochure be provided to applicants concurrently with delivery of the outline of coverage, except with respect to direct response insurance, when the brochure may be provided upon request but no later than the delivery of the policy.

(5) In the case of a state or federally qualified health maintenance organization, the commissioner may waive compliance with one or all provisions of this section until January 1, 1983. [1993 c 388 § 1; 1992 c 138 § 4; 1982 c 200 § 1.]

**48.66.045 Mandated coverage for replacement policies—Rates on a community-rated basis.** (1) Every issuer of a medicare supplement insurance policy or certificate providing coverage to a resident of this state issued on or after January 1, 1996, and before June 1, 2010, must:

- (a) Unless otherwise provided for in RCW 48.66.055, issue coverage under its standardized benefit plans B, C, D, E, F, G, K, and L without evidence of insurability to any resident of this state who is eligible for both medicare hospital and physician services by reason of age or by reason of disability or end-stage renal disease, if the medicare supplement policy replaces another medicare supplement standardized benefit plan policy or certificate B, C, D, E, F, G, K, or L, or

other more comprehensive coverage than the replacing policy; and

(b) Unless otherwise provided for in RCW 48.66.055, issue coverage under its standardized plans A, H, I, and J without evidence of insurability to any resident of this state who is eligible for both medicare hospital and physician services by reason of age or by reason of disability or end-stage renal disease, if the medicare supplement policy replaces another medicare supplement policy or certificate which is the same standardized plan as the replaced policy. After December 31, 2005, plans H, I, and J may be replaced only by the same plan if that plan has been modified to remove outpatient prescription drug coverage.

(2)(a) Unless otherwise provided for in RCW 48.66.055, every issuer of a medicare supplement insurance policy or certificate providing coverage to a resident of this state issued on or after June 1, 2010, must issue coverage under its standardized plans B, C, D, F, F with high deductible, G, K, L, M, or N without evidence of insurability to any resident of this state who is eligible for both medicare hospital and physician services by reason of age or by reason of disability or end-stage renal disease, if the medicare supplement policy or certificate replaces another medicare supplement policy or certificate or other more comprehensive coverage; and

(b) Unless otherwise provided for in RCW 48.66.055, issue coverage under its standardized plan A without evidence of insurability to any resident of this state who is eligible for both medicare hospital and physician services by reason of age or by reason of disability or end-stage renal disease, if the medicare supplement policy or certificate replaces another standardized plan A medicare supplement policy or certificate.

(3) Every issuer of a medicare supplement insurance policy or certificate providing coverage to a resident of this state issued on or after January 1, 1996, must set rates only on a community-rated basis. Premiums must be equal for all policyholders and certificate holders under a standardized medicare supplement benefit plan form, except that an issuer may vary premiums based on spousal discounts, frequency of payment, and method of payment including automatic deposit of premiums and may develop no more than two rating pools that distinguish between an insured's eligibility for medicare by reason of:

(a) Age; or

(b) Disability or end-stage renal disease. [2010 c 27 § 3; 2009 c 161 § 5; 2005 c 41 § 4; 2004 c 83 § 1; 1999 c 334 § 1; 1995 c 85 § 3.]

**Intent—2005 c 41:** See note following RCW 48.66.025.

**Severability—2004 c 83:** "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [2004 c 83 § 2.]

**Effective date—2004 c 83:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [March 22, 2004]." [2004 c 83 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.66.050 Policy or certificate provisions prohibited by rule—Waivers restricted.** (1) The insurance commissioner may issue reasonable rules that specify prohibited pol-

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icy provisions not otherwise specifically authorized by statute which, in the opinion of the commissioner, are unfair, unjust, or unfairly discriminatory to any person insured or proposed to be insured under a medicare supplement insurance policy or certificate.

(2) No medicare supplement insurance policy may use waivers to exclude, limit, or reduce coverage or benefits for specifically named or described preexisting diseases or physical conditions. [1992 c 138 § 5; 1981 c 153 § 5.]

**48.66.055 Termination or disenrollment—Application for coverage—Eligible persons—Types of policies—Guaranteed issue periods.** (1) Under this section, persons eligible for a medicare supplement policy or certificate are those individuals described in subsection (3) of this section who, subject to subsection (3)(b)(ii) of this section, apply to enroll under the policy not later than sixty-three days after the date of the termination of enrollment described in subsection (3) of this section, and who submit evidence of the date of termination or disenrollment, or medicare part D enrollment, with the application for a medicare supplement policy.

(2) With respect to eligible persons, an issuer may not deny or condition the issuance or effectiveness of a medicare supplement policy described in subsection (4) of this section that is offered and is available for issuance to new enrollees by the issuer, shall not discriminate in the pricing of such a medicare supplement policy because of health status, claims experience, receipt of health care, or medical condition, and shall not impose an exclusion of benefits based on a preexisting condition under such a medicare supplement policy.

(3) "Eligible persons" means an individual that meets the requirements of (a), (b), (c), (d), (e), or (f) of this subsection, as follows:

(a) The individual is enrolled under an employee welfare benefit plan that provides health benefits that supplement the benefits under medicare; and the plan terminates, or the plan ceases to provide all such supplemental health benefits to the individual;

(b)(i) The individual is enrolled with a medicare advantage organization under a medicare advantage plan under part C of medicare, and any of the following circumstances apply, or the individual is sixty-five years of age or older and is enrolled with a program of all inclusive care for the elderly (PACE) provider under section 1894 of the social security act, and there are circumstances similar to those described in this subsection (3)(b) that would permit discontinuance of the individual's enrollment with the provider if the individual were enrolled in a medicare advantage plan:

(A) The certification of the organization or plan has been terminated;

(B) The organization has terminated or otherwise discontinued providing the plan in the area in which the individual resides;

(C) The individual is no longer eligible to elect the plan because of a change in the individual's place of residence or other change in circumstances specified by the secretary of the United States department of health and human services, but not including termination of the individual's enrollment on the basis described in section 1851(g)(3)(B) of the federal social security act (where the individual has not paid premiums on a timely basis or has engaged in disruptive behavior

as specified in standards under section 1856 of the federal social security act), or the plan is terminated for all individuals within a residence area;

(D) The individual demonstrates, in accordance with guidelines established by the secretary of the United States department of health and human services, that:

(I) The organization offering the plan substantially violated a material provision of the organization's contract under this part in relation to the individual, including the failure to provide an enrollee on a timely basis medically necessary care for which benefits are available under the plan or the failure to provide such covered care in accordance with applicable quality standards; or

(II) The organization, an insurance producer, or other entity acting on the organization's behalf materially misrepresented the plan's provisions in marketing the plan to the individual; or

(E) The individual meets other exceptional conditions as the secretary of the United States department of health and human services may provide.

(ii)(A) An individual described in (b)(i) of this subsection may elect to apply (a) of this subsection by substituting, for the date of termination of enrollment, the date on which the individual was notified by the medicare advantage organization of the impending termination or discontinuance of the medicare advantage plan it offers in the area in which the individual resides, but only if the individual disenrolls from the plan as a result of such notification.

(B) In the case of an individual making the election under (b)(ii)(A) of this subsection, the issuer involved shall accept the application of the individual submitted before the date of termination of enrollment, but the coverage under subsection (1) of this section is only effective upon termination of coverage under the medicare advantage plan involved;

(c)(i) The individual is enrolled with:

(A) An eligible organization under a contract under section 1876 (medicare risk or cost);

(B) A similar organization operating under demonstration project authority, effective for periods before April 1, 1999;

(C) An organization under an agreement under section 1833(a)(1)(A) (health care prepayment plan); or

(D) An organization under a medicare select policy; and

(ii) The enrollment ceases under the same circumstances that would permit discontinuance of an individual's election of coverage under (b)(i) of this subsection;

(d) The individual is enrolled under a medicare supplement policy and the enrollment ceases because:

(i)(A) Of the insolvency of the issuer or bankruptcy of the nonissuer organization; or

(B) Of other involuntary termination of coverage or enrollment under the policy;

(ii) The issuer of the policy substantially violated a material provision of the policy; or

(iii) The issuer, an insurance producer, or other entity acting on the issuer's behalf materially misrepresented the policy's provisions in marketing the policy to the individual;

(e)(i) The individual was enrolled under a medicare supplement policy and terminates enrollment and subsequently enrolls, for the first time, with any medicare advantage organization under a medicare advantage plan under part C of

medicare, any eligible organization under a contract under section 1876 (medicare risk or cost), any similar organization operating under demonstration project authority, any PACE program under section 1894 of the social security act or a medicare select policy; and

(ii) The subsequent enrollment under (e)(i) of this subsection is terminated by the enrollee during any period within the first twelve months of such subsequent enrollment (during which the enrollee is permitted to terminate such subsequent enrollment under section 1851(e) of the federal social security act);

(f) The individual, upon first becoming eligible for benefits under part A of medicare at age sixty-five, enrolls in a medicare advantage plan under part C of medicare, or in a PACE program under section 1894, and disenrolls from the plan or program by not later than twelve months after the effective date of enrollment; or

(g) The individual enrolls in a medicare part D plan during the initial enrollment period and, at the time of enrollment in part D, was enrolled under a medicare supplement policy that covers outpatient prescription drugs, and the individual terminates enrollment in the medicare supplement policy and submits evidence of enrollment in medicare part D along with the application for a policy described in subsection (4)(d) of this section.

(4) An eligible person under subsection (3) of this section is entitled to a medicare supplement policy as follows:

(a) A person eligible under subsection (3)(a), (b), (c), and (d) of this section is entitled to a medicare supplement policy that has a benefit package classified as plan A through F (including F with a high deductible), K, or L, offered by any issuer;

(b)(i) Subject to (b)(ii) of this subsection, a person eligible under subsection (3)(e) of this section is entitled to the same medicare supplement policy in which the individual was most recently previously enrolled, if available from the same issuer, or, if not so available, a policy described in (a) of this subsection;

(ii) After December 31, 2005, if the individual was most recently enrolled in a medicare supplement policy with an outpatient prescription drug benefit, a medicare supplement policy described in this subsection (4)(b)(ii) is:

(A) The policy available from the same issuer but modified to remove outpatient prescription drug coverage; or

(B) At the election of the policyholder, an A, B, C, F (including F with a high deductible), K, or L policy that is offered by any issuer;

(c) A person eligible under subsection (3)(f) of this section is entitled to any medicare supplement policy offered by any issuer; and

(d) A person eligible under subsection (3)(g) of this section is entitled to a medicare supplement policy that has a benefit package classified as plan A, B, C, F (including F with a high deductible), K, or L and that is offered and is available for issuance to new enrollees by the same issuer that issued the individual's medicare supplement policy with outpatient prescription drug coverage.

(5)(a) At the time of an event described in subsection (3) of this section, and because of which an individual loses coverage or benefits due to the termination of a contract, agreement, policy, or plan, the organization that terminates the

contract or agreement, the issuer terminating the policy, or the administrator of the plan being terminated, respectively, must notify the individual of his or her rights under this section, and of the obligations of issuers of medicare supplement policies under subsection (1) of this section. The notice must be communicated contemporaneously with the notification of termination.

(b) At the time of an event described in subsection (3) of this section, and because of which an individual ceases enrollment under a contract, agreement, policy, or plan, the organization that offers the contract or agreement, regardless of the basis for the cessation of enrollment, the issuer offering the policy, or the administrator of the plan, respectively, must notify the individual of his or her rights under this section, and of the obligations of issuers of medicare supplement policies under subsection (1) of this section. The notice must be communicated within ten working days of the issuer receiving notification of disenrollment.

(6) Guaranteed issue time periods:

(a) In the case of an individual described in subsection (3)(a) of this section, the guaranteed issue period begins on the later of: (i) The date the individual receives a notice of termination or cessation of all supplemental health benefits (or, if a notice is not received, notice that a claim has been denied because of a termination or cessation), or (ii) the date that the applicable coverage terminates or ceases, and ends sixty-three days thereafter;

(b) In the case of an individual described in subsection (3)(b), (c), (e), or (f) of this section whose enrollment is terminated involuntarily, the guaranteed issue period begins on the date that the individual receives a notice of termination and ends sixty-three days after the date the applicable coverage is terminated;

(c) In the case of an individual described in subsection (3)(d)(i) of this section, the guaranteed issue period begins on the earlier of: (i) The date that the individual receives a notice of termination, a notice of the issuer's bankruptcy or insolvency, or other such similar notice if any, and (ii) the date that the applicable coverage is terminated, and ends on the date that is sixty-three days after the date the coverage is terminated;

(d) In the case of an individual described in subsection (3)(b), (d)(ii) and (iii), (e), or (f) of this section, who disenrolls voluntarily, the guaranteed issue period begins on the date that is sixty days before the effective date of the disenrollment and ends on the date that is sixty-three days after the effective date;

(e) In the case of an individual described in subsection (3)(g) of this section, the guaranteed issue period begins on the date the individual receives notice pursuant to section 1882(v)(2)(B) of the federal social security act from the medicare supplement issuer during the sixty-day period immediately preceding the initial part D enrollment period and ends on the date that is sixty-three days after the effective date of the individual's coverage under medicare part D; and

(f) In the case of an individual described in subsection (3) of this section but not described in the preceding provisions of this subsection, the guaranteed issue period begins on the effective date of disenrollment and ends on the date that is sixty-three days after the effective date.

(7) In the case of an individual described in subsection (3)(e) of this section whose enrollment with an organization or provider described in subsection (3)(e)(i) of this section is involuntarily terminated within the first twelve months of enrollment, and who, without an intervening enrollment, enrolls with another organization or provider, the subsequent enrollment is an initial enrollment as described in subsection (3)(e) of this section.

(8) In the case of an individual described in subsection (3)(f) of this section whose enrollment with a plan or in a program described in subsection (3)(f) of this section is involuntarily terminated within the first twelve months of enrollment, and who, without an intervening enrollment, enrolls in another plan or program, the subsequent enrollment is an initial enrollment as described in subsection (3)(f) of this section.

(9) For purposes of subsection (3)(e) and (f) of this section, an enrollment of an individual with an organization or provider described in subsection (3)(e)(i) of this section, or with a plan or in a program described in subsection (3)(f) of this section is not an initial enrollment under this subsection after the two-year period beginning on the date on which the individual first enrolled with such an organization, provider, plan, or program. [2008 c 217 § 64; 2005 c 41 § 5; 2002 c 300 § 4.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**Intent—2005 c 41:** See note following RCW 48.66.025.

**48.66.057 Rejection of medicare eligible person—When notice and information must be provided to applicant.** Any medicare eligible person who is rejected for medical reasons, is required to accept restrictive riders, an up-rated premium, or preexisting conditions limitations, the effect of which is to substantially reduce coverage from that received by a person considered a standard risk by at least one member as defined in RCW 48.41.030(14) shall be provided written notice from the issuer of medicare supplement coverage to whom application was made of the decision not to accept the person's application for enrollment, or to require such restrictions. The notice shall further state that the person is eligible for medicare part C coverage offered in the person's geographic area or coverage provided by the Washington state health insurance pool for Washington residents, and shall include information about medicare part C plans offered in the person's geographic area, about the Washington state health insurance pool, and about available resources to assist the person in choosing appropriate coverage. [2009 c 555 § 1.]

**48.66.060 Equal coverage of sickness and accidents.** A medicare supplement insurance policy may not indemnify against losses resulting from sickness on a different basis than losses resulting from accidents. [1981 c 153 § 6.]

**48.66.070 Adjustment of benefits and premiums for medicare cost-sharing.** A medicare supplement insurance policy must provide that benefits designed to cover cost-sharing amounts under medicare will be changed automatically to coincide with any changes in the applicable medicare deduct-

ible amount and copayment percentage factors. Premiums may be modified to correspond with such changes. [1981 c 153 § 7.]

**48.66.080 "Benefit period"—"Medicare benefit period"—Minimum requirements.** "Benefit period" or "medicare benefit period" may not be defined more restrictively than as defined in the medicare program. [1981 c 153 § 8.]

**48.66.090 Guaranteed renewable—Exceptions.** All medicare supplement policies must be guaranteed renewable and a medicare supplement insurance policy may not provide that the policy may be cancelled or nonrenewed by the insurer solely on the grounds of deterioration of health. The issuer shall not cancel or nonrenew the policy for any reason other than nonpayment of premium or material misrepresentation. All medicare supplement policies and certificates must include a renewal or continuation provision. The language or specifications of such provision must be appropriately captioned, appear on the first page of the policy, and shall include any reservation by the issuer or a right to change premium. [1992 c 138 § 6; 1981 c 153 § 9.]

**48.66.100 Loss ratio requirements—Mass sales practices of individual policies.** (1) Medicare supplement insurance policies shall return to policyholders in the form of aggregate benefits under the policy, for the entire period for which rates are computed to provide coverage, loss ratios of:

(a) At least seventy-five percent of the aggregate amount of premiums earned in the case of group policies; and

(b) At least sixty-five percent of the aggregate amount of premiums earned in the case of individual policies.

(2) For the purpose of this section, medicare supplement insurance policies issued as a result of solicitation of individuals through the mail or mass media advertising, including both print and broadcast advertising, shall be treated as individual policies.

(3) The insurance commissioner may adopt rules sufficient to accomplish the provisions of this section and may, by such rules, impose more stringent or appropriate loss ratio requirements when it is necessary for the protection of the public interest. [1992 c 138 § 7; 1982 c 200 § 2; 1981 c 153 § 10.]

**48.66.110 Disclosure by insurer—Outline of coverage required.** In order to provide for full and fair disclosure in the sale of medicare supplement policies, a medicare supplement policy or certificate shall not be delivered in this state unless an outline of coverage is delivered to the potential policyholder not later than the time of application for the policy. [1992 c 138 § 8; 1981 c 153 § 11.]

**48.66.120 Return of policy and refund of premium—Notice required—Effect of return.** (1) Every individual medicare supplement insurance policy issued after January 1, 1982, and every certificate issued pursuant to a group medicare supplement policy after January 1, 1982, shall have prominently displayed on the first page of the policy form or certificate a notice stating in substance that the person to

whom the policy or certificate is issued shall be permitted to return the policy or certificate within thirty days of its delivery to the purchaser and to have the premium refunded if, after examination of the policy or certificate, the purchaser is not satisfied with it for any reason. An additional ten percent penalty shall be added to any premium refund due which is not paid within thirty days of return of the policy to the insurer or insurance producer. If a policyholder or purchaser, pursuant to such notice, returns the policy or certificate to the insurer at its home or branch office or to the insurance producer through whom it was purchased, it shall be void from the beginning and the parties shall be in the same position as if no policy or certificate had been issued.

(2) No later than January 1, 2010, or when the insurer has used all of its existing paper individual medicare supplement insurance policy forms which were in its possession on July 1, 2009, whichever is earlier, the notice required by subsection (1) of this section shall use the term insurance producer in place of agent. [2008 c 217 § 65; 1983 1st ex.s. c 32 § 12; 1982 c 200 § 3; 1981 c 153 § 12.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.66.130 Preexisting condition limitations.** (1) On or after January 1, 1996, and notwithstanding any other provision of Title 48 RCW, a medicare supplement policy or certificate shall not exclude or limit benefits for losses incurred more than three months from the effective date of coverage because it involved a preexisting condition.

(2) On or after January 1, 1996, a medicare supplement policy or certificate shall not define a preexisting condition more restrictively than as a condition for which medical advice was given or treatment was recommended by or received from a physician, or other health care provider acting within the scope of his or her license, within three months before the effective date of coverage.

(3) If a medicare supplement insurance policy or certificate contains any limitations with respect to preexisting conditions, such limitations must appear as a separate paragraph of the policy or certificate and be labeled as "Preexisting Condition Limitations."

(4) No exclusion or limitation of preexisting conditions may be applied to policies or certificates replaced in accordance with the provisions of RCW 48.66.045 if the policy or certificate replaced had been in effect for at least three months.

(5) If a medicare supplement policy or certificate replaces another medicare supplement policy or certificate, the replacing issuer shall waive any time periods applicable to preexisting conditions, waiting periods, elimination periods, and probationary periods in the new medicare supplement policy or certificate for similar benefits to the extent such time was spent under the original policy.

(6) If a medicare supplement policy or certificate replaces another medicare supplement policy or certificate which has been in effect for at least three months, the replacing policy shall not provide any time period applicable to preexisting conditions, waiting periods, elimination periods, and probationary periods for benefits similar to those contained in the original policy or certificate. [2005 c 41 § 6; 2002 c 300 § 3; 1995 c 85 § 2; 1992 c 138 § 9; 1981 c 153 § 13.]

**Intent—2005 c 41:** See note following RCW 48.66.025.

**48.66.140 Medical history.** Any time that completion of a medical history of a patient is required in order for an application for a medicare supplement insurance policy to be accepted, that medical history must be completed by the applicant, a relative of the applicant, a legal guardian of the applicant, or a physician. [1981 c 153 § 14.]

**48.66.150 Reporting and recordkeeping, separate data required.** Commencing with reports for accounting periods beginning on or after January 1, 1982, insurers, health care service contractors, health maintenance organizations, and fraternal benefit societies shall, for reporting and recordkeeping purposes, separate data concerning medicare supplement insurance policies and contracts from data concerning other disability insurance policies and contracts. [1981 c 153 § 15.]

**48.66.160 Federal law supersedes.** In any case where the provisions of this chapter conflict with provisions of the "Health Insurance For The Aged Act," Title XVIII of the Social Security Amendments of 1965, or any amendments thereto or regulations promulgated thereunder, regarding any contract between the secretary of health and human services and a health maintenance organization, the provisions of the "Health Insurance For The Aged Act" shall supersede and be paramount. [1981 c 153 § 16.]

**48.66.165 Conformity with federal law—Rules.** The commissioner may adopt, from time-to-time, such rules as are necessary with respect to medicare supplemental insurance to conform Washington policies, contracts, certificates, standards, and practices to the requirements of federal law, specifically including 42 U.S.C. Sec. 1395ss, and federal regulations adopted thereunder. [1991 c 120 § 1.]

**48.66.900 Severability—1981 c 153.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1981 c 153 § 17.]

**48.66.910 Effective date—1981 c 153.** This act shall take effect January 1, 1982. [1981 c 153 § 19.]

**48.66.920 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.** For the purposes of this chapter, the terms spouse, marriage, marital, husband, wife, widow, widower, next of kin, and family shall be interpreted as applying equally to state registered domestic partnerships or individuals in state registered domestic partnerships as well as to marital relationships and married persons, and references to dissolution of marriage shall apply equally to state registered domestic partnerships that have been terminated, dissolved, or invalidated, to the extent that such interpretation does not conflict with federal law. Where necessary to implement chapter 521, Laws of 2009, gender-specific terms such as husband and wife used in any statute, rule, or other law shall be construed to be gender neutral, and

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applicable to individuals in state registered domestic partnerships. [2009 c 521 § 128.]

## Chapter 48.68 RCW

### HEALTH CARE SAVINGS ACCOUNT ACT

#### Sections

- 48.68.005 Intent—Health care savings accounts authorized.  
48.68.010 Duties of governor and responsible agencies—Chapter to remain in effect.

**48.68.005 Intent—Health care savings accounts authorized.** (1) This chapter shall be known as the health care savings account act.

(2) The legislature recognizes that the costs of health care are increasing rapidly and most individuals are removed from participating in the purchase of their health care.

As a result, it becomes critical to encourage and support solutions to alleviate the demand for diminishing state resources. In response to these increasing costs in health care spending, the legislature intends to clarify that health care savings accounts may be offered as health benefit options to all residents as incentives to reduce unnecessary health services utilization, administration, and paperwork, and to encourage individuals to be in charge of and participate directly in their use of service and health care spending. To alleviate the possible impoverishment of residents requiring long-term care, health care savings accounts may promote savings for long-term care and provide incentives for individuals to protect themselves from financial hardship due to a long-term health care need.

(3) Health care savings accounts are authorized in Washington state as options to employers and residents. [1995 c 265 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.68.010 Duties of governor and responsible agencies—Chapter to remain in effect.** The governor and responsible agencies shall:

(1) Request that the United States congress amend the internal revenue code to treat premiums and contributions to health benefits plans, such as health care savings account programs, basic health plans, conventional and standard health plans offered through a health carrier, by employers, self-employed persons, and individuals, as fully excluded employer expenses and deductible from individual adjusted gross income for federal tax purposes.

(2) Request that the United States congress amend the internal revenue code to exempt from federal income tax interest that accrues in health care savings accounts until such money is withdrawn for expenditures other than eligible health expenses as defined in law.

(3) If all federal statute or regulatory waivers necessary to fully implement this chapter have not been obtained by July 1, 1995, this chapter shall remain in effect. [1995 c 265 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**Chapter 48.70 RCW**  
**SPECIFIED DISEASE INSURANCE ACT**

## Sections

48.70.010	Legislative intent.
48.70.020	Definitions—Rules.
48.70.030	Expected returns to policyholders—Rules.
48.70.040	Rules required.
48.70.900	Application of chapter.
48.70.910	Severability—1982 c 181.

**48.70.010 Legislative intent.** This chapter shall be known as the specified disease insurance act and is intended to govern the content and sale of specified disease insurance as defined in this chapter. This chapter applies in addition to, rather than in place of, other requirements of Title 48 RCW. It is the intent of the legislature to guarantee that specified disease policies issued, delivered, or used in this state provide a reasonable level of benefits to the policyholders. This chapter shall be applied broadly to ensure achievement of its aim. [1982 c 181 § 20.]

**48.70.020 Definitions—Rules.** Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Specified disease policy" refers to any insurance policy or contract which provides benefits to a policyholder only in the event that the policyholder contracts the disease or diseases specifically named in the policy.

(2) "Loss ratio" means the incurred claims as a percentage of the earned premium, computed under rules adopted by the commissioner. Earned premiums and incurred claims shall be computed under rules adopted by the commissioner. [1982 c 181 § 21.]

**48.70.030 Expected returns to policyholders—Rules.**

(1) Commencing with reports for the accounting periods beginning on or after July 1, 1983, specified disease policies shall be expected to return to policyholders in the form of aggregate loss ratios under the policy:

(a) At least seventy-five percent of the earned premiums in the case of group policies; and

(b) At least sixty percent of the earned premiums in the case of individual policies.

(2) For the purpose of this section, specified disease insurance policies issued as a result of solicitation of individuals through the mail or mass media advertising, including both print and broadcast advertising, shall be treated as individual policies.

(3) By July 1, 1983, the commissioner shall adopt rules sufficient to accomplish the provisions of this section. [1982 c 181 § 22.]

**48.70.040 Rules required.** By July 1, 1983, the commissioner shall adopt all rules necessary to ensure that specified disease policies provide a reasonable level of benefits to policyholders, and that purchasers and potential purchasers of such policies are fully informed of the level of benefits provided. [1982 c 181 § 23.]

**48.70.900 Application of chapter.** This chapter shall apply to all policies issued on or after July 1, 1983. This chap-

ter shall not apply to services provided by health care service contractors as defined in RCW 48.44.010. [1982 c 181 § 24.]

**48.70.910 Severability—1982 c 181.** See note following RCW 48.03.010.

**Chapter 48.74 RCW**  
**STANDARD VALUATION LAW**

## Sections

48.74.010	Short title—"NAIC" defined.
48.74.020	Valuation of reserve liabilities.
48.74.025	Reserves and related actuarial items—Opinion of a qualified actuary—Requirements for the opinion—Rules.
48.74.030	Minimum standard for valuation.
48.74.040	Amount of reserves required.
48.74.050	Minimum aggregate reserves.
48.74.060	Other methods of reserve calculation.
48.74.070	Minimum reserve if gross premium less than valuation net premium.
48.74.080	Procedure when specified methods of reserve determination unfeasible.
48.74.090	Valuation of disability insurance.

**48.74.010 Short title—"NAIC" defined.** This chapter may be known and cited as the standard valuation law. As used in this chapter, "NAIC" means the National Association of Insurance Commissioners. [1982 1st ex.s. c 9 § 1.]

**48.74.020 Valuation of reserve liabilities.** The commissioner shall annually value, or cause to be valued, the reserve liabilities, hereinafter called reserves, for all outstanding life insurance policies and annuity and pure endowment contracts of every life insurance company doing business in this state, and may certify the amount of any such reserves, specifying the mortality table or tables, rate or rates of interest, and methods, including net level premium method or other, used in the calculation of such reserves. In calculating such reserves, the commissioner may use group methods and approximate averages for fractions of a year or otherwise. In lieu of the valuation of the reserves herein required of any foreign or alien company, the commissioner may accept any valuation made, or caused to be made, by the insurance supervisory official of any state or other jurisdiction when such valuation complies with the minimum standard provided in this chapter and if the official of such state or jurisdiction accepts as sufficient and valid for all legal purposes the certificate of valuation of the commissioner when such certificate states the valuation to have been made in a specified manner according to which the aggregate reserves would be at least as large as if they had been computed in the manner prescribed by the law of that state or jurisdiction. [1982 1st ex.s. c 9 § 2.]

**48.74.025 Reserves and related actuarial items—Opinion of a qualified actuary—Requirements for the opinion—Rules.** (1) Every life insurance company doing business in this state shall annually submit the opinion of a qualified actuary as to whether the reserves and related actuarial items held in support of the policies and contracts specified by the commissioner by rule are computed appropriately, are based on assumptions that satisfy contractual provisions, are consistent with prior reported amounts, and comply

with applicable laws of this state. The commissioner by rule shall define the specifics of this opinion and add any other items deemed to be necessary to its scope.

(2)(a) Every life insurance company, except as exempted by rule, shall also include in the opinion required under subsection (1) of this section an opinion as to whether the reserves and related actuarial items held in support of the policies and contracts specified by the commissioner by rule, when considered in light of the assets held by the company with respect to the reserves and related actuarial items, including but not limited to the investment earnings on the assets and the considerations anticipated to be received and retained under the policies and contracts, make adequate provision for the company's obligations under the policies and contracts, including but not limited to the benefits under and expenses associated with the policies and contracts.

(b) The commissioner may provide by rule for a transition period for establishing higher reserves that the qualified actuary may deem necessary in order to render the opinion required by this section.

(3) Each opinion required under subsection (2) of this section is governed by the following provisions:

(a) A memorandum, in form and substance acceptable to the commissioner as specified by rule, must be prepared to support each actuarial opinion.

(b) If the insurance company fails to provide a supporting memorandum at the request of the commissioner within a period specified by rule or if the commissioner determines that the supporting memorandum provided by the insurance company fails to meet the standards prescribed by the rules or is otherwise unacceptable to the commissioner, the commissioner may engage a qualified actuary at the expense of the company to review the opinion and the basis for the opinion and prepare such supporting memorandum as is required by the commissioner.

(4) A memorandum in support of the opinion, and other material provided by the company to the commissioner in connection with it, must be kept confidential by the commissioner and may not be made public and is not subject to subpoena, other than for the purpose of defending an action seeking damages from any person by reason of an action required by this section or by rules adopted under it. However, the commissioner may otherwise release the memorandum or other material (a) with the written consent of the company or (b) to the American Academy of Actuaries upon request stating that the memorandum or other material is required for the purpose of professional disciplinary proceedings and setting forth procedures satisfactory to the commissioner for preserving the confidentiality of the memorandum or other material. Once any portion of the confidential memorandum is cited by the company in its marketing or is cited before any governmental agency other than a state insurance department or is released by the company to the news media, all portions of the confidential memorandum are no longer confidential.

(5) Each opinion required under this section is governed by the following provisions:

(a) The opinion must be submitted with the annual statement reflecting the valuation of the reserve liabilities for each year ending on or after December 31, 1994.

(b) The opinion applies to all business in force, including individual and group disability insurance, in form and substance acceptable to the commissioner as specified by rule.

(c) The opinion must be based on standards adopted by the commissioner, who in setting the standards shall give due regard to the standards established by the actuarial standards board or its successors.

(d) In the case of an opinion required to be submitted by a foreign or alien company, the commissioner may accept the opinion filed by that company with the insurance supervisory official of another state if the commissioner determines that the opinion reasonably meets the requirements applicable to a company domiciled in this state.

(e) For purposes of this section, "qualified actuary" means a person who meets qualifications set by the commissioner with due regard to the qualifications established for membership in the American Academy of Actuaries or its successors.

(f) Except in cases of fraud or willful misconduct, the qualified actuary is not liable for damages to any person, other than the insurance company and the commissioner, for any act, error, omission, decision, or conduct with respect to the actuary's opinion.

(g) Rules adopted by the commissioner shall define disciplinary action by the commissioner against the company or the qualified actuary. [1993 c 462 § 85.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.74.030 Minimum standard for valuation.** (1) Except as otherwise provided in subsections (2) and (3) of this section, or in RCW 48.74.090, the minimum standard for the valuation of all such policies and contracts issued prior to July 10, 1982, shall be that provided by the laws in effect immediately prior to such date. Except as otherwise provided in subsections (2) and (3) of this section, or in RCW 48.74.090, the minimum standard for the valuation of all such policies and contracts issued on or after July 10, 1982, shall be the commissioner's reserve valuation methods defined in RCW 48.74.040, 48.74.070, and 48.74.090, three and one-half percent interest, or in the case of life insurance policies and contracts, other than annuity and pure endowment contracts, issued on or after July 16, 1973, four percent interest for such policies issued prior to September 1, 1979, five and one-half percent interest for single premium life insurance policies and four and one-half percent interest for all other such policies issued on and after September 1, 1979, and the following tables:

(a) For all ordinary policies of life insurance issued on the standard basis, excluding any disability and accidental death benefits in such policies—the commissioner's 1941 standard ordinary mortality table for such policies issued prior to the operative date of \*RCW 48.23.350(5a) and the commissioner's 1958 standard ordinary mortality table for such policies issued on or after such operative date and prior to the operative date of RCW 48.76.050(4), except that for any category of such policies issued on female risks, all modified net premiums and present values referred to in this chapter may be calculated according to an age not more than six years younger than the actual age of the insured; and for such policies issued on or after the operative date of RCW

48.76.050(4): (i) The commissioner's 1980 standard ordinary mortality table; or (ii) at the election of the company for any one or more specified plans of life insurance, the commissioner's 1980 standard ordinary mortality table with ten-year select mortality factors; or (iii) any ordinary mortality table, adopted after 1980 by the National Association of Insurance Commissioners, that is approved by regulation promulgated by the commissioner for use in determining the minimum standard of valuation for such policies.

(b) For all industrial life insurance policies issued on the standard basis, excluding any disability and accidental death benefits in such policies—the 1941 standard industrial mortality table for such policies issued prior to the operative date of \*RCW 48.23.350(5b), and for such policies issued on or after such operative date the commissioner's 1961 standard industrial mortality table or any industrial mortality table, adopted after 1980 by the National Association of Insurance Commissioners, that is approved by rule of the commissioner for use in determining the minimum standard of valuation for such policies.

(c) For individual annuity and pure endowment contracts, excluding any disability and accidental death benefits in such policies—the 1937 standard annuity mortality table or, at the option of the company, the annuity mortality table for 1949, ultimate, or any modification of either of these tables approved by the commissioner.

(d) For group annuity and pure endowment contracts, excluding any disability and accidental death benefits in such policies—the group annuity mortality table for 1951, any modification of such table approved by the commissioner, or, at the option of the company, any of the tables or modifications of tables specified for individual annuity and pure endowment contracts.

(e) For total and permanent disability benefits in or supplementary to ordinary policies or contracts—for policies or contracts issued on or after January 1, 1966, the tables of period 2 disablement rates and the 1930 to 1950 termination rates of the 1952 disability study of the Society of Actuaries, with due regard to the type of benefit or any tables of disablement rates and termination rates, adopted after 1980 by the National Association of Insurance Commissioners, that are approved by regulation promulgated by the commissioner for use in determining the minimum standard of valuation for such policies; for policies or contracts issued on or after January 1, 1961, and prior to January 1, 1966, either such tables or, at the option of the company, the class (3) disability table (1926); and for policies issued prior to January 1, 1961, the class (3) disability table (1926). Any such table shall, for active lives, be combined with a mortality table permitted for calculating the reserves for life insurance policies.

(f) For accidental death benefits in or supplementary to policies—for policies issued on or after January 1, 1966, the 1959 accidental death benefits table or any accidental death benefits table, adopted after 1980 by the National Association of Insurance Commissioners, that is approved by regulation promulgated by the commissioner for use in determining the minimum standard of valuation for such policies; for policies issued on or after January 1, 1961, and prior to January 1, 1966, either such table or, at the option of the company, the intercompany double indemnity mortality table; and for policies issued prior to January 1, 1961, the intercompany double

indemnity mortality table. Either table shall be combined with a mortality table permitted for calculating the reserves for life insurance policies.

(g) For group life insurance, life insurance issued on the substandard basis and other special benefits—such tables as may be approved by the commissioner.

(2) Except as provided in subsection (3) of this section, the minimum standard for the valuation of all individual annuity and pure endowment contracts issued on or after July 10, 1982, and for all annuities and pure endowments purchased on or after such effective date under group annuity and pure endowment contracts, shall be the commissioner's reserve valuation methods defined in RCW 48.74.040 and the following tables and interest rates:

(a) For individual annuity and pure endowment contracts issued before September 1, 1979, excluding any disability and accidental death benefit in such contracts—the 1971 individual annuity mortality table, or any modification of this table approved by the commissioner, and six percent interest for single premium immediate annuity contracts, and four percent interest for all other individual annuity and pure endowment contracts.

(b) For individual single premium immediate annuity contracts issued on or after September 1, 1979, excluding any disability and accidental death benefits in such contracts—the 1971 individual annuity mortality table or any individual annuity mortality table, adopted after 1980 by the National Association of Insurance Commissioners, that is approved by regulation promulgated by the commissioner for use in determining the minimum standard of valuation for such contracts, or any modification of these tables approved by the commissioner, and seven and one-half percent interest.

(c) For individual annuity and pure endowment contracts issued on or after September 1, 1979, other than single premium immediate annuity contracts, excluding any disability and accidental death benefits in such contracts—the 1971 individual annuity mortality table or any individual annuity mortality table, adopted after 1980 by the National Association of Insurance Commissioners, that is approved by regulation promulgated by the commissioner for use in determining the minimum standard of valuation for such contracts, or any modification of these tables approved by the commissioner, and five and one-half percent interest for single premium deferred annuity and pure endowment contracts and four and one-half percent interest for all other such individual annuity and pure endowment contracts.

(d) For all annuities and pure endowments purchased prior to September 1, 1979, under group annuity and pure endowment contracts, excluding any disability and accidental death benefits purchased under such contracts—the 1971 group annuity mortality table, or any modification of this table approved by the commissioner, and six percent interest.

(e) For all annuities and pure endowments purchased on or after September 1, 1979, under group annuity and pure endowment contracts, excluding any disability and accidental death benefits purchased under such contracts—the 1971 group annuity mortality table or any group annuity mortality table, adopted after 1980 by the National Association of Insurance Commissioners, that is approved by regulation promulgated by the commissioner for use in determining the minimum standard of valuation for such annuities and pure

endowments, or any modification of these tables approved by the commissioner, and seven and one-half percent interest.

After July 16, 1973, any company may file with the commissioner a written notice of its election to comply with the provisions of this section after a specified date before January 1, 1979, which shall be the operative date of this section for such company. If a company makes no such election, the operative date of this section for such company shall be January 1, 1979.

(3)(a) The interest rates used in determining the minimum standard for the valuation of:

(i) All life insurance policies issued in a particular calendar year, on or after the operative date of RCW 48.76.050(4);

(ii) All individual annuity and pure endowment contracts issued in a particular calendar year on or after January 1, 1982;

(iii) All annuities and pure endowments purchased in a particular calendar year on or after January 1, 1982, under group annuity and pure endowment contracts; and

(iv) The net increase, if any, in a particular calendar year after January 1, 1982, in amounts held under guaranteed interest contracts shall be the calendar year statutory valuation interest rates as defined in this section.

(b) The calendar year statutory valuation interest rates, I, shall be determined as follows and the results rounded to the nearer one-quarter of one percent:

(i) For life insurance:

$$I = .03 + W (R_1 - .03) + W/2 (R_2 - .09);$$

(ii) For single premium immediate annuities and for annuity benefits involving life contingencies arising from other annuities with cash settlement options and from guaranteed interest contracts with cash settlement options:

$$I = .03 + W (R - .03)$$

where  $R_1$  is the lesser of  $R$  and  $.09$ ,

$R_2$  is the greater of  $R$  and  $.09$ ,

$R$  is the reference interest rate defined in this section, and  $W$  is the weighting factor defined in this section;

(iii) For other annuities with cash settlement options and guaranteed interest contracts with cash settlement options, valued on an issue year basis, except as stated in (ii) of this subparagraph, the formula for life insurance stated in (i) of this subparagraph shall apply to annuities and guaranteed interest contracts with guarantee durations in excess of ten years and the formula for single premium immediate annuities stated in (ii) of this subparagraph shall apply to annuities and guaranteed interest contracts with guarantee duration of ten years or less;

(iv) For other annuities with no cash settlement options and for guaranteed interest contracts with no cash settlement options, the formula for single premium immediate annuities stated in (ii) of this subparagraph shall apply;

(v) For other annuities with cash settlement options and guaranteed interest contracts with cash settlement options, valued on a change in fund basis, the formula for single premium immediate annuities stated in (ii) of this subparagraph shall apply.

(c) However, if the calendar year statutory valuation interest rate for any life insurance policies issued in any calendar year determined without reference to this sentence differs from the corresponding actual rate for similar policies

issued in the immediately preceding calendar year by less than one-half of one percent, the calendar year statutory valuation interest rate for such life insurance policies shall be equal to the corresponding actual rate for the immediately preceding calendar year. For purposes of applying the immediately preceding sentence, the calendar year statutory valuation interest rate for life insurance policies issued in a calendar year shall be determined for 1983 using the reference interest rate defined for 1982 and shall be determined for each subsequent calendar year regardless of when RCW 48.76.050(4) becomes operative.

(d) The weighting factors referred to in the formulas stated in subparagraph (b) of this subsection are given in the following tables:

(i) Weighting Factors for Life Insurance:

Guarantee Duration (Years)	Weighting Factors
10 or less	.50
More than 10, but not more than 20	.45
More than 20	.35

For life insurance, the guarantee duration is the maximum number of years the life insurance can remain in force on a basis guaranteed in the policy or under options to convert to plans of life insurance with premium rates or nonforfeiture values or both which are guaranteed in the original policy;

(ii) Weighting factor for single premium immediate annuities and for annuity benefits involving life contingencies arising from other annuities with cash settlement options and guaranteed interest contracts with cash settlement options: .80;

(iii) Weighting factors for other annuities and for guaranteed interest contracts, except as stated in (ii) of this subparagraph, shall be as specified in (d)(iii)(A), (B), and (C) of this subsection, according to the rules and definitions in (d)(iii)(D), (E), and (F) of this subsection:

(A) For annuities and guaranteed interest contracts valued on an issue year basis:

Guarantee Duration (Years)	Weighting Factor for Plan Type		
	A	B	C
5 or less:	.80	.60	.50
More than 5, but not more than 10:	.75	.60	.50
More than 10, but not more than 20:	.65	.50	.45
More than 20:	.45	.35	.35

(B) For annuities and guaranteed interest contracts valued on a change in fund basis, the factors shown in (d)(iii)(A) of this subsection increased by:

Plan Type		
A	B	C
.15	.25	.05

(C) For annuities and guaranteed interest contracts valued on an issue year basis other than those with no cash settlement options which do not guarantee interest on considerations received more than one year after issue or purchase and for annuities and guaranteed interest contracts valued on a change in fund basis which do not guarantee interest rates

on considerations received more than twelve months beyond the valuation date, the factors shown in (d)(iii)(A) of this subsection or derived in (d)(iii)(B) of this subsection increased by:

Plan Type		
A	B	C
.05	.05	.05

(D) For other annuities with cash settlement options and guaranteed interest contracts with cash settlement options, the guarantee duration is the number of years for which the contract guarantees interest rates in excess of the calendar year statutory valuation interest rate for life insurance policies with guarantee duration in excess of twenty years. For other annuities with no cash settlement options and for guaranteed interest contracts with no cash settlement options, the guarantee duration is the number of years from the date of issue or date of purchase to the date annuity benefits are scheduled to commence.

(E) Plan type as used in the tables in (d)(iii)(A), (B), and (C) of this subsection is defined as follows:

Plan Type A: At any time a policyholder may withdraw funds only: (1) With an adjustment to reflect changes in interest rates or asset values since receipt of the funds by the insurance company; or (2) without such adjustment but in installments over five years or more; or (3) as an immediate life annuity; or (4) no withdrawal permitted.

Plan Type B: Before expiration of the interest rate guarantee, a policyholder may withdraw funds only: (1) With adjustment to reflect changes in interest rates or asset values since receipt of the funds by the insurance company; or (2) without such adjustment but in installments over five years or more; or (3) no withdrawal permitted. At the end of the interest rate guarantee, funds may be withdrawn without such adjustment in a single sum or installments over less than five years.

Plan Type C: A policyholder may withdraw funds before expiration of the interest rate guarantee in a single sum or installments over less than five years either: (1) Without adjustment to reflect changes in interest rates or asset values since receipt of the funds by the insurance company; or (2) subject only to a fixed surrender charge stipulated in the contract as a percentage of the fund.

(F) A company may elect to value guaranteed interest contracts with cash settlement options and annuities with cash settlement options on either an issue year basis or on a change in fund basis. Guaranteed interest contracts with no cash settlement options and other annuities with no cash settlement options must be valued on an issue year basis. As used in this section, an issue year basis of valuation refers to a valuation basis under which the interest rate used to determine the minimum valuation standard for the entire duration of the annuity or guaranteed interest contract is the calendar year valuation interest rate for the year of issue or year of purchase of the annuity or guaranteed interest contract. The change in fund basis of valuation refers to a valuation basis under which the interest rate used to determine the minimum valuation standard applicable to each change in the fund held under the annuity or guaranteed interest contract is the calen-

dar year valuation interest rate for the year of the change in the fund.

(e) The reference interest rate referred to in subparagraphs (b) and (c) of this subsection is defined as follows:

(i) For all life insurance, the lesser of the average over a period of thirty-six months and the average over a period of twelve months, ending on June 30th of the calendar year next preceding the year of issue, of Moody's corporate bond yield average—monthly average corporates, as published by Moody's Investors Service, Inc.

(ii) For single premium immediate annuities and for annuity benefits involving life contingencies arising from other annuities with cash settlement options and guaranteed interest contracts with cash settlement options, the average over a period of twelve months, ending on June 30th of the calendar year of issue or year of purchase of Moody's corporate bond yield average—monthly average corporates, as published by Moody's Investors Service, Inc.

(iii) For other annuities with cash settlement options and guaranteed interest contracts with cash settlement options, valued on a year of issue basis, except as stated in (ii) of this subparagraph, with guarantee duration in excess of ten years, the lesser of the average over a period of thirty-six months and the average over a period of twelve months, ending on June 30th of the calendar year of issue or purchase, of Moody's corporate bond yield average—monthly average corporates, as published by Moody's Investors Service, Inc.

(iv) For other annuities with cash settlement options and guaranteed interest contracts with cash settlement options, valued on a year of issue basis, except as stated in (ii) of this subparagraph, with guarantee duration of ten years or less, the average over a period of twelve months, ending on June 30th of the calendar year of issue or purchase, of Moody's corporate bond yield average—monthly average corporates, as published by Moody's Investors Service, Inc.

(v) For other annuities with no cash settlement options and for guaranteed interest contracts with no cash settlement options, the average over a period of twelve months, ending on June 30th of the calendar year of issue or purchase, of Moody's corporate bond yield average—monthly average corporates, as published by Moody's Investors Service, Inc.

(vi) For other annuities with cash settlement options and guaranteed interest contracts with cash settlement options, valued on a change in fund basis, except as stated in (ii) of this subparagraph, the average over a period of twelve months, ending on June 30th of the calendar year of the change in the fund, of Moody's corporate bond yield average—monthly average corporates, as published by Moody's Investors Service, Inc.

(f) If Moody's corporate bond yield average—monthly average corporates is no longer published by Moody's Investors Service, Inc., or if the National Association of Insurance Commissioners determines that Moody's corporate bond yield average—monthly average corporates as published by Moody's Investors Service, Inc. is no longer appropriate for the determination of the reference interest rate, then an alternative method for determination of the reference interest rate, which is adopted by the National Association of Insurance Commissioners and approved by rule adopted by the commissioner, may be substituted. [1993 c 462 § 86; 1982 1st ex.s. c 9 § 3.]

\*Reviser's note: RCW 48.23.350 was repealed by 1982 1st ex.s. c 9 § 36. For later enactment, see chapter 48.76 RCW.

**48.74.040 Amount of reserves required.** (1) Except as otherwise provided in RCW 48.74.040(2), 48.74.070, and 48.74.090, reserves according to the commissioner's reserve valuation method, for the life insurance and endowment benefits of policies providing for a uniform amount of insurance and requiring the payment of uniform premiums, shall be the excess, if any, of the present value, at the date of valuation, of such future guaranteed benefits provided for by such policies, over the then present value of any future modified net premiums therefor. The modified net premiums for any such policy shall be such uniform percentage of the respective contract premiums for such benefits that the present value, at the date of issue of the policy, of all such modified net premiums shall be equal to the sum of the then present value of such benefits provided for by the policy and the excess of (a) over (b), as follows:

(a) A net level annual premium equal to the present value, at the date of issue, of such benefits provided for after the first policy year, divided by the present value, at the date of issue, of an annuity of one per annum payable on the first and each subsequent anniversary of such policy on which a premium falls due: PROVIDED HOWEVER, That such net level annual premium shall not exceed the net level annual premium on the nineteen year premium whole life plan for insurance of the same amount at an age one year higher than the age at issue of such policy.

(b) A net one year term premium for such benefits provided for in the first policy year: PROVIDED, That for any life insurance policy issued on or after January 1, 1986, for which the contract premium in the first policy year exceeds that of the second year and for which no comparable additional benefit is provided in the first year for such excess and which provides an endowment benefit or a cash surrender value or a combination thereof in an amount greater than such excess premium, the reserve according to the commissioner's reserve valuation method as of any policy anniversary occurring on or before the assumed ending date defined herein as the first policy anniversary on which the sum of any endowment benefit and any cash surrender value then available is greater than such excess premium shall, except as otherwise provided in RCW 48.74.070, be the greater of the reserve as of such policy anniversary calculated as described in the preceding paragraph of this subsection and the reserve as of such policy anniversary calculated as described in that paragraph, but with: (i) The value defined in subparagraph (a) of that paragraph being reduced by fifteen percent of the amount of such excess first year premium; (ii) all present values of benefits and premiums being determined without reference to premiums or benefits provided for by the policy after the assumed ending date; (iii) the policy being assumed to mature on such date as an endowment; and (iv) the cash surrender value provided on such date being considered as an endowment benefit. In making the above comparison the mortality and interest bases stated in RCW 48.74.030 (1) and (3) shall be used.

Reserves according to the commissioner's reserve valuation method for life insurance policies providing for a varying amount of insurance or requiring the payment of varying

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premiums, group annuity and pure endowment contracts purchased under a retirement plan or plan of deferred compensation established or maintained by an employer, including a partnership or sole proprietorship, or by an employee organization, or by both, other than a plan providing individual retirement accounts or individual retirement annuities under section 408 of the Internal Revenue Code, as now or hereafter amended, disability and accidental death benefits in all policies and contracts, and all other benefits, except life insurance and endowment benefits in life insurance policies and benefits provided by all other annuity and pure endowment contracts, shall be calculated by a method consistent with the principles of the preceding paragraphs of this subsection.

(2) This section shall apply to all annuity and pure endowment contracts other than group annuity and pure endowment contracts purchased under a retirement plan or plan of deferred compensation, established or maintained by an employer, including a partnership or sole proprietorship, or by an employee organization, or by both, other than a plan providing individual retirement accounts or individual retirement annuities under section 408 of the Internal Revenue Code, as now or hereafter amended.

Reserves according to the commissioner's annuity reserve method for benefits under annuity or pure endowment contracts, excluding any disability and accidental death benefits in such contracts, shall be the greatest of the respective excesses of the present values, at the date of valuation, of the future guaranteed benefits, including guaranteed nonforfeiture benefits, provided for by such contracts at the end of each respective contract year, over the present value, at the date of valuation, of any future valuation considerations derived from future gross considerations, required by the terms of such contract, that become payable prior to the end of such respective contract year. The future guaranteed benefits shall be determined by using the mortality table, if any, and the interest rate, or rates, specified in such contracts for determining guaranteed benefits. The valuation considerations are the portions of the respective gross considerations applied under the terms of such contracts to determine nonforfeiture values. [1993 c 462 § 87; 1982 1st ex.s. c 9 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.74.050 Minimum aggregate reserves.** (1) In no event may a company's aggregate reserves for all life insurance policies, excluding disability and accidental death benefits, issued on or after July 10, 1982, be less than the aggregate reserves calculated in accordance with the methods set forth in RCW 48.74.040, 48.74.070, and 48.74.080 and the mortality table or tables and rate or rates of interest used in calculating nonforfeiture benefits for such policies.

(2) In no event may the aggregate reserves for all policies, contracts, and benefits be less than the aggregate reserves determined by the qualified actuary to be necessary to render the opinion required under RCW 48.74.025. [1993 c 462 § 88; 1982 1st ex.s. c 9 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.74.060 Other methods of reserve calculation.** Reserves for all policies and contracts issued prior to the

operative date of this chapter, may be calculated, at the option of the company, according to any standards which produce greater aggregate reserves for all such policies and contracts than the minimum reserves required by the laws in effect immediately prior to such date.

Reserves for any category of policies, contracts, or benefits as established by the commissioner, issued on or after July 10, 1982, may be calculated, at the option of the company, according to any standards which produce greater aggregate reserves for such category than those calculated according to the minimum standard herein provided, but the rate or rates of interest used for policies and contracts, other than annuity and pure endowment contracts, shall not be higher than the corresponding rate or rates of interest used in calculating any nonforfeiture benefits provided therein.

Any such company which at any time has adopted any standard of valuation producing greater aggregate reserves than those calculated according to the minimum standard herein provided may, with the approval of the commissioner, adopt any lower standard of valuation, but not lower than the minimum herein provided. For the purposes of this section, the holding of additional reserves previously determined by a qualified actuary to be necessary to render the opinion required under RCW 48.74.025 is not to be the adoption of a higher standard of valuation. [1993 c 462 § 89; 1982 1st ex.s. c 9 § 6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.74.070 Minimum reserve if gross premium less than valuation net premium.** If in any contract year the gross premium charged by any life insurance company on any policy or contract is less than the valuation net premium for the policy or contract calculated by the method used in calculating the reserve thereon but using the minimum valuation standards of mortality and rate of interest, the minimum reserve required for such policy or contract shall be the greater of either the reserve calculated according to the mortality table, rate of interest, and method actually used for such policy or contract, or the reserve calculated by the method actually used for such policy or contract but using the minimum valuation standards of mortality and rate of interest and replacing the valuation net premium by the actual gross premium in each contract year for which the valuation net premium exceeds the actual gross premium. The minimum valuation standards of mortality and rate of interest referred to in this section are those standards stated in RCW 48.74.030 (1) and (3): PROVIDED, That for any life insurance policy issued on or after January 1, 1986, for which the gross premium in the first policy year exceeds that of the second year and for which no comparable additional benefit is provided in the first year for such excess and which provides an endowment benefit or a cash surrender value or a combination thereof in an amount greater than such excess premium, the foregoing provisions of this section shall be applied as if the method actually used in calculating the reserve for such policy were the method described in RCW 48.74.040, ignoring the second paragraph of that section. The minimum reserve at each policy anniversary of such a policy shall be the greater of the minimum reserve calculated in accordance with RCW 48.74.040, including the second paragraph of that section,

and the minimum reserve calculated in accordance with this section. [1982 1st ex.s. c 9 § 7.]

**48.74.080 Procedure when specified methods of reserve determination unfeasible.** In the case of any plan of life insurance which provides for future premium determination, the amounts of which are to be determined by the insurance company based on then estimates of future experience, or in the case of any plan of life insurance or annuity which is of such a nature that the minimum reserves cannot be determined by the methods described in RCW 48.74.040 and 48.74.070, the reserves which are held under any such plan must, under regulations promulgated by the commissioner:

- (1) Be appropriate in relation to the benefits and the pattern of premiums for that plan; and
- (2) Be computed by a method which is consistent with the principles of this standard valuation law. [1982 1st ex.s. c 9 § 8.]

**48.74.090 Valuation of disability insurance.** The commissioner shall adopt rules containing the minimum standards applicable to the valuation of disability insurance. [1993 c 462 § 90.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

## Chapter 48.76 RCW

### STANDARD NONFORFEITURE LAW FOR LIFE INSURANCE

#### Sections

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48.76.090	Chapter inapplicable to certain policies.
48.76.100	Operative date of chapter.
48.76.900	Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.

**48.76.010 Short title—"NAIC" defined.** This chapter may be known and cited as the standard nonforfeiture law for life insurance. As used in this chapter, "NAIC" means the National Association of Insurance Commissioners. [1982 1st ex.s. c 9 § 10.]

**48.76.020 Nonforfeiture and cash surrender provisions required.** In the case of policies issued on and after the operative date of this chapter as defined in RCW 48.76.100, no policy of life insurance, except as stated in RCW 48.76.090, may be delivered or issued for delivery in this state unless it contains in substance the following provisions, or corresponding provisions which in the opinion of the commissioner are at least as favorable to the defaulting or surrendering policyholder as are the minimum requirements specified in this chapter and are essentially in compliance with RCW 48.76.080:

(1) That, in the event of default in any premium payment, the company will grant, upon proper request not later than sixty days after the due date of the premium in default, a paid-up nonforfeiture benefit on a plan stipulated in the policy, effective as of such due date, of such amount as may be specified in this chapter. In lieu of such stipulated paid-up nonforfeiture benefit, the company may substitute, upon proper request not later than sixty days after the due date of the premium in default, an actuarially equivalent alternative paid-up nonforfeiture benefit which provides a greater amount or longer period of death benefits or, if applicable, a greater amount or earlier payment of endowment benefits.

(2) That, upon surrender of the policy within sixty days after the due date of any premium payment in default after premiums have been paid for at least three full years in the case of ordinary insurance or five full years in the case of industrial insurance, the company will pay, in lieu of any paid-up nonforfeiture benefit, a cash surrender value of such amount as may be specified in this chapter.

(3) That a specified paid-up nonforfeiture benefit becomes effective as specified in the policy unless the person entitled to make such election elects another available option not later than sixty days after the due date of the premium in default.

(4) That if the policy has become paid-up by completion of all premium payments or if it is continued under any paid-up nonforfeiture benefit which became effective on or after the third policy anniversary in the case of ordinary insurance or the fifth policy anniversary in the case of industrial insurance, the company will pay, upon surrender of the policy within thirty days after any policy anniversary, a cash surrender value of such amount as may be specified in this chapter.

(5) That policies which cause on a basis guaranteed in the policy unscheduled changes in benefits or premiums, or which provide an option for changes in benefits or premiums other than a change to a new policy, a statement of the mortality table, interest rate, and method used in calculating cash surrender values and the paid-up nonforfeiture benefits available under the policy. In the case of all other policies, a statement of the mortality table and interest rate used in calculating the cash surrender values and the paid-up nonforfeiture benefits available under the policy, together with a table showing the cash surrender value, if any, and paid-up nonforfeiture benefit, if any, available under the policy on each policy anniversary either during the first twenty policy years or during the term of the policy, whichever is shorter, such values and benefits to be calculated upon the assumption that there are no dividends or paid-up additions credited to the policy and that there is no indebtedness to the company on the policy.

(6) A statement that the cash surrender values and the paid-up nonforfeiture benefits available under the policy are not less than the minimum values and benefits required by or pursuant to the insurance law of the state in which the policy is delivered; an explanation of the manner in which the cash surrender values and the paid-up nonforfeiture benefits are altered by the existence of any paid-up additions credited to the policy or any indebtedness to the company on the policy; if a detailed statement of the method of computation of the values and benefits shown in the policy is not stated therein, a statement that such method of computation has been filed

with the insurance supervisory official of the state in which the policy is delivered; and a statement of the method to be used in calculating the cash surrender value and paid-up nonforfeiture benefit available under the policy on any policy anniversary beyond the last anniversary for which such values and benefits are consecutively shown in the policy.

Any of the foregoing provisions or portions thereof not applicable by reason of the plan of insurance may, to the extent inapplicable, be omitted from the policy.

The company shall reserve the right to defer the payment of any cash surrender value for a period of six months after demand therefor with surrender of the policy. [1982 1st ex.s. c 9 § 11.]

**48.76.030 Amount of cash surrender value.** (1) Subject to subsections (2) and (3) of this section, any cash surrender value available under the policy in the event of default in a premium payment due on any policy anniversary, whether or not required by RCW 48.76.020, shall be an amount not less than the excess, if any, of the present value, on such anniversary, of the future guaranteed benefits which would have been provided for by the policy, including any existing paid-up additions, if there had been no default, over the sum of the then present value of the adjusted premiums as defined in RCW 48.76.050, corresponding to premiums which would have fallen due on and after such anniversary, and the amount of any indebtedness to the company on the policy.

(2) For any policy issued on or after the operative date of RCW 48.76.050(4), which provides supplemental life insurance or annuity benefits at the option of the insured and for an identifiable additional premium by rider or supplemental policy provision, the cash surrender value referred to in subsection (1) of this section shall be an amount not less than the sum of the cash surrender value as defined in such paragraph for an otherwise similar policy issued at the same age without such rider or supplemental policy provision and the cash surrender value as defined in such paragraph for a policy which provides only the benefits otherwise provided by such rider or supplemental policy provision.

(3) For any family policy issued on or after the operative date of RCW 48.76.050(4), which defines a primary insured and provides term insurance on the life of the spouse of the primary insured expiring before the spouse's age seventy-one, the cash surrender value shall be an amount not less than the sum of the cash surrender value as defined in this section for an otherwise similar policy issued at the same age without such term insurance on the life of the spouse and the cash surrender value as defined in this section for a policy which provides only the benefits otherwise provided by such term insurance on the life of the spouse.

(4) Any cash surrender value available within thirty days after any policy anniversary under any policy paid-up by completion of all premium payments or any policy continued under any paid-up nonforfeiture benefit, whether or not required by RCW 48.76.020, shall be an amount not less than the present value, on such anniversary, of the future guaranteed benefits provided for by the policy, including any existing paid-up additions, decreased by any indebtedness to the company on the policy. [1982 1st ex.s. c 9 § 12.]

**48.76.040 Nonforfeiture benefit in case of premium default.** Any paid-up nonforfeiture benefit available under the policy in the event of default in a premium payment due on any policy anniversary shall be such that its present value as of such anniversary is at least equal to the cash surrender value then provided for by the policy or, if none is provided for, that cash surrender value which would have been required by this chapter in the absence of the condition that premiums shall have been paid for at least a specified period. [1982 1st ex.s. c 9 § 13.]

**48.76.050 Calculation of adjusted premiums—Operative date of section.** (1)(a) This subsection does not apply to policies issued on or after the operative date of subsection (4) of this section. Except as provided in subparagraph (c) of this subsection, the adjusted premiums for any policy shall be calculated on an annual basis and shall be such uniform percentage of the respective premiums specified in the policy for each policy year, excluding amounts stated in the policy as extra premiums to cover impairments or special hazards, that the present value, at the date of issue of the policy, of all such adjusted premiums shall be equal to the sum of: (i) The then present value of the future guaranteed benefits provided for by the policy; (ii) two percent of the amount of insurance, if the insurance is uniform in amount, or of the equivalent uniform amount, as hereinafter defined, if the amount of insurance varies with duration of the policy; (iii) forty percent of the adjusted premium for the first policy year; (iv) twenty-five percent of either the adjusted premium for the first policy year or the adjusted premium for a whole life policy of the same uniform or equivalent uniform amount with uniform premiums for the whole of life issued at the same age for the same amount of insurance, whichever is less: PROVIDED, That in applying the percentages specified in subparagraph (a)(iii) and (iv) of this subsection, no adjusted premium shall be deemed to exceed four percent of the amount of insurance or level amount equivalent thereto. The date of issue of a policy for the purpose of this section shall be the date as of which the rated age of the insured is determined.

(b) In the case of a policy providing an amount of insurance varying with duration of the policy, the equivalent level amount thereof for the purpose of this section shall be deemed to be the level amount of insurance provided by an otherwise similar policy, containing the same endowment benefit or benefits, if any, issued at the same age and for the same term, the amount of which does not vary with duration and the benefits under which have the same present value at the inception of the insurance as the benefits under the policy: PROVIDED HOWEVER, That in the case of a policy providing a varying amount of insurance issued on the life of a child under age ten, the equivalent uniform amount may be computed as though the amount provided by the policy prior to the attainment of age ten were the amount provided by such policy at age ten.

(c) The adjusted premiums for any policy providing term insurance benefits by rider or supplemental policy provision shall be equal to: (i) The adjusted premiums for an otherwise similar policy issued at the same age without such term insurance benefits, increased, during the period for which premiums for such term insurance benefits are payable, by (ii) the adjusted premiums for such term insurance, subparagraph

(c)(i) and (ii) of this subsection being calculated separately and as specified in subparagraphs (a) and (b) of this subsection except that, for the purposes of subparagraph (a)(ii), (a)(iii), and (a)(iv) of this subsection, the amount of insurance or equivalent uniform amount of insurance used in the calculation of the adjusted premiums referred to in subparagraph (c)(ii) of this subsection shall be equal to the excess of the corresponding amount determined for the entire policy over the amount used in the calculation of the adjusted premiums in subparagraph (c)(i) of this subsection.

(d) Except as otherwise provided in subsections (2) and (3) of this section, all adjusted premiums and present values referred to in this chapter shall for all policies of ordinary insurance be calculated on the basis of the commissioner's 1941 standard ordinary mortality table: PROVIDED, That for any category of ordinary insurance issued on female risks on or after July 1, 1957, adjusted premiums and present values may be calculated according to an age not more than six years younger than the actual age of the insured and such calculations for all policies of industrial insurance shall be made on the basis of the 1941 standard industrial mortality table. All calculations shall be made on the basis of the rate of interest, not exceeding three and one-half percent per annum, specified in the policy for calculating cash surrender values and paid-up nonforfeiture benefits: PROVIDED, That in calculating the present value of any paid-up term insurance with accompanying pure endowment, if any, offered as a nonforfeiture benefit, the rates of mortality assumed may be not more than one hundred thirty percent of the rates of mortality according to such applicable table: PROVIDED, FURTHER, That for insurance issued on a substandard basis, the calculation of any such adjusted premiums and present values may be based on such other table of mortality as may be specified by the company and approved by the commissioner.

(2) This subsection does not apply to ordinary policies issued on or after the operative date of subsection (4) of this section. In the case of ordinary policies issued on or after the operative date of this section, all adjusted premiums and present values referred to in this chapter shall be calculated on the basis of the commissioner's 1958 standard ordinary mortality table and the rate of interest specified in the policy for calculating cash surrender values and paid-up nonforfeiture benefits provided that such rate of interest shall not exceed three and one-half percent per annum except that a rate of interest not exceeding four percent per annum may be used for policies issued on or after July 16, 1973, and before September 1, 1979, and a rate of interest not exceeding five and one-half percent per annum may be used for policies issued on or after September 1, 1979, except that for any single premium whole life or endowment insurance policy a rate of interest not exceeding six and one-half percent per annum may be used and provided that for any category of ordinary insurance issued on female risks, adjusted premiums and present values may be calculated according to an age not more than six years younger than the actual age of the insured: PROVIDED, That in calculating the present value of any paid-up term insurance with accompanying pure endowment, if any, offered as a nonforfeiture benefit, the rates of mortality assumed may be not more than those shown in the commissioner's 1958 extended term insurance table: PROVIDED FURTHER, That for insurance issued on a sub-

standard basis, the calculation of any such adjusted premiums and present values may be based on such other table of mortality as may be specified by the company and approved by the commissioner.

After June 11, 1959, any company may file with the commissioner a written notice of its election to comply with the provisions of this section. After the filing of such notice, then upon such specified date (which shall be the operative date of this section for such company), this subsection shall become operative with respect to the ordinary policies thereafter issued by such company. If a company makes no such election, the operative date of this section for such company shall be January 1, 1966.

(3) This subsection does not apply to industrial policies issued on or after the operative date of subsection (4) of this section. In the case of industrial policies issued on or after the operative date of this chapter, all adjusted premiums and present values referred to in this chapter shall be calculated on the basis of the commissioner's 1961 standard industrial mortality table and the rate of interest specified in the policy for calculating cash surrender values and paid-up nonforfeiture benefits provided that such rate of interest shall not exceed three and one-half percent per annum, except that a rate of interest not exceeding four percent per annum may be used for policies issued on or after July 16, 1973, and prior to September 1, 1979, and a rate of interest not exceeding five and one-half percent per annum may be used for policies issued on or after September 1, 1979, except that for any single premium whole life or endowment insurance policy a rate of interest not exceeding six and one-half percent per annum may be used: PROVIDED, That in calculating the present value of any paid-up term insurance with accompanying pure endowment, if any, offered as a nonforfeiture benefit, the rates of mortality assumed may be not more than those shown in the commissioner's 1961 industrial extended term insurance table: PROVIDED FURTHER, That for insurance issued on a substandard basis, the calculations of any such adjusted premiums and present values may be based on such other table of mortality as may be specified by the company and approved by the commissioner.

After July 10, 1982, any company may file with the commissioner a written notice of its election to comply with the provisions of this section. After the filing of such notice, then upon such specified date (which shall be the operative date of this section for such company), this subsection shall become operative with respect to the industrial policies thereafter issued by such company. If a company makes no such election, the operative date of this section for such company shall be January 1, 1968.

(4)(a) This section applies to all policies issued on or after the operative date of this subsection as defined herein. Except as provided in subparagraph (g) of this subsection, the adjusted premiums for any policy shall be calculated on an annual basis and shall be such uniform percentage of the respective premiums specified in the policy for each policy year, excluding amounts payable as extra premiums to cover impairments or special hazards and also excluding any uniform annual contract charge or policy fee specified in the policy in a statement of the method to be used in calculating the cash surrender values and paid-up nonforfeiture benefits, that the present value, at the date of issue of the policy, of all

adjusted premiums shall be equal to the sum of: (i) The then present value of the future guaranteed benefits provided for by the policy; (ii) one percent of either the amount of insurance, if the insurance be uniform in amount, or the average amount of insurance at the beginning of each of the first ten policy years; and (iii) one hundred twenty-five percent of the nonforfeiture net level premium as defined in subparagraph (b) of this subsection: PROVIDED, That in applying the percentage specified in (iii) of this subparagraph no nonforfeiture net level premium shall be deemed to exceed four percent of either the amount of insurance, if the insurance be uniform in amount, or the average amount of insurance at the beginning of each of the first ten policy years. The date of issue of a policy for the purpose of this section shall be the date as of which the rated age of the insured is determined.

(b) The nonforfeiture net level premium shall be equal to the present value, at the date of issue of the policy, of the guaranteed benefits provided for by the policy divided by the present value, at the date of issue of the policy, of an annuity of one per annum payable on the date of issue of the policy and on each anniversary of such policy on which a premium falls due.

(c) In the case of policies which cause on a basis guaranteed in the policy unscheduled changes in benefits or premiums, or which provide an option for changes in benefits or premiums other than a change to a new policy, the adjusted premiums and present values shall initially be calculated on the assumption that future benefits and premiums do not change from those stipulated at the date of issue of the policy. At the time of any such change in the benefits or premiums the future adjusted premiums, nonforfeiture net level premiums and present values shall be recalculated on the assumption that future benefits and premiums do not change from those stipulated by the policy immediately after the change.

(d) Except as otherwise provided in subparagraph (g) of this subsection, the recalculated future adjusted premiums for any such policy shall be such uniform percentage of the respective future premiums specified in the policy for each policy year, excluding amounts payable as extra premiums to cover impairments and special hazards, and also excluding any uniform annual contract charge or policy fee specified in the policy in a statement of the method to be used in calculating the cash surrender values and paid-up nonforfeiture benefits, that the present value, at the time of change to the newly defined benefits or premiums, of all such future adjusted premiums shall be equal to the excess of (i) the sum of (A) the then present value of the then future guaranteed benefits provided for by the policy and (B) the additional expense allowance, if any, over (ii) the then cash surrender value, if any, or present value of any paid-up nonforfeiture benefit under the policy.

(e) The additional expense allowance, at the time of the change to the newly defined benefits or premiums, shall be the sum of: (i) One percent of the excess, if positive, of the average amount of insurance at the beginning of each of the first ten policy years subsequent to the change over the average amount of insurance prior to the change at the beginning of each of the first ten policy years subsequent to the time of the most recent previous change, or, if there has been no previous change, the date of issue of the policy; and (ii) one hun-

dred twenty-five percent of the increase, if positive, in the nonforfeiture net level premium.

(f) The recalculated nonforfeiture net level premium shall be equal to the result obtained by dividing (i) by (ii) where:

(i) Equals the sum of:

(A) The nonforfeiture net level premium applicable prior to the change times the present value of an annuity of one per annum payable on each anniversary of the policy on or subsequent to the date of the change on which a premium would have fallen due had the change not occurred; and

(B) The present value of the increase in future guaranteed benefits provided for by the policy; and

(ii) Equals the present value of an annuity of one per annum payable on each anniversary of the policy on or subsequent to the date of change on which a premium falls due.

(g) Notwithstanding any other provisions of this section to the contrary, in the case of a policy issued on a substandard basis which provides reduced graded amounts of insurance so that, in each policy year, such policy has the same tabular mortality cost as an otherwise similar policy issued on the standard basis which provides higher uniform amounts of insurance, adjusted premiums and present values for such substandard policy may be calculated as if it were issued to provide such higher uniform amounts of insurance on the standard basis.

(h) All adjusted premiums and present values referred to in this chapter shall for all policies of ordinary insurance be calculated on the basis of the commissioner's 1980 standard ordinary mortality table or at the election of the company for any one or more specified plans of life insurance, the commissioner's 1980 standard ordinary mortality table with ten-year select mortality factors, shall for all policies of industrial insurance be calculated on the basis of the commissioner's 1961 standard industrial mortality table, and shall for all policies issued in a particular calendar year be calculated on the basis of a rate of interest not exceeding the nonforfeiture interest rate as defined in this section, for policies issued in that calendar year, subject to the following provisions:

(i) At the option of the company, calculations for all policies issued in a particular calendar year may be made on the basis of a rate of interest not exceeding the nonforfeiture interest rate, as defined in this section, for policies issued in the immediately preceding calendar year.

(ii) Under any paid-up nonforfeiture benefit, including any paid-up dividend additions, any cash surrender value available, whether or not required by RCW 48.76.020, shall be calculated on the basis of the mortality table and rate of interest used in determining the amount of such paid-up nonforfeiture benefit and paid-up dividend additions, if any.

(iii) A company may calculate the amount of any guaranteed paid-up nonforfeiture benefit including any paid-up additions under the policy on the basis of an interest rate no lower than that specified in the policy for calculating cash surrender values.

(iv) In calculating the present value of any paid-up term insurance with accompanying pure endowment, if any, offered as a nonforfeiture benefit, the rates of mortality assumed may be not more than those shown in the commissioner's 1980 extended term insurance table for policies of ordinary insurance and not more than the commissioner's

1961 industrial extended term insurance table for policies of industrial insurance.

(v) For insurance issued on a substandard basis, the calculation of any such adjusted premiums and present values may be based on appropriate modifications of the aforementioned tables.

(vi) Any ordinary mortality tables, adopted after 1980 by the National Association of Insurance Commissioners, that are approved by regulation promulgated by the commissioner for use in determining the minimum nonforfeiture standard may be substituted for the commissioner's 1980 standard ordinary mortality table with or without ten-year select mortality factors or for the commissioner's 1980 extended term insurance table.

(vii) Any industrial mortality tables, adopted after 1980 by the National Association of Insurance Commissioners, that are approved by regulation promulgated by the commissioner for use in determining the minimum nonforfeiture standard may be substituted for the commissioner's 1961 standard industrial mortality table or the commissioner's 1961 industrial extended term insurance table.

(i) The nonforfeiture interest rate per annum for any policy issued in a particular calendar year shall be equal to one hundred twenty-five percent of the calendar year statutory valuation interest rate for such policy as defined in the standard valuation law (chapter 48.74 RCW), rounded to the nearer one quarter of one percent.

(j) Notwithstanding any other provision in this title to the contrary, any refiling of nonforfeiture values or their methods of computation for any previously approved policy form which involves only a change in the interest rate or mortality table used to compute nonforfeiture values shall not require refiling of any other provisions of that policy form.

(k) After July 10, 1982, any company may file with the commissioner a written notice of its election to comply with the provision[s] of this section after a specified date before January 1, 1989, which shall be the operative date of this section for such company. If a company makes no such election, the operative date of this section for such company shall be January 1, 1989. [1982 1st ex.s. c 9 § 14.]

**48.76.060 Requirements when specified methods of minimum values determination unfeasible.** In the case of any plan of life insurance which provides for future premium determination, the amounts of which are to be determined by the insurance company based on then estimates of future experience, or in the case of any plan of life insurance which is of such a nature that minimum values cannot be determined by the methods described in RCW 48.76.020 through 48.76.050, then:

(1) The commissioner must be satisfied that the benefits provided under the plan are substantially as favorable to policyholders and insureds as the minimum benefits otherwise required by RCW 48.76.020 through 48.76.050;

(2) The commissioner must be satisfied that the benefits and the pattern of premiums of that plan are not such as to mislead prospective policyholders or insureds;

(3) The cash surrender values and paid-up nonforfeiture benefits provided by such plan must not be less than the minimum values and benefits required for the plan computed by a method consistent with the principles of this chapter, as

determined by regulations promulgated by the commissioner. [1982 1st ex.s. c 9 § 15.]

**48.76.070 Calculation of cash surrender value and paid-up nonforfeiture benefit.** Any cash surrender value and any paid-up nonforfeiture benefit, available under the policy in the event of default in a premium payment due at any time other than on the policy anniversary, shall be calculated with allowance for the lapse of time and the payment of fractional premiums beyond the last preceding policy anniversary. All values referred to in RCW 48.76.030 through 48.76.050 may be calculated upon the assumption that any death benefit is payable at the end of the policy year of death. The net value of any paid-up additions, other than paid-up term additions, shall be not less than the amounts used to provide such additions. Notwithstanding the provisions of RCW 48.76.030, additional benefits payable: (1) In the event of death or dismemberment by accident or accidental means; (2) in the event of total and permanent disability; (3) as reversionary annuity or deferred reversionary annuity benefits; (4) as term insurance benefits provided by a rider or supplemental policy provision to which, if issued as a separate policy, this chapter would not apply; (5) as term insurance on the life of a child or on the lives of children provided in a policy on the life of a parent of the child, if such term insurance expires before the child's age is twenty-six, is uniform in amount after the child's age is one, and has not become paid-up by reason of the death of a parent of the child; and (6) as other policy benefits additional to life insurance and endowment benefits, and premiums for all such additional benefits, shall be disregarded in ascertaining cash surrender values and nonforfeiture benefits required by this chapter, and no such additional benefits shall be required to be included in any paid-up nonforfeiture benefits. [1982 1st ex.s. c 9 § 16.]

**48.76.080 Cash surrender value required for policies issued on or after January 1, 1986.** (1) This section, in addition to all other applicable sections of this chapter, shall apply to all policies issued on or after January 1, 1986. Any cash surrender value available under the policy in the event of default in a premium payment due on any policy anniversary shall be in an amount which does not differ by more than two-tenths of one percent of either the amount of insurance, if the insurance be uniform in amount, or the average amount of insurance at the beginning of each of the first ten policy years, from the sum of: (a) The greater of zero and the basic cash value specified in subsection (2) of this section; and (b) the present value of any existing paid-up additions less the amount of any indebtedness to the company under the policy.

(2) The basic cash value shall be equal to the present value, on such anniversary, of the future guaranteed benefits which would have been provided for by the policy, excluding any existing paid-up additions and before deduction of any indebtedness to the company, if there had been no default, less the then present value of the nonforfeiture factors, as defined in subsection (3) of this section, corresponding to premiums which would have fallen due on and after such anniversary: PROVIDED, That the effects on the basic cash value of supplemental life insurance or annuity benefits or of family coverage, as described in RCW 48.76.030 or

48.76.050(4), whichever is applicable, shall be the same as are the effects specified in RCW 48.76.030 or 48.76.050(4), whichever is applicable, on the cash surrender values defined in that section.

(3) The nonforfeiture factor for each policy year shall be an amount equal to a percentage of the adjusted premium for the policy year, as defined in RCW 48.76.050 (1) or (4). Except as is required by the next succeeding sentence of this paragraph, such percentage:

(a) Must be the same percentage for each policy year between the second policy anniversary and the later of: (i) The fifth policy anniversary; and (ii) The first policy anniversary at which there is available under the policy a cash surrender value in an amount, before including any paid-up additions and before deducting any indebtedness, of at least two-tenths of one percent of either the amount of insurance, if the insurance be uniform in amount, or the average amount of insurance at the beginning of each of the first ten policy years; and

(b) Must be such that no percentage after the later of the two policy anniversaries specified in subparagraph (a) of this subsection may apply to fewer than five consecutive policy years: PROVIDED, That no basic cash value may be less than the value which would be obtained if the adjusted premiums for the policy, as defined in RCW 48.76.050 (1) or (4), whichever is applicable, were substituted for the nonforfeiture factors in the calculation of the basic cash value.

(4) All adjusted premiums and present values referred to in this section shall for a particular policy be calculated on the same mortality and interest bases as are used in demonstrating the policy's compliance with the other sections of this chapter. The cash surrender values referred to in this section shall include any endowment benefits provided for by the policy.

(5) Any cash surrender value available other than in the event of default in a premium payment due on a policy anniversary, and the amount of any paid-up nonforfeiture benefit available under the policy in the event of default in a premium payment shall be determined in manners consistent with the manners specified for determining the analogous minimum amounts in RCW 48.76.020 through 48.76.040, 48.76.050(4), and 48.76.070. The amounts of any cash surrender values and of any paid-up nonforfeiture benefits granted in connection with additional benefits such as those listed in RCW 48.76.070 shall conform with the principles of this section. [1982 1st ex.s. c 9 § 17.]

**48.76.090 Chapter inapplicable to certain policies.**

This chapter does not apply to any of the following:

- (1) Reinsurance;
- (2) Group insurance;
- (3) A pure endowment;
- (4) An annuity or reversionary annuity contract;
- (5) A term policy of a uniform amount, which provides no guaranteed nonforfeiture or endowment benefits, or renewal thereof, of twenty years or less expiring before age seventy-one, for which uniform premiums are payable during the entire term of the policy;
- (6) A term policy of a decreasing amount, which provides no guaranteed nonforfeiture or endowment benefits, on which each adjusted premium, calculated as specified in

RCW 48.76.050, is less than the adjusted premium so calculated, on a term policy of uniform amount, or renewal thereof, which provides no guaranteed nonforfeiture or endowment benefits, issued at the same age and for the same initial amount of insurance and for a term of twenty years or less expiring before age seventy-one, for which uniform premiums are payable during the entire term of the policy;

(7) A policy, which provides no guaranteed nonforfeiture or endowment benefits, for which no cash surrender value, if any, or present value of any paid-up nonforfeiture benefit, at the beginning of any policy year, calculated as specified in RCW 48.76.030 through 48.76.050, exceeds two and one-half percent of the amount of insurance at the beginning of the same policy year; nor

(8) A policy which is delivered outside this state through an insurance producer or other representative of the company issuing the policy.

For purposes of determining the applicability of this chapter, the age at expiration for a joint term life insurance policy is the age at expiration of the oldest life. [2008 c 217 § 66; 1982 1st ex.s. c 9 § 18.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.76.100 Operative date of chapter.** After July 10, 1982, any company may file with the commissioner a written notice of its election to comply with the provisions of this chapter. After the filing of such notice, then upon such specified date (which shall be the operative date for such company), this chapter becomes operative with respect to the policies thereafter issued by such company. If a company makes no such election, the operative date of this chapter for such company shall be January 1, 1948. [1982 1st ex.s. c 9 § 19.]

**48.76.900 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.** For the purposes of this chapter, the terms spouse, marriage, marital, husband, wife, widow, widower, next of kin, and family shall be interpreted as applying equally to state registered domestic partnerships or individuals in state registered domestic partnerships as well as to marital relationships and married persons, and references to dissolution of marriage shall apply equally to state registered domestic partnerships that have been terminated, dissolved, or invalidated, to the extent that such interpretation does not conflict with federal law. Where necessary to implement chapter 521, Laws of 2009, gender-specific terms such as husband and wife used in any statute, rule, or other law shall be construed to be gender neutral, and applicable to individuals in state registered domestic partnerships. [2009 c 521 § 129.]

## Chapter 48.80 RCW

### HEALTH CARE FALSE CLAIM ACT

#### Sections

48.80.010	Legislative finding—Short title.
48.80.020	Definitions.
48.80.030	Making false claims, concealing information—Penalty—Exclusions.
48.80.040	Use of circumstantial evidence.
48.80.050	Civil action not limited.

48.80.060	Conviction of provider, notification to regulatory agency.
48.80.900	Severability—1986 c 243.

**48.80.010 Legislative finding—Short title.** The legislature finds and declares that the welfare of the citizens of this state is threatened by the spiraling increases in the cost of health care. It is further recognized that fraudulent health care claims contribute to these increases in health care costs. In recognition of these findings, it is declared that special attention must be directed at eliminating the unjustifiable costs of fraudulent health care claims by establishing specific penalties and deterrents. This chapter may be known and cited as "the health care false claim act." [1986 c 243 § 1.]

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

(1) "Claim" means any attempt to cause a health care payer to make a health care payment.

(2) "Deceptive" means presenting a claim to a health care payer that contains a statement of fact or fails to reveal a material fact, leading the health care payer to believe that the represented or suggested state of affairs is other than it actually is. For the purposes of this chapter, the determination of what constitutes a material fact is a question of law to be resolved by the court.

(3) "False" means wholly or partially untrue or deceptive.

(4) "Health care payment" means a payment for health care services or the right under a contract, certificate, or policy of insurance to have a payment made by a health care payer for a specified health care service.

(5) "Health care payer" means any insurance company authorized to provide health insurance in this state, any health care service contractor authorized under chapter 48.44 RCW, any health maintenance organization authorized under chapter 48.46 RCW, any legal entity which is self-insured and providing health care benefits to its employees, and any insurer or other person responsible for paying for health care services.

(6) "Person" means an individual, corporation, partnership, association, or other legal entity.

(7) "Provider" means any person lawfully licensed or authorized to render any health service. [1995 c 285 § 25; 1986 c 243 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.80.030 Making false claims, concealing information—Penalty—Exclusions.** (1) A person shall not make or present or cause to be made or presented to a health care payer a claim for a health care payment knowing the claim to be false.

(2) No person shall knowingly present to a health care payer a claim for a health care payment that falsely represents that the goods or services were medically necessary in accordance with professionally accepted standards. Each claim that violates this subsection shall constitute a separate offense.

(3) No person shall knowingly make a false statement or false representation of a material fact to a health care payer for use in determining rights to a health care payment. Each

claim that violates this subsection shall constitute a separate violation.

(4) No person shall conceal the occurrence of any event affecting his or her initial or continued right under a contract, certificate, or policy of insurance to have a payment made by a health care payer for a specified health care service. A person shall not conceal or fail to disclose any information with intent to obtain a health care payment to which the person or any other person is not entitled, or to obtain a health care payment in an amount greater than that which the person or any other person is entitled.

(5) No provider shall willfully collect or attempt to collect an amount from an insured knowing that to be in violation of an agreement or contract with a health care payor to which the provider is a party.

(6) A person who violates this section is guilty of a class C felony punishable under chapter 9A.20 RCW.

(7) This section does not apply to statements made on an application for coverage under a contract or certificate of health care coverage issued by an insurer, health care service contractor, health maintenance organization, or other legal entity which is self-insured and providing health care benefits to its employees. [1990 c 119 § 11; 1986 c 243 § 3.]

**48.80.040 Use of circumstantial evidence.** In a prosecution under this chapter, circumstantial evidence may be presented to demonstrate that a false statement or claim was knowingly made. Such evidence may include but shall not be limited to the following circumstances:

(1) Where a claim for a health care payment is submitted with the person's actual, facsimile, stamped, typewritten, or similar signature on the form required for the making of a claim for health care payment; and

(2) Where a claim for a health care payment is submitted by means of computer billing tapes or other electronic means if the person has advised the health care payer in writing that claims for health care payment will be submitted by use of computer billing tapes or other electronic means. [1986 c 243 § 4.]

**48.80.050 Civil action not limited.** This chapter shall not be construed to prohibit or limit a prosecution of or civil action against a person for the violation of any other law of this state. [1986 c 243 § 5.]

**48.80.060 Conviction of provider, notification to regulatory agency.** Upon the conviction under this chapter of any provider, the prosecutor shall provide written notification to the appropriate regulatory or disciplinary agency of such conviction. [1986 c 243 § 6.]

**48.80.900 Severability—1986 c 243.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1986 c 243 § 7.]

(2010 Ed.)

**Chapter 48.83 RCW  
LONG-TERM CARE  
INSURANCE COVERAGE—STANDARDS**

Sections

48.83.005	Intent.
48.83.010	Application.
48.83.020	Definitions.
48.83.030	Out-of-state policy—Restriction.
48.83.040	Preexisting conditions.
48.83.050	Prohibited policy terms and practices—Field-issued, defined.
48.83.060	Right to return policy or certificate—Refund.
48.83.070	Required documents for prospective and approved applicants—Contents—When due.
48.83.080	Benefit funded through life insurance policy—Acceleration of a death benefit.
48.83.090	Denial of claims—Written explanation.
48.83.100	Rescission of policy or certificate.
48.83.110	Inflation protection features—Rules.
48.83.120	Nonforfeiture benefit option—Offer required—Rules.
48.83.130	Selling, soliciting, or negotiating coverage—Licensed insurance producers—Training—Issuers duties—Rules.
48.83.140	Determining whether coverage is appropriate—Suitability standards—Information protected—Rules.
48.83.150	Prohibited practices.
48.83.160	Violations—Fine.
48.83.170	Rules, generally.
48.83.900	Severability—2008 c 145.
48.83.901	Effective date—2008 c 145.

**48.83.005 Intent.** The intent of this chapter is to promote the public interest, support the availability of long-term care coverage, establish standards for long-term care coverage, facilitate public understanding and comparison of long-term care contract benefits, protect persons insured under long-term care insurance policies and certificates, protect applicants for long-term care policies from unfair or deceptive sales or enrollment practices, and provide for flexibility and innovation in the development of long-term care insurance coverage. [2008 c 145 § 1.]

**48.83.010 Application.** This chapter applies to all long-term care insurance policies, contracts, or riders delivered or issued for delivery in this state on or after January 1, 2009. This chapter does not supersede the obligations of entities subject to this chapter to comply with other applicable laws to the extent that they do not conflict with this chapter, except that laws and regulations designed and intended to apply to medicare supplement insurance policies shall not be applied to long-term care insurance.

(1) Coverage advertised, marketed, or offered as long-term care insurance shall comply with the provisions of this chapter. Any coverage, policy, or rider advertised, marketed, or offered as long-term care or nursing home insurance shall comply with the provisions of this chapter.

(2) Individual and group long-term care contracts issued prior to January 1, 2009, remain governed by chapter 48.84 RCW and rules adopted thereunder.

(3) This chapter is not intended to prohibit approval of long-term care funded through life insurance. [2008 c 145 § 2.]

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

(1) "Applicant" means: (a) In the case of an individual long-term care insurance policy, the person who seeks to con-

tract for benefits; and (b) in the case of a group long-term care insurance policy, the proposed certificate holder.

(2) "Certificate" includes any certificate issued under a group long-term care insurance policy that has been delivered or issued for delivery in this state.

(3) "Commissioner" means the insurance commissioner of Washington state.

(4) "Issuer" includes insurance companies, fraternal benefit societies, health care service contractors, health maintenance organizations, or other entity delivering or issuing for delivery any long-term care insurance policy, contract, or rider.

(5) "Long-term care insurance" means an insurance policy, contract, or rider that is advertised, marketed, offered, or designed to provide coverage for at least twelve consecutive months for a covered person. Long-term care insurance may be on an expense incurred, indemnity, prepaid, or other basis, for one or more necessary or medically necessary diagnostic, preventive, therapeutic, rehabilitative, maintenance, or personal care services, provided in a setting other than an acute care unit of a hospital. Long-term care insurance includes any policy, contract, or rider that provides for payment of benefits based upon cognitive impairment or the loss of functional capacity.

(a) Long-term care insurance includes group and individual annuities and life insurance policies or riders that provide directly or supplement long-term care insurance. However, long-term care insurance does not include life insurance policies that: (i) Accelerate the death benefit specifically for one or more of the qualifying events of terminal illness, medical conditions requiring extraordinary medical intervention, or permanent institutional confinement; (ii) provide the option of a lump-sum payment for those benefits; and (iii) do not condition the benefits or the eligibility for the benefits upon the receipt of long-term care.

(b) Long-term care insurance also includes qualified long-term care insurance contracts.

(c) Long-term care insurance does not include any insurance policy, contract, or rider that is offered primarily to provide coverage for basic medicare supplement, basic hospital expense, basic medical-surgical expense, hospital confinement indemnity, major medical expense, disability income, related income, asset protection, accident only, specified disease, specified accident, or limited benefit health.

(6) "Group long-term care insurance" means a long-term care insurance policy or contract that is delivered or issued for delivery in this state and is issued to:

(a) One or more employers; one or more labor organizations; or a trust or the trustees of a fund established by one or more employers or labor organizations for current or former employees, current or former members of the labor organizations, or a combination of current and former employees or members, or a combination of such employers, labor organizations, trusts, or trustees; or

(b) A professional, trade, or occupational association for its members or former or retired members, if the association:

(i) Is composed of persons who are or were all actively engaged in the same profession, trade, or occupation; and

(ii) Has been maintained in good faith for purposes other than obtaining insurance; or

(c)(i) An association, trust, or the trustees of a fund established, created, or maintained for the benefit of members of one or more associations. Before advertising, marketing, or offering long-term care coverage in this state, the association or associations, or the insurer of the association or associations, must file evidence with the commissioner that the association or associations have at the time of such filing at least one hundred persons who are members and that the association or associations have been organized and maintained in good faith for purposes other than that of obtaining insurance; have been in active existence for at least one year; and have a constitution and bylaws that provide that:

(A) The association or associations hold regular meetings at least annually to further the purposes of the members;

(B) Except for credit unions, the association or associations collect dues or solicit contributions from members; and

(C) The members have voting privileges and representation on the governing board and committees of the association.

(ii) Thirty days after filing the evidence in accordance with this section, the association or associations will be deemed to have satisfied the organizational requirements, unless the commissioner makes a finding that the association or associations do not satisfy those organizational requirements; [or]

(d) A group other than as described in (a), (b), or (c) of this subsection subject to a finding by the commissioner that:

(i) The issuance of the group policy is not contrary to the best interest of the public;

(ii) The issuance of the group policy would result in economies of acquisition or administration; and

(iii) The benefits are reasonable in relation to the premiums charged.

(7) "Policy" includes a document such as an insurance policy, contract, subscriber agreement, rider, or endorsement delivered or issued for delivery in this state by an insurer, fraternal benefit society, health care service contractor, health maintenance organization, or any similar entity authorized by the insurance commissioner to transact the business of long-term care insurance.

(8) "Qualified long-term care insurance contract" or "federally tax-qualified long-term care insurance contract" means:

(a) An individual or group insurance contract that meets the requirements of section 7702B(b) of the internal revenue code of 1986, as amended; or

(b) The portion of a life insurance contract that provides long-term care insurance coverage by rider or as part of the contract and that satisfies the requirements of sections 7702B(b) and (e) of the internal revenue code of 1986, as amended. [2008 c 145 § 3.]

**48.83.030 Out-of-state policy—Restriction.** A group long-term care insurance policy may not be offered to a resident of this state under a group policy issued in another state to a group described in RCW 48.83.020(6)(d), unless this state or another state having statutory and regulatory long-term care insurance requirements substantially similar to those adopted in this state has made a determination that such requirements have been met. [2008 c 145 § 4.]

**48.83.040 Preexisting conditions.** (1) A long-term care insurance policy or certificate may not define "preexisting condition" more restrictively than as a condition for which medical advice or treatment was recommended by or received from a provider of health care services, within six months preceding the effective date of coverage of an insured person, unless the policy or certificate applies to group long-term care insurance under RCW 48.83.020(6) (a), (b), or (c).

(2) A long-term care insurance policy or certificate may not exclude coverage for a loss or confinement that is the result of a preexisting condition unless the loss or confinement begins within six months following the effective date of coverage of an insured person, unless the policy or certificate applies to a group as defined in RCW 48.83.020(6)(a).

(3) The commissioner may extend the limitation periods for specific age group categories in specific policy forms upon finding that the extension is in the best interest of the public.

(4) An issuer may use an application form designed to elicit the complete health history of an applicant and underwrite in accordance with that issuer's established underwriting standards, based on the answers on that application. Unless otherwise provided in the policy or certificate and regardless of whether it is disclosed on the application, a preexisting condition need not be covered until the waiting period expires.

(5) A long-term care insurance policy or certificate may not exclude or use waivers or riders to exclude, limit, or reduce coverage or benefits for specifically named or described preexisting diseases or physical conditions beyond the waiting period. [2008 c 145 § 5.]

**48.83.050 Prohibited policy terms and practices—Field-issued, defined.** No long-term care insurance policy may:

(1) Be canceled, nonrenewed, or otherwise terminated on the grounds of the age or the deterioration of the mental or physical health of the insured individual or certificate holder;

(2) Contain a provision establishing a new waiting period in the event existing coverage is converted to or replaced by a new or other form within the same company, except with respect to an increase in benefits voluntarily selected by the insured individual or group policyholder;

(3) Provide coverage for skilled nursing care only or provide significantly more coverage for skilled care in a facility than coverage for lower levels of care;

(4) Condition eligibility for any benefits on a prior hospitalization requirement;

(5) Condition eligibility for benefits provided in an institutional care setting on the receipt of a higher level of institutional care;

(6) Condition eligibility for any benefits other than waiver of premium, postconfinement, postacute care, or recuperative benefits on a prior institutionalization requirement;

(7) Include a postconfinement, postacute care, or recuperative benefit unless:

(a) Such requirement is clearly labeled in a separate paragraph of the policy or certificate entitled "Limitations or Conditions on Eligibility for Benefits"; and

(b) Such limitations or conditions specify any required number of days of preconfinement or postconfinement;

(8) Condition eligibility for noninstitutional benefits on the prior receipt of institutional care;

(9) A long-term care insurance policy or certificate may be field-issued if the compensation to the field issuer is not based on the number of policies or certificates issued. For purposes of this section, "field-issued" means a policy or certificate issued by a producer or a third-party administrator of the policy pursuant to the underwriting authority by an issuer and using the issuer's underwriting guidelines. [2008 c 145 § 6.]

**48.83.060 Right to return policy or certificate—Refund.** (1) Long-term care insurance applicants may return a policy or certificate for any reason within thirty days after its delivery and to have the premium refunded.

(2) All long-term care insurance policies and certificates shall have a notice prominently printed on or attached to the first page of the policy stating that the applicant may return the policy or certificate within thirty days after its delivery and to have the premium refunded.

(3) Refunds or denials of applications must be made within thirty days of the return or denial.

(4) This section shall not apply to certificates issued pursuant to a policy issued to a group defined in RCW 48.83.020(6)(a). [2008 c 145 § 7.]

**48.83.070 Required documents for prospective and approved applicants—Contents—When due.** (1) An outline of coverage must be delivered to a prospective applicant for long-term care insurance at the time of initial solicitation through means that prominently direct the attention of the recipient to the document and its purpose.

(a) The commissioner must prescribe a standard format, including style, arrangement, overall appearance, and the content of an outline of coverage.

(b) When an insurance producer makes a solicitation in person, he or she must deliver an outline of coverage before presenting an application or enrollment form.

(c) In a direct response solicitation, the outline of coverage must be presented with an application or enrollment form.

(d) If a policy is issued to a group as defined in RCW 48.83.020(6)(a), an outline of coverage is not required to be delivered, if the information that the commissioner requires to be included in the outline of coverage is in other materials relating to enrollment. Upon request, any such materials must be made available to the commissioner.

(2) If an issuer approves an application for a long-term care insurance contract or certificate, the issuer must deliver the contract or certificate of insurance to the applicant within thirty days after the date of approval. A policy summary must be delivered with an individual life insurance policy that provides long-term care benefits within the policy or by rider. In a direct response solicitation, the issuer must deliver the policy summary, upon request, before delivery of the policy, if the applicant requests a summary.

(a) The policy summary shall include:

(i) An explanation of how the long-term care benefit interacts with other components of the policy, including deductions from any applicable death benefits;

(ii) An illustration of the amount of benefits, the length of benefits, and the guaranteed lifetime benefits if any, for each covered person;

(iii) Any exclusions, reductions, and limitations on benefits of long-term care;

(iv) A statement that any long-term care inflation protection option required by RCW 48.83.110 is not available under this policy; and

(v) If applicable to the policy type, the summary must also include:

(A) A disclosure of the effects of exercising other rights under the policy;

(B) A disclosure of guarantees related to long-term care costs of insurance charges; and

(C) Current and projected maximum lifetime benefits.

(b) The provisions of the policy summary may be incorporated into a basic illustration required under chapter 48.23A RCW, or into the policy summary which is required under rules adopted by the commissioner. [2008 c 145 § 8.]

**48.83.080 Benefit funded through life insurance policy—Acceleration of a death benefit.** If a long-term care benefit funded through a life insurance policy by the acceleration of the death benefit is in benefit payment status, a monthly report must be provided to the policyholder. The report must include:

(1) A record of all long-term care benefits paid out during the month;

(2) An explanation of any changes in the policy resulting from paying the long-term care benefits, such as a change in the death benefit or cash values; and

(3) The amount of long-term care benefits that remain to be paid. [2008 c 145 § 9.]

**48.83.090 Denial of claims—Written explanation.** All long-term care denials must be made within sixty days after receipt of a written request made by a policyholder or certificate holder, or his or her representative. All denials of long-term care claims by the issuer must provide a written explanation of the reasons for the denial and make available to the policyholder or certificate holder all information directly related to the denial. [2008 c 145 § 10.]

**48.83.100 Rescission of policy or certificate.** (1) An issuer may rescind a long-term care insurance policy or certificate or deny an otherwise valid long-term care insurance claim if:

(a) A policy or certificate has been in force for less than six months and upon a showing of misrepresentation that is material to the acceptance for coverage; or

(b) A policy or certificate that has been in force for at least six months but less than two years, upon a showing of misrepresentation that is both material to the acceptance for coverage and that pertains to the condition for which benefits are sought.

(2) After a policy or certificate has been in force for two years it is not contestable upon the grounds of misrepresentation alone. Such a policy or certificate may be contested only upon a showing that the insured knowingly and intentionally misrepresented relevant facts relating to the insured's health.

(3) An issuer's payments for benefits under a long-term care insurance policy or certificate may not be recovered by the issuer if the policy or certificate is rescinded.

(4) This section does not apply to the remaining death benefit of a life insurance policy that accelerates benefits for long-term care that are governed by RCW 48.23.050 the state's life insurance incontestability clause. In all other situations, this section shall apply to life insurance policies that accelerate benefits for long-term care. [2008 c 145 § 11.]

**48.83.110 Inflation protection features—Rules.** (1) The commissioner must establish minimum standards for inflation protection features.

(2) An issuer must comply with the rules adopted by the commissioner that establish minimum standards for inflation protection features. [2008 c 145 § 12.]

**48.83.120 Nonforfeiture benefit option—Offer required—Rules.** (1) Except as provided by this section, a long-term care insurance policy may not be delivered or issued for delivery in this state unless the policyholder or certificate holder has been offered the option of purchasing a policy or certificate that includes a nonforfeiture benefit. The offer of a nonforfeiture benefit may be in the form of a rider that is attached to the policy. If a policyholder or certificate holder declines the nonforfeiture benefit, the issuer must provide a contingent benefit upon lapse that is available for a specified period of time following a substantial increase in premium rates.

(2) If a group long-term care insurance policy is issued, the offer required in subsection (1) of this section must be made to the group policyholder. However, if the policy is issued as group long-term care insurance as defined in RCW 48.83.020(6)(d) other than to a continuing care retirement community or other similar entity, the offering shall be made to each proposed certificate holder.

(3) The commissioner must adopt rules specifying the type or types of nonforfeiture benefits to be offered as part of long-term care insurance policies and certificates, the standards for nonforfeiture benefits, and the rules regarding contingent benefit upon lapse, including a determination of the specified period of time during which a contingent benefit upon lapse will be available and the substantial premium rate increase that triggers a contingent benefit upon lapse. [2008 c 145 § 13.]

**48.83.130 Selling, soliciting, or negotiating coverage—Licensed insurance producers—Training—Issuers duties—Rules.** A person may not sell, solicit, or negotiate long-term care insurance unless he or she is appropriately licensed as an insurance producer and has successfully completed long-term care coverage education that meets the requirements of this section.

(1) All long-term care education required by this chapter must meet the requirements of chapter 48.17 RCW and rules adopted by the commissioner.

(2)(a)(i) After January 1, 2009, prior to soliciting, selling, or negotiating long-term care insurance coverage, an insurance producer must successfully complete a one-time education course consisting of no fewer than eight hours on

long-term care coverage, long-term care services, state and federal regulations and requirements for long-term care and qualified long-term care insurance coverage, changes or improvements in long-term care services or providers, alternatives to the purchase of long-term care insurance coverage, the effect of inflation on benefits and the importance of inflation protection, and consumer suitability standards and guidelines.

(ii) In order to continue soliciting, selling, or negotiating long-term care coverage in this state, all insurance producers selling, soliciting, or negotiating long-term care insurance coverage prior to January 1, 2009, must successfully complete the eight-hour, one-time long-term care education and training course no later than July 1, 2009.

(b) In addition to the one-time education and training requirement set forth in (a) of this subsection, insurance producers who engage in the solicitation, sale, or negotiation of long-term care insurance coverage must successfully complete no fewer than four hours every twenty-four months of continuing education specific to long-term care insurance coverage and issues. Long-term care insurance coverage continuing education shall consist of topics related to long-term care insurance, long-term care services, and, if applicable, qualified state long-term care insurance partnership programs, including, but not limited to, the following:

(i) State and federal regulations and requirements and the relationship between qualified state long-term care insurance partnership programs and other public and private coverage of long-term care services, including medicaid;

(ii) Available long-term care services and providers;

(iii) Changes or improvements in long-term care services or providers;

(iv) Alternatives to the purchase of private long-term care insurance;

(v) The effect of inflation on benefits and the importance of inflation protection;

(vi) This chapter and chapters 48.84 and 48.85 RCW; and

(vii) Consumer suitability standards and guidelines.

(3) The insurance producer education required by this section shall not include training that is issuer or company product-specific or that includes any sales or marketing information, materials, or training, other than those required by state or federal law.

(4) Issuers shall obtain verification that an insurance producer receives training required by this section before that producer is permitted to sell, solicit, or otherwise negotiate the issuer's long-term care insurance products.

(5) Issuers shall maintain records subject to the state's record retention requirements and shall make evidence of that verification available to the commissioner upon request.

(6)(a) Issuers shall maintain records with respect to the training of its producers concerning the distribution of its long-term care partnership policies that will allow the commissioner to provide assurance to the state department of social and health services, medicaid division, that insurance producers engaged in the sale of long-term care insurance contracts have received the training required by this section and any rules adopted by the commissioner, and that producers have demonstrated an understanding of the partnership

policies and their relationship to public and private coverage of long-term care, including medicaid, in this state.

(b) These records shall be maintained in accordance with the state's record retention requirements and shall be made available to the commissioner upon request.

(7) The satisfaction of these training requirements for any state shall be deemed to satisfy the training requirements of this state. [2008 c 145 § 14.]

**48.83.140 Determining whether coverage is appropriate—Suitability standards—Information protected—Rules.** Issuers and their agents, if any, must determine whether issuing long-term care insurance coverage to a particular person is appropriate, except in the case of a life insurance policy that accelerates benefits for long-term care.

(1) An issuer must:

(a) Develop and use suitability standards to determine whether the purchase or replacement of long-term care coverage is appropriate for the needs of the applicant or insured;

(b) Train its agents in the use of the issuer's suitability standards; and

(c) Maintain a copy of its suitability standards and make the standards available for inspection, upon request.

(2) The following must be considered when determining whether the applicant meets the issuer's suitability standards:

(a) The ability of the applicant to pay for the proposed coverage and any other relevant financial information related to the purchase of or payment for coverage;

(b) The applicant's goals and needs with respect to long-term care and the advantages and disadvantages of long-term care coverage to meet those goals or needs; and

(c) The values, benefits, and costs of the applicant's existing health or long-term care coverage, if any, when compared to the values, benefits, and costs of the recommended purchase or replacement.

(3) The sale or transfer of any suitability information provided to the issuer or agent by the applicant to any other person or business entity is prohibited.

(4)(a) The commissioner shall adopt, by rule, forms of consumer-friendly personal worksheets that issuers and their agents must use for applications for long-term care coverage.

(b) The commissioner may require each issuer to file its current forms of suitability standards and personal worksheets with the commissioner. [2008 c 145 § 15.]

**48.83.150 Prohibited practices.** A person engaged in the issuance or solicitation of long-term care coverage shall not engage in unfair methods of competition or unfair or deceptive acts or practices, as such methods, acts, or practices are defined in chapter 48.30 RCW, or as defined by the commissioner. [2008 c 145 § 16.]

**48.83.160 Violations—Fine.** An issuer or an insurance producer who violates a law or rule relating to the regulation of long-term care insurance or its marketing shall be subject to a fine of up to three times the amount of the commission paid for each policy involved in the violation or up to ten thousand dollars, whichever is greater. [2008 c 145 § 17.]

**48.83.170 Rules, generally.** (1) The commissioner must adopt rules that include standards for full and fair disclosure setting forth the manner, content, and required disclosures for the sale of long-term care insurance policies, terms of renewability, initial and subsequent conditions of eligibility, nonduplication of coverage provisions, coverage of dependents, preexisting conditions, termination of insurance, continuation or conversion, probationary periods, limitations, exceptions, reductions, elimination periods, requirements for replacement, recurrent conditions, and definitions of terms. The commissioner must adopt rules establishing loss ratio standards for long-term care insurance policies. The commissioner must adopt rules to promote premium adequacy and to protect policyholders in the event of proposed substantial rate increases, and to establish minimum standards for producer education, marketing practices, producer compensation, producer testing, penalties, and reporting practices for long-term care insurance.

(2) The commissioner shall adopt rules establishing standards protecting patient privacy rights, rights to receive confidential health care services, and standards for an issuer's timely review of a claim denial upon request of a covered person.

(3) The commissioner may adopt reasonable rules to effectuate any provision of this chapter in accordance with the requirements of chapter 34.05 RCW. [2008 c 145 § 18.]

**48.83.900 Severability—2008 c 145.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [2008 c 145 § 23.]

**48.83.901 Effective date—2008 c 145.** This act takes effect January 1, 2009. [2008 c 145 § 24.]

## Chapter 48.84 RCW

### LONG-TERM CARE INSURANCE ACT

#### Sections

48.84.010	General provisions, intent.
48.84.020	Definitions.
48.84.030	Rules—Benefits-premiums ratio, coverage limitations.
48.84.040	Policies and contracts—Prohibited provisions.
48.84.050	Disclosure rules—Required provisions in policy or contract.
48.84.060	Prohibited practices.
48.84.070	Separation of data regarding certain policies.
48.84.900	Severability—1986 c 170.
48.84.910	Effective date, application—1986 c 170.

*Long-term care insurance plans for eligible public employees: RCW 41.05.065.*

**48.84.010 General provisions, intent.** This chapter may be known and cited as the "long-term care insurance act" and is intended to govern the content and sale of long-term care insurance and long-term care benefit contracts issued before January 1, 2009, as defined in this chapter. This chapter shall be liberally construed to promote the public interest in protecting purchasers of long-term care insurance from unfair or deceptive sales, marketing, and advertising practices. The provisions of this chapter shall apply in addition to other requirements of Title 48 RCW. [2008 c 145 § 19; 1986 c 170 § 1.]

**Severability—Effective date—2008 c 145:** See RCW 48.83.900 and 48.83.901.

**48.84.020 Definitions.** Unless the context requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Long-term care insurance" or "long-term care benefit contract" means any insurance policy or benefit contract primarily advertised, marketed, offered, or designed to provide coverage or services for either institutional or community-based convalescent, custodial, chronic, or terminally ill care. Such terms do not include and this chapter shall not apply to policies or contracts governed by chapter 48.66 RCW and continuing care retirement communities.

(2) "Loss ratio" means the incurred claims plus or minus the increase or decrease in reserves as a percentage of the earned premiums, or the projected incurred claims plus or minus the increase or decrease in projected reserves as a percentage of projected earned premiums, as defined by the commissioner.

(3) "Preexisting condition" means a covered person's medical condition that caused that person to have received medical advice or treatment during the specified time period before the effective date of coverage.

(4) "Medicare" means Title XVIII of the United States social security act, or its successor program.

(5) "Medicaid" means Title XIX of the United States social security act, or its successor program.

(6) "Nursing home" means a nursing home as defined in RCW 18.51.010. [1986 c 170 § 2.]

**48.84.030 Rules—Benefits-premiums ratio, coverage limitations.** (1) The commissioner shall adopt rules requiring reasonable benefits in relation to the premium or price charged for long-term care policies and contracts which rules may include but are not limited to the establishment of minimum loss ratios.

(2) In addition, the commissioner may adopt rules establishing standards for long-term care coverage benefit limitations, exclusions, exceptions, and reductions and for policy or contract renewability. [1986 c 170 § 3.]

**48.84.040 Policies and contracts—Prohibited provisions.** No long-term care insurance policy or benefit contract may:

(1) Use riders, waivers, endorsements, or any similar method to limit or reduce coverage or benefits;

(2) Indemnify against losses resulting from sickness on a different basis than losses resulting from accidents;

(3) Be canceled, nonrenewed, or segregated at the time of rerating solely on the grounds of the age or the deterioration of the mental or physical health of the covered person;

(4) Exclude or limit coverage for preexisting conditions for a period of more than one year prior to the effective date of the policy or contract or more than six months after the effective date of the policy or contract;

(5) Differentiate benefit amounts on the basis of the type or level of nursing home care provided;

(6) Contain a provision establishing any new waiting period in the event an existing policy or contract is converted

to a new or other form within the same company. [1986 c 170 § 4.]

**48.84.050 Disclosure rules—Required provisions in policy or contract.** (1) The commissioner shall adopt rules requiring disclosure to consumers of the level, type, and amount of benefits provided and the limitations, exclusions, and exceptions contained in a long-term care insurance policy or contract. In adopting such rules the commissioner shall require an understandable disclosure to consumers of any cost for services that the consumer will be responsible for in utilizing benefits covered under the policy or contract.

(2) Each long-term care insurance policy or contract shall include a provision, prominently displayed on the first page of the policy or contract, stating in substance that the person to whom the policy or contract is sold shall be permitted to return the policy or contract within thirty days of its delivery. In the case of policies or contracts solicited and sold by mail, the person may return the policy or contract within sixty days. Once the policy or contract has been returned, the person may have the premium refunded if, after examination of the policy or contract, the person is not satisfied with it for any reason. An additional ten percent penalty shall be added to any premium refund due which is not paid within thirty days of return of the policy or contract to the insurer or insurance producer. If a person, pursuant to such notice, returns the policy or contract to the insurer at its branch or home office, or to the insurance producer from whom the policy or contract was purchased, the policy or contract shall be void from its inception, and the parties shall be in the same position as if no policy or contract had been issued.

(3) No later than January 1, 2010, or when the insurer has used all of its existing paper long-term care insurance policy forms which were in its possession on July 1, 2009, whichever is earlier, the notice required by subsection (2) of this section shall use the term insurance producer in place of agent. [2008 c 217 § 67; 1986 c 170 § 5.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.84.060 Prohibited practices.** No insurance producer or other representative of an insurer, contractor, or other organization selling or offering long-term care insurance policies or benefit contracts may: (1) Complete the medical history portion of any form or application for the purchase of such policy or contract; (2) knowingly sell a long-term care policy or contract to any person who is receiving medicaid; or (3) use or engage in any unfair or deceptive act or practice in the advertising, sale, or marketing of long-term care policies or contracts. [2008 c 217 § 68; 1986 c 170 § 6.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.84.070 Separation of data regarding certain policies.** Commencing with reports for accounting periods beginning on or after January 1, 1988, all insurers, fraternal benefit societies, health care services contractors, and health maintenance organizations shall, for reporting and record keeping purposes, separate data concerning long-term care

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insurance policies and contracts from data concerning other insurance policies and contracts. [1986 c 170 § 7.]

**48.84.900 Severability—1986 c 170.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1986 c 170 § 9.]

**48.84.910 Effective date, application—1986 c 170.** RCW 48.84.060 shall take effect on November 1, 1986, and the commissioner shall adopt all rules necessary to implement RCW 48.84.060 by its effective date including rules prohibiting particular unfair or deceptive acts and practices in the advertising, sale, and marketing of long-term care policies and contracts. The commissioner shall adopt all rules necessary to implement the remaining sections of this chapter by July 1, 1987, and the remaining sections of this chapter shall apply to policies and contracts issued on or after January 1, 1988. [1986 c 170 § 10.]

## Chapter 48.85 RCW

### WASHINGTON LONG-TERM CARE PARTNERSHIP

#### Sections

48.85.010	Washington long-term care partnership program—Generally.
48.85.020	Protection of assets—Federal approval—Rules.
48.85.030	Insurance policy criteria—Rules.
48.85.040	Consumer education program.
48.85.900	Short title—Severability—Savings—Captions not law—Reservation of legislative power—Effective dates—1993 c 492.

**48.85.010 Washington long-term care partnership program—Generally.** The department of social and health services shall, in conjunction with the office of the insurance commissioner, coordinate a long-term care insurance program entitled the Washington long-term care partnership, whereby private insurance and medicaid funds shall be used to finance long-term care. For individuals purchasing a long-term care insurance policy or contract governed by chapter 48.84 or 48.83 RCW and meeting the criteria prescribed in this chapter, and any other terms as specified by the office of the insurance commissioner and the department of social and health services, this program shall allow for the exclusion of some or all of the individual's assets in determination of medicaid eligibility as approved by the federal health care financing administration. [2008 c 145 § 21; 1995 1st sp.s. c 18 § 76; 1993 c 492 § 458.]

**Severability—Effective date—2008 c 145:** See RCW 48.83.900 and 48.83.901.

**Findings—Intent—1993 c 492:** See notes following RCW 43.20.050.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.85.020 Protection of assets—Federal approval—Rules.** The department of social and health services shall seek approval from the federal health care financing administration to allow the protection of an individual's assets as provided in this chapter. The department shall adopt all rules necessary to implement the Washington long-term care partnership program, which rules shall permit the exclusion of all or some of an individual's assets in a manner specified by the

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department in a determination of medicaid eligibility to the extent that private long-term care insurance provides payment or benefits for services. [1995 1st sp.s. c 18 § 77; 1993 c 492 § 459.]

**Findings—Intent—1993 c 492:** See notes following RCW 43.20.050. Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.85.030 Insurance policy criteria—Rules.** (1) The insurance commissioner shall adopt rules defining the criteria that long-term care insurance policies must meet to satisfy the requirements of this chapter. The rules shall provide that all long-term care insurance policies purchased for the purposes of this chapter:

- (a) Be guaranteed renewable;
- (b) Provide coverage for nursing home care and provide coverage for an alternative plan of care benefit as defined by the commissioner;
- (c) Provide optional coverage for home and community-based services. Such home and community-based services shall be included in the coverage unless rejected in writing by the applicant;
- (d) Provide automatic inflation protection or similar coverage for any policyholder through the age of seventy-nine and made optional at age eighty to protect the policyholder from future increases in the cost of long-term care;
- (e) Not require prior hospitalization or confinement in a nursing home as a prerequisite to receiving long-term care benefits; and
- (f) Contain at least a six-month grace period that permits reinstatement of the policy or contract retroactive to the date of termination if the policy or contract holder's nonpayment of premiums arose as a result of a cognitive impairment suffered by the policy or contract holder as certified by a physician.

(2) Insurers offering long-term care policies for the purposes of this chapter shall demonstrate to the satisfaction of the insurance commissioner that they:

- (a) Have procedures to provide notice to each purchaser of the long-term care consumer education program;
- (b) Offer case management services;
- (c) Have procedures that provide for the keeping of individual policy records and procedures for the explanation of coverage and benefits identifying those payments or services available under the policy that meet the purposes of this chapter;
- (d) Agree to provide the insurance commissioner, on or before September 1 of each year, an annual report containing information derived from the long-term care partnership long-term care insurance uniform data set as specified by the office of the insurance commissioner. [1995 1st sp.s. c 18 § 78; 1993 c 492 § 460.]

**Findings—Intent—1993 c 492:** See notes following RCW 43.20.050. Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.85.040 Consumer education program.** The insurance commissioner shall, with the cooperation of the department of social and health services and members of the long-term care insurance industry, develop a consumer education program designed to educate consumers as to the need for long-term care, methods for financing long-term care, the

availability of long-term care insurance, and the availability and eligibility requirements of the asset protection program provided under this chapter. [1995 1st sp.s. c 18 § 79; 1993 c 492 § 461.]

**Findings—Intent—1993 c 492:** See notes following RCW 43.20.050. Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.85.900 Short title—Severability—Savings—Captions not law—Reservation of legislative power—Effective dates—1993 c 492.** See RCW 43.72.910 through 43.72.915.

## Chapter 48.87 RCW

### MIDWIVES AND BIRTHING CENTERS— JOINT UNDERWRITING ASSOCIATION

#### Sections

48.87.010	Intent.
48.87.020	Definitions.
48.87.030	Plan for establishing association—Commissioner's duty—Market assistance plan.
48.87.040	Composition of association.
48.87.050	Midwifery and birth center malpractice insurance—Rating plan modified according to practice volume.
48.87.060	Administering a plan.
48.87.070	Policies written on a claims made basis—Commissioner may not approve without insurer guarantees.
48.87.080	Risk management program—Part of plan.
48.87.100	Rule making.

**48.87.010 Intent.** Certified nurse midwives and licensed midwives experience a major problem in both the availability and affordability of malpractice insurance. In particular midwives practicing outside hospital settings are unable to obtain malpractice insurance at any price in this state at this time. Licensed midwives have been unable to obtain hospital privileges due in part to the requirement of almost all Washington hospitals that professional staff members have liability insurance.

The services performed by midwives are in demand by many women for childbirth and prenatal care. Women often choose to have a home or birth center birth instead of a hospital birth. Women are entitled to the provider of their choice at such a critical life event. Studies document the safety of midwife-attended births and the safety of home births for low-risk women.

At a time when safety, cost-effectiveness, and individual choice are of paramount concern to the citizens of Washington state, midwifery care in a variety of settings must be available to the public. This is essential to the goals of increased access to maternity care and increased cost-effectiveness of care, as well as addressing problems of provider shortage. One of the primary impediments to the availability of maternity services performed by midwives is the lack of available and affordable malpractice liability insurance coverage.

This chapter is intended to increase the availability of cost-effective, high-quality maternity care by making malpractice insurance available for midwives. This chapter is implemented by requiring all insurers authorized to write commercial or professional liability insurance to be members of a joint underwriting association created to provide malpractice insurance for midwives. [1993 c 112 § 1.]

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

(1) "Association" means the joint underwriting association established under this chapter.

(2) "Midwifery and birth center malpractice insurance" means insurance coverage against the legal liability of the insured and against loss damage or expense incident to a claim arising out of the death or injury of a person as a result of negligence or malpractice in rendering professional service by a licensee.

(3) "Licensee" means a person or facility licensed to provide midwifery services under chapter 18.50, 18.79, or 18.46 RCW. [2002 c 300 § 1; 1993 c 112 § 2.]

**48.87.030 Plan for establishing association—Commissioner's duty—Market assistance plan.** The insurance commissioner shall approve by December 31, 1993, a reasonable plan for the establishment of a nonprofit, joint underwriting association for midwifery and birth center malpractice insurance subject to the conditions and limitations contained in this chapter. Such plan shall include a market assistance plan to be used prior to activating a joint underwriting association. [1993 c 112 § 3.]

**48.87.040 Composition of association.** The association shall be comprised of all insurers possessing a certificate of authority to write and engaged in writing medical malpractice insurance within this state and general casualty companies. Every insurer shall be a member of the association and shall remain a member as a condition of its authority to continue to transact business in this state. Only licensed midwives under chapter 18.50 RCW, certified nurse midwives licensed under chapter 18.79 RCW, or birth centers licensed under chapter 18.46 RCW may participate in the joint underwriting authority. [2002 c 300 § 2; 1993 c 112 § 4.]

**48.87.050 Midwifery and birth center malpractice insurance—Rating plan modified according to practice volume.** A licensee may apply to the association to purchase midwifery and birth center malpractice insurance and the association shall offer a policy with liability limits of one million dollars per claim and three million dollars per annual aggregate, or such other minimum level of mandated coverage as determined by the department of health. The insurance commissioner shall require the use of a rating plan for midwifery malpractice insurance that permits rates to be modified according to practice volume. Any rating plan for midwifery malpractice insurance used under this section must be based on sound actuarial principles. Coverage may not exclude midwives who engage in home birth or birth center deliveries. [1994 c 90 § 1; 1993 c 112 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.87.060 Administering a plan.** The commissioner may select an insurer to administer a plan established under this chapter. The insurer must be admitted to transact the business of insurance of the state of Washington. [1993 c 112 § 6.]

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**48.87.070 Policies written on a claims made basis—Commissioner may not approve without insurer guarantees.** The insurance commissioner may not approve a policy written on a claims made basis by an insurer doing business in this state unless the insurer guarantees to the commissioner the continued availability of suitable liability protection for midwives subsequent to the discontinuance of professional practice by the midwife or the sooner termination of the insurance policy by the insurer for so long as there is a reasonable probability of a claim for injury for which the health care provider might be liable. [1993 c 112 § 7.]

**48.87.080 Risk management program—Part of plan.** A risk management program for insureds of the association must be established as a part of the plan. This program must include but not be limited to: Investigation and analysis of frequency, severity, and causes of adverse or untoward outcomes; development of measures to control these injuries; systematic reporting of incidents; investigation and analysis of patient complaints; and education of association members to improve quality of care and risk reduction. [1993 c 112 § 8.]

**48.87.100 Rule making.** The commissioner may adopt all rules necessary to ensure the efficient, equitable operation of the association, including but not limited to, rules requiring or limiting certain policy provisions. [1993 c 112 § 10.]

## Chapter 48.88 RCW

### DAY CARE SERVICES— JOINT UNDERWRITING ASSOCIATION

#### Sections

48.88.010	Intent.
48.88.020	Definitions.
48.88.030	Plan for joint underwriting association.
48.88.040	Association—Membership.
48.88.050	Policies—Liability limits—Rating plan.
48.88.070	Rules.

**48.88.010 Intent.** Day care service providers have experienced major problems in both the availability and affordability of liability insurance. Premiums for such insurance policies have recently grown as much as five hundred percent and the availability of such insurance in Washington markets has greatly diminished.

The availability of quality day care is essential to achieving such goals as increased workforce productivity, family self-sufficiency, and protection for children at risk due to poverty and abuse. The unavailability of adequate liability insurance threatens to decrease the availability of day care services.

This chapter is intended to remedy the problem of unavailable liability insurance for day care services by requiring all insurers authorized to write commercial or professional liability insurance to be members of a joint underwriting association created to provide liability insurance for day care services. [1986 c 141 § 1.]

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

(1) "Association" means the joint underwriting association established pursuant to the provisions of this chapter.

(2) "Day care insurance" means insurance coverage against the legal liability of the insured and against loss, damage, or expense incident to a claim arising out of the death or injury of any person as the result of negligence or malpractice in rendering professional service by any licensee.

(3) "Licensee" means any person or facility licensed to provide day care services pursuant to chapter 74.15 RCW. [1986 c 141 § 2.]

#### 48.88.030 Plan for joint underwriting association.

The commissioner shall approve by July 1, 1986, a reasonable plan for the establishment of a nonprofit, joint underwriting association for day care insurance, subject to the conditions and limitations contained in this chapter. [1986 c 141 § 3.]

**48.88.040 Association—Membership.** The association shall be comprised of all insurers possessing a certificate of authority to write and engage in writing property and casualty insurance within this state on a direct basis, including the liability portion of multiperil policies, but not of ocean marine insurance. Every such insurer shall be a member of the association and shall remain a member as a condition of its authority to continue to transact business in this state. [1986 c 141 § 4.]

#### 48.88.050 Policies—Liability limits—Rating plan.

Any licensee may apply to the association to purchase day care insurance, and the association shall offer a policy with liability limits of at least one hundred thousand dollars per occurrence. The commissioner shall require the use of a rating plan for day care insurance that permits rates to be modified for individual licensees according to the type, size and past loss experience of the licensee including any other difference among licensees that can be demonstrated to have a probable effect upon losses. [1986 c 141 § 5.]

**48.88.070 Rules.** The commissioner may adopt all rules necessary to ensure the efficient, equitable operation of the association, including but not limited to, rules requiring or limiting certain policy provisions. [1986 c 141 § 7.]

### Chapter 48.90 RCW

#### CHILD DAY CARE CENTERS—SELF-INSURANCE

(Formerly: Day care centers—Self-insurance)

##### Sections

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**48.90.010 Findings and intent.** (1) Day care providers are facing a major crisis in that adequate and affordable business liability insurance is no longer available within this state for persons who care for children. Many child day care centers have been forced to purchase inadequate coverage at prohibitive premium rates from unregulated foreign surplus line carriers over which the state has minimal control.

(2) There is a danger that a substantial number of child day care centers who cannot afford the escalating premiums will be unable or unwilling to remain in business without adequate coverage. As a result the number of available facilities will be drastically reduced forcing some parents to leave the workforce to care for their children. A corresponding demand upon the state's resources will result in the form of public assistance to unemployed parents and day care providers.

(3) There is a further danger that a substantial number of child day care centers now licensed pursuant to state law, who currently provide specific safeguards for the health and safety of children but are unable to procure insurance, may choose to continue to operate without state approval, avoiding regulation and payment of legitimate taxes, and forcing some parents to place their children in facilities of unknown quality and questionable levels of safety.

(4) Most child day care centers are small business enterprises with limited resources. The state's policies encourage the growth and development of small businesses.

(5)(a) This chapter is intended to remedy the problem of nonexistent or unaffordable liability coverage for child day care centers, and to encourage compliance with state laws protecting children while meeting the state's sound economic policies of encouraging small business development, sustaining an active workforce, and discouraging policies that result in an increased drain on the state's resources through public assistance and other forms of public funding.

(b) This chapter will empower child day care centers to create self-insurance pools, to purchase insurance coverage, and to contract for risk management and administrative services through an association with demonstrated responsible fiscal management.

The intent of this legislation is to allow these associations maximum flexibility to create and administer plans to provide coverage and risk management services to licensed child day care centers. [2003 c 248 § 21; 1986 c 142 § 1.]

**48.90.020 Definitions.** The definitions in this section apply throughout this chapter.

(1) "Child day care center" means an agency that regularly provides care for one or more children for periods of less than twenty-four hours as defined in \*RCW 74.15.020(1)(a).

(2) "Association" means a corporation organized under Title 24 RCW, representative of one or more categories of child day care centers not formed for the sole purpose of establishing and operating a self-insurance program that:

(a) Maintains a roster of current names and addresses of member child day care centers and of former member child

day care centers or their representatives, and of all employees of member or former member child day care centers;

(b) Has a membership of a size and stability to ensure that it will be able to provide consistent and responsible fiscal management; and

(c) Maintains a regular newsletter or other periodic communication to member child day care centers.

(3) "Subscriber" means a child day care center that:

(a) Subscribes to a plan created pursuant to this chapter;

(b) Complies with all state licensing requirements;

(c) Is a member in good standing of an association;

(d) Has consistently maintained its license free from revocation for cause, except where the revocation was not later rescinded or vacated by appellate or administrative decision; and

(e) Is prepared to demonstrate the willingness and ability to bear its share of the financial responsibility of its participation in the plan for each applicable contractual period. [2003 c 248 § 22; 1986 c 142 § 2.]

**\*Reviser's note:** RCW 74.15.020 was amended by 2006 c 265 § 401, deleting subsection (1)(a).

**48.90.030 Authority to self-insure.** Associations meeting the criteria of RCW 48.90.020 are empowered to create and operate self-insurance plans to provide general liability coverage to member child day care centers who choose to subscribe to the plans. [2003 c 248 § 23; 1986 c 142 § 3.]

**48.90.040 Chapter exclusive.** Except as provided in this chapter, self-insurance plans formed and implemented pursuant to this chapter shall be governed by this chapter and shall be exempt from all other provisions of the insurance laws of this state. [1986 c 142 § 4.]

**48.90.050 Elements of plan.** Any association desiring to establish a plan pursuant to this chapter shall prepare and submit to the commissioner a proposed plan of organization and operation, including the following elements:

(1) A statement that the association meets the requirements of this chapter.

(2) A financial plan specifying:

(a) The coverage to be offered by the self-insurance pool, setting forth a deductible level and maximum level of claims that the pool will self-insure;

(b) The amount of cash reserves to be maintained for the payment of claims;

(c) The amount of insurance, if any, to be purchased to cover claims in excess of the amount of claims to be satisfied directly from the association's own cash reserves;

(d) The amount of stop-loss coverage to be purchased in the event the joint self-insurance pool's resources are exhausted in a given fiscal period;

(e) A mechanism for determining and assessing the contingent liability of subscribers in the event the assets in the contributing trust fund are at any time insufficient to cover liabilities; and

(f) Certification that all subscribers in the pool are apprised of the limitations of coverage to be provided.

(3) A plan of management setting forth:

(a) The means of fulfilling the requirements in RCW 48.90.050(2);

(b) The names and addresses of board members and their terms of office, and a copy of the corporate bylaws defining the method of election of board members;

(c) The frequency of studies or other evaluation to establish the periodic contribution rates for each of the subscribers;

(d) The responsibilities of subscribers, including procedures for entry into and withdrawal from the pool, the allocation of contingent liabilities and a procedure for immediate assessments if the contributing trust fund falls below the level set in RCW 48.90.050(2)(b);

(e) A plan for monitoring risks and disseminating information with respect to their reduction or elimination;

(f) A contract with a professional insurance management corporation, for the management and operation of any joint self-insurance pool established by the association; and

(g) The corporate address of the association. [1986 c 142 § 5.]

**48.90.060 Approval of plan.** If the plan submitted complies with RCW 48.90.050 and if the terms of the plan reflect sound financial management, the commissioner shall approve the plan submitted pursuant to RCW 48.90.050. [1986 c 142 § 6.]

**48.90.070 Contributing trust fund.** All funds contributed for the purpose of the self-insurance plan shall be deposited in a contributing trust fund, which shall at all times be maintained separately from the general funds of the association. The association shall not contribute to or draw upon the contributing trust fund at any time or for any reason other than administration of the trust fund and operation of the plan. All administration and operating costs related to the trust fund shall be drawn from it. [1986 c 142 § 7.]

**48.90.080 Initial implementation of plan—Conditions.** The initial implementation of the plan shall be conditioned upon establishment of the minimum deposits in the contributing trust fund at least thirty days prior to the first effective date of the program for its first year of operation. [1986 c 142 § 8.]

**48.90.090 Standard of care in fund management—Fiduciary.** In managing the assets of the contributing trust fund, the association shall exercise the reasonable judgment and care that ordinary persons of prudence, intelligence, and discretion exercise in the sound management of their affairs, not in regard to speculation but in regard to preservation of their funds with maximum return, given the information reasonably available. The association may delegate this duty to a responsible fiduciary. If the fiduciary has special skills or represents that it has special skills, then the fiduciary is under a duty to use those skills in the management of the fund's assets. [1986 c 142 § 9.]

**48.90.100 Annual report.** The association shall provide an annual report of the operations of the plan to all sub-

scribers, to the secretary of social and health services, and to the commissioner. This report shall:

- (1) Review claims made, judgments entered, and claims rejected;
- (2) Certify that the current level of the contributing trust fund is sufficient to meet reasonable needs, or provide a plan for establishing such a level within a reasonable time; and
- (3) Make recommendations for specific measures of risk reduction. [1986 c 142 § 10.]

**48.90.110 Powers of association.** The association shall have the power, in its capacity as plan administrator, to contract for or delegate services as necessary for the efficient management and operation of the plan, including but not limited to:

- (1) Contracting for risk management and loss control services;
- (2) Designing a continuing program of risk reduction, calling for the participation of all subscribers;
- (3) Contracting for legal counsel for the defense of claims and other legal services;
- (4) Consulting with the commissioner, the secretary of social and health services, or other interested state agencies with respect to any matters affecting the provision of day care for the state's children, and related risk problems; and
- (5) Purchasing commercial insurance coverage in the form and amount as the subscribers may by contract agree, including reinsurance, excess coverage, and stop-loss insurance. [1986 c 142 § 11.]

**48.90.120 Contracts—Terms.** (1) All contracts between subscribers and the association shall be for one-year periods and shall terminate on the first day of the next fiscal year of the association following their signature. Subscribers withdrawing from participation in the plan during any contract period may do so only upon surrender of their licenses to care for children to the department of social and health services.

(2) Premiums should be annual, prorated quarterly in the event any subscriber withdraws, or any new subscriber contracts with the association to become part of the plan during the fiscal year. Subscribers should not have the power to delegate or assign the responsibility for their assessments.

(3) Contracts should provide for recovery by the association, of any assessments that are not promptly contributed, for methods of collection, and for resolution of related disputes. [1986 c 142 § 12.]

**48.90.130 Significant modifications in plan, statement on.** Within six months of the beginning of any fiscal year in which significant modifications of the plan are envisioned, the association shall provide the commissioner with a statement of those modifications, setting forth the proposed changes, reasons for the changes, and reasonable alternatives, if any exist. The statement shall specifically include reference to coverage available in the commercial insurance market, together with suggested solutions within the joint self-insurance plan. [1986 c 142 § 13.]

**48.90.140 Dissolution of plan and association.** (1) If at any time the plan can no longer be operated on a sound financial basis, the association may elect to dissolve the plan, subject to explicit approval by the commissioner of a plan for dissolution. Once a plan operated by an association has been dissolved, that association may not again implement a plan pursuant to this chapter for five calendar years.

(2) At dissolution, the assets of the association represented by the contributing trust fund shall be deposited with the commissioner for a period of twenty-one years, to be made available for claims arising during that period based upon occurrences during the term of coverage. At the time of transfer of the funds, the association shall certify to the commissioner a list of all current subscribers, with their correct mailing addresses, and shall have notified all current subscribers of their obligation to keep the commissioner informed of any changes in their mailing addresses over the twenty-one year period, and that this obligation extends to their representatives, successors, assigns, and to the representatives of their estates. Upon dissolution, the association is required to provide to the commissioner a list of all plan subscribers during all of the years of operation of the plan.

At the end of the twenty-one year period, any funds remaining in the trust account must be distributed to those subscribers who were current subscribers in the most recent year of operation of the plan, with each current subscriber receiving an equal share of the distribution, without regard for the length of time each child day care center was a subscriber.

In the alternative, in the discretion of the association, the balance of the contributing trust fund may be used to purchase similar or more liberal coverage from a commercial insurer. Each subscriber shall, however, be given the option to deposit its share of the fund with the commissioner as provided in this section if it elects not to participate in the proposed commercial insurance. [2003 c 248 § 24; 1986 c 142 § 14.]

**48.90.150 Recovery limits.** No person with a claim covered by a plan established pursuant to this chapter shall be entitled to recover from the plan any amount in excess of the limits of coverage provided for in the plan. [1986 c 142 § 15.]

**48.90.160 Suspension of plan—Reconsideration.** The commissioner may disapprove, and require suspension of a plan for failure of the association to comply with any provision of this chapter, for gross mismanagement, or for wilful disregard and neglect of its fiduciary duty. The association shall have the right to request reconsideration of the commissioner's decision within fifteen days of the receipt of the commissioner's written notification of the decision, or to request a hearing according to chapter 48.04 RCW. [1986 c 142 § 16.]

**48.90.170 Costs of investigation or review of plan.** All reasonable costs of any investigation or review by the commissioner of an association's plan of organization and operation, or any changes or modifications thereof, including the dissolution of a plan, shall be paid by the association

before issuance of any approval required under this chapter. [1986 c 142 § 17.]

**Chapter 48.92 RCW**  
**LIABILITY RISK RETENTION**

Sections

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48.92.020	Definitions.
48.92.030	Requirements for chartering.
48.92.040	Required acts—Prohibited practices.
48.92.050	Insolvency guaranty fund, participation prohibited—Joint underwriting associations, participation required.
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48.92.070	Purchasing groups—Exempt from certain laws.
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48.92.090	Purchasing groups—Dealing with foreign insurers—Deductible or self-insured retention—Aggregate limits.
48.92.095	Premium taxes—Imposition—Obligations—Member’s liability.
48.92.100	Authority of commissioner.
48.92.110	Penalties.
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**48.92.010 Purpose.** The purpose of this chapter is to regulate the formation and operation of risk retention groups and purchasing groups in this state formed pursuant to the provisions of the federal Liability Risk Retention Act of 1986. [1993 c 462 § 91; 1987 c 306 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.92.020 Definitions.** As used in this chapter, the following terms have the meanings indicated unless the context clearly requires otherwise:

- (1) "Commissioner" means the insurance commissioner of Washington state or the commissioner, director, or superintendent of insurance in any other state.
- (2) "Completed operations liability" means liability arising out of the installation, maintenance, or repair of any product at a site which is not owned or controlled by:
  - (a) Any person who performs that work; or
  - (b) Any person who hires an independent contractor to perform that work; but shall include liability for activities which are completed or abandoned before the date of the occurrence giving rise to the liability.
- (3) "Domicile," for purposes of determining the state in which a purchasing group is domiciled, means:
  - (a) For a corporation, the state in which the purchasing group is incorporated; and
  - (b) For an unincorporated entity, the state of its principal place of business.
- (4) "Hazardous financial condition" means that, based on its present or reasonably anticipated financial condition, a risk retention group, although not yet financially impaired or insolvent, is unlikely to be able:
  - (a) To meet obligations to policyholders with respect to known claims and reasonably anticipated claims; or
  - (b) To pay other obligations in the normal course of business.
- (5) "Insurance" means primary insurance, excess insurance, reinsurance, surplus lines insurance, and any other

arrangement for shifting and distributing risk which is determined to be insurance under the laws of this state.

(6) "Liability" means legal liability for damages including costs of defense, legal costs and fees, and other claims expenses because of injuries to other persons, damage to their property, or other damage or loss to such other persons resulting from or arising out of:

(a) Any business, whether profit or nonprofit, trade, product, services, including professional services, premises, or operations; or

(b) Any activity of any state or local government, or any agency or political subdivision thereof.

"Liability" does not include personal risk liability and an employer’s liability with respect to its employees other than legal liability under the federal Employers’ Liability Act 45 U.S.C. 51 et seq.

(7) "Personal risk liability" means liability for damages because of injury to any person, damage to property, or other loss or damage resulting from any personal, familial, or household responsibilities or activities, rather than from responsibilities or activities referred to in subsection (6) of this section.

(8) "Plan of operation or a feasibility study" means an analysis which presents the expected activities and results of a risk retention group including, at a minimum:

(a) Information sufficient to verify that its members are engaged in businesses or activities similar or related with respect to the liability to which the members are exposed by virtue of any related, similar, or common business, trade, product, services, premises, or operations;

(b) For each state in which it intends to operate, the coverages, deductibles, coverage limits, rates, and rating classification systems for each line of insurance the group intends to offer;

(c) Historical and expected loss experience of the proposed members and national experience of similar exposures;

(d) Pro forma financial statements and projections;

(e) Appropriate opinions by a qualified, independent, casualty actuary, including a determination of minimum premium or participation levels required to commence operations and to prevent a hazardous financial condition;

(f) Identification of management, underwriting and claims procedures, marketing methods, managerial oversight methods, investment policies, and reinsurance agreements;

(g) Identification of each state in which the risk retention group has obtained, or sought to obtain, a charter and license, and a description of its status in each of those states; and

(h) Such other matters as may be prescribed by the commissioner for liability insurance companies authorized by the insurance laws of the state.

(9) "Product liability" means liability for damages because of any personal injury, death, emotional harm, consequential economic damage, or property damage including damages resulting from the loss of use of property arising out of the manufacture, design, importation, distribution, packaging, labeling, lease, or sale of a product, but does not include the liability of any person for those damages if the product involved was in the possession of such a person when the incident giving rise to the claim occurred.

(10) "Purchasing group" means any group which:

(a) Has as one of its purposes the purchase of liability insurance on a group basis;

(b) Purchases the insurance only for its group members and only to cover their similar or related liability exposure, as described in (c) of this subsection;

(c) Is composed of members whose businesses or activities are similar or related with respect to the liability to which members are exposed by virtue of any related, similar, or common business, trade, product, services, premises, or operations; and

(d) Is domiciled in any state.

(11) "Risk retention group" means any corporation or other limited liability association:

(a) Whose primary activity consists of assuming and spreading all, or any portion, of the liability exposure of its group members;

(b) Which is organized for the primary purpose of conducting the activity described under (a) of this subsection;

(c) Which:

(i) Is chartered and licensed as a liability insurance company and authorized to engage in the business of insurance under the laws of any state; or

(ii) Before January 1, 1985, was chartered or licensed and authorized to engage in the business of insurance under the laws of Bermuda or the Cayman Islands and, before such date, had certified to the insurance commissioner of at least one state that it satisfied the capitalization requirements of such state, except that any such group shall be considered to be a risk retention group only if it has been engaged in business continuously since that date and only for the purpose of continuing to provide insurance to cover product liability or completed operations liability as the terms were defined in the federal Product Liability Risk Retention Act of 1981 before the date of the enactment of the federal Risk Retention Act of 1986;

(d) Which does not exclude any person from membership in the group solely to provide for members of such a group a competitive advantage over such a person;

(e) Which:

(i) Has as its owners only persons who comprise the membership of the risk retention group and who are provided insurance by the risk retention group; or

(ii) Has as its sole owner an organization that has:

(A) As its members only persons who comprise the membership of the risk retention group; and

(B) As its owners only persons who comprise the membership of the risk retention group and who are provided insurance by the group;

(f) Whose members are engaged in businesses or activities similar or related with respect to the liability of which such members are exposed by virtue of any related, similar, or common business trade, product, services, premises, or operations;

(g) Whose activities do not include the provision of insurance other than:

(i) Liability insurance for assuming and spreading all or any portion of the liability of its group members; and

(ii) Reinsurance with respect to the liability of any other risk retention group or any members of such other group which is engaged in businesses or activities so that the group or member meets the requirement described in (f) of this sub-

section from membership in the risk retention group which provides such reinsurance; and

(h) The name of which includes the phrase "risk retention group."

(12) "State" means any state of the United States or the District of Columbia. [1993 c 462 § 92; 1987 c 306 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.92.030 Requirements for chartering.** (1) A risk retention group seeking to be chartered in this state must be chartered and licensed as a liability insurance company authorized by the insurance laws of this state and, except as provided elsewhere in this chapter, must comply with all of the laws, rules, regulations, and requirements applicable to the insurers chartered and licensed in this state and with RCW 48.92.040 to the extent the requirements are not a limitation on laws, rules, regulations, or requirements of this state.

(2) A risk retention group chartered in this state shall file with the department and the National Association of Insurance Commissioners an annual statement in a form prescribed by the National Association of Insurance Commissioners, and in electronic form if required by the commissioner, and completed in accordance with its instructions and the National Association of Insurance Commissioners accounting practices and procedures manual.

(3) Before it may offer insurance in any state, each domestic risk retention group shall also submit for approval to the insurance commissioner of this state a plan of operation or a feasibility study. The risk retention group shall submit an appropriate revision in the event of a subsequent material change in an item of the plan of operation or feasibility study, within ten days of the change. The group may not offer any additional kinds of liability insurance, in this state or in any other state, until a revision of the plan or study is approved by the commissioner.

(4) At the time of filing its application for charter, the risk retention group shall provide to the commissioner in summary form the following information: The identity of the initial members of the group; the identify of those individuals who organized the group or who will provide administrative services or otherwise influence or control the activities of the group; the amount and nature of the initial capitalization; the coverages to be afforded; and the states in which the group intends to operate. Upon receipt of this information, the commissioner shall forward the information to the National Association of Insurance Commissioners. Providing notification to the National Association of Insurance Commissioners is in addition to and is not sufficient to satisfy the requirements of RCW 48.92.040 or this chapter. [1993 c 462 § 93; 1987 c 306 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.92.040 Required acts—Prohibited practices.** Risk retention groups chartered and licensed in states other than this state and seeking to do business as a risk retention group in this state shall comply with the laws of this state as follows:

(1) Before offering insurance in this state, a risk retention group shall submit to the commissioner on a form prescribed by the National Association of Insurance Commissioners:

(a) A statement identifying the state or states in which the risk retention group is chartered and licensed as a liability insurance company, date of chartering, its principal place of business, and any other information including information on its membership, as the commissioner of this state may require to verify that the risk retention group is qualified under RCW 48.92.020(11);

(b) A copy of its plan of operations or a feasibility study and revisions of the plan or study submitted to its state of domicile: PROVIDED, HOWEVER, That the provision relating to the submission of a plan of operation or a feasibility study shall not apply with respect to any line or classification of liability insurance which: (i) Was defined in the federal Product Liability Risk Retention Act of 1981 before October 27, 1986; and (ii) was offered before that date by any risk retention group which had been chartered and operating for not less than three years before that date;

(c) The risk retention group shall submit a copy of any revision to its plan of operation or feasibility study required under RCW 48.92.030(3) at the same time that the revision is submitted to the commissioner of its chartering state; and

(d) A statement of registration which designates the commissioner as its agent for the purpose of receiving service of legal documents or process.

(2) Any risk retention group doing business in this state shall submit to the commissioner:

(a) A copy of the group's financial statement submitted to its state of domicile, which shall be certified by an independent public accountant and contain a statement of opinion on loss and loss adjustment expense reserves made by a member of the American academy of actuaries or a qualified loss reserve specialist under criteria established by the National Association of Insurance Commissioners;

(b) A copy of each examination of the risk retention group as certified by the commissioner or public official conducting the examination;

(c) Upon request by the commissioner, a copy of any information or document pertaining to an outside audit performed with respect to the risk retention group; and

(d) Any information as may be required to verify its continuing qualification as a risk retention group under RCW 48.92.020(11).

(3)(a) A risk retention group is liable for the payment of premium taxes and taxes on premiums of direct business for risks resident or located within this state, and shall report on or before March 1st of each year to the commissioner the direct premiums written for risks resident or located within this state. The risk retention group is subject to taxation, and applicable fines and penalties related thereto, on the same basis as a foreign admitted insurer.

(b) To the extent insurance producers are utilized under RCW 48.92.120 or otherwise, they shall report to the commissioner the premiums for direct business for risks resident or located within this state that the licensees have placed with or on behalf of a risk retention group not chartered in this state.

(c) To the extent insurance producers are used under RCW 48.92.120 or otherwise, an insurance producer shall

keep a complete and separate record of all policies procured from each risk retention group. The record is open to examination by the commissioner, as provided in chapter 48.03 RCW. These records must include, for each policy and each kind of insurance provided thereunder, the following:

(i) The limit of liability;

(ii) The time period covered;

(iii) The effective date;

(iv) The name of the risk retention group that issued the policy;

(v) The gross premium charged; and

(vi) The amount of return premiums, if any.

(4) Any risk retention group, its appointed insurance producers and representatives, shall be subject to any and all unfair claims settlement practices statutes and regulations specifically denominated by the commissioner as unfair claims settlement practices regulations.

(5) Any risk retention group, its appointed insurance producers and representatives, shall be subject to the provisions of chapter 48.30 RCW pertaining to deceptive, false, or fraudulent acts or practices. However, if the commissioner seeks an injunction regarding such conduct, the injunction must be obtained from a court of competent jurisdiction.

(6) Any risk retention group must submit to an examination by the commissioner to determine its financial condition if the commissioner of the jurisdiction in which the group is chartered has not initiated an examination or does not initiate an examination within sixty days after a request by the commissioner of this state. The examination shall be coordinated to avoid unjustified repetition and conducted in an expeditious manner and in accordance with the National Association of Insurance Commissioners' examiner handbook.

(7) Every application form for insurance from a risk retention group and every policy issued by a risk retention group shall contain in ten-point type on the front page and the declaration page, the following notice:

NOTICE

This policy is issued by your risk retention group. Your risk retention group may not be subject to all of the insurance laws and regulations of your state. State insurance insolvency guaranty funds are not available for your risk retention group.

(8) The following acts by a risk retention group are hereby prohibited:

(a) The solicitation or sale of insurance by a risk retention group to any person who is not eligible for membership in that group; and

(b) The solicitation or sale of insurance by, or operation of, a risk retention group that is in a hazardous financial condition or is financially impaired.

(9) No risk retention group shall be allowed to do business in this state if an insurance company is directly or indirectly a member or owner of the risk retention group, other than in the case of a risk retention group all of whose members are insurance companies.

(10) The terms of an insurance policy issued by a risk retention group may not provide, or be construed to provide, coverage prohibited generally by statute of this state or declared unlawful by the highest court of this state.

(11) A risk retention group not chartered in this state and doing business in this state shall comply with a lawful order issued in a voluntary dissolution proceeding or in a delinquency proceeding commenced by a state insurance commissioner if there has been a finding of financial impairment after an examination under subsection (6) of this section. [2008 c 217 § 69; 1993 c 462 § 94; 1987 c 306 § 4.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.92.050 Insolvency guaranty fund, participation prohibited—Joint underwriting associations, participation required.** (1) No risk retention group shall be permitted to join or contribute financially to any insurance insolvency guaranty fund, or similar mechanism, in this state, nor shall any risk retention group, or its insureds or claimants against its insureds, receive any benefit from any such fund for claims arising under the insurance policies issued by a risk retention group.

(2) A risk retention group shall participate in this state's joint underwriting associations and mandatory liability pools or plans required by the commissioners.

(3) When a purchasing group obtains insurance covering its members' risks from an insurer not authorized in this state or a risk retention group, no such risks, wherever resident or located, are covered by an insurance guaranty fund or similar mechanism in this state.

(4) When a purchasing group obtains insurance covering its members' risks from an authorized insurer, only risks resident or located in this state are covered by the state guaranty fund established in chapter 48.32 RCW. [1993 c 462 § 95; 1987 c 306 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.92.060 Countersigning not required.** A policy of insurance issued to a risk retention group or any member of that group shall not be required to be countersigned. [1987 c 306 § 6.]

**48.92.070 Purchasing groups—Exempt from certain laws.** A purchasing group and its insurer or insurers are subject to all applicable laws of this state, except that a purchasing group and its insurer or insurers are exempt, in regard to liability insurance for the purchasing group, from any law that:

- (1) Prohibits the establishment of a purchasing group;
- (2) Makes it unlawful for an insurer to provide or offer to provide insurance on a basis providing, to a purchasing group or its members, advantages based on their loss and expense experience not afforded to other persons with respect to rates, policy forms, coverages, or other matters;
- (3) Prohibits a purchasing group or its members from purchasing insurance on a group basis described in subsection (2) of this section;
- (4) Prohibits a purchasing group from obtaining insurance on a group basis because the group has not been in existence for a minimum period of time or because any member has not belonged to the group for a minimum period of time;

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(5) Requires that a purchasing group must have a minimum number of members, common ownership or affiliation, or certain legal form;

(6) Requires that a certain percentage of a purchasing group must obtain insurance on a group basis;

(7) Otherwise discriminates against a purchasing group or any of its members. [1993 c 462 § 96; 1987 c 306 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.92.080 Purchasing groups—Notice and registration.** (1) A purchasing group which intends to do business in this state shall furnish, before doing business, notice to the commissioner, on forms prescribed by the National Association of Insurance Commissioners which shall:

- (a) Identify the state in which the group is domiciled;
- (b) Identify all other states in which the group intends to do business;
- (c) Specify the lines and classifications of liability insurance which the purchasing group intends to purchase;
- (d) Identify the insurance company or companies from which the group intends to purchase its insurance and the domicile of that company or companies;
- (e) Specify the method by which, and the person or persons, if any, through whom insurance will be offered to its members whose risks are resident or located in this state;
- (f) Identify the principal place of business of the group; and
- (g) Provide any other information as may be required by the commissioner to verify that the purchasing group is qualified under RCW 48.92.020(10).

(2) A purchasing group shall, within ten days, notify the commissioner of any changes in any of the items set forth in subsection (1) of this section.

(3) The purchasing group shall register with and designate the commissioner as its agent solely for the purpose of receiving service of legal documents or process, except that this requirement shall not apply in the case of a purchasing group that only purchases insurance that was authorized under the federal Product Liability Risk Retention Act of 1981 and:

- (a) Which in any state of the United States:
  - (i) Was domiciled before April 1, 1986; and
  - (ii) Is domiciled on and after October 27, 1986;
- (b) Which:
  - (i) Before October 27, 1986, purchased insurance from an insurance carrier licensed in any state;
  - (ii) Since October 27, 1986, purchased its insurance from an insurance carrier licensed in any state; or
- (c) Which was a purchasing group under the requirements of the federal Product Liability Risk Retention Act of 1981 before October 27, 1986.

(4) A purchasing group that is required to give notice under subsection (1) of this section shall also furnish such information as may be required by the commissioner to:

- (a) Verify that the entity qualifies as a purchasing group;
- (b) Determine where the purchasing group is located; and
- (c) Determine appropriate tax treatment. [1993 c 462 § 97; 1987 c 306 § 8.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.92.090 Purchasing groups—Dealing with foreign insurers—Deductible or self-insured retention—Aggregate limits.** (1) A purchasing group may not purchase insurance from a risk retention group that is not chartered in a state or from an insurer not admitted in the state in which the purchasing group is located, unless the purchase is effected through a licensed insurance producer acting pursuant to the surplus lines laws and regulations of that state.

(2) A purchasing group that obtains liability insurance from an insurer not admitted in this state or a risk retention group shall inform each of the members of the group that have a risk resident or located in this state that the risk is not protected by an insurance insolvency guaranty fund in this state, and that the risk retention group or insurer may not be subject to all insurance laws and rules of this state.

(3) No purchasing group may purchase insurance providing for a deductible or self-insured retention applicable to the group as a whole; however, coverage may provide for a deductible or self-insured retention applicable to individual members.

(4) Purchases of insurance by purchasing groups are subject to the same standards regarding aggregate limits that are applicable to all purchases of group insurance. [2008 c 217 § 70; 1993 c 462 § 98; 1987 c 306 § 9.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.92.095 Premium taxes—Imposition—Obligations—Member's liability.** Premium taxes and taxes on premiums paid for coverage of risks resident or located in this state by a purchasing group or any members of the purchasing groups must be:

(1) Imposed at the same rate and subject to the same interest, fines, and penalties as those applicable to premium taxes and taxes on premiums paid for similar coverage from authorized insurers, as defined under chapter 48.05 RCW, or unauthorized insurers, as defined and provided for under chapter 48.15 RCW, by other insurers; and

(2) The obligation of the insurer; and if not paid by the insurer, then the obligation of the purchasing group; and if not paid by the purchasing group, then the obligation of the insurance producer for the purchasing group; and if not paid by the insurance producer for the purchasing group, then the obligation of each of the purchasing group's members. The liability of each member of the purchasing group is several, not joint, and is limited to the tax due in relation to the premiums paid by that member. [2008 c 217 § 71; 1993 c 462 § 99.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.92.100 Authority of commissioner.** The commissioner is authorized to make use of any of the powers established under Title 48 RCW to enforce the laws of this state so long as those powers are not specifically preempted by the federal Product Liability Risk Retention Act of 1981, as amended by the federal Risk Retention Amendments of 1986. This includes, but is not limited to, the commissioner's administrative authority to investigate, issue subpoenas, con-

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duct depositions and hearings, issue orders, impose penalties, and seek injunctive relief. With regard to any investigation, administrative proceedings, or litigation, the commissioner can rely on the procedural law and regulations of the state. The injunctive authority of the commissioner in regard to risk retention groups is restricted by the requirement that any injunction be issued by a court of competent jurisdiction. [1993 c 462 § 100; 1987 c 306 § 10.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.92.110 Penalties.** A risk retention group which violates any provision of this chapter shall be subject to fines and penalties applicable to licensed insurers generally, including revocation of its license and/or the right to do business in this state. [1987 c 306 § 11.]

**48.92.120 Soliciting, negotiating, or procuring liability insurance—License required.** (1) A person may not act or aid in any manner in soliciting, negotiating, or procuring liability insurance in this state from a risk retention group unless the person is licensed as an insurance producer for casualty insurance in accordance with chapter 48.17 RCW and pays the fees designated for the license under RCW 48.14.010.

(2)(a) A person may not act or aid in any manner in soliciting, negotiating, or procuring liability insurance in this state for a purchasing group from an authorized insurer or a risk retention group chartered in a state unless the person is licensed as an insurance producer for casualty insurance in accordance with chapter 48.17 RCW and pays the fees designated for the license under RCW 48.14.010.

(b) A person may not act or aid in any manner in soliciting, negotiating, or procuring liability insurance coverage in this state for a member of a purchasing group under a purchasing group's policy unless the person is licensed as an insurance producer for casualty insurance in accordance with chapter 48.17 RCW and pays the fees designated for the license under RCW 48.14.010.

(c) A person may not act or aid in any manner in soliciting, negotiating, or procuring liability insurance from an insurer not authorized to do business in this state on behalf of a purchasing group located in this state unless the person is licensed as a surplus line broker in accordance with chapter 48.15 RCW and pays the fees designated for the license under RCW 48.14.010.

(3) For purposes of acting as an insurance producer for a risk retention group or purchasing group under subsections (1) and (2) of this section, the requirement of residence in this state does not apply.

(4) Every person licensed under chapters 48.15 and 48.17 RCW, on business placed with risk retention groups or written through a purchasing group, must inform each prospective insured of the provisions of the notice required under RCW 48.92.040(7) in the case of a risk retention group and RCW 48.92.090(2) in the case of a purchasing group. [2008 c 217 § 72; 2005 c 223 § 31; 1993 c 462 § 101; 1987 c 306 § 12.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.92.130 Federal injunctions.** An order issued by any district court of the United States enjoining a risk retention group from soliciting or selling insurance, or operating, in any state or in all states or in any territory or possession of the United States, upon a finding that the group is in a hazardous financial or financially impaired condition, shall be enforceable in the courts of the state. [1993 c 462 § 102; 1987 c 306 § 13.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**48.92.140 Rules.** The commissioner may establish and from time to time amend the rules relating to risk retention or purchasing groups as may be necessary or desirable to carry out the provisions of this chapter. [1993 c 462 § 103; 1987 c 306 § 14.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

## Chapter 48.94 RCW

### REINSURANCE INTERMEDIARY ACT

#### Sections

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**48.94.005 Definitions.** The definitions set forth in this section apply throughout this chapter:

(1) "Actuary" means a person who is a member in good standing of the American Academy of Actuaries.

(2) "Controlling person" means a person, firm, association, or corporation who directly or indirectly has the power to direct or cause to be directed, the management, control, or activities of the reinsurance intermediary.

(3) "Insurer" means insurer as defined in RCW 48.01.050.

(4) "Licensed producer" means an insurance producer or reinsurance intermediary licensed under the applicable provisions of this title.

(5) "Reinsurance intermediary" means a reinsurance intermediary-broker or a reinsurance intermediary-manager as these terms are defined in subsections (6) and (7) of this section.

(6) "Reinsurance intermediary-broker" means a person, other than an officer or employee of the ceding insurer, firm, association, or corporation who solicits, negotiates, or places reinsurance cessions or retrocessions on behalf of a ceding

insurer without the authority or power to bind reinsurance on behalf of the insurer.

(7) "Reinsurance intermediary-manager" means a person, firm, association, or corporation who has authority to bind or manages all or part of the assumed reinsurance business of a reinsurer, including the management of a separate division, department, or underwriting office, and acts as an insurance producer for the reinsurer whether known as a reinsurance intermediary-manager, manager, or other similar term. Notwithstanding this subsection, the following persons are not considered a reinsurance intermediary-manager, with respect to such reinsurer, for the purposes of this chapter:

(a) An employee of the reinsurer;

(b) A United States manager of the United States branch of an alien reinsurer;

(c) An underwriting manager who, pursuant to contract, manages all the reinsurance operations of the reinsurer, is under common control with the reinsurer, subject to the insurer holding company act, chapter 48.31B RCW, and whose compensation is not based on the volume of premiums written;

(d) The manager of a group, association, pool, or organization of insurers that engages in joint underwriting or joint reinsurance and that are subject to examination by the insurance commissioner of the state in which the manager's principal business office is located.

(8) "Reinsurer" means a person, firm, association, or corporation licensed in this state under this title as an insurer with the authority to assume reinsurance.

(9) "To be in violation" means that the reinsurance intermediary, insurer, or reinsurer for whom the reinsurance intermediary was acting failed to substantially comply with this chapter.

(10) "Qualified United States financial institution" means an institution that:

(a) Is organized or, in the case of a United States office of a foreign banking organization, licensed, under the laws of the United States or any state thereof;

(b) Is regulated, supervised, and examined by United States federal or state authorities having regulatory authority over banks and trust companies; and

(c) Has been determined by either the commissioner, or the securities valuation office of the National Association of Insurance Commissioners, to meet such standards of financial condition and standing as are considered necessary and appropriate to regulate the quality of financial institutions whose letters of credit will be acceptable to the commissioner. [2008 c 217 § 73; 1993 c 462 § 23.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.94.010 Acting as a reinsurance intermediary-broker or reinsurance intermediary-manager—Commissioner's powers—Licenses—Attorney exemption.** (1) No person, firm, association, or corporation may act as a reinsurance intermediary-broker in this state if the person, firm, association, or corporation maintains an office either directly or as a member or employee of a firm or association, or an officer, director, or employee of a corporation:

(a) In this state, unless the person, firm, association, or corporation is a licensed reinsurance intermediary-broker in this state; or

(b) In another state, unless the person, firm, association, or corporation is a licensed reinsurance intermediary-broker in this state or another state having a regulatory scheme substantially similar to this chapter.

(2) No person, firm, association, or corporation may act as a reinsurance intermediary-manager:

(a) For a reinsurer domiciled in this state, unless the person, firm, association, or corporation is a licensed reinsurance intermediary-manager in this state;

(b) In this state, if the person, firm, association, or corporation maintains an office either directly or as a member or employee of a firm or association, or an officer, director, or employee of a corporation in this state, unless the person, firm, association, or corporation is a licensed reinsurance intermediary-manager in this state;

(c) In another state for a nondomestic reinsurer, unless the person, firm, association, or corporation is a licensed reinsurance intermediary-manager in this state or another state having a substantially similar regulatory scheme.

(3) The commissioner may require a reinsurance intermediary-manager subject to subsection (2) of this section to:

(a) File a bond in an amount and from an insurer acceptable to the commissioner for the protection of the reinsurer; and

(b) Maintain an errors and omissions policy in an amount acceptable to the commissioner.

(4)(a) The commissioner may issue a reinsurance intermediary license to a person, firm, association, or corporation who has complied with the requirements of this chapter. Any such license issued to a firm or association authorizes all the members of the firm or association and any designated employees to act as reinsurance intermediaries under the license, and all such persons may be named in the application and any supplements to it. Any such license issued to a corporation authorizes all of the officers, and any designated employees and directors of it, to act as reinsurance intermediaries on behalf of the corporation, and all such persons must be named in the application and any supplements to it.

(b) If the applicant for a reinsurance intermediary license is a nonresident, the applicant, as a condition precedent to receiving or holding a license, shall designate the commissioner as agent for service of process in the manner, and with the same legal effect, provided for by this title for designation of service of process upon unauthorized insurers, and also shall furnish the commissioner with the name and address of a resident of this state upon whom notices or orders of the commissioner or process affecting the nonresident reinsurance intermediary may be served. The licensee shall promptly notify the commissioner in writing of every change in its designated agent for service of process, but the change does not become effective until acknowledged by the commissioner.

(5) The commissioner may refuse to issue a reinsurance intermediary license if, in his or her judgment, the applicant, anyone named on the application, or a member, principal, officer, or director of the applicant, is not trustworthy, or that a controlling person of the applicant is not trustworthy to act as a reinsurance intermediary, or that any of the foregoing has

given cause for revocation or suspension of the license, or has failed to comply with a prerequisite for the issuance of such license. Upon written request, the commissioner will furnish a summary of the basis for refusal to issue a license, which document is privileged and not subject to chapter 42.56 RCW.

(6) Licensed attorneys-at-law of this state when acting in their professional capacity as such are exempt from this section. [2005 c 274 § 317; 1993 c 462 § 24.]

**Part headings not law—Effective date—2005 c 274:** See RCW 42.56.901 and 42.56.902.

**48.94.015 Written authorization required between a reinsurance intermediary-broker and an insurer—Minimum provisions.** Brokers transactions between a reinsurance intermediary-broker and the insurer it represents in such capacity may be entered into only under a written authorization, specifying the responsibilities of each party. The authorization must, at a minimum, provide that:

(1) The insurer may terminate the reinsurance intermediary-broker's authority at any time.

(2) The reinsurance intermediary-broker shall render accounts to the insurer accurately detailing all material transactions, including information necessary to support all commissions, charges, and other fees received by, or owing, to the reinsurance intermediary-broker, and remit all funds due to the insurer within thirty days of receipt.

(3) All funds collected for the insurer's account must be held by the reinsurance intermediary-broker in a fiduciary capacity in a bank that is a qualified United States financial institution as defined in this chapter.

(4) The reinsurance intermediary-broker will comply with RCW 48.94.020.

(5) The reinsurance intermediary-broker will comply with the written standards established by the insurer for the cession or retrocession of all risks.

(6) The reinsurance intermediary-broker will disclose to the insurer any relationship with any reinsurer to which business will be ceded or retroceded. [1993 c 462 § 25.]

**48.94.020 Accounts and records maintained by reinsurance intermediary-broker—Access by insurer.** (1) For at least ten years after expiration of each contract of reinsurance transacted by the reinsurance intermediary-broker, the reinsurance intermediary-broker shall keep a complete record for each transaction showing:

(a) The type of contract, limits, underwriting restrictions, classes, or risks and territory;

(b) Period of coverage, including effective and expiration dates, cancellation provisions, and notice required of cancellation;

(c) Reporting and settlement requirements of balances;

(d) Rate used to compute the reinsurance premium;

(e) Names and addresses of assuming reinsurers;

(f) Rates of all reinsurance commissions, including the commissions on any retrocessions handled by the reinsurance intermediary-broker;

(g) Related correspondence and memoranda;

(h) Proof of placement;

(i) Details regarding retrocessions handled by the reinsurance intermediary-broker including the identity of retro-

cessionaires and percentage of each contract assumed or ceded;

(j) Financial records, including but not limited to, premium and loss accounts; and

(k) When the reinsurance intermediary-broker procures a reinsurance contract on behalf of a licensed ceding insurer:

(i) Directly from any assuming reinsurer, written evidence that the assuming reinsurer has agreed to assume the risk; or

(ii) If placed through a representative of the assuming reinsurer, other than an employee, written evidence that the reinsurer has delegated binding authority to the representative.

(2) The insurer has access and the right to copy and audit all accounts and records maintained by the reinsurance intermediary-broker related to its business in a form usable by the insurer. [1993 c 462 § 26.]

**48.94.025 Restrictions on insurer—Obtaining services—Employees—Financial condition of reinsurance intermediary.** (1) An insurer may not engage the services of a person, firm, association, or corporation to act as a reinsurance intermediary-broker on its behalf unless the person is licensed as required by RCW 48.94.010(1).

(2) An insurer may not employ an individual who is employed by a reinsurance intermediary-broker with which it transacts business, unless the reinsurance intermediary-broker is under common control with the insurer and subject to the insurer holding company act, chapter 48.31B RCW.

(3) The insurer shall annually obtain a copy of statements of the financial condition of each reinsurance intermediary-broker with which it transacts business. [1993 c 462 § 27.]

**48.94.030 Contract required between a reinsurance intermediary-manager and a reinsurer—Minimum provisions.** Transactions between a reinsurance intermediary-manager and the reinsurer it represents in such capacity may be entered into only under a written contract, specifying the responsibilities of each party, which shall be approved by the reinsurer's board of directors. At least thirty days before the reinsurer assumes or cedes business through the reinsurance intermediary-manager, a true copy of the approved contract must be filed with the commissioner for approval. The contract must, at a minimum, provide that:

(1) The reinsurer may terminate the contract for cause upon written notice to the reinsurance intermediary-manager. The reinsurer may immediately suspend the authority of the reinsurance intermediary-manager to assume or cede business during the pendency of a dispute regarding the cause for termination.

(2) The reinsurance intermediary-manager shall render accounts to the reinsurer accurately detailing all material transactions, including information necessary to support all commissions, charges, and other fees received by, or owing to, the reinsurance intermediary-manager, and remit all funds due under the contract to the reinsurer on not less than a monthly basis.

(3) All funds collected for the reinsurer's account must be held by the reinsurance intermediary-manager in a fidu-

ciary capacity in a bank that is a qualified United States financial institution. The reinsurance intermediary-manager may retain no more than three months' estimated claims payments and allocated loss adjustment expenses. The reinsurance intermediary-manager shall maintain a separate bank account for each reinsurer that it represents.

(4) For at least ten years after expiration of each contract of reinsurance transacted by the reinsurance intermediary-manager, the reinsurance intermediary-manager shall keep a complete record for each transaction showing:

(a) The type of contract, limits, underwriting restrictions, classes, or risks and territory;

(b) Period of coverage, including effective and expiration dates, cancellation provisions, and notice required of cancellation, and disposition of outstanding reserves on covered risks;

(c) Reporting and settlement requirements of balances;

(d) Rate used to compute the reinsurance premium;

(e) Names and addresses of reinsurers;

(f) Rates of all reinsurance commissions, including the commissions on any retrocessions handled by the reinsurance intermediary-manager;

(g) Related correspondence and memoranda;

(h) Proof of placement;

(i) Details regarding retrocessions handled by the reinsurance intermediary-manager, as permitted by RCW 48.94.040(4), including the identity of retrocessionaires and percentage of each contract assumed or ceded;

(j) Financial records, including but not limited to, premium and loss accounts; and

(k) When the reinsurance intermediary-manager places a reinsurance contract on behalf of a ceding insurer:

(i) Directly from an assuming reinsurer, written evidence that the assuming reinsurer has agreed to assume the risk; or

(ii) If placed through a representative of the assuming reinsurer, other than an employee, written evidence that the reinsurer has delegated binding authority to the representative.

(5) The reinsurer has access and the right to copy all accounts and records maintained by the reinsurance intermediary-manager related to its business in a form usable by the reinsurer.

(6) The reinsurance intermediary-manager may not assign the contract in whole or in part.

(7) The reinsurance intermediary-manager shall comply with the written underwriting and rating standards established by the insurer for the acceptance, rejection, or cession of all risks.

(8) The rates, terms, and purposes of commissions, charges, and other fees that the reinsurance intermediary-manager may levy against the reinsurer are clearly specified.

(9) If the contract permits the reinsurance intermediary-manager to settle claims on behalf of the reinsurer:

(a) All claims will be reported to the reinsurer in a timely manner;

(b) A copy of the claim file will be sent to the reinsurer at its request or as soon as it becomes known that the claim:

(i) Has the potential to exceed the lesser of an amount determined by the commissioner or the limit set by the reinsurer;

(ii) Involves a coverage dispute;

(iii) May exceed the reinsurance intermediary-manager's claims settlement authority;

(iv) Is open for more than six months; or

(v) Is closed by payment of the lesser of an amount set by the commissioner or an amount set by the reinsurer;

(c) All claim files are the joint property of the reinsurer and reinsurance intermediary-manager. However, upon an order of liquidation of the reinsurer, the files become the sole property of the reinsurer or its estate; the reinsurance intermediary-manager has reasonable access to and the right to copy the files on a timely basis;

(d) Settlement authority granted to the reinsurance intermediary-manager may be terminated for cause upon the reinsurer's written notice to the reinsurance intermediary-manager or upon the termination of the contract. The reinsurer may suspend the settlement authority during the pendency of a dispute regarding the cause of termination.

(10) If the contract provides for a sharing of interim profits by the reinsurance intermediary-manager, such interim profits will not be paid until one year after the end of each underwriting period for property business and five years after the end of each underwriting period for casualty business, or a later period set by the commissioner for specified lines of insurance, and not until the adequacy of reserves on remaining claims has been verified under RCW 48.94.040(3).

(11) The reinsurance intermediary-manager shall annually provide the reinsurer with a statement of its financial condition prepared by an independent certified accountant.

(12) The reinsurer shall periodically, at least semiannually, conduct an on-site review of the underwriting and claims processing operations of the reinsurance intermediary-manager.

(13) The reinsurance intermediary-manager shall disclose to the reinsurer any relationship it has with an insurer before ceding or assuming any business with the insurer under this contract.

(14) Within the scope of its actual or apparent authority the acts of the reinsurance intermediary-manager are deemed to be the acts of the reinsurer on whose behalf it is acting. [1993 c 462 § 28.]

**48.94.035 Restrictions on reinsurance intermediary-manager—Retrocessions—Syndicates—Licenses—Employees.** The reinsurance intermediary-manager may not:

(1) Cede retrocessions on behalf of the reinsurer, except that the reinsurance intermediary-manager may cede facultative retrocessions under obligatory automatic agreements if the contract with the reinsurer contains reinsurance underwriting guidelines for the retrocessions. The guidelines must include a list of reinsurers with which the automatic agreements are in effect, and for each such reinsurer, the coverages and amounts or percentages that may be reinsured, and commission schedules.

(2) Commit the reinsurer to participate in reinsurance syndicates.

(3) Appoint a reinsurance intermediary without assuring that the reinsurance intermediary is lawfully licensed to transact the type of reinsurance for which he or she is appointed.

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(4) Without prior approval of the reinsurer, pay or commit the reinsurer to pay a claim, net of retrocessions, that exceeds the lesser of an amount specified by the reinsurer or one percent of the reinsurer's policyholder's surplus as of December 31st of the last complete calendar year.

(5) Collect a payment from a retrocessionaire or commit the reinsurer to a claim settlement with a retrocessionaire, without prior approval of the reinsurer. If prior approval is given, a report must be promptly forwarded to the reinsurer.

(6) Jointly employ an individual who is employed by the reinsurer unless the reinsurance intermediary-manager is under common control with the reinsurer subject to the insurer holding company act, chapter 48.31B RCW.

(7) Appoint a subreinsurance intermediary-manager. [1993 c 462 § 29.]

**48.94.040 Restrictions on reinsurer—Financial condition of reinsurance intermediary-manager—Loss reserves—Retrocessions—Termination of contract—Board of directors.** (1) A reinsurer may not engage the services of a person, firm, association, or corporation to act as a reinsurance intermediary-manager on its behalf unless the person is licensed as required by RCW 48.94.010(2).

(2) The reinsurer shall annually obtain a copy of statements of the financial condition of each reinsurance intermediary-manager that the reinsurer has had prepared by an independent certified accountant in a form acceptable to the commissioner.

(3) If a reinsurance intermediary-manager establishes loss reserves, the reinsurer shall annually obtain the opinion of an actuary attesting to the adequacy of loss reserves established for losses incurred and outstanding on business produced by the reinsurance intermediary-manager. This opinion is in addition to any other required loss reserve certification.

(4) Binding authority for all retrocessional contracts or participation in reinsurance syndicates must rest with an officer of the reinsurer who is not affiliated with the reinsurance intermediary-manager.

(5) Within thirty days of termination of a contract with a reinsurance intermediary-manager, the reinsurer shall provide written notification of the termination to the commissioner.

(6) A reinsurer may not appoint to its board of directors an officer, director, employee, controlling shareholder, or subproducer of its reinsurance intermediary-manager. This subsection does not apply to relationships governed by the insurer holding company act, chapter 48.31B RCW, or, if applicable, the producer-controlled property and casualty insurer act, chapter 48.97 RCW. [2008 c 217 § 74; 1993 c 462 § 30.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.94.045 Examination by commissioner.** (1) A reinsurance intermediary is subject to examination by the commissioner. The commissioner has access to all books, bank accounts, and records of the reinsurance intermediary in a form usable to the commissioner.

(2) A reinsurance intermediary-manager may be examined as if it were the reinsurer. [1993 c 462 § 31.]

**48.94.050 Violations of chapter—Penalties—Judicial review.** (1) A reinsurance intermediary, insurer, or reinsurer found by the commissioner, after a hearing conducted in accordance with chapters 48.17 and 34.05 RCW, to be in violation of any provision of this chapter, shall:

(a) For each separate violation, pay a penalty in an amount not exceeding five thousand dollars;

(b) Be subject to revocation or suspension of its license; and

(c) If a violation was committed by the reinsurance intermediary, make restitution to the insurer, reinsurer, rehabilitator, or liquidator of the insurer or reinsurer for the net losses incurred by the insurer or reinsurer attributable to the violation.

(2) The decision, determination, or order of the commissioner under subsection (1) of this section is subject to judicial review under this title and chapter 34.05 RCW.

(3) Nothing contained in this section affects the right of the commissioner to impose any other penalties provided in this title.

(4) Nothing contained in this chapter is intended to or in any manner limits or restricts the rights of policyholders, claimants, creditors, or other third parties or confer any rights to those persons. [1993 c 462 § 32.]

**48.94.055 Rule making.** The commissioner may adopt reasonable rules for the implementation and administration of this chapter. [1993 c 462 § 33.]

**48.94.900 Short title.** This chapter may be known and cited as the reinsurance intermediary act. [1993 c 462 § 22.]

**48.94.901 Severability—Implementation—1993 c 462.** See RCW 48.31B.901 and 48.31B.902.

### Chapter 48.97 RCW

#### PRODUCER-CONTROLLED PROPERTY AND CASUALTY INSURER ACT

(Formerly: Broker-controlled property and casualty insurer act)

##### Sections

48.97.005	Definitions.
48.97.010	Application.
48.97.015	Business placed with a controlled insurer—Application of section—Exceptions—Written contract required—Audit committee—Report to commissioner.
48.97.020	Relationship between producer and controlled insurer—Producer's duty to disclose—Subproducers.
48.97.025	Producer's failure to comply with chapter—Commissioner's power—Damages—Penalties.
48.97.900	Short title.
48.97.901	Severability—Implementation—1993 c 462.

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

(1) "Accredited state" means a state in which the insurance department or regulatory agency has qualified as meeting the minimum financial regulatory standards promulgated and established from time to time by the National Association of Insurance Commissioners.

(2) "Control" or "controlled by" has the meaning ascribed in RCW 48.31B.005(2).

(3) "Controlled insurer" means a licensed insurer that is controlled, directly or indirectly, by a broker.

(4) "Controlling producer" means a producer who, directly or indirectly, controls an insurer.

(5) "Licensed insurer" or "insurer" means a person, firm, association, or corporation licensed to transact property and casualty insurance business in this state. The following, among others, are not licensed insurers for purposes of this chapter:

(a) Risk retention groups as defined in the Superfund Amendments Reauthorization Act of 1986, P.L. 99-499, 100 Stat. 1613 (1986), the Risk Retention Act, 15 U.S.C. Sec. 3901 et seq. (1982 Supp. 1986), and chapter 48.92 RCW;

(b) Residual market pools and joint underwriting associations; and

(c) Captive insurers. For the purposes of this chapter, captive insurers are insurance companies owned by another organization, whose exclusive purpose is to insure risks of the parent organization and affiliated companies or, in the case of groups and associations, insurance organizations owned by the insureds whose exclusive purpose is to insure risks to member organizations or group members, or both, and their affiliates.

(6) "Producer" means an insurance broker or brokers or any other person, firm, association, or corporation when, for compensation, commission, or other thing of value, the person, firm, association, or corporation acts or aids in any manner in soliciting, negotiating, or procuring the making of an insurance contract on behalf of an insured other than the person, firm, association, or corporation. [2008 c 217 § 75; 1993 c 462 § 17.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.97.010 Application.** This chapter applies to licensed insurers either domiciled in this state or domiciled in a state that is not an accredited state having in effect a substantially similar law. All provisions of the Insurer Holding Company Act, chapter 48.31B RCW, or its successor act, to the extent they are not superseded by this chapter, continue to apply to all parties within the holding company systems subject to this chapter. [1993 c 462 § 18.]

**48.97.015 Business placed with a controlled insurer—Application of section—Exceptions—Written contract required—Audit committee—Report to commissioner.** (1)(a) This section applies in a particular calendar year if in that calendar year the aggregate amount of gross written premium on business placed with a controlled insurer by a controlling producer is equal to or greater than five percent of the admitted assets of the controlled insurer, as reported in the controlled insurer's quarterly statement filed as of September 30th of the prior year.

(b) Notwithstanding (a) of this subsection, this section does not apply if:

(i) The controlling producer:

(A) Places insurance only with the controlled insurer; or only with the controlled insurer and a member or members of the controlled insurer's holding company system, or the controlled insurer's parent, affiliate, or subsidiary and receives

no compensation based upon the amount of premiums written in connection with the insurance; and

(B) Accepts insurance placements only from nonaffiliated subproducers, and not directly from insureds; and

(ii) The controlled insurer, except for business written through a residual market facility such as the assigned risk plan, fair plans, or other such plans, accepts insurance business only from a controlling producer, a producer controlled by the controlled insurer, or a producer that is a subsidiary of the controlled insurer.

(2) A controlled insurer may not accept business from a controlling producer and a controlling producer may not place business with a controlled insurer unless there is a written contract between the controlling producer and the insurer specifying the responsibilities of each party, which contract has been approved by the board of directors of the insurer and contains the following minimum provisions:

(a) The controlled insurer may terminate the contract for cause, upon written notice to the controlling producer. The controlled insurer shall suspend the authority of the controlling producer to write business during the pendency of a dispute regarding the cause for the termination;

(b) The controlling producer shall render accounts to the controlling insurer detailing all material transactions, including information necessary to support all commissions, charges, and other fees received by, or owing to, the controlling producer;

(c) The controlling producer shall remit all funds due under the terms of the contract to the controlling insurer on at least a monthly basis. The due date must be fixed so that premiums or installments collected are remitted no later than ninety days after the effective date of a policy placed with the controlling insurer under this contract;

(d) The controlling producer shall hold all funds collected for the controlled insurer's account in a fiduciary capacity, in one or more appropriately identified bank accounts in banks that are members of the federal reserve system, in accordance with the applicable provisions of this title. However, funds of a controlling producer not required to be licensed in this state must be maintained in compliance with the requirements of the controlling producer's domiciliary jurisdiction;

(e) The controlling producer shall maintain separately identifiable records of business written for the controlled insurer;

(f) The contract shall not be assigned in whole or in part by the controlling producer;

(g) The controlled insurer shall provide the controlling producer with its underwriting standards, rules, and procedures, manuals setting forth the rates to be charged, and the conditions for the acceptance or rejection of risks. The controlling producer shall adhere to the standards, rules, procedures, rates, and conditions that are the same as those applicable to comparable business placed with the controlled insurer by a producer other than the controlling producer;

(h) The rates of the controlling producer's commissions, charges, and other fees must be no greater than those applicable to comparable business placed with the controlled insurer by producers other than controlling producers. For purposes of (g) and (h) of this subsection, examples of comparable business include the same lines of insurance, same kinds of

insurance, same kinds of risks, similar policy limits, and similar quality of business;

(i) If the contract provides that the controlling producer, on insurance business placed with the insurer, is to be compensated contingent upon the insurer's profits on that business, then the compensation shall not be determined and paid until at least five years after the premiums on liability insurance are earned and at least one year after the premiums are earned on any other insurance. In no event may the commissions be paid until the adequacy of the controlled insurer's reserves on remaining claims has been independently verified under subsection (3) of this section;

(j) The insurer may establish a different limit on the controlling producer's writings in relation to the controlled insurer's surplus and total writings for each line or subline of business. The controlled insurer shall notify the controlling producer when the applicable limit is approached and may not accept business from the controlling producer if the limit is reached. The controlling producer may not place business with the controlled insurer if it has been notified by the controlled insurer that the limit has been reached; and

(k) The controlling producer may negotiate but may not bind reinsurance on behalf of the controlled insurer on business the controlling producer places with the controlled insurer, except that the controlling producer may bind facultative reinsurance contracts under obligatory facultative agreements if the contract with the controlled insurer contains underwriting guidelines including, for both reinsurance assumed and ceded, a list of reinsurers with which the automatic agreements are in effect, the coverages and amounts of percentages that may be reinsured, and commission schedules.

(3) Every controlled insurer shall have an audit committee of the board of directors composed of independent directors. The audit committee shall annually meet with management, the insurer's independent certified public accountants, and an independent casualty actuary or other independent loss reserve specialist acceptable to the commissioner to review the adequacy of the insurer's loss reserves.

(4)(a) In addition to any other required loss reserve certification, the controlled insurer shall, annually, on April 1st of each year, file with the commissioner an opinion of an independent casualty actuary, or such other independent loss reserve specialist acceptable to the commissioner, reporting loss ratios for each line of business written and attesting to the adequacy of loss reserves established for losses incurred and outstanding as of year-end, including losses incurred but not reported, on business placed by the producer; and

(b) The controlled insurer shall annually report to the commissioner the amount of commissions paid to the producer, the percentage that amount represents of the net premiums written, and comparable amounts and percentages paid to noncontrolling producers for placements of the same kinds of insurance. [2008 c 217 § 76; 1993 c 462 § 19.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.97.020 Relationship between producer and controlled insurer—Producer's duty to disclose—Subproducers.** The producer, before the effective date of the policy, shall deliver written notice to the prospective insured disclos-

ing the relationship between the producer and the controlled insurer, except that, if the business is placed through a subproducer who is not a controlling producer, the controlling producer shall retain in his or her records a signed commitment from the subproducer that the subproducer is aware of the relationship between the insurer and the producer and that the subproducer has notified or will notify the insured. [2008 c 217 § 77; 1993 c 462 § 20.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.97.025 Producer's failure to comply with chapter—Commissioner's power—Damages—Penalties.**

(1)(a) If the commissioner believes that the controlling producer has not materially complied with this chapter, or a rule adopted or order issued under this chapter, the commissioner may after notice and opportunity to be heard, order the controlling producer to cease placing business with the controlled insurer; and

(b) If it is found that because of material noncompliance that the controlled insurer or any policyholder thereof has suffered loss or damage, the commissioner may maintain a civil action or intervene in an action brought by or on behalf of the insurer or policyholder for recovery of compensatory damages for the benefit of the insurer or policyholder or other appropriate relief.

(2) If an order for liquidation or rehabilitation of the controlled insurer has been entered under chapter 48.31 RCW, and the receiver appointed under that order believes that the controlling producer or any other person has not materially complied with this chapter, or a rule adopted or order issued under this chapter, and the insurer suffered any loss or damage from the noncompliance, the receiver may maintain a civil action for recovery of damages or other appropriate sanctions for the benefit of the insurer.

(3) Nothing contained in this section alters or affects the right of the commissioner to impose other penalties provided for in this title.

(4) Nothing contained in this section alters or affects the rights of policyholders, claimants, creditors, or other third parties. [2008 c 217 § 78; 1993 c 462 § 21.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.97.900 Short title.** This chapter may be known and cited as the business transacted with producer-controlled property and casualty insurer act. [2008 c 217 § 79; 1993 c 462 § 16.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.97.901 Severability—Implementation—1993 c 462.** See RCW 48.31B.901 and 48.31B.902.

**Chapter 48.98 RCW**

**MANAGING GENERAL AGENTS ACT**

Sections

48.98.005 Definitions.  
48.98.010 Requirements for managing general agent—License—Bond—Errors and omissions policy.

48.98.015 Contract required between a managing general agent and an insurer—Minimum provisions.  
48.98.020 Requirements for insurer—Audit, loss reserves, and on-site review of managing general agent—Notice to commissioner—Quarterly review of books and records—Board of director.  
48.98.025 Examinations—Acts of a managing general agent are acts of the insurer.  
48.98.030 Violations of chapter—Penalties—Judicial review.  
48.98.035 Rule making.  
48.98.040 Continued use of a managing general agent—Compliance with chapter.  
48.98.900 Short title.  
48.98.901 Severability—Implementation—1993 c 462.

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

(1) "Actuary" means a person who is a member in good standing of the American Academy of Actuaries.

(2) "Insurer" means a person having a certificate of authority in this state as an insurance company under RCW 48.01.050.

(3) "Managing general agent" means:

(a) A person who manages all or part of the insurance business of an insurer, including the management of a separate division, department, or underwriting office, and acts as a representative of the insurer whether known as a managing general agent, manager, or other similar term, and who, with or without the authority, either separately or together with affiliates, produces, directly or indirectly, and underwrites an amount of gross direct written premium equal to or more than five percent of the policyholder surplus as reported in the last annual statement of the insurer in any one quarter or year together with one or more of the following activities related to the business produced:

(i) Adjusts or pays claims in excess of an amount to be determined by the commissioner; or

(ii) Negotiates reinsurance on behalf of the insurer.

(b) Notwithstanding (a) of this subsection, the following persons may not be managing general agents for purposes of this chapter:

(i) An employee of the insurer;

(ii) A United States manager of the United States branch of an alien insurer;

(iii) An underwriting manager who, under a contract, manages all of the insurance operations of the insurer, is under common control with the insurer, subject to the insurer holding company act, chapter 48.31B RCW, and whose compensation is not based on the volume of premiums written; or

(iv) The attorney-in-fact authorized by and acting for the subscribers of a reciprocal insurer or interinsurance exchange under powers of attorney.

(4) "Underwrite" means to accept or reject risks on behalf of the insurer. [1993 c 462 § 35.]

**48.98.010 Requirements for managing general agent—License—Bond—Errors and omissions policy.**

(1) No person may act in the capacity of a managing general agent with respect to risks located in this state, for an insurer authorized by this state, unless that person is licensed in this state as an insurance producer, under chapter 48.17 RCW, for the lines of insurance involved and is designated as a managing general agent and appointed as such by the insurer.

(2) No person may act in the capacity of a managing general agent representing an insurer domiciled in this state with respect to risks located outside this state unless that person is licensed as an insurance producer in this state, under chapter 48.17 RCW, for the lines of insurance involved and is designated as a managing general agent and appointed as such by the insurer.

(3) The commissioner may require a bond for the protection of each insurer.

(4) The commissioner may require the managing general agent to maintain an errors and omissions policy. [2008 c 217 § 80; 1993 c 462 § 36.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.98.015 Contract required between a managing general agent and an insurer—Minimum provisions.** A managing general agent may not place business with an insurer unless there is in force a written contract between the managing general agent and the insurer that sets forth the responsibilities of each party and, where both parties share responsibility for a particular function, that specifies the division of the responsibilities, and that contains the following minimum provisions:

(1) The insurer may terminate the contract for cause upon written notice to the managing general agent. The insurer may suspend the underwriting authority of the managing general agent during the pendency of a dispute regarding the cause for termination.

(2) The managing general agent shall render accounts to the insurer detailing all transactions and remit all funds due under the contract to the insurer on not less than a monthly basis.

(3) The managing general agent shall hold funds collected for the account of an insurer in a fiduciary capacity in an FDIC insured financial institution. This account must be used for all payments on behalf of the insurer. The managing general agent may retain no more than three months' estimated claims payments and allocated loss adjustment expenses.

(4) The managing general agent shall maintain separate records of business written for each insurer. The insurer has access to and the right to copy all accounts and records related to its business in a form usable by the insurer, and the commissioner has access to all books, bank accounts, and records of the managing general agent in a form usable to the commissioner. Those records must be retained according to the requirements of this title and rules adopted under it.

(5) The managing general agent may not assign the contract in whole or part.

(6)(a) Appropriate underwriting guidelines must include at least the following: The maximum annual premium volume; the basis of the rates to be charged; the types of risks that may be written; maximum limits of liability; applicable exclusions; territorial limitations; policy cancellation provisions; and the maximum policy period.

(b) The insurer has the right to cancel or not renew any policy of insurance, subject to the applicable laws and rules, including those in chapter 48.18 RCW.

(7) If the contract permits the managing general agent to settle claims on behalf of the insurer:

(a) All claims must be reported to the insurer in a timely manner;

(b) A copy of the claim file must be sent to the insurer at its request or as soon as it becomes known that the claim:

(i) Has the potential to exceed an amount determined by the commissioner, or exceeds the limit set by the insurer, whichever is less;

(ii) Involves a coverage dispute;

(iii) May exceed the managing general agent's claims settlement authority;

(iv) Is open for more than six months; or

(v) Is closed by payment in excess of an amount set by the commissioner or an amount set by the insurer, whichever is less;

(c) All claim files are the joint property of the insurer and the managing general agent. However, upon an order of liquidation of the insurer, those files become the sole property of the insurer or its liquidator or successor. The managing general agent has reasonable access to and the right to copy the files on a timely basis; and

(d) Settlement authority granted to the managing general agent may be terminated for cause upon the insurer's written notice to the managing general agent or upon the termination of the contract. The insurer may suspend the managing general agent's settlement authority during the pendency of a dispute regarding the cause for termination.

(8) When electronic claims files are in existence, the contract must address the timely transmission of the data.

(9) If the contract provides for a sharing of interim profits by the managing general agent, and the managing general agent has the authority to determine the amount of the interim profits by establishing loss reserves or controlling claim payments or in any other manner, interim profits may not be paid to the managing general agent until one year after they are earned for property insurance business and five years after they are earned on casualty business and not until the profits have been verified under RCW 48.98.020.

(10) The managing general agent may not:

(a) Bind reinsurance or retrocessions on behalf of the insurer, except that the managing general agent may bind automatic reinsurance contracts under obligatory automatic agreements if the contract with the insurer contains reinsurance underwriting guidelines including, for both reinsurance assumed and ceded, a list of reinsurers with which the automatic agreements are in effect, the coverages and amounts or percentages that may be reinsured, and commission schedules;

(b) Commit the insurer to participate in insurance or reinsurance syndicates;

(c) Use an insurance producer that is not appointed to represent the insurer in accordance with the requirements of chapter 48.17 RCW;

(d) Without prior approval of the insurer, pay or commit the insurer to pay a claim over a specified amount, net of reinsurance, that may not exceed one percent of the insurer's policyholder surplus as of December 31st of the last-completed calendar year;

(e) Collect a payment from a reinsurer or commit the insurer to a claim settlement with a reinsurer, without prior approval of the insurer. If prior approval is given, a report must be promptly forwarded to the insurer;

(f) Permit an agent appointed by it to serve on the insurer's board of directors;

(g) Jointly employ an individual who is employed by the insurer; or

(h) Appoint a submanaging general agent. [2008 c 217 § 81; 2005 c 223 § 32; 1993 c 462 § 37.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.98.020 Requirements for insurer—Audit, loss reserves, and on-site review of managing general agent—Notice to commissioner—Quarterly review of books and records—Board of director.** (1) The insurer shall have on file an independent audited financial statement, in a form acceptable to the commissioner, of each managing general agent with which it is doing or has done business.

(2) If a managing general agent establishes loss reserves, the insurer shall annually obtain the opinion of an actuary attesting to the adequacy of loss reserves established for losses incurred and outstanding on business produced by the managing general agent. This is in addition to any other required loss reserve certification.

(3) The insurer shall periodically, and no less frequently than semiannually, conduct an on-site review of the underwriting and claims processing operations of the managing general agent.

(4) Binding authority for all reinsurance contracts or participation in insurance or reinsurance syndicates must rest with an officer of the insurer, who may not be affiliated with the managing general agent.

(5) Within thirty days of entering into or terminating a contract with a managing general agent, the insurer shall provide written notification of that appointment or termination to the commissioner. Notices of appointment of a managing general agent must include a statement of duties that the managing general agent is expected to perform on behalf of the insurer, the lines of insurance for which the managing general agent is to be authorized to act, and any other information the commissioner may request. This subsection applies to managing general agents operating in this state.

(6) An insurer shall review its books and records each calendar quarter to determine if any insurance producer has become a managing general agent. If the insurer determines that an insurance producer has become a managing general agent under RCW 48.98.005, the insurer shall promptly notify the insurance producer and the commissioner of that determination, and the insurer and insurance producer shall fully comply with this chapter within thirty days.

(7) An insurer may not appoint to its board of directors an officer, director, employee, subagent, or controlling shareholder of its managing general agents. This subsection does not apply to relationships governed by the insurer holding company act, chapter 48.31B RCW, or, if applicable, the business transacted with broker-controlled property and casualty insurer act, \*chapter 48.97 RCW. [2008 c 217 § 82; 1993 c 462 § 38.]

**\*Reviser's note:** Chapter 48.97 RCW was renamed the producer-controlled property and casualty insurer act, effective July 1, 2009.

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

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**48.98.025 Examinations—Acts of a managing general agent are acts of the insurer.** The acts of the managing general agent are considered to be the acts of the insurer on whose behalf it is acting. A managing general agent may be examined as if it were the insurer, as provided in chapter 48.03 RCW. [1993 c 462 § 39.]

**48.98.030 Violations of chapter—Penalties—Judicial review.** (1) Subject to a hearing in accordance with chapters 34.05 and 48.04 RCW, upon a finding by the commissioner that any person has violated any provision of this chapter, the commissioner may order:

(a) For each separate violation, a penalty in an amount of not more than one thousand dollars;

(b) Revocation, or suspension for up to one year, of the managing general agent's license including any insurance producer's licenses held by the managing general agent; and

(c) The managing general agent to reimburse the insurer, the rehabilitator, or liquidator of the insurer for losses incurred by the insurer caused by a violation of this chapter committed by the managing general agent.

(2) The decision, determination, or order of the commissioner under this section is subject to judicial review under chapters 34.05 and 48.04 RCW.

(3) Nothing contained in this section affects the right of the commissioner to impose any other penalties provided for in this title.

(4) Nothing contained in this chapter is intended to or in any manner limits or restricts the rights of policyholders, claimants, and auditors. [2008 c 217 § 83; 1993 c 462 § 40.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.98.035 Rule making.** The commissioner may adopt rules for the implementation and administration of this chapter, that shall include but are not limited to licensure of managing general agents. [1993 c 462 § 41.]

**48.98.040 Continued use of a managing general agent—Compliance with chapter.** No insurer may continue to use the services of a managing general agent on and after January 1, 1994, unless that use complies with this chapter. [1993 c 462 § 42.]

**48.98.900 Short title.** This chapter may be known and cited as the managing general agents act. [1993 c 462 § 34.]

**48.98.901 Severability—Implementation—1993 c 462.** See RCW 48.31B.901 and 48.31B.902.

## Chapter 48.99 RCW

### UNIFORM INSURERS LIQUIDATION ACT

#### Sections

48.99.010	Uniform insurers liquidation act.
48.99.011	Insurer—Self-funded multiple employer welfare arrangement.
48.99.017	Confidentiality of documents, materials, or other information—Commissioner's capacity as a receiver.
48.99.020	Delinquency proceedings—Domestic insurers.
48.99.030	Delinquency proceedings—Foreign insurers.
48.99.040	Claims of nonresidents against domestic insurer.
48.99.050	Claims of residence against foreign insurer.

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48.99.060	Priority of certain claims.
48.99.070	Attachment, garnishment, execution stayed.
48.99.080	Severability—Uniformity of interpretation.
48.99.900	Severability—Implementation—1993 c 462.

**48.99.010 Uniform insurers liquidation act.** This chapter may be known and cited as the uniform insurers liquidation act. For the purposes of this chapter:

(1) "Insurer" means any person, firm, corporation, association, or aggregation of persons doing an insurance business and subject to the insurance supervisory authority of, or to liquidation, rehabilitation, reorganization, or conservation by, the commissioner, or the equivalent insurance supervisory official of another state.

(2) "Delinquency proceeding" means any proceeding commenced against an insurer for the purpose of liquidating, rehabilitating, reorganizing, or conserving such insurer.

(3) "State" means any state of the United States, and also the District of Columbia and Puerto Rico.

(4) "Foreign country" means territory not in any state.

(5) "Domiciliary state" means the state in which an insurer is incorporated or organized, or, in the case of an insurer incorporated or organized in a foreign country, the state in which such insurer, having become authorized to do business in such state, has, at the commencement of delinquency proceedings, the largest amount of its assets held in trust and assets held on deposit for the benefit of its policyholders or policyholders and creditors in the United States; and any such insurer is deemed to be domiciled in such state.

(6) "Ancillary state" means any state other than a domiciliary state.

(7) "Reciprocal state" means any state other than this state in which in substance and effect the provisions of this chapter are in force, including the provisions requiring that the insurance commissioner or equivalent insurance supervisory official be the receiver of a delinquent insurer.

(8) "General assets" means all property, real, personal, or otherwise, not specifically mortgaged, pledged, deposited, or otherwise encumbered for the security or benefit of specified persons or a limited class or classes of persons, and as to such specifically encumbered property the term includes all such property or its proceeds in excess of the amount necessary to discharge the sum or sums secured thereby. Assets held in trust and assets held on deposit for the security or benefit of all policyholders, or all policyholders and creditors in the United States, shall be deemed general assets.

(9) "Preferred claim" means any claim with respect to which the law of a state or of the United States accords priority of payment from the general assets of the insurer.

(10) "Special deposit claim" means any claim secured by a deposit made pursuant to statute for the security or benefit of a limited class or classes of persons, but not including any general assets.

(11) "Secured claim" means any claim secured by mortgage, trust, deed, pledge, deposit as security, escrow, or otherwise, but not including special deposit claims or claims against general assets. The term also includes claims which more than four months prior to the commencement of delinquency proceedings in the state of the insurer's domicile have become liens upon specific assets by reason of judicial process.

(12) "Receiver" means receiver, liquidator, rehabilitator, or conservator as the context may require. [1993 c 462 § 78; 1961 c 194 § 12; 1947 c 79 § .31.11; Rem. Supp. 1947 § 45.31.11. Formerly RCW 48.31.110.]

**48.99.011 Insurer—Self-funded multiple employer welfare arrangement.** A self-funded multiple employer welfare arrangement, as defined in RCW 48.125.010, is an insurer under this chapter. [2004 c 260 § 21.]

**Severability—Effective date—2004 c 260:** See RCW 48.125.900 and 48.125.901.

**48.99.017 Confidentiality of documents, materials, or other information—Commissioner's capacity as a receiver.** (1) Documents, materials, or other information that the commissioner obtains under this chapter in the commissioner's capacity as a receiver, are records under the jurisdiction and control of the receivership court. These records are confidential by law and privileged, are not subject to chapter 42.56 or 40.14 RCW, and are not subject to subpoena directed to the commissioner or any person who received documents, materials, or other information while acting under the authority of the commissioner. The commissioner is authorized to use such documents, materials, or other information in the furtherance of any regulatory or legal action brought as a part of the commissioner's official duties. The confidentiality and privilege created by this section and RCW 42.56.400(17) is not waived if confidential and privileged information under this section is shared with any person acting under the authority of the commissioner, representatives of insurance guaranty associations that may have statutory obligations as a result of the insolvency of an insurer, the national association of insurance commissioners and its affiliates and subsidiaries, regulatory and law enforcement officials of other states and nations, the federal government, and international authorities.

(2) Neither the commissioner nor any person who received documents, materials, or other information while acting under the authority of the commissioner as receiver is required to testify in any private civil action concerning any confidential and privileged documents, materials, or information subject to subsection (1) of this section.

(3) Any person who can demonstrate a legal interest in the receivership estate or a reasonable suspicion of negligence or malfeasance by the commissioner related to an insurer receivership may file a motion in the receivership matter to allow inspection of private company information or documents not subject to public disclosure under subsection (1) of this section. The court shall conduct an in-camera review after notifying the commissioner and every party that produced the information. The court may order the commissioner to allow the petitioner to have access to the information, provided the petitioner maintains the confidentiality of the information. The petitioner must not disclose the information to any other person, except upon further order of the court. After conducting a hearing, the court may order that the information can be disclosed if the court finds that there is a public interest in the disclosure of the information and the protection of the information from public disclosure is clearly unnecessary to protect any individual's right of privacy, or any company's proprietary information, and the commis-

sioner has not demonstrated that the disclosure would impair any vital governmental function, the receivership estate, or the receiver's ability to manage the estate.

(4) The confidentiality and privilege of documents, materials or other information obtained by the receiver set forth in subsections (1) and (2) of this section does not apply to litigation to which the insurer in receivership is a party. In such instances, discovery is governed by the Washington rules of civil procedure. [2010 c 97 § 2.]

**48.99.020 Delinquency proceedings—Domestic insurers.** (1) Whenever under the laws of this state a receiver is to be appointed in delinquency proceedings for an insurer domiciled in this state, the court shall appoint the commissioner as such receiver. The court shall direct the commissioner forthwith to take possession of the assets of the insurer and to administer the same under the orders of the court.

(2) As domiciliary receiver the commissioner shall be vested by operation of law with the title to all of the property, contracts, and rights of action, and all of the books and records of the insurer wherever located, as of the date of entry of the order directing him or her to rehabilitate or liquidate a domestic insurer, or to liquidate the United States branch of an alien insurer domiciled in this state, and he or she shall have the right to recover the same and reduce the same to possession; except that ancillary receivers in reciprocal states shall have, as to assets located in their respective states, the rights and powers which are hereinafter prescribed for ancillary receivers appointed in this state as to assets located in this state.

(3) The filing or recording of the order directing possession to be taken, or a certified copy thereof, in the office where instruments affecting title to property are required to be filed or recorded shall impart the same notice as would be imparted by a deed, bill of sale, or other evidence of title duly filed or recorded.

(4) The commissioner as domiciliary receiver shall be responsible on his or her official bond for the proper administration of all assets coming into his or her possession or control. The court may at any time require an additional bond from the commissioner or his or her deputies if deemed desirable for the protection of the assets.

(5) Upon taking possession of the assets of an insurer the domiciliary receiver shall, subject to the direction of the court, immediately proceed to conduct the business of the insurer or to take such steps as are authorized by the laws of this state for the purpose of liquidating, rehabilitating, reorganizing, or conserving the affairs of the insurer.

(6) In connection with delinquency proceedings the commissioner may appoint one or more special deputy commissioners to act for him or her, and may employ such counsel, clerks, and assistants as he or she deems necessary. The compensation of the special deputies, counsel, clerks, or assistants and all expenses of taking possession of the insurer and of conducting the proceedings shall be fixed by the receiver, subject to the approval of the court, and shall be paid out of the funds or assets of the insurer. Within the limits of the duties imposed upon them special deputies shall possess all the powers given to, and, in the exercise of those powers, shall be subject to all of the duties imposed upon the receiver with respect to such proceedings. [2009 c 549 §

7159; 1947 c 79 § .31.12; Rem. Supp. 1947 § 45.31.12. Formerly RCW 48.31.120.]

**48.99.030 Delinquency proceedings—Foreign insurers.** (1) Whenever under the laws of this state an ancillary receiver is to be appointed in delinquency proceedings for an insurer not domiciled in this state, the court shall appoint the commissioner as ancillary receiver. The commissioner shall file a petition requesting the appointment (a) if he or she finds that there are sufficient assets of such insurer located in this state to justify the appointment of an ancillary receiver, or (b) if ten or more persons resident in this state having claims against such insurer file a petition with the commissioner requesting the appointment of such ancillary receiver.

(2) The domiciliary receiver for the purpose of liquidating an insurer domiciled in a reciprocal state, shall be vested by operation of law with the title to all of the property, contracts, and rights of action, and all of the books and records of the insurer located in this state, and he or she shall have the immediate right to recover balances due from local insurance producers and surplus line brokers and to obtain possession of any books and records of the insurer found in this state. He or she shall also be entitled to recover the other assets of the insurer located in this state except that upon the appointment of an ancillary receiver in this state, the ancillary receiver shall during the ancillary receivership proceedings have the sole right to recover such other assets. The ancillary receiver shall, as soon as practicable, liquidate from their respective securities those special deposit claims and secured claims which are proved and allowed in the ancillary proceedings in this state, and shall pay the necessary expenses of the proceedings. All remaining assets shall promptly transfer to the domiciliary receiver. Subject to the foregoing provisions the ancillary receiver and his or her deputies shall have the same powers and be subject to the same duties with respect to the administration of such assets, as a receiver of an insurer domiciled in this state.

(3) The domiciliary receiver of an insurer domiciled in a reciprocal state may sue in this state to recover any assets of such insurer to which he or she may be entitled under the laws of this state. [2009 c 162 § 31; 2008 c 217 § 84; 1947 c 79 § .31.13; Rem. Supp. 1947 § 45.31.13. Formerly RCW 48.31.130.]

**Effective date—2009 c 162:** See note following RCW 48.03.020.

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.99.040 Claims of nonresidents against domestic insurer.** (1) In a delinquency proceeding begun in this state against an insurer domiciled in this state, claimants residing in reciprocal states may file claims either with the ancillary receivers, if any, in their respective states, or with the domiciliary receiver. All claims must be filed on or before the last date fixed for the filing of claims in the domiciliary delinquency proceedings.

(2) Controverted claims belonging to claimants residing in reciprocal states may either (a) be proved in this state as provided by law, or (b) if ancillary proceedings have been commenced in reciprocal states, be proved in those proceedings. In the event a claimant elects to prove a claim in ancillary proceedings, if notice of the claim and opportunity to

appear and be heard is afforded the domiciliary receiver of this state as provided in RCW 48.99.050 with respect to ancillary proceedings in this state, the final allowance of a claim by the courts in the ancillary state must be accepted in this state as conclusive as to its amount, and must also be accepted as conclusive as to its priority, if any, against special deposits or other security located within the ancillary state. [2003 c 248 § 25; 1947 c 79 § .31.14; Rem. Supp. 1947 § 45.31.14. Formerly RCW 48.31.140.]

**48.99.050 Claims of residents against foreign insurer.**

(1) In a delinquency proceeding in a reciprocal state against an insurer domiciled in that state, claimants against such insurer, who reside within this state may file claims either with the ancillary receiver, if any, appointed in this state, or with the domiciliary receiver. All such claims must be filed on or before the last date fixed for the filing of claims in the domiciliary delinquency proceeding.

(2) Controverted claims belonging to claimants residing in this state may either (a) be proved in the domiciliary state as provided by the law of that state, or (b) if ancillary proceedings have been commenced in this state, be proved in those proceedings. In the event that any such claimant elects to prove his or her claim in this state, he or she shall file his or her claim with the ancillary receiver in the manner provided by the law of this state for the proving of claims against insurers domiciled in this state, and he or she shall give notice in writing to the receiver in the domiciliary state, either by registered mail or by personal service at least forty days prior to the date set for hearing. The notice shall contain a concise statement of the amount of the claim, the facts on which the claim is based, and the priorities asserted, if any. If the domiciliary receiver, within thirty days after the giving of such notice, shall give notice in writing to the ancillary receiver and to the claimant, either by registered mail or by personal service, of his or her intention to contest such claim, he or she shall be entitled to appear or to be represented in any proceeding in this state involving the adjudication of the claim. The final allowance of the claim by the courts of this state shall be accepted as conclusive as to its amount, and shall also be accepted as conclusive as to its priority, if any, against special deposits or other security located within this state. [2009 c 549 § 7160; 1947 c 79 § .31.15; Rem. Supp. 1947 § 45.31.15. Formerly RCW 48.31.150.]

**48.99.060 Priority of certain claims.** (1) In a delinquency proceeding against an insurer domiciled in this state, claims owing to residents of ancillary states shall be preferred claims if like claims are preferred under the laws of this state. All such claims whether owing to residents or nonresidents shall be given equal priority of payment from general assets regardless of where such assets are located.

(2) In a delinquency proceeding against an insurer domiciled in a reciprocal state, claims owing to residents of this state shall be preferred if like claims are preferred by the laws of that state.

(3) The owners of special deposit claims against an insurer for which a receiver is appointed in this or any other state shall be given priority against their several special deposits in accordance with the provisions of the statutes

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governing the creation and maintenance of such deposits. If there is a deficiency in any such deposit so that the claims secured thereby are not fully discharged therefrom, the claimants may share in the general assets, but such sharing shall be deferred until general creditors, and also claimants against other special deposits who have received smaller percentages from their respective special deposits, have been paid percentages of their claims equal to the percentage paid from the special deposit.

(4) The owner of a secured claim against an insurer for which a receiver has been appointed in this or any other state may surrender his or her security and file his or her claim as a general creditor, or the claim may be discharged by resort to the security, in which case the deficiency, if any, shall be treated as a claim against the general assets of the insurer on the same basis as claims of unsecured creditors. If the amount of the deficiency has been adjudicated in ancillary proceedings as provided in this chapter, or if it has been adjudicated by a court of competent jurisdiction in proceedings in which the domiciliary receiver has had notice and opportunity to be heard, such amount shall be conclusive; otherwise the amount shall be determined in the delinquency proceeding in the domiciliary state. [2009 c 549 § 7161; 1993 c 462 § 79; 1947 c 79 § .31.16; Rem. Supp. 1947 § 45.31.16. Formerly RCW 48.31.160.]

**48.99.070 Attachment, garnishment, execution stayed.** During the pendency of delinquency proceedings in this or any reciprocal state no action or proceeding in the nature of an attachment, garnishment, or execution shall be commenced or maintained in the courts of this state against the delinquent insurer or its assets. Any lien obtained by any such action or proceeding within four months prior to the commencement of any such delinquency proceeding or at any time thereafter shall be void as against any rights arising in such delinquency proceeding. [1947 c 79 § .31.17; Rem. Supp. 1947 § 45.31.17. Formerly RCW 48.31.170.]

**48.99.080 Severability—Uniformity of interpretation.** (1) If any provision of this chapter or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the chapter which can be given effect without the invalid provision or application, and to this end the provisions of this chapter are declared to be severable.

(2) This uniform insurers liquidation act shall be so interpreted and construed as to effectuate its general purpose to make uniform the law of those states that enact it. To the extent that its provisions, when applicable, conflict with provisions of chapter 48.31 RCW, the provisions of this chapter shall control. [1993 c 462 § 80; 1947 c 79 § .31.18; Rem. Supp. 1947 § 45.31.18. Formerly RCW 48.31.180.]

**48.99.900 Severability—Implementation—1993 c 462.** See RCW 48.31B.901 and 48.31B.902.

## Chapter 48.102 RCW

## LIFE SETTLEMENTS ACT

(Formerly: Viatical settlements)

## Sections

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**48.102.001 Short title.** This chapter may be cited as the "life settlements act." [2009 c 104 § 1.]

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

(1) "Advertisement" means any written, electronic, or printed communication or any communication by means of recorded telephone messages or transmitted on radio, television, the internet, or similar communications media, including film strips, motion pictures, and videos, published, disseminated, circulated, or placed directly before the public for the purpose of creating an interest in or inducing a person to purchase or sell, assign, devise, bequest, or transfer the death benefit or ownership of a policy or an interest in a policy pursuant to a life settlement contract.

(2) "Broker" means a person who, on behalf of an owner and for a fee, commission, or other valuable consideration, offers or attempts to negotiate life settlement contracts between an owner and providers. A broker represents only the owner and owes a fiduciary duty to the owner to act according to the owner's instructions, and in the best interest of the owner, notwithstanding the manner in which the broker is compensated. A broker does not mean an attorney, certified public accountant, or financial planner retained in the type of practice customarily performed in their professional capacity to represent the owner whose compensation is not paid directly or indirectly by the provider or any other person, except the owner.

(3) "Business of life settlements" means an activity involved in, but not limited to, offering to enter into, soliciting, negotiating, procuring, effectuating, monitoring, or tracking life settlement contracts.

(4) "Chronically ill" means:

(a) Being unable to perform at least two activities of daily living, i.e., eating, toileting, transferring, bathing, dressing, or continence;

(b) Requiring substantial supervision to protect the individual from threats to health and safety due to severe cognitive impairment; or

(c) Having a level of disability substantially similar to that described in (a) of this subsection made in a written determination, as existing on July 26, 2009, by the United States secretary of health and human services.

(5) "Commissioner" means the insurance commissioner.

(6)(a) "Financing entity" means an underwriter, placement agent, lender, purchaser of securities, purchaser of a policy from a provider, credit enhancer, or any entity that has a direct ownership in a policy that is the subject of a life settlement contract, but:

(i) Whose principal activity related to the transaction is providing funds to effect the life settlement contract or purchase of one or more policies; and

(ii) Who has an agreement in writing with one or more providers to finance the acquisition of life settlement contracts.

(b) "Financing entity" does not mean a nonaccredited investor or purchaser.

(7) "Financing transaction" means a transaction in which a licensed provider obtains financing from a financing entity including, without limitation, any secured or unsecured financing, any securitization transaction, or any securities offering which either is registered or exempt from registration under federal and state securities law.

(8) "Fraudulent life settlement act" includes:

(a) Acts or omissions committed by any person who, knowingly and with intent to defraud, for the purpose of depriving another of property or for pecuniary gain, commits, or permits its employees or its agents to engage in acts including, but not limited to:

(i) Presenting, causing to be presented, or preparing with knowledge and belief that it will be presented to or by a provider, premium finance lender, broker, insurer, insurance producer, or any other person, false material information, or concealing material information, as part of, in support of, or concerning a fact material to one or more of the following:

(A) An application for the issuance of a life settlement contract or policy;

(B) The underwriting of a life settlement contract or policy;

(C) A claim for payment or benefit pursuant to a life settlement contract or policy;

(D) Premiums paid on a policy;

(E) Payments and changes in ownership or beneficiary made in accordance with the terms of a life settlement contract or policy;

(F) The reinstatement or conversion of a policy;

(G) In the solicitation, offer to enter into, or effectuation of a life settlement contract, or policy;

(H) The issuance of written evidence of life settlement contracts or insurance; or

(I) Any application for, or the existence of or any payments related to, a loan secured directly or indirectly by any interest in a policy;

(ii) Entering into any act, practice, or arrangement that involves stranger-originated life insurance;

(iii) Failing to disclose to the insurer where the request for such disclosure has been asked for by the insurer that the

prospective insured has undergone a life expectancy evaluation by any person or entity other than the insurer or its authorized representatives in connection with the issuance of the policy;

(iv) Employing any device, scheme, or artifice to defraud in the business of life settlements; or

(v) In the solicitation, application, or issuance of a policy, employing any device, scheme, or artifice in violation of state insurable interest laws.

(b) In the furtherance of a fraud or to prevent the detection of a fraud any person commits or permits its employees or its agents to:

(i) Remove, conceal, alter, destroy, or sequester from the commissioner the assets or records of either a broker or provider, or both or other person engaged in the business of life settlements;

(ii) Misrepresent or conceal the financial condition of either a broker or provider, or both, financing entity, insurer, or other person;

(iii) Transact the business of life settlements in violation of laws requiring a license, certificate of authority, or other legal authority for the transaction of the business of life settlements;

(iv) File with the commissioner or the chief insurance regulatory official of another jurisdiction a document containing false information or otherwise concealing information about a material fact from the commissioner;

(v) Engage in embezzlement, theft, misappropriation, or conversion of moneys, funds, premiums, credits, or other property of a provider, insured, owner, or any other person engaged in the business of life settlements;

(vi) Knowingly and with intent to defraud, enter into, broker, or otherwise deal in a life settlement contract, the subject of which is a policy that was obtained by presenting false information concerning any fact material to the policy or by concealing, for the purpose of misleading another, information concerning any fact material to the policy, where the owner or the owner's agent intended to defraud the policy's issuer;

(vii) Attempt to commit, assist, aid, or abet in the commission of, or conspiracy to commit, the acts or omissions specified in this subsection; or

(viii) Misrepresent the state of residence of an owner to be a state or jurisdiction that does not have a law substantially similar to this chapter for the purpose of evading or avoiding the provisions of this chapter.

(9) "Insured" means the person covered under the policy being considered for sale in a life settlement contract.

(10) "Life expectancy" means the arithmetic mean of the number of months the insured under the policy to be settled can be expected to live considering medical records and appropriate experiential data.

(11) "Life insurance producer" means any person licensed in this state as a resident or nonresident insurance producer who has received qualification or authority for life insurance coverage or a life line of coverage pursuant to RCW 48.17.170.

(12)(a) "Life settlement contract" means a written agreement entered into between a provider and an owner, establishing the terms under which compensation or any thing of value will be paid, which compensation or thing of value is

less than the expected death benefit of the policy, in return for the owner's assignment, transfer, sale, devise, or bequest of the death benefit or any portion of a policy for compensation, provided, however, that the minimum value for a life settlement contract shall be greater than a cash surrender value or accelerated death benefit available at the time of an application for a life settlement contract.

(b) "Life settlement contract" also means the transfer for compensation or value of ownership or beneficial interest in a trust or other entity that owns such policy if the trust or other entity was formed or availed of for the principal purpose of acquiring one or more life insurance contracts, which life insurance contract insures the life of a person residing in this state.

(c) "Life settlement contract" also means a written agreement for a loan or other lending transaction, secured primarily by a policy or a premium finance loan made for a policy on or before the date of issuance of the policy where:

(i) The loan proceeds are not used solely to pay premiums for the policy and any costs or expenses incurred by the lender or the borrower in connection with the financing;

(ii) The owner receives on the date of the premium finance loan a guarantee of the future life settlement value of the policy; or

(iii) The owner agrees on the date of the premium finance loan to sell the policy or any portion of its death benefit on any date following the issuance of the policy.

(d) "Life settlement contract" does not mean:

(i) A policy loan by a life insurance company pursuant to the terms of the policy or accelerated death provisions contained in the policy, whether issued with the original policy or as a rider;

(ii) A premium finance loan or any loan made by a bank or other licensed financial institution, provided that neither the default on the loan nor the transfer of the policy in connection with such a default is pursuant to an agreement or understanding with any other person for the purpose of evading regulation under this chapter;

(iii) A collateral assignment of a policy by an owner;

(iv) A loan made by a lender that does not violate any provision of this title, provided the loan is not described in (a) of this subsection, and is not otherwise within the definition of life settlement contract;

(v) An agreement where all the parties (A) are closely related to the insured by blood or law, or (B) have a lawful substantial economic interest in the continued life, health, and bodily safety of the person insured, or are trusts established primarily for the benefit of those parties;

(vi) Any designation, consent, or agreement by an insured who is an employee of an employer in connection with the purchase by the employer, or trust established by the employer, of life insurance on the life of the employee;

(vii) A bona fide business succession planning arrangement:

(A) Between one or more shareholders in a corporation or between a corporation and one or more of its shareholders or one or more trusts established by its shareholders;

(B) Between one or more partners in a partnership or between a partnership and one or more of its partners or one or more trusts established by its partners; or

(C) Between one or more members in a limited liability company or between a limited liability company and one or more of its members or one or more trusts established by its members;

(viii) An agreement entered into by a service recipient, or a trust established by the service recipient, and a service provider, or a trust established by the service provider, who performs significant services for the service recipient's trade or business; or

(ix) Any other contract, transaction, or arrangement from the definition of life settlement contract that the commissioner determines is not of the type intended to be regulated by this chapter.

(13) "Net death benefit" means the amount of the policy to be settled less any outstanding debts or liens.

(14)(a) "Owner" means the owner of a policy, with or without a terminal illness, who enters or seeks to enter into a life settlement contract. For the purposes of this chapter, an owner shall not be limited to an owner of a policy that insures the life of an individual with a terminal or chronic illness or condition except where specifically addressed.

(b) "Owner" does not mean:

(i) Any provider or other licensee under this chapter;

(ii) A qualified institutional buyer as defined, as of July 26, 2009, in rule 144A of the federal securities act of 1933, as amended;

(iii) A financing entity;

(iv) A special purpose entity; or

(v) A related provider trust.

(15) "Patient identifying information" means an insured's address, telephone number, facsimile number, electronic mail address, photograph or likeness, employer, employment status, social security number, or any other information that is likely to lead to the identification of the insured.

(16) "Person" means any natural person or legal entity, including but not limited to, a partnership, limited liability company, association, trust, or corporation.

(17) "Policy" means an individual or group life insurance policy, group certificate, contract, or arrangement of life insurance owned by a resident of this state, regardless of whether delivered or issued for delivery in this state.

(18) "Premium finance loan" means a loan made primarily for the purposes of making premium payments on a policy, which loan is secured by an interest in the policy.

(19)(a) "Provider" means a person, other than an owner, who enters into or effectuates a life settlement contract with an owner.

(b) "Provider" does not mean:

(i) Any bank, savings bank, savings and loan association, or credit union;

(ii) A licensed lending institution or creditor or secured party pursuant to a premium finance loan agreement which takes an assignment of a policy as collateral for a loan;

(iii) The insurer of a policy or rider to the extent of providing accelerated death benefits or riders under an approved policy form or cash surrender value;

(iv) Any natural person who enters into or effectuates no more than one agreement in a calendar year for the transfer of a policy, for compensation or anything of value less than the expected death benefit payable under the policy;

(v) A purchaser;

(vi) Any authorized or eligible insurer that provides financial guaranty insurance to a provider, purchaser, financing entity, special purpose entity, or related provider trust;

(vii) A financing entity;

(viii) A special purpose entity;

(ix) A related provider trust;

(x) A broker; or

(xi) An accredited investor or qualified institutional buyer as defined, respectively, in regulation D, rule 501 or rule 144A of the federal securities act of 1933, as amended, who purchases a policy from a provider.

(20) "Purchased policy" means a policy that has been acquired by a provider pursuant to a life settlement contract.

(21) "Purchaser" means a person who pays compensation or anything of value as consideration for a beneficial interest in a trust which is vested with, or for the assignment, transfer, or sale of, an ownership or other interest in a policy which has been the subject of a life settlement contract.

(22) "Related provider trust" means a titling trust or other trust established by a licensed provider or a financing entity for the sole purpose of holding the ownership or beneficial interest in purchased policies in connection with a financing transaction. In order to qualify as a related provider trust, the trust must have a written agreement with the licensed provider under which the licensed provider is responsible for ensuring compliance with all statutory and regulatory requirements and under which the trust agrees to make all records and files relating to life settlement transactions available to the commissioner as if those records and files were maintained directly by the licensed provider.

(23) "Settled policy" means a policy that has been acquired by a provider pursuant to a life settlement contract.

(24) "Special purpose entity" means a corporation, partnership, trust, limited liability company, or other legal entity formed solely to provide either directly or indirectly access to institutional capital markets for a financing entity or provider:

(a) In connection with a transaction in which the securities in the special purpose entity are acquired by the owner or by a "qualified institutional buyer" as defined in rule 144 promulgated under the federal securities act of 1933, as amended; or

(b) When the securities pay a fixed rate of return commensurate with established asset-backed institutional capital markets.

(25) "Stranger-originated life insurance" means an act, practice, or arrangement to initiate a policy for the benefit of a third-party investor who, at the time of policy origination, has no insurable interest in the insured under chapter 48.18 RCW. Stranger-originated life insurance practices include, but are not limited to, cases in which life insurance is purchased with resources or guarantees from or through a person or entity who, at the time of policy inception, could not lawfully initiate the policy and where, at the time of inception, there is an arrangement or agreement to directly or indirectly transfer the ownership of the policy or the policy benefits, or both, to a third party. Any trust that is created to give the appearance of insurable interest, and is used to initiate one or more policies for investors, violates chapter 48.18 RCW and the prohibition against wagering on human life. Stranger-

originated life insurance arrangements do not include those practices set forth in subsection (12)(d) of this section.

(26) "Terminally ill" means having an illness or sickness that can reasonably be expected to result in death in twenty-four months or less. [2009 c 104 § 2.]

**Reviser's note:** The definitions in this section have been alphabetized pursuant to RCW 1.08.015(2)(k).

**48.102.011 Licensing requirements for providers. (1)**

A person, wherever located, may not act as a provider with an owner who is a resident of this state or if there is more than one owner on a single policy and one of the owners is a resident of this state, without first having obtained a license from the commissioner.

(2) An application for a provider license must be made to the commissioner by the applicant on a form prescribed by the commissioner, and the application must be accompanied by a licensing fee in the amount of two hundred fifty dollars for deposit into the general fund.

(3) All provider licenses continue in force until suspended, revoked, or not renewed. A license is subject to renewal annually on the first day of July upon application of the provider and payment of a renewal fee of two hundred fifty dollars for deposit into the general fund. If not so renewed, the license automatically expires on the renewal date.

(a) If the renewal fee is not received by the commissioner prior to the expiration date, the provider must pay to the commissioner in addition to the renewal fee, a surcharge as follows:

(i) For the first thirty days or part thereof delinquency the surcharge is fifty percent of the renewal fee;

(ii) For the next thirty days or part thereof delinquency the surcharge is one hundred percent of the renewal fee;

(b) If the renewal fee is not received by the commissioner after sixty days but prior to twelve months after the expiration date the payment of the renewal fee is for reinstatement of the license and the provider must pay to the commissioner the renewal fee and a surcharge of two hundred percent.

(4) Subsection (3)(a) and (b) of this section does not exempt any person from any penalty provided by law for transacting a life settlement business without a valid and subsisting license.

(5) The applicant must provide information as the commissioner may require on forms prescribed by the commissioner. The commissioner has the authority, at any time, to require an applicant to fully disclose the identity of its stockholders, partners, officers, and employees, and the commissioner may, in the exercise of the commissioner's sole discretion, refuse to issue a license in the name of any person if not satisfied that any officer, employee, stockholder, or partner thereof who may materially influence the applicant's conduct meets the standards of this chapter.

(6) A license issued to a partnership, corporation, or other entity authorizes all members, officers, and designated employees to act as a licensee under the license, if those persons are named in the application and any supplements to the application.

(7) Upon the filing of an application for a provider's license and the payment of the license fee, the commissioner

must make an investigation of each applicant and may issue a license if the commissioner finds that the applicant:

(a) Has provided a detailed plan of operation;

(b) Is competent and trustworthy and intends to transact its business in good faith;

(c) Has a good business reputation and has had experience, training, or education so as to be qualified in the business for which the license is applied;

(d)(i) Has demonstrated evidence of financial responsibility in a form and in an amount prescribed by the commissioner by rule.

(ii) The commissioner may ask for evidence of financial responsibility at any time the commissioner deems necessary;

(e) If the applicant is a legal entity, is formed or organized pursuant to the laws of this state, is a foreign legal entity authorized to transact business in this state, or provides a certificate of good standing from the state of its domicile; and

(f) Has provided to the commissioner an antifraud plan that meets the requirements of RCW 48.102.140 and includes:

(i) A description of the procedures for detecting and investigating possible fraudulent acts and procedures for resolving material inconsistencies between medical records and insurance applications;

(ii) A description of the procedures for reporting fraudulent insurance acts to the commissioner;

(iii) A description of the plan for antifraud education and training of its underwriters and other personnel; and

(iv) A written description or chart outlining the arrangement of the antifraud personnel who are responsible for the investigation and reporting of possible fraudulent insurance acts and investigating unresolved material inconsistencies between medical records and insurance applications.

(8)(a) A nonresident provider must appoint the commissioner as its attorney to receive service of, and upon whom must be served, all legal process issued against it in this state upon causes of action arising within this state. Service upon the commissioner as attorney constitutes service upon the provider. Service of legal process against the provider can be had only by service upon the commissioner.

(b) With the appointment the provider must designate the person to whom the commissioner must forward legal process so served upon him or her. The provider may change the person by filing a new designation.

(c) The appointment of the commissioner as attorney is irrevocable, binds any successor in interest or to the assets or liabilities of the provider, and remains in effect as long as there is in this state any contract made by the provider or liabilities or duties arising therefrom.

(d) Duplicate copies of legal process against a provider for whom the commissioner is attorney shall be served upon him or her either by a person competent to serve summons, or by registered mail. At the time of service the plaintiff shall pay to the commissioner ten dollars, taxable as costs in the action.

(e) The commissioner shall immediately send one of the copies of the process, by registered mail with return receipt requested, to the person designated for the purpose by the provider in its most recent designation filed with the commissioner.

(f) The commissioner shall keep a record of the day and hour of service upon him or her of all legal process. Proceedings shall not be had against the provider, and the provider shall not be required to appear, plead, or answer until the expiration of forty days after the date of service upon the commissioner.

(9) A provider may not use any person to perform the functions of a broker unless the person is authorized to act as a broker under this chapter.

(10) A provider must provide to the commissioner new or revised information about officers, stockholders, partners, directors, members, or designated employees within thirty days of the change. [2010 c 27 § 5; 2009 c 104 § 3.]

**48.102.021 Licensing requirements for brokers.** (1)

Only a life insurance producer who has been duly licensed as a resident insurance producer with a lifeline of authority in this state or his or her home state for at least one year and is licensed as a nonresident producer in this state is permitted to operate as a broker.

(2) Not later than thirty days from the first day of operating as a broker, the life insurance producer shall notify the commissioner that he or she intends acting as a broker on a form prescribed by the commissioner, pay a fee of one hundred dollars, and if a nonresident producer appoint the commissioner as attorney for service of process under subsection (6) of this section. Notification shall include an acknowledgement by the life insurance producer that he or she will operate as a broker in accordance with this chapter.

(3) A person licensed as an attorney, certified public accountant, or financial planner accredited by a nationally recognized accreditation agency, who is retained to represent the owner, whose compensation is not paid directly or indirectly by the provider or purchaser, may negotiate life settlement contracts on behalf of the owner without having to obtain a license as a broker.

(4) The authority to act as a broker shall continue in force until suspended, revoked, or not renewed. The authority to act as a broker shall automatically expire if not timely renewed. The authority to act as a broker shall be valid for a time period coincident with the expiration date of the broker's insurance producer license. The authority to act as a broker is renewable at that time, upon payment of a renewal fee in the amount of one hundred dollars and if the payment is received by the commissioner prior to the expiration date, the broker's authority to act as a broker continues in effect.

(a) If the renewal fee is not received by the commissioner prior to the expiration date, the broker shall pay to the commissioner in addition to the renewal fee, a surcharge as follows:

(i) For the first thirty days or part thereof of delinquency the surcharge is fifty percent of the renewal fee;

(ii) For the next thirty days or part thereof delinquency the surcharge is one hundred percent of the renewal fee;

(b) If the payment of the renewal fee is not received by the commissioner after sixty days the surcharge is two hundred percent of the renewal fee.

(5) Subsection (4)(a) of this section does not exempt any person from any penalty provided by law for transacting life settlement business without the valid authority to act as a broker.

(6)(a) A nonresident broker shall appoint the commissioner as its attorney to receive service of, and upon whom shall be served, all legal process issued against it in this state upon causes of action arising within this state. Service upon the commissioner as attorney shall constitute service upon the broker. Service of legal process against the broker can be had only by service upon the commissioner.

(b) With the appointment the broker shall designate the person to whom the commissioner shall forward legal process so served upon him or her. The broker may change the person by filing a new designation.

(c) The appointment of the commissioner as attorney shall be irrevocable, shall bind any successor in interest or to the assets or liabilities of the broker, and shall remain in effect as long as there is in this state any contract made by the broker or liabilities or duties arising therefrom.

(d) Duplicate copies of legal process against a broker for whom the commissioner is attorney shall be served upon him or her either by a person competent to serve summons, or by registered mail. At the time of service the plaintiff shall pay to the commissioner ten dollars, taxable as costs in the action.

(e) The commissioner shall immediately send one of the copies of the process, by registered mail with return receipt requested, to the person designated for the purpose by the broker in its most recent designation filed with the commissioner.

(f) The commissioner shall keep a record of the day and hour of service upon him or her of all legal process. Proceedings shall not be had against the broker, and the broker shall not be required to appear, plead, or answer until the expiration of forty days after the date of service upon the commissioner.

(7) A broker may not use any person to perform the functions of a provider unless such a person holds a current, valid license as a provider, and as provided in this chapter. [2009 c 104 § 4.]

**48.102.031 License suspension, revocation, or refusal to renew—Fines.** (1) If the commissioner finds that a broker:

(a) Committed a fraudulent life settlement act;

(b) Or any officer, partner, member, or director has been guilty of fraudulent or dishonest practices, is subject to a final administrative action, or is otherwise shown to be untrustworthy or incompetent to act as a licensee;

(c) Or any officer, partner, member, or director has been convicted of a felony, or of any misdemeanor of which criminal fraud is an element; or the licensee has pleaded guilty or nolo contendere with respect to any felony or any misdemeanor of which criminal fraud or moral turpitude is an element, regardless whether a judgment of conviction has been entered by the court; or

(d) Has violated any of the provisions of this chapter or fails to comply with any proper order or regulation of the commissioner;

then such action shall be an additional cause under RCW 48.17.530 to place on probation, suspend, revoke, or refuse to renew the insurance producer's license of the broker.

The procedure to suspend, revoke, or nonrenew the broker's insurance producer license shall be governed by RCW 48.17.540. The suspension, revocation, or nonrenewal of the

broker's insurance producer license shall terminate the insurance producer's authority to act as a broker under this chapter.

(2) The commissioner may refuse, suspend, revoke, or refuse to renew a provider's license if the commissioner finds that:

(a) The provider committed a fraudulent life settlement act;

(b) There was any material misrepresentation in the provider's application for its license;

(c) The provider or any officer, partner, member, or director has been guilty of fraudulent or dishonest practices, is subject to a final administrative action, or is otherwise shown to be untrustworthy or incompetent to act as a licensee;

(d) The provider demonstrates a pattern of unreasonably withholding payments to policy owners;

(e) The provider no longer meets the requirements for initial licensure or authority to act as a provider;

(f) The provider or any officer, partner, member, or director has been convicted of a felony, or of any misdemeanor of which criminal fraud is an element; or the provider has pleaded guilty or nolo contendere with respect to any felony or any misdemeanor of which criminal fraud or moral turpitude is an element, regardless whether a judgment of conviction has been entered by the court;

(g) The provider has entered into any life settlement contract that has not been approved under this chapter;

(h) The provider has failed to honor contractual obligations set out in a life settlement contract;

(i) The provider has assigned, transferred, or pledged a settled policy to a person other than a provider licensed in this state, a purchaser, an accredited investor or qualified institutional buyer as defined, respectively, in regulation D, rule 501 or rule 144A of the federal securities act of 1933, as amended, a financing entity, a special purpose entity, or a related provider trust; or

(j) The provider or any officer, partner, member, or key management personnel has violated any of the provisions of this chapter or fails to comply with any proper order or regulation of the commissioner.

(3) The commissioner shall give the provider notice of his or her intention to suspend, revoke, or not renew its license not less than ten days before the order of suspension, revocation, or nonrenewal is to become effective. The commissioner shall not suspend a provider's license for a period in excess of one year, and the commissioner shall state in the order of suspension the period during which it shall be effective.

(4) After hearing or with the consent of the provider or broker and in addition to or in lieu of the suspension, revocation, or refusal to renew any license, the commissioner may levy a fine upon the provider or broker or its employees in an amount not less than two hundred fifty dollars and not more than ten thousand dollars. The order levying the fine shall specify the period within which the fine shall be fully paid and which period shall not be less than fifteen nor more than thirty days from the date of the order. Upon failure to pay the fine when due the commissioner shall revoke the license of the provider or the insurance producer license of the broker if not already revoked, and the fine shall be recovered in a civil

action brought on behalf of the commissioner by the attorney general. Any fine so collected shall be paid by the commissioner to the state treasurer for the account of the general fund. [2009 c 104 § 5.]

**48.102.041 Contract requirements.** (1) A person may not use any form of life settlement contract in this state unless it has been filed with and approved, if required, by the commissioner in a manner that conforms with the filing procedures and any time restrictions or deeming provisions, if any, for life insurance forms, policies, and contracts.

(2) An insurer may not, as a condition of responding to a request for verification of coverage or in connection with the transfer of a policy pursuant to a life settlement contract, require that the owner, insured, provider, or broker sign any form, disclosure, consent, waiver, or acknowledgment that has not been expressly approved by the commissioner for use in connection with life settlement contracts in this state.

(3) A person shall not use a life settlement contract form or provide to an owner a disclosure statement form in this state unless first filed with and approved by the commissioner. The commissioner shall disapprove a life settlement contract form or disclosure statement form if, in the commissioner's opinion, the contract or provisions contained therein fail to meet the requirements of RCW 48.102.070, 48.102.080, 48.102.110, and 48.102.150 or are unreasonable, contrary to the interests of the public, or otherwise misleading or unfair to the owner. At the commissioner's discretion, the commissioner may require the submission of advertising material. [2009 c 104 § 6.]

**48.102.046 Reporting requirements and record retention.** (1) Each provider shall file with the commissioner on or before March 1 of each year an annual statement containing such information as the commissioner may prescribe by rule. In addition to any other requirements, for any policy settled within five years of policy issuance, the annual statement shall specify the total number, aggregate face amount, and life settlement proceeds of policies settled during the immediately preceding calendar year, together with a breakdown of the information by policy issue year.

(2) Every provider that fails to file an annual statement as required in this section, or fails to reply within thirty calendar days to a written inquiry by the commissioner in connection therewith, shall, in addition to other penalties provided by this chapter, be subject, upon due notice and opportunity to be heard, to a penalty of up to fifty dollars per day of delay, not to exceed twenty-five thousand dollars in the aggregate, for each such failure.

(3) Records of all consummated transactions and life settlement contracts shall be maintained by the provider for three years after the death of the insured and shall be available to the commissioner for inspection during reasonable business hours. [2009 c 104 § 7.]

**48.102.051 Privacy.** (1) Except as otherwise allowed or required by law, a provider, broker, purchaser, insurance company, insurance producer, information bureau, rating agency or company, or any other person with actual knowledge of an insured's identity, shall not disclose the identity of

an insured or information that there is a reasonable basis to believe could be used to identify the insured or the insured's financial or medical information to any other person unless the disclosure:

(a) Is necessary to effect a life settlement contract between the owner and a provider and the owner and insured have provided prior written consent to the disclosure;

(b) Is necessary to effectuate the sale of life settlement contracts, or interests therein, as investments, provided (i) the sale is conducted in accordance with applicable state and federal securities law, and (ii) the owner and the insured have both provided prior written consent to the disclosure;

(c) Is provided in response to an investigation or examination by the commissioner or any other governmental officer or agency or pursuant to the requirements of RCW 48.102.061, 48.102.140, and 48.102.150;

(d) Is a term or condition to the transfer of a policy by one provider to another provider, in which case the receiving provider shall be required to comply with the confidentiality requirements of this subsection;

(e) Is necessary to allow the provider or broker or their authorized representatives to make contacts for the purpose of determining health status.

(i) For the purposes of this section, the "authorized representative" does not include any person who has or may have any financial interest in the settlement contract other than a provider, licensed broker, financing entity, related provider trust, or special purpose entity.

(ii) A provider or broker shall require its authorized representative to agree in writing to adhere to the privacy provisions of this chapter; or

(f) Is required to purchase stop loss coverage.

(2) Nonpublic personal information solicited or obtained in connection with a proposed or actual life settlement contract shall be subject to the provisions applicable to financial institutions under the federal Gramm Leach Bliley act, P.L. 106-102 (1999).

(3) Names and individual identification data for all owners and insureds shall be considered private and confidential information and shall not be disclosed by the commissioner unless required by law. [2009 c 104 § 8.]

**48.102.061 Examination.** (1) Any life settlement provider, broker, or person licensed or regulated by this chapter shall be subject to the provisions of chapters 48.03 and 48.37 RCW, except as otherwise explicitly exempted or modified in this chapter.

(2) For the purpose of ascertaining its condition, or compliance with this title, the commissioner may as often as the commissioner finds advisable examine the accounts, records, documents, and transactions of:

(a) Any life settlement provider, broker, or person licensed or regulated under this chapter;

(b) Any person having a contract under which he or she enjoys in fact the exclusive or dominant right to manage or control a provider or broker; and

(c) Any person holding the shares of capital stock of a provider or broker for the purpose of control of its management either as voting trustee or otherwise.

(3) In lieu of an examination or market conduct oversight activity under this chapter of any foreign or alien licensee

licensed in this state, the commissioner may, at the commissioner's discretion, accept an examination report or market conduct oversight action on the provider or broker as prepared by the commissioner for the provider's or broker's state of domicile or port-of-entry state.

(4)(a) Every examination, whatsoever, or any part of the examination of any person licensed or regulated under this chapter shall be at the expense of the person examined. RCW 48.03.060 (1) and (2) are not applicable to persons licensed or regulated under this chapter.

(b) When making an examination under this section, the commissioner may retain attorneys, appraisers, independent actuaries, independent certified public accountants, or other professionals and specialists as examiners, the cost of which shall be borne by the person who is the subject of the examination.

(c) The person examined and liable therefore shall reimburse the state upon presentation of an itemized statement thereof, for the actual travel expenses of the commissioner's examiners, their reasonable living expense allowance, and their per diem compensation, including salary and the employer's cost of employee benefits, at a reasonable rate approved by the commissioner, incurred on account of the examination. Per diem salary and expenses for employees shall be established by the commissioner on the basis of the national association of insurance commissioner's recommended salary and expense schedule for zone examiners, or the salary schedule established by the Washington personnel resources board and the expense schedule established by the office of financial management, whichever is higher.

(d) The commissioner or the commissioner's examiners shall not receive or accept any additional emolument on account of any examination.

(5) Nothing contained in this section limits the commissioner's authority to terminate or suspend any examination or market conduct oversight activities in order to pursue other legal or regulatory action under the insurance laws of this state. Findings of fact and conclusions made pursuant to any order adopting an examination report are prima facie evidence in any legal or regulatory action. [2009 c 104 § 9.]

**48.102.070 Advertising.** (1) A broker, or provider licensed pursuant to this chapter, may conduct or participate in advertisements within this state. These advertisements shall comply with all advertising and marketing laws or rules adopted by the commissioner that are applicable to life insurers or to brokers, and providers licensed pursuant to this chapter.

(2) Advertisements shall be accurate, truthful, and not misleading in fact or by implication.

(3) A person or trust shall not:

(a) Directly or indirectly, market, advertise, solicit, or otherwise promote the purchase of a policy, not previously issued, for the sole purpose of, or with the primary emphasis on, settling the policy; or

(b) Use the words "free," "no cost," or words of similar import in the marketing, advertising, soliciting or otherwise promoting of the purchase of a policy. [2009 c 104 § 10.]

**48.102.080 Disclosures to owners.** (1) The provider or broker shall provide in writing, or require the broker to provide, in a separate document that is signed by the owner and provider or broker, the following information to the owner no later than the date of application for a life settlement contract:

(a) The fact that possible alternatives to life settlement contracts exist, including, but not limited to, accelerated benefits offered by the issuer of the life insurance policy;

(b) The fact that some or all of the proceeds of a life settlement contract may be taxable and that assistance should be sought from a professional tax advisor;

(c) The fact that the proceeds from a life settlement contract could be subject to the claims of creditors;

(d) The fact that receipt of proceeds from a life settlement contract may adversely affect the recipients' eligibility for public assistance or other government benefits or entitlements and that advice should be obtained from the appropriate agencies;

(e) The fact that the owner has a right to terminate a life settlement contract within fifteen days of the date it is executed by all parties and the owner has received the disclosures required by this section. Rescission, if exercised by the owner, is effective only if both notice of the rescission is given, and the owner repays all proceeds and any premiums, loans, and loan interest paid on account of the provider within the rescission period. If the insured dies during the rescission period, the contract shall be deemed to have been rescinded subject to repayment by the owner or the owner's estate of all proceeds and any premiums, loans, and loan interest to the provider;

(f) The fact that proceeds will be sent to the owner within three business days after the provider has received the insurer or group administrator's acknowledgement that ownership of the policy or interest in the certificate has been transferred and the beneficiary has been designated in accordance with the terms of the life settlement contract;

(g) The fact that entering into a life settlement contract may cause other rights or benefits, including conversion rights and waiver of premium benefits that may exist under the policy to be forfeited by the owner and that assistance should be sought from a professional financial advisor;

(h) The date by which the funds will be available to the owner and the transmitter of the funds;

(i) The fact that the commissioner may require delivery of a buyer's guide or a similar consumer advisory package in the form prescribed by the commissioner to owners during the solicitation process;

(j) The disclosure document shall contain the following language:

"All medical, financial, or personal information solicited or obtained by a provider or broker about an insured, including the insured's identity or the identity of family members, a spouse or a significant other may be disclosed as necessary to effect the life settlement contract between the owner and provider. If you are asked to provide this information, you will be asked to consent to the disclosure. The information may be provided to someone who buys the policy or provides funds for the purchase. You may be asked to renew your permission to share information every two years.";

(k) A separate signed fraud warning as follows:

"Any person who knowingly presents false information in an application for insurance or life settlement contract is guilty of a crime and may be subject to fines and confinement in prison.";

(l) The fact that the insured may be contacted by either the provider or broker or its authorized representative for the purpose of determining the insured's health status or to verify the insured's address. This contact is limited to once every three months if the insured has a life expectancy of more than one year, and no more than once per month if the insured has a life expectancy of one year or less;

(m) The affiliation, if any, between the provider and the issuer of the insurance policy to be settled;

(n) That a broker represents exclusively the owner, and not the insurer or the provider or any other person, and owes a fiduciary duty to the owner, including a duty to act according to the owner's instructions and in the best interest of the owner;

(o) The document shall include the name, address, and telephone number of the provider;

(p) The name, business address, and telephone number of the independent third-party escrow agent, and the fact that the owner may inspect or receive copies of the relevant escrow or trust agreements or documents; and

(q) The fact that a change of ownership could in the future limit the insured's ability to purchase future insurance on the insured's life because there is a limit to how much coverage insurers will issue on one life.

(2) The written disclosures shall be conspicuously displayed in any life settlement contract furnished to the owner by a provider including any affiliations or contractual arrangements between the provider and the broker.

(3) A broker shall provide the owner and the provider with at least the following disclosures no later than the date the life settlement contract is signed by all parties. The disclosures shall be conspicuously displayed in the life settlement contract or in a separate document signed by the owner and provide the following information:

(a) The name, business address, and telephone number of the broker;

(b) A full, complete, and accurate description of all the offers, counter-offers, acceptances, and rejections relating to the proposed life settlement contract;

(c) A written disclosure of any affiliations or contractual arrangements between the broker and any person making an offer in connection with the proposed life settlement contracts;

(d) The name of each broker who receives compensation and the amount of compensation received by that broker, which compensation includes anything of value paid or given to the broker in connection with the life settlement contract;

(e) A complete reconciliation of the gross offer or bid by the provider to the net amount of proceeds or value to be received by the owner. For the purpose of this section, gross offer or bid means the total amount or value offered by the provider for the purchase of one or more life insurance policies, inclusive of commissions and fees; and

(f) The failure to provide the disclosures or rights described in this section is an unfair trade practice pursuant to RCW 48.102.180. [2009 c 104 § 11.]

**48.102.090 Disclosure by insurer.** In addition to other questions an insurance carrier may lawfully pose to a life insurance applicant, insurance carriers may inquire in the application for insurance whether the proposed owner intends to pay premiums with the assistance of financing from a lender that will use the policy as collateral to support the financing.

(1) If, as described in RCW 48.102.006, the loan provides funds which can be used for a purpose other than paying for the premiums, costs, and expenses associated with obtaining and maintaining the life insurance policy and loan, the application shall be rejected as a violation of the prohibited practices in RCW 48.102.130.

(2) If the financing does not violate RCW 48.102.130 in this manner, the insurance carrier:

(a) May make disclosures, including but not limited to the applicant and the insured, either on the application or an amendment to the application to be completed no later than the delivery of the policy:

"If you have entered into a loan arrangement where the policy is used as collateral, and the policy does change ownership at some point in the future in satisfaction of the loan, the following may be true:

(i) A change of ownership could lead to a stranger owning an interest in the insured's life;

(ii) A change of ownership could in the future limit your ability to purchase future insurance on the insured's life because there is a limit to how much coverage insurers will issue on one life;

(iii) Should there be a change of ownership and you wish to obtain more insurance coverage on the insured's life in the future, the insured's higher issue age, a change in health status, and/or other factors may reduce the ability to obtain coverage and/or may result in significantly higher premiums;

(iv) You should consult a professional advisor, since a change in ownership in satisfaction of the loan may result in tax consequences to the owner, depending on the structure of the loan"; and

(b) May require certifications, such as the following, from the applicant and/or the insured:

"(i) I have not entered into any agreement or arrangement providing for the future sale of this life insurance policy;

(ii) My loan arrangement for this policy provides funds sufficient to pay for some or all of the premiums, costs, and expenses associated with obtaining and maintaining my life insurance policy, but I have not entered into any agreement by which I am to receive consideration in exchange for procuring this policy; and

(iii) The borrower has an insurable interest in the insured." [2009 c 104 § 12.]

**48.102.100 Notice to insured of alternative transactions—Document approved by commissioner.** (1) With respect to each policy issued by an insurance company, the insurance company shall notify the owner of an individual life insurance policy when the insured person under such a policy is age sixty or older, or is known to be terminally ill or chronically ill, that there may be alternative transactions available to that owner at the time of each of the following:

(a) When a life insurance company receives from such an owner a request to surrender, in whole or in part, an individual policy;

(b) When a life insurance company receives from such an owner a request to receive an accelerated death benefit under an individual policy;

(c) When a life insurance company sends to such an owner all notices of lapse of an individual policy; or

(d) At any other time that the commissioner may require by rule.

(2)(a) The commissioner shall approve a document calculated to appraise the consumer of his or her rights as an owner of a life insurance policy. The document shall be made available at no cost to all insurance companies and life insurance producers and written in lay terms.

(b) The document shall advise the consumer:

(i) That life insurance is a critical part of a broader financial plan, and that the consumer is encouraged, and has a right, to seek additional financial advice and opinions;

(ii) That possible alternatives to lapse exist; and

(iii) Of the definitions of common industry terms.

(c) In addition to the information described in (a) and (b) of this subsection, the document must contain the following statement in large, bold, or otherwise conspicuous typeface calculated to draw the eye: "Life insurance is a critical part of a broader financial plan. There are many options available, and you have the right to shop around and seek advice from different financial advisers in order to find the option best suited to your needs."

(d) The document may include brief descriptions of common products available from providers. These products must be discussed in general terms for informative purposes only, and not identifiable to any specific provider.

(e) The document will be considered part of the notice required in subsection (1) of this section. [2009 c 104 § 13.]

**48.102.110 General rules.** (1) A provider entering into a life settlement contract with any owner of a policy, wherein the insured is terminally or chronically ill, shall first obtain:

(a) If the owner is the insured, a written statement from a licensed attending physician that the owner is of sound mind and under no constraint or undue influence to enter into a settlement contract; and

(b) A document in which the insured consents to the release of his or her medical records to a provider, settlement broker, or insurance producer and, if the policy was issued less than two years from the date of application for a settlement contract, to the insurance company that issued the policy.

(2) The insurer shall respond to a request for verification of coverage submitted by a provider, settlement broker, or life insurance producer not later than thirty calendar days of the date the request is received. The request for verification of coverage must be made on a form approved by the commissioner. The insurer shall complete and issue the verification of coverage or indicate in which respects it is unable to respond. In its response, the insurer shall indicate whether, based on the medical evidence and documents provided, the insurer intends to pursue an investigation at this time regarding the validity of the insurance contract.

(3) Before or at the time of execution of the settlement contract, the provider shall obtain a witnessed document in which the owner consents to the settlement contract, represents that the owner has a full and complete understanding of the settlement contract, that the owner has a full and complete understanding of the benefits of the policy and acknowledges that the owner is entering into the settlement contract freely and voluntarily, and, for persons with a terminal or chronic illness or condition, acknowledges that the insured has a terminal or chronic illness and that the terminal or chronic illness or condition was diagnosed after the policy was issued.

(4) The insurer shall not unreasonably delay effecting change of ownership or beneficiary with any life settlement contract lawfully entered into in this state or with a resident of this state.

(5) If a settlement broker or life insurance producer performs any of these activities required of the provider, the provider is deemed to have fulfilled the requirements of this section.

(6) If a broker performs the verification of coverage activities required of the provider, the provider has fulfilled the requirements of RCW 48.102.080(1).

(7) Within twenty days after an owner executes the life settlement contract, the provider shall give written notice to the insurer that issued that insurance policy that the policy has become subject to a life settlement contract. The notice shall be accompanied by the documents required by RCW 48.102.090(2).

(8) All medical information solicited or obtained by any licensee shall be subject to the applicable provision of state law relating to confidentiality of medical information, if not otherwise provided in this chapter.

(9) All life settlement contracts entered into in this state shall provide that the owner may rescind the contract on or before fifteen days after the date it is executed by all parties thereto. Rescission, if exercised by the owner, is effective only if both notice of the rescission is given, and the owner repays all proceeds and any premiums, loans, and loan interest paid on account of the provider within the rescission period. If the insured dies during the rescission period, the contract is considered rescinded subject to repayment by the owner or the owner's estate of all proceeds and any premiums, loans, and loan interest to the provider.

(10) Within three business days after receipt from the owner of documents to effect the transfer of the insurance policy, the provider shall pay the proceeds of the settlement to an escrow or trust account managed by a trustee or escrow agent in a state or federally chartered financial institution pending acknowledgement of the transfer by the issuer of the policy. The trustee or escrow agent shall be required to transfer the proceeds due to the owner within three business days of acknowledgement of the transfer from the insurer.

(11) Failure to tender the life settlement contract proceeds to the owner by the date disclosed to the owner renders the contract voidable by the owner for lack of consideration until the time the proceeds are tendered to and accepted by the owner. A failure to give written notice of the right of rescission under this section tolls the right of rescission until thirty days after the written notice of the right of rescission has been given.

(12) Any fee paid by a provider, party, individual, or an owner to a broker in exchange for services provided to the owner pertaining to a life settlement contract shall be computed as a percentage of the offer obtained, not the face value of the policy. This section does not prohibit a broker from reducing the broker's fee below this percentage if the broker so chooses.

(13) The broker shall disclose to the owner anything of value paid or given to a broker, which relate to a life settlement contract.

(14) A person at any time prior to, or at the time of, the application for, or issuance of, a policy, or during a two-year period commencing with the date of issuance of the policy, shall not enter into a life settlement regardless of the date the compensation is to be provided and regardless of the date the assignment, transfer, sale, devise, bequest, or surrender of the policy is to occur. This prohibition shall not apply if the owner certifies to the provider that:

(a) The policy was issued upon the owner's exercise of conversion rights arising out of a group or individual policy, provided the total of the time covered under the conversion policy plus the time covered under the prior policy is at least twenty-four months. The time covered under a group policy must be calculated without regard to a change in insurance carriers, provided the coverage has been continuous and under the same group sponsorship; or

(b) The owner submits independent evidence to the provider that one or more of the following conditions have been met within the two-year period:

(i) The owner or insured is terminally or chronically ill;

(ii) The owner or insured disposes of his or her ownership interests in a closely held corporation, pursuant to the terms of a buyout or other similar agreement in effect at the time the insurance policy was initially issued;

(iii) The owner's spouse dies;

(iv) The owner divorces his or her spouse;

(v) The owner retires from full-time employment;

(vi) The owner becomes physically or mentally disabled and a physician determines that the disability prevents the owner from maintaining full-time employment; or

(vii) A final order, judgment, or decree is entered by a court of competent jurisdiction, on the application of a creditor of the owner, adjudicating the owner bankrupt or insolvent, or approving a petition seeking reorganization of the owner or appointing a receiver, trustee, or liquidator to all or a substantial part of the owner's assets;

(c) Copies of the independent evidence required by (b) of this subsection shall be submitted to the insurer when the provider submits a request to the insurer for verification of coverage. The copies shall be accompanied by a letter of attestation from the provider that the copies are true and correct copies of the documents received by the provider. This section does not prohibit an insurer from exercising its right to contest the validity of any policy;

(d) If the provider submits to the insurer a copy of independent evidence provided for in (b)(i) of this subsection when the provider submits a request to the insurer to effect the transfer of the policy to the provider, the copy is deemed to establish that the settlement contract satisfies the requirements of this section. [2009 c 104 § 14.]

**48.102.120 Conflict of laws.** (1) If there is more than one owner on a single policy, and the owners are residents of different states, the life settlement contract shall be governed by the law of the state in which the owner having the largest percentage ownership resides or, if the owners hold equal ownership, the state of residence of one owner agreed upon in writing by all of the owners. The law of the state of the insured shall govern in the event that equal owners fail to agree in writing upon a state of residence for jurisdictional purposes.

(2) A provider from this state who enters into a life settlement contract with an owner who is a resident of another state that has enacted statutes or adopted regulations governing life settlement contracts, shall be governed in the effectuation of that life settlement contract by the statutes and regulations of the owner's state of residence. If the state in which the owner is a resident has not enacted statutes or regulations governing life settlement contracts, the provider shall give the owner notice that neither state regulates the transaction upon which he or she is entering. For transactions in those states, however, the provider is to maintain all records required if the transactions were executed in the state of residence. The forms used in those states need not be approved by the commissioner.

(3) If there is a conflict in the laws that apply to an owner and a purchaser in any individual transaction, the laws of the state that apply to the owner shall take precedence and the provider shall comply with those laws. [2009 c 104 § 15.]

**48.102.130 Prohibited practices.** (1) It is unlawful for any person to:

(a) Enter into a life settlement contract if such person knows or reasonably should have known that the life insurance policy was obtained by means of a false, deceptive or misleading application for such policy;

(b) Engage in any transaction, practice, or course of business if such person knows or reasonably should have known that the intent was to avoid the notice requirements of this chapter;

(c) Engage in any fraudulent act or practice in connection with any transaction relating to any settlement involving an owner who is a resident of this state;

(d) Issue, solicit, market, or otherwise promote the purchase of an insurance policy, not previously issued, for the sole purpose of, or with the primary emphasis on, settling the policy;

(e) If providing premium financing, receive any proceeds, fees, or other consideration from the policy or owner of the policy that are in addition to the amounts required to pay principal, interest, and any costs or expenses incurred by the lender or borrower in connection with the premium finance agreement, except for the event of a default, unless either the default on such a loan or transfer of the policy occurs pursuant to an agreement or understanding with any other person for the purpose of evading regulation under this chapter. Any payments, charges, fees, or other amounts received by a person providing premium financing in violation of this subsection shall be remitted to the original owner of the policy or to the original owner's estate if the original owner is not living at the time of the determination of overpayment;

(f) With respect to any settlement contract or insurance policy and a broker, knowingly solicit an offer from, effectuate a life settlement contract with, or make a sale to any provider, financing entity, or related provider trust that is controlling, controlled by, or under common control with such broker unless this relationship is disclosed to the owner;

(g) With respect to any life settlement contract or insurance policy and a provider, knowingly enter into a life settlement contract with an owner, if, in connection with such life settlement contract, anything of value will be paid to a broker that is controlling, controlled by, or under common control with such provider or the financing entity or related provider trust that is involved in such settlement contract, unless this relationship is disclosed to the owner;

(h) With respect to a provider, enter into a life settlement contract unless the life settlement promotional, advertising, and marketing materials, as may be prescribed by rule, have been filed with the commissioner. In no event shall any marketing materials expressly reference that the insurance is "free" for any period of time. The inclusion of any reference in the marketing materials that would cause an owner to reasonably believe that the insurance is free for any period of time is a violation of this chapter;

(i) With respect to any life insurance producer, insurance company, broker, or provider make any statement or representation to the applicant or policyholder in connection with the sale or financing of a life insurance policy to the effect that the insurance is free or without cost to the policyholder for any period of time unless provided in the policy; or

(j) With respect to an insurer, engage in any transaction, act, practice, or course of business or dealing which restricts, limits, or impairs in any way the lawful transfer of ownership, change of beneficiary, or assignment of a policy.

(2) A violation of this section constitutes a fraudulent life settlement act. [2009 c 104 § 16.]

**48.102.140 Fraud prevention and control.** (1)(a) A person shall not commit a fraudulent life settlement act.

(b) A person shall not knowingly and intentionally interfere with the enforcement of this chapter or investigations of suspected or actual violations of this chapter.

(c) A person in the business of life settlements shall not knowingly or intentionally permit any person convicted of a felony involving dishonesty or breach of trust to participate in the business of life settlements.

(2)(a) Life settlement contracts and applications for life settlement contracts, regardless of the form of transmission, shall contain the following statement or a substantially similar statement:

"Any person who knowingly presents false information in an application for insurance or life settlement contract is guilty of a crime and may be subject to fines and confinement in prison."

(b) The lack of a statement as required in (a) of this subsection does not constitute a defense in any prosecution for a fraudulent life settlement act.

(3)(a) Any person engaged in the business of life settlements having knowledge or a reasonable belief that a fraudulent life settlement act is being, will be, or has been committed shall provide to the commissioner the information

required by, and in a manner prescribed by, the commissioner.

(b) Any other person having knowledge or a reasonable belief that a fraudulent life settlement act is being, will be, or has been committed may provide to the commissioner the information required by, and in a manner prescribed by, the commissioner.

(4)(a) Civil liability shall not be imposed on and no cause of action shall arise from a person's furnishing information concerning suspected, anticipated, or completed fraudulent life settlement acts or suspected or completed fraudulent insurance acts, if the information is provided to or received from:

(i) The commissioner or the commissioner's employees, agents, or representatives;

(ii) Federal, state, or local law enforcement or regulatory officials or their employees, agents, or representatives;

(iii) A person involved in the prevention and detection of fraudulent life settlement acts or that person's agents, employees, or representatives;

(iv) Any regulatory body or their employees, agents, or representatives, overseeing life insurance, life settlements, securities, or investment fraud;

(v) The life insurer that issued the life insurance policy covering the life of the insured; or

(vi) Either a broker or provider, or both and any agents, employees, or representatives.

(b) Subsection (4)(a) of this section shall not apply to statements made with actual malice. In an action brought against a person for filing a report or furnishing other information concerning a fraudulent life settlement act or a fraudulent insurance act, the party bringing the action shall plead specifically any allegation that (a) of this subsection does not apply because the person filing the report or furnishing the information did so with actual malice.

(c) A person identified in (a) of this subsection shall be entitled to an award of attorneys' fees and costs if he or she is the prevailing party in a civil cause of action for libel, slander, or any other relevant tort arising out of activities in carrying out the provisions of this chapter and the party bringing the action was not substantially justified in doing so. For purposes of this section a proceeding is "substantially justified" if it had a reasonable basis in law or fact at the time that it was initiated.

(d) This section does not abrogate or modify common law or statutory privileges or immunities enjoyed by a person described in (a) of this subsection.

(5)(a) The documents and evidence provided pursuant to subsection (4) of this section or obtained by the commissioner in an investigation of suspected or actual fraudulent life settlement acts shall be privileged and confidential and shall not be a public record and shall not be subject to discovery or subpoena in a civil or criminal action.

(b) Subsection (5)(a) of this section does not prohibit release by the commissioner of documents and evidence obtained in an investigation of suspected or actual fraudulent life settlement acts:

(i) In administrative or judicial proceedings to enforce laws administered by the commissioner;

(ii) To federal, state, or local law enforcement or regulatory agencies, to an organization established for the purpose

of detecting and preventing fraudulent life settlement acts, or to the national association of insurance commissioners; or

(iii) At the discretion of the commissioner, to a person in the business of life settlements that is aggrieved by a fraudulent life settlement act.

(c) Release of documents and evidence under (b) of this subsection does not abrogate or modify the privilege granted in (a) of this subsection.

(6) This chapter does not:

(a) Preempt the authority or relieve the duty of other law enforcement or regulatory agencies to investigate, examine, and prosecute suspected violations of law;

(b) Preempt, supersede, or limit any provision of chapter 21.20 RCW or any rule, order, or notice issued thereunder;

(c) Prevent or prohibit a person from disclosing voluntarily information concerning life settlement fraud to a law enforcement or regulatory agency other than the commissioner; or

(d) Limit the powers granted elsewhere by the laws of this state to the commissioner or an insurance fraud unit to investigate and examine possible violations of law and to take appropriate action against wrongdoers.

(7)(a) Providers and brokers shall have in place antifraud initiatives reasonably calculated to detect, prosecute, and prevent fraudulent life settlement acts. At the discretion of the commissioner, the commissioner may order, or either a broker or provider, or both may request and the commissioner may grant, such modifications of the following required initiatives as necessary to ensure an effective antifraud program. The modifications may be more or less restrictive than the required initiatives so long as the modifications may reasonably be expected to accomplish the purpose of this section. Antifraud initiatives shall include:

(i) Fraud investigators, who may be provider or broker employees or independent contractors; and

(ii) An antifraud plan, which shall be submitted to the commissioner. The antifraud plan shall include, but not be limited to:

(A) A description of the procedures for detecting and investigating possible fraudulent life settlement acts and procedures for resolving material inconsistencies between medical records and insurance applications;

(B) A description of the procedures for reporting possible fraudulent life settlement acts to the commissioner;

(C) A description of the plan for antifraud education and training of underwriters and other personnel; and

(D) A description or chart outlining the organizational arrangement of the antifraud personnel who are responsible for the investigation and reporting of possible fraudulent life settlement acts and investigating unresolved material inconsistencies between medical records and insurance applications.

(b) Antifraud plans submitted to the commissioner shall be privileged and confidential and shall not be a public record and shall not be subject to discovery or subpoena in a civil or criminal action. [2009 c 104 § 17.]

**48.102.150 Enforcement.** (1) The commissioner may conduct investigations to determine whether any person has violated any provision of this chapter.

(2) If the commissioner has cause to believe that any person is violating or is about to violate any provision of this title or any regulation or order of the commissioner, the commissioner may:

- (a) Issue a cease and desist order; and/or
- (b) Bring an action in any court of competent jurisdiction to enjoin the person from continuing the violation or doing any action in furtherance thereof. [2009 c 104 § 18.]

**48.102.160 Penalties.** (1) For the purpose of this section, an act is committed in this state if it is committed, in whole or in part, in the state of Washington, or affects persons or property within this state and relates to or involves a life settlement contract.

(2) It is a violation of this chapter for any person, provider, broker, or any other party related to the business of life settlements, to commit a fraudulent life settlement act.

(3) For criminal liability purposes, a person that knowingly commits a fraudulent life settlement act is guilty of a class B felony punishable under chapter 9A.20 RCW.

(4) Any person who knowingly acts as a life settlement provider without being licensed by the commissioner is guilty of a class B felony punishable under chapter 9A.20 RCW.

(5) Any person who knowingly acts as a life settlement broker without the proper authorization under this chapter is guilty of a class B felony punishable under chapter 9A.20 RCW.

(6) Any criminal penalty imposed under this section is in addition to, and not in lieu of, any other civil or administrative penalty or sanction otherwise authorized under state law.

(7) If the commissioner has cause to believe that any person has:

- (a) Knowingly acted as a life settlement provider without being licensed by the commissioner; or
- (b) Knowingly acted as a life settlement broker without the proper authorization under RCW 48.102.021;

the commissioner may assess a civil penalty of not more than twenty-five thousand dollars for each violation, after providing notice and an opportunity for a hearing in accordance with chapters 34.05 and 48.04 RCW.

(8) Upon failure to pay a civil penalty when due, the attorney general may bring a civil action on behalf of the commissioner to recover the unpaid penalty. Any amounts collected by the commissioner must be paid to the state treasurer for the account of the general fund. [2009 c 104 § 19.]

**48.102.170 Authority to adopt rules.** The commissioner may adopt rules implementing and administering this chapter including, but not limited to:

(1) Establishing standards for evaluating reasonableness of payments under life settlement contracts for persons who are terminally ill or chronically ill including, but not limited to, regulation of discount rates used to determine the amount paid in exchange for assignment, transfer, sale, devise, or bequest of a benefit under a life insurance policy insuring the life of a person that is chronically or terminally ill;

(2) Requiring a bond or other mechanism for financial accountability for life settlement providers; and

(3) Governing the activities, relationships, and responsibilities of providers, brokers, insurers, and their agents. [2009 c 104 § 20.]

**48.102.180 Unfair trade practices.** The legislature finds that the practices covered by this chapter are matters vitally affecting the public interest for the purpose of applying the consumer protection act, chapter 19.86 RCW. A violation of this chapter is not reasonable in relation to the development and preservation of business and is an unfair or deceptive act in trade or commerce and an unfair method of competition for the purpose of applying the consumer protection act, chapter 19.86 RCW. [2009 c 104 § 21.]

**48.102.190 Existing viatical settlement licenses—July 26, 2009.** (1) All viatical settlement brokers' licenses that are in effect on July 26, 2009, shall expire upon July 26, 2009.

(2) All viatical settlement providers' licenses that are in effect on July 26, 2009, shall be converted to a life settlement provider license and upon the next renewal date of the license the life settlement provider must be in compliance with the requirements to be licensed as a life settlement provider under RCW 48.102.011.

(3) A provider lawfully transacting business in this state prior to July 26, 2009, may continue to do so if the provider submits a completed application and pays the required fee to the commissioner within thirty days of July 26, 2009. A provider that has submitted an application and paid the required fee to the commissioner within thirty days of July 26, 2009, may continue to act as a provider for an additional ninety days from the receipt of the application by the commissioner and payment of the required fee, or approval or denial of the license by the commissioner, whichever is earlier. Any person transacting business in this state under this subsection must comply with all other requirements of this chapter. [2009 c 104 § 22.]

**48.102.193 Existing rights or liabilities—July 26, 2009.** Chapter 104, Laws of 2009 does not affect any existing right acquired or liability or obligation incurred under the sections repealed in chapter 104, Laws of 2009 or under any rule or order adopted under those sections, nor does it affect any proceeding instituted under those sections. [2009 c 104 § 26.]

## Chapter 48.104 RCW

### HOLOCAUST VICTIMS INSURANCE RELIEF ACT

#### Sections

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**48.104.010 Historical context—Policy declarations—**

**Intent. (Expires December 31, 2010.)** (1) The legislature recognizes the existence of allegations that certain insurers doing business in the state of Washington, either directly or through related companies and affiliates, have failed to honor insurance policies issued during the World War II era. Although such policies were issued outside of the state of Washington, Washington has a clear obligation to seek justice for its citizens and residents.

(2) The legislature recognizes that allegations regarding a failure to pay legitimate insurance claims threaten the integrity of the insurance market. The basic commodity that insurers sell is trust. Policyholders pay substantial sums to insurers trusting that at a future date, perhaps decades later, the insurer will protect them and their loved ones. An insurer that violates this trust should not be authorized to do business in this state or own or control insurers doing business in this state, lest the integrity of this state's insurance market be compromised.

(3) The legislature recognizes that hundreds of Holocaust survivors and heirs of Holocaust victims are citizens or residents of the state of Washington. The legislature is concerned by allegations that citizens or residents of the state of Washington may have been deprived of their contractual entitlement to benefits under insurance policies issued by insurance companies operating in Europe prior to and during World War II. The state of Washington has a public policy interest in assuring that all of its citizens and residents, including Holocaust survivors, their families, and the heirs of Holocaust victims, who are entitled to proceeds of insurance policies are treated reasonably and fairly and that any contractual obligations are honored.

(4) The legislature recognizes that the business of insurance is one affected by the public interest, requiring that all persons conducting it be actuated by good faith, abstain from deception, and practice honesty and equity in all insurance matters. The insurance commissioner is currently authorized to refuse, suspend, or revoke the certificate of authority of insurers that are affiliated directly or indirectly through ownership, control, reinsurance or other insurance or business relations with any person, persons, or entities whose business operations are or have been marked, to the detriment of policyholders or the public, or by bad faith. The insurance commissioner is also currently authorized to provide assistance to members of the public in resolving complaints involving insurers. It is the intent of the legislature to provide additional resources to the insurance commissioner to implement this authority, to authorize the insurance commissioner to cooperate with other state regulators with regard to such policies, and to authorize the insurance commissioner to cooperate with and act through the international commission concerning World War II era policies established under the efforts of the national association of insurance commissioners. [1999 c 8 § 1.]

(2010 Ed.)

**48.104.020 Findings. (Expires December 31, 2010.)**

The legislature finds the following:

(1) In addition to the many atrocities that befell the victims of the Nazi regime, in many cases insurance policy proceeds were not paid to the victims and their families.

(2) In many instances, insurance company records are the only proof of insurance policies held. In some cases, recollection of those policies' very existence may have perished along with the Holocaust victims.

(3) Several hundred Holocaust survivors and their families, or the heirs of Holocaust victims live in Washington today.

(4) Insurance companies doing business in the state of Washington have a responsibility to ensure that any involvement they or their related companies had with insurance policies of Holocaust victims are disclosed to the state to ensure the rapid payment to victims and their survivors of any proceeds to which they may be entitled.

(5) There has been established an international commission to investigate and facilitate the payment of insurance policies to victims of the Holocaust and their survivors. It is in the best interest of the people of the state of Washington to authorize the insurance commissioner to cooperate with and coordinate his or her activities with the international commission.

(6) Other states are establishing Holocaust survivor assistance offices and registries of insurance policies and Holocaust victims in order to identify policyholders and their survivors to whom policy proceeds may be payable. It is in the best interest of the people of the state of Washington to authorize the insurance commissioner to cooperate with and coordinate his or her activities with those other states.

(7) In addition to unpaid insurance policies, Holocaust victims lost unknown billions of dollars of assets seized by Nazi Germany and its allies and collaborators in Germany and Nazi-occupied Europe between 1933 and 1945. [1999 c 8 § 2.]

**48.104.030 Definitions. (Expires December 31, 2010.)**

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

(1) "Holocaust survivor" or "Holocaust victim" means any person who was persecuted, imprisoned or liable to imprisonment, or had property taken or confiscated during the period of 1933 to 1945, inclusive, by Nazi Germany, its allies, or sympathizers based on that person's race, religion, ethnicity, physical or mental disability, sexual orientation, or similar class or group-based animus.

(2) "Related company" means any parent, subsidiary, successor in interest, managing general agent, or other person or company affiliated directly or indirectly through ownership, control, common ownership or control, or other business or insurance relationship with another company or insurer.

(3) "Insurer" means an entity holding a certificate of authority or license to conduct the business of insurance in this state, or whose contacts with this state satisfy the constitutional requirements for jurisdiction, that sold life, property, liability, health, annuities, dowry, educational, casualty, or any other insurance covering persons or property to persons in Europe at any time before 1945, whether directly or

through or as [a] result of sales by a related company, or is itself a related company to any person, entity, or insurance company that sold such policies, whether the sale of the insurance occurred before or after becoming related.

(4) "Proceeds" means the face or other payout value of policies and annuities plus reasonable interest to date of payments without diminution for wartime or immediate postwar currency devaluation legally due under any insurance policy issued by an insurer or any related company.

(5) "International commission" means the international commission on Holocaust era insurance claims, referenced in and established under a memorandum of understanding originally dated April 8, 1998, between and among the insurance commissioner, various other state insurance regulators, various alien insurance companies, and worldwide Jewish groups, which commission held its first meeting in New York on October 21, 1998, and any successor.

(6) "Other assets" means the proceeds of bank accounts, gold, art, houses, businesses, other real estate properties or land, or the contents of homes, businesses, or other real estate properties of Holocaust survivors or victims. [1999 c 8 § 3.]

**48.104.040 Holocaust survivor assistance office. (Expires December 31, 2010.)** (1) To assist Holocaust victims, their heirs, or their beneficiaries to recover proceeds from insurance policies that were improperly denied or processed, or from other assets, or both, the insurance commissioner may establish a Holocaust survivor assistance office.

(2) The insurance commissioner may appoint or deputize personnel to be engaged or employed by the Holocaust survivor assistance office and utilize insurance department personnel to resolve or settle claims of Holocaust victims. The insurance commissioner may also engage outside auditors or other qualified personnel to assist in the investigation of claims made by Holocaust victims, their heirs, or their beneficiaries.

(3) The insurance commissioner may cooperate and exchange information with other states establishing similar Holocaust survivor assistance offices and with the international commission, and may enter into agreements whereby a single processing office may be established on behalf of, and to provide services to the residents of, several states. [1999 c 8 § 4.]

**48.104.050 Holocaust insurance company registry—Authority—Availability of information. (Expires December 31, 2010.)** (1) To facilitate the work of the Holocaust survivor assistance office, the insurance commissioner may establish and maintain a central registry containing records and information relating to insurance policies, as described in RCW 48.104.060, of victims, living and deceased, of the Holocaust. The registry shall be known as the Holocaust insurance company registry. The insurance commissioner shall establish standards and procedures to make the information in the registry available to the public to the extent necessary and appropriate to determine the existence of insurance policies and to identify beneficiaries, successors in interest, or other persons entitled to the proceeds of such policies, and to enable such persons to claim proceeds to which they may be entitled, while protecting the privacy of policyholders,

their survivors, and their family members. All information received by the Holocaust insurance company registry or Holocaust survivor assistance office from any insurer, related company, or foreign government or regulator shall be considered and deemed to be matters and information relating to an examination and part of an examination report that the insurance commissioner may treat as confidential and withhold from public inspection under RCW 48.03.040(6)(c) and 48.03.050. To the extent necessary and appropriate to secure access to documents and information located in or subject to the jurisdiction of other states and countries, the insurance commissioner is authorized to enter into agreements or to provide assurances that any or all documents and information received from an entity regulated by or subject to the laws of such other state or country, or received from any agency of the government of any such state or country, will be treated as confidential by the insurance commissioner and will not be disclosed to any person except with the approval of the appropriate authority of such state or country or except as permitted or authorized by the laws of such state or country, and any such agreement shall be binding and enforceable notwithstanding chapter 42.56 RCW. To the extent necessary and appropriate to secure access to documents and information from or in the possession of the international commission as to which the international commission has given assurances of confidentiality or privacy, the insurance commissioner is authorized to enter into agreements or to provide assurances that any or all such documents and information will be treated as confidential by the insurance commissioner and will not be disclosed to any person except with the approval of the international commission or as permitted by any agreement or assurances given by the international commission, and any such agreement shall be binding and enforceable notwithstanding chapter 42.56 RCW.

(2) The insurance commissioner may cooperate and exchange information with other states establishing similar registries and with the international commission, and may enter into agreements whereby a single registry may be established on behalf of, and to provide services to the citizens and residents of, several states. [2005 c 274 § 318; 1999 c 8 § 5.]

**Part headings not law—Effective date—2005 c 274:** See RCW 42.56.901 and 42.56.902.

**48.104.060 Holocaust insurance company registry—Operations—Penalties—Funding. (Expires December 31, 2010.)** (1) Any insurer that sold life, property, liability, health, annuities, dowry, educational, or casualty insurance policies, to persons in Europe, that were in effect any time between 1933 and 1945, regardless of when the policy was initially purchased or written, shall within ninety days following July 25, 1999, or such later date as the insurance commissioner may establish, file or cause to be filed the following information with the insurance commissioner to be entered into the Holocaust insurance company registry:

- (a) A list of such insurance policies;
- (b) The insureds, beneficiaries, and face amounts of such policies;
- (c) A comparison of the names and other available identifying information of insureds and beneficiaries of such policies and the names and other identifying information of the victims of the Holocaust. The names and other identifying

information of victims of the Holocaust shall be provided by the office of the insurance commissioner and may be obtained from the United States Holocaust museum and the Yad Vashem repository in Israel, or other sources;

(d) For each such policy, whichever of the following that may apply:

(i) That the proceeds of the policy have been paid to the designated beneficiaries or their heirs where that person or persons, after diligent search, could be located and identified;

(ii) That the proceeds of the policies where the beneficiaries or heirs could not, after diligent search, be located or identified, have been distributed to Holocaust survivors or to qualified charitable nonprofit organizations for the purpose of assisting Holocaust survivors;

(iii) That a court of law has certified in a legal proceeding resolving the rights of unpaid policyholders, their heirs, and beneficiaries, a plan for the distribution of the proceeds;

(iv) That the proceeds have not been distributed and the amount of those proceeds.

(2) The destruction of any records or other materials pertaining to such policies shall be a class C felony according to chapter 9A.20 RCW. Evidence of the destruction of such material shall be admissible in both administrative and judicial proceedings as evidence in support of any claim being made against the insurer involving the destroyed material.

(3) An insurer currently doing business in the state that did not sell any insurance policies in Europe prior to 1945 except through or as a result of sales by a related company shall not be subject to this section if a related company, whether or not authorized and currently doing business in the state, has made a filing with the insurance commissioner under this section.

(4) The insurance commissioner may fund the costs of operating both the Holocaust survivor assistance office and the Holocaust claims registry by assessments upon those insurers providing information to the Holocaust insurance company registry. The insurance commissioner shall establish standards and procedures to fairly allocate the costs of the Holocaust insurance company registry and Holocaust survivor assistance office among such insurers. The insurance commissioner is expressly authorized to allocate such costs based on the number of policies reported or, based on the total monetary amount of the policies as determined by their face amounts without regard to inflation, interest, or depreciation.

(5) The insurance commissioner is authorized to conduct investigations and examinations of insurers for the purpose of determining compliance with this chapter, verifying the accuracy and completeness of any and all information furnished to the Holocaust insurance company registry and the Holocaust survivor assistance office, and developing and securing such additional information as may be necessary or appropriate to determine those entitled to payment under any policy and the proceeds to which such person may be entitled, if any. Any such investigation shall be considered to be an examination under chapter 48.03 RCW. The costs of any such examination will be borne by the insurer investigated, or the insurer to whom the related company is related, pursuant to RCW 48.03.060(2). Examinations may be conducted in this state, or in the state or country of residence of the insurer

or related company, or at such other place or country where the records to be examined may be located.

(6) The insurance commissioner may permit the Holocaust insurance company registry or the Holocaust survivor assistance office or both to accept information and to assist claimants with regard to the location and recovery of property or assets taken or confiscated from Holocaust victims other than insurance policies if the insurance commissioner finds that doing so would not adversely affect the operations of the registry or Holocaust survivor assistance office with regard to insurance policies. However, all costs and expenses, including that of personnel, attributable to such noninsurance assets shall be separately accounted for and shall not be assessed against insurers under subsections (4) and (5) of this section and shall not be paid from the general funds of the office of the insurance commissioner, but shall be paid solely from contributions or donations received for that purpose.

(a) The insurance commissioner may accept contributions from any other person wishing to fund the operations of the Holocaust survivor assistance office or the Holocaust insurance company registry to facilitate the resolution of claims involving Holocaust victims.

(b) The insurance commissioner is authorized to assist in the creation of an entity to accept tax deductible contributions to support activities conducted by the Holocaust survivor assistance office and the Holocaust insurance company registry.

(c) The insurance commissioner, through the Holocaust survivor assistance office, is authorized, with the consent of the parties, to act as mediator of any dispute involving the claim of a Holocaust victim or his or her heirs or beneficiaries arising from an occurrence during the period between January 1, 1933, and December 31, 1945.

(7) The insurance commissioner is authorized to cooperate with and exchange information with other states with similar Holocaust insurance company registries or Holocaust survivor assistance offices, with the national association of insurance commissioners, with foreign countries and with the international commission. The insurance commissioner is authorized to enter into agreements to handle the processing of claims and registry functions of other states, and to have other states handle all or part of the registry and claims processing functions for this state, as the insurance commissioner may determine to be appropriate. The insurance commissioner is authorized to enter into agreements with other states and the international commission to treat and consider information submitted to them as submitted to this state for [the] purpose of complying with this chapter. As part of any such agreement, the insurance commissioner may agree to reimburse any other state for expenses or costs incurred and such reimbursement shall be recovered by the insurance commissioner as an expense of operating the Holocaust insurance company registry and Holocaust survivor assistance office under subsections (4) and (5) of this section, and to accept reimbursement from any other state for services with regard to residents of such other state.

(8) A finding by the insurance commissioner that a claim subject to the provisions of this section should be paid shall be regarded by any court as highly persuasive evidence that such claim should be paid. [1999 c 8 § 6.]

**48.104.070 Penalties. (Expires December 31, 2010.)**

Any insurer that knowingly files information required by this chapter that is false shall be liable for a civil penalty not to exceed ten thousand dollars for each violation. [1999 c 8 § 7.]

**48.104.080 Suspension of certificate of authority for failure to comply with chapter. (Expires December 31, 2010.)**

The insurance commissioner is authorized to suspend the certificate of authority to conduct insurance business in the state of Washington of any insurer that fails to comply with the requirements of this chapter by or after one hundred twenty days after July 25, 1999, until the time that the insurer complies with this chapter. Such suspension shall not affect or relieve the insurer from its obligations to service its existing insureds, and shall not permit the insurer to terminate its existing insureds, except pursuant to the terms of the insurance contract, but shall prohibit the insurer from writing new business in this state until the suspension is lifted by the insurance commissioner. [1999 c 8 § 8.]

**48.104.090 Cooperation with international commission—Application of chapter. (Expires December 31, 2010.)**

The insurance commissioner may suspend the application of this chapter to any insurer that is participating in the international commission process in good faith and is working through the international commission to resolve all outstanding claims with offers of fair settlements in a reasonable time frame. If, however, the international commission fails to establish a mechanism to accomplish identification, adjudication, and payment of insurance policy claims of Holocaust survivors or victims within a reasonable time, then all provisions of this chapter shall come into effect as to any such insurer. For purposes of this section, a reasonable time shall mean by January 1, 2000, or such later date as the insurance commissioner may establish by rule. [1999 c 8 § 9.]

**48.104.100 Private rights of action preserved—Venue. (Expires December 31, 2010.)**

Any Holocaust survivor, or heir or beneficiary of a Holocaust survivor or victim, who resides in this state and has a claim against an insurer arising out of an insurance policy or policies purchased or in effect in Europe before 1945 from that insurer may bring a legal action against that insurer to recover on that claim in the superior court of the county in which any plaintiff resides, which court shall be vested with jurisdiction over that action. [1999 c 8 § 10.]

**48.104.110 Extension of statute of limitations. (Expires December 31, 2010.)**

Any action brought by a Holocaust survivor or the heir or beneficiary of a Holocaust survivor or victim, seeking proceeds of the insurance policies issued or in effect before 1945 shall not be dismissed for failure to comply with the applicable statute of limitations, provided the action is commenced on or before December 31, 2010. [1999 c 8 § 11.]

**48.104.120 Adoption of rules. (Expires December 31, 2010.)** The insurance commissioner may adopt rules to implement this chapter. [1999 c 8 § 12.]

**48.104.130 Annual report to legislature. (Expires December 31, 2010.)** The insurance commissioner shall report to the legislature one year from July 25, 1999, and annually thereafter on the implementation of this law and resolution of Holocaust claims. [1999 c 8 § 13.]

**48.104.900 Short title—1999 c 8. (Expires December 31, 2010.)** This chapter shall be known and cited as the Holocaust victim insurance relief act of 1999. [1999 c 8 § 14.]

**48.104.901 Captions not law—1999 c 8. (Expires December 31, 2010.)** Captions used in this chapter are not any part of the law. [1999 c 8 § 15.]

**48.104.902 Severability—1999 c 8. (Expires December 31, 2010.)** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1999 c 8 § 17.]

**48.104.903 Expiration date—1999 c 8. (Expires December 31, 2010.)** This chapter expires December 31, 2010. [1999 c 8 § 18.]

**Chapter 48.110 RCW****SERVICE CONTRACTS AND PROTECTION PRODUCT GUARANTEES**

## Sections

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48.110.903	Severability—2006 c 274.
48.110.904	Effective date—2006 c 274.

**48.110.010 Finding—Declaration—Purpose.** The legislature finds that increasing numbers of businesses are selling service contracts for repair, replacement, and maintenance of motor vehicles, appliances, computers, electronic equipment, and other consumer products. There are risks that contract obligors will close or otherwise be unable to fulfill their contract obligations that could result in unnecessary and preventable losses to citizens of this state. The legislature declares that it is necessary to establish standards that will safeguard the public from possible losses arising from the conduct or cessation of the business of service contract obligors or the mismanagement of funds paid for service contracts. The purpose of this chapter is to create a legal framework within which service contracts may be sold in this state and to set forth requirements for conducting a service contract business. [2006 c 274 § 1; 1999 c 112 § 1.]

**48.110.015 Exempt from title—Application of chapter.** (1) The following are exempt from this title:

- (a) Warranties;
- (b) Maintenance agreements; and
- (c) Service contracts:
  - (i) Paid for with separate and additional consideration;
  - (ii) Issued at the point of sale, or within sixty days of the original purchase date of the property; and
  - (iii) On tangible property when the tangible property for which the service contract is sold has a purchase price of fifty dollars or less, exclusive of sales tax.
- (2) This chapter does not apply to:
  - (a) Vehicle mechanical breakdown insurance;
  - (b) Service contracts on tangible personal property purchased by persons who are not consumers; and
  - (c) Home heating fuel service contracts offered by home heating energy providers. [2006 c 274 § 2; 2006 c 36 § 16; 2000 c 208 § 1; 1999 c 112 § 2.]

**Reviser's note:** This section was amended by 2006 c 36 § 16 and by 2006 c 274 § 2, each without reference to the other. Both amendments are incorporated in the publication of this section under RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

**Severability—2006 c 36:** See RCW 48.111.901.

**48.110.020 Definitions.** The definitions in this section apply throughout this chapter.

- (1) "Administrator" means the person who is responsible for the administration of the service contracts, the service contracts plan, or the protection product guarantees.
- (2) "Commissioner" means the insurance commissioner of this state.
- (3) "Consumer" means an individual who buys any tangible personal property that is primarily for personal, family, or household use.
- (4) "Home heating fuel service contract" means a contract or agreement for a separately stated consideration for a specific duration to perform the repair, replacement, or maintenance of a home heating fuel supply system including the fuel tank and all visible pipes, caps, lines, and associated parts or the indemnification for repair, replacement, or maintenance for operational or structural failure due to a defect in materials or workmanship, or normal wear and tear.
- (5) "Incidental costs" means expenses specified in the guarantee incurred by the protection product guarantee

holder related to damages to other property caused by the failure of the protection product to perform as provided in the guarantee. "Incidental costs" may include, without limitation, insurance policy deductibles, rental vehicle charges, the difference between the actual value of the stolen vehicle at the time of theft and the cost of a replacement vehicle, sales taxes, registration fees, transaction fees, and mechanical inspection fees. Incidental costs may be paid under the provisions of the protection product guarantee in either a fixed amount specified in the protection product guarantee or sales agreement, or by the use of a formula itemizing specific incidental costs incurred by the protection product guarantee holder to be paid.

(6) "Maintenance agreement" means a contract of limited duration that provides for scheduled maintenance only.

(7) "Motor vehicle" means any vehicle subject to registration under \*chapter 46.16 RCW.

(8) "Person" means an individual, partnership, corporation, incorporated or unincorporated association, joint stock company, reciprocal insurer, syndicate, or any similar entity or combination of entities acting in concert.

(9) "Premium" means the consideration paid to an insurer for a reimbursement insurance policy.

(10) "Protection product" means any product offered or sold with a guarantee to repair or replace another product or pay incidental costs upon the failure of the product to perform pursuant to the terms of the protection product guarantee.

(11) "Protection product guarantee" means a written agreement by a protection product guarantee provider to repair or replace another product or pay incidental costs upon the failure of the protection product to perform pursuant to the terms of the protection product guarantee.

(12) "Protection product guarantee holder" means a person who is the purchaser or permitted transferee of a protection product guarantee.

(13) "Protection product guarantee provider" means a person who is contractually obligated to the protection product guarantee holder under the terms of the protection product guarantee. Protection product guarantee provider does not include an authorized insurer providing a reimbursement insurance policy.

(14) "Protection product seller" means the person who sells the protection product to the consumer.

(15) "Provider fee" means the consideration paid by a consumer for a service contract.

(16) "Reimbursement insurance policy" means a policy of insurance that is issued to a service contract provider or a protection product guarantee provider to provide reimbursement to the service contract provider or the protection product guarantee provider or to pay on behalf of the service contract provider or the protection product guarantee provider all contractual obligations incurred by the service contract provider or the protection product guarantee provider under the terms of the insured service contracts or protection product guarantees issued or sold by the service contract provider or the protection product guarantee provider.

(17)(a) "Service contract" means a contract or agreement for consideration over and above the lease or purchase price of the property for a specific duration to perform the repair, replacement, or maintenance of property or the indemnification for repair, replacement, or maintenance for operational

or structural failure due to a defect in materials or workmanship, or normal wear and tear. Service contracts may provide for the repair, replacement, or maintenance of property for damage resulting from power surges and accidental damage from handling, with or without additional provision for incidental payment of indemnity under limited circumstances, including towing, rental, emergency road services, or other expenses relating to the failure of the product or of a component thereof.

(b) "Service contract" also includes a contract or agreement sold for separately stated consideration for a specific duration to perform the repair or replacement of tires and/or wheels damaged as a result of coming into contact with road hazards including but not limited to potholes, rocks, wood debris, metal parts, glass, plastic, curbs, or composite scraps. However, a contract or agreement meeting the definition under this subsection (17)(b) in which the party obligated to perform is either a tire or wheel manufacturer or a motor vehicle manufacturer is exempt from the requirements of this chapter.

(18) "Service contract holder" or "contract holder" means a person who is the purchaser or holder of a service contract.

(19) "Service contract provider" means a person who is contractually obligated to the service contract holder under the terms of the service contract.

(20) "Service contract seller" means the person who sells the service contract to the consumer.

(21) "Warranty" means a warranty made solely by the manufacturer, importer, or seller of property or services without consideration; that is not negotiated or separated from the sale of the product and is incidental to the sale of the product; and that guarantees indemnity for defective parts, mechanical or electrical breakdown, labor, or other remedial measures, such as repair or replacement of the property or repetition of services. [2010 c 89 § 1. Prior: 2006 c 274 § 3; 2006 c 36 § 17; 2000 c 208 § 2; 1999 c 112 § 3.]

**Reviser's note:** \*(1) Although directed to be recodified within chapter 46.16 RCW pursuant to chapter 161, Laws of 2010, a majority of chapter 46.16 RCW was recodified under chapter 46.16A RCW pursuant to RCW 1.08.015 (2)(k) and (3).

(2) The definitions in this section have been alphabetized pursuant to RCW 1.08.015(2)(k).

**Severability—2006 c 36:** See RCW 48.111.901.

**48.110.030 Registration required—Application—Required information—Grounds for refusal—Annual renewal.** (1) A person may not act as, or offer to act as, or hold himself or herself out to be a service contract provider in this state, nor may a service contract be sold to a consumer in this state, unless the service contract provider has a valid registration as a service contract provider issued by the commissioner.

(2) Applicants to be a service contract provider must make an application to the commissioner upon a form to be furnished by the commissioner. The application must include or be accompanied by the following information and documents:

(a) All basic organizational documents of the service contract provider, including any articles of incorporation, articles of association, partnership agreement, trade name

certificate, trust agreement, shareholder agreement, bylaws, and other applicable documents, and all amendments to those documents;

(b) The identities of the service contract provider's executive officer or officers directly responsible for the service contract provider's service contract business, and, if more than fifty percent of the service contract provider's gross revenue is derived from the sale of service contracts, the identities of the service contract provider's directors and stockholders having beneficial ownership of ten percent or more of any class of securities;

(c) Audited annual financial statements or other financial reports acceptable to the commissioner for the two most recent years which prove that the applicant is solvent and any information the commissioner may require in order to review the current financial condition of the applicant. If the service contract provider is relying on RCW 48.110.050(2)(c) to assure the faithful performance of its obligations to service contract holders, then the audited financial statements of the service contract provider's parent company must also be filed;

(d) An application fee of two hundred fifty dollars, which shall be deposited into the general fund; and

(e) Any other pertinent information required by the commissioner.

(3) The applicant shall appoint the commissioner as its attorney to receive service of legal process in any action, suit, or proceeding in any court. This appointment is irrevocable and shall bind the service contract provider or any successor in interest, shall remain in effect as long as there is in force in this state any contract or any obligation arising therefrom related to residents of this state, and shall be processed in accordance with RCW 48.05.210.

(4) The commissioner may refuse to issue a registration if the commissioner determines that the service contract provider, or any individual responsible for the conduct of the affairs of the service contract provider under subsection (2)(b) of this section, is not competent, trustworthy, financially responsible, or has had a license as a service contract provider or similar license denied or revoked for cause by any state.

(5) A registration issued under this section is valid, unless surrendered, suspended, or revoked by the commissioner, or not renewed for so long as the service contract provider continues in business in this state and remains in compliance with this chapter. A registration is subject to renewal annually on the first day of July upon application of the service contract provider and payment of a fee of two hundred dollars, which shall be deposited into the general fund. If not so renewed, the registration expires on the June 30th next preceding.

(6) A service contract provider shall keep current the information required to be disclosed in its registration under this section by reporting all material changes or additions within thirty days after the end of the month in which the change or addition occurs. [2006 c 274 § 4; 2005 c 223 § 33; 1999 c 112 § 4.]

**48.110.033 Application of RCW 48.110.030—Exceptions.** (1) Except for service contract providers or protection product guarantee providers, persons marketing, selling, or

offering to sell service contracts or protection products for providers are exempt from the registration requirements of RCW 48.110.030.

(2) The marketing, sale, offering for sale, issuance, making, proposing to make, and administration of service contracts or protection products by service contract providers or protection product guarantee providers and related service contract or protection product sellers, administrators, and other persons complying with this chapter are exempt from the other provisions of this title, except chapters 48.04 and 48.30 RCW and as otherwise provided in this chapter. [2006 c 274 § 19.]

**48.110.040 Filing of annual report—Fee—Investigations—Confidentiality.** (1) Every registered service contract provider must file an annual report for the preceding calendar year with the commissioner on or before March 1st of each year, or within any extension of time the commissioner for good cause may grant. The report must be in the form and contain those matters as the commissioner prescribes and shall be verified by at least two officers of the service contract provider.

(2) At the time of filing the report, the service contract provider must pay a filing fee of twenty dollars which shall be deposited into the general fund.

(3) As part of any investigation by the commissioner, the commissioner may require a service contract provider to file monthly financial reports whenever, in the commissioner's discretion, there is a need to more closely monitor the financial activities of the service contract provider. Monthly financial statements must be filed in the commissioner's office no later than the twenty-fifth day of the month following the month for which the financial report is being filed. These monthly financial reports are the internal financial statements of the service contract provider. The monthly financial reports that are filed with the commissioner constitute information that might be damaging to the service contract provider if made available to its competitors, and therefore shall be kept confidential by the commissioner. This information may not be made public or be subject to subpoena, other than by the commissioner and then only for the purpose of enforcement actions taken by the commissioner. [2006 c 274 § 5; 2005 c 223 § 34; 1999 c 112 § 5.]

**48.110.050 Obligations of service contract provider—Limited application.** (1) Service contracts shall not be issued, sold, or offered for sale in this state or sold to consumers in this state unless the service contract provider has:

(a) Provided a receipt for, or other written evidence of, the purchase of the service contract to the contract holder; and

(b) Provided a copy of the service contract to the service contract holder within a reasonable period of time from the date of purchase.

(2) In order to either demonstrate its financial responsibility or assure the faithful performance of the service contract provider's obligations to its service contract holders, every service contract provider shall comply with the requirements of one of the following:

(a) Insure all service contracts under a reimbursement insurance policy issued by an insurer holding a certificate of authority from the commissioner or a risk retention group, as defined in 15 U.S.C. Sec. 3901(a)(4), as long as that risk retention group is in full compliance with the federal liability risk retention act of 1986 (15 U.S.C. Sec. 3901 et seq.), is in good standing in its domiciliary jurisdiction, and is properly registered with the commissioner under chapter 48.92 RCW. The insurance required by this subsection must meet the following requirements:

(i) The insurer or risk retention group must, at the time the policy is filed with the commissioner, and continuously thereafter, maintain surplus as to policyholders and paid-in capital of at least fifteen million dollars and annually file audited financial statements with the commissioner; and

(ii) The commissioner may authorize an insurer or risk retention group that has surplus as to policyholders and paid-in capital of less than fifteen million dollars, but at least equal to ten million dollars, to issue the insurance required by this subsection if the insurer or risk retention group demonstrates to the satisfaction of the commissioner that the company maintains a ratio of direct written premiums, wherever written, to surplus as to policyholders and paid-in capital of not more than three to one;

(b)(i) Maintain a funded reserve account for its obligations under its service contracts issued and outstanding in this state. The reserves shall not be less than forty percent of the gross consideration received, less claims paid, on the sale of the service contract for all in-force contracts. The reserve account shall be subject to examination and review by the commissioner; and

(ii) Place in trust with the commissioner a financial security deposit, having a value of not less than five percent of the gross consideration received, less claims paid, on the sale of the service contract for all service contracts issued and in force, but not less than twenty-five thousand dollars, consisting of one of the following:

(A) A surety bond issued by an insurer holding a certificate of authority from the commissioner;

(B) Securities of the type eligible for deposit by authorized insurers in this state;

(C) Cash;

(D) An evergreen letter of credit issued by a qualified financial institution; or

(E) Another form of security prescribed by rule by the commissioner; or

(c)(i) Maintain, or its parent company maintain, a net worth or stockholder's equity of at least one hundred million dollars; and

(ii) Upon request, provide the commissioner with a copy of the service contract provider's or the service contract provider's parent company's most recent form 10-K or form 20-F filed with the securities and exchange commission within the last calendar year, or if the company does not file with the securities and exchange commission, a copy of the service contract provider's or the service contract provider's parent company's audited financial statements, which shows a net worth of the service contract provider or its parent company of at least one hundred million dollars. If the service contract provider's parent company's form 10-K, form 20-F, or audited financial statements are filed with the commissioner

to meet the service contract provider's financial stability requirement, then the parent company shall agree to guarantee the obligations of the service contract provider relating to service contracts sold by the service contract provider in this state. A copy of the guarantee shall be filed with the commissioner. The guarantee shall be irrevocable as long as there is in force in this state any contract or any obligation arising from service contracts guaranteed, unless the parent company has made arrangements approved by the commissioner to satisfy its obligations under the guarantee.

(3) Service contracts shall require the service contract provider to permit the service contract holder to return the service contract within twenty days of the date the service contract was mailed to the service contract holder or within ten days of delivery if the service contract is delivered to the service contract holder at the time of sale, or within a longer time period permitted under the service contract. Upon return of the service contract to the service contract provider within the applicable period, if no claim has been made under the service contract prior to the return to the service contract provider, the service contract is void and the service contract provider shall refund to the service contract holder, or credit the account of the service contract holder with the full purchase price of the service contract. The right to void the service contract provided in this subsection is not transferable and shall apply only to the original service contract purchaser. A ten percent penalty per month shall be added to a refund of the purchase price that is not paid or credited within thirty days after return of the service contract to the service contract provider.

(4) This section does not apply to service contracts on motor vehicles or to protection product guarantees. [2006 c 274 § 6; 1999 c 112 § 6.]

**48.110.055 Protection product guarantee providers—Obligations—Application—Required information—Grounds for refusal—Annual renewal.** (1) This section applies to protection product guarantee providers.

(2) A person shall not act as, or offer to act as, or hold himself or herself out to be a protection product guarantee provider in this state, nor may a protection product be sold to a consumer in this state, unless the protection product guarantee provider has:

(a) A valid registration as a protection product guarantee provider issued by the commissioner; and

(b) Either demonstrated its financial responsibility or assured the faithful performance of the protection product guarantee provider's obligations to its protection product guarantee holders by insuring all protection product guarantees under a reimbursement insurance policy issued by an insurer holding a certificate of authority from the commissioner or a risk retention group, as defined in 15 U.S.C. Sec. 3901(a)(4), as long as that risk retention group is in full compliance with the federal liability risk retention act of 1986 (15 U.S.C. Sec. 3901 et seq.), is in good standing in its domiciliary jurisdiction, and properly registered with the commissioner under chapter 48.92 RCW. The insurance required by this subsection must meet the following requirements:

(i) The insurer or risk retention group must, at the time the policy is filed with the commissioner, and continuously thereafter, maintain surplus as to policyholders and paid-in

capital of at least fifteen million dollars and annually file audited financial statements with the commissioner; and

(ii) The commissioner may authorize an insurer or risk retention group that has surplus as to policyholders and paid-in capital of less than fifteen million dollars, but at least equal to ten million dollars, to issue the insurance required by this subsection if the insurer or risk retention group demonstrates to the satisfaction of the commissioner that the company maintains a ratio of direct written premiums, wherever written, to surplus as to policyholders and paid-in capital of not more than three to one.

(3) Applicants to be a protection product guarantee provider shall make an application to the commissioner upon a form to be furnished by the commissioner. The application shall include or be accompanied by the following information and documents:

(a) The names of the protection product guarantee provider's executive officer or officers directly responsible for the protection product guarantee provider's protection product guarantee business and their biographical affidavits on a form prescribed by the commissioner;

(b) The name, address, and telephone number of any administrators designated by the protection product guarantee provider to be responsible for the administration of protection product guarantees in this state;

(c) A copy of the protection product guarantee reimbursement insurance policy or policies;

(d) A copy of each protection product guarantee the protection product guarantee provider proposes to use in this state;

(e) Any other pertinent information required by the commissioner; and

(f) A nonrefundable application fee of two hundred fifty dollars.

(4) The applicant shall appoint the commissioner as its attorney to receive service of legal process in any action, suit, or proceeding in any court. This appointment is irrevocable and shall bind the protection product guarantee provider or any successor in interest, shall remain in effect as long as there is in force in this state any protection product guarantee or any obligation arising therefrom related to residents of this state, and shall be processed in accordance with RCW 48.05.210.

(5) The commissioner may refuse to issue a registration if the commissioner determines that the protection product guarantee provider, or any individual responsible for the conduct of the affairs of the protection product guarantee provider under subsection (3)(a) of this section, is not competent, trustworthy, financially responsible, or has had a license as a protection product guarantee provider or similar license denied or revoked for cause by any state.

(6) A registration issued under this section is valid, unless surrendered, suspended, or revoked by the commissioner, or not renewed for so long as the protection product guarantee provider continues in business in this state and remains in compliance with this chapter. A registration is subject to renewal annually on the first day of July upon application of the protection product guarantee provider and payment of a fee of two hundred fifty dollars. If not so renewed, the registration expires on the June 30th next preceding.

(7) A protection product guarantee provider shall keep current the information required to be disclosed in its registration under this section by reporting all material changes or additions within thirty days after the end of the month in which the change or addition occurs. [2006 c 274 § 17.]

**48.110.060 Reimbursement insurance policies insuring service contracts or protection product guarantees.**

(1) Reimbursement insurance policies insuring service contracts or protection product guarantees issued, sold, or offered for sale in this state or issued or sold to consumers in this state shall state that the insurer that issued the reimbursement insurance policy shall reimburse or pay on behalf of the service contract provider or the protection product guarantee provider all sums the service contract provider or the protection product guarantee provider is legally obligated to pay, including but not limited to the refund of the full purchase price of the service contract to the service contract holder or shall provide the service which the service contract provider or the protection product guarantee provider is legally obligated to perform according to the service contract provider's or protection product guarantee provider's contractual obligations under the service contracts or protection product guarantees issued or sold by the service contract provider or the protection product guarantee provider.

(2) The reimbursement insurance policy shall fully insure the obligations of the service contract provider or protection product guarantee provider, rather than partially insure, or insure only in the event of service contract provider or protection product guarantee provider default.

(3) The reimbursement insurance policy shall state that the service contract holder or protection product guarantee holder is entitled to apply directly to the reimbursement insurance company for payment or performance due. [2006 c 274 § 7; 1999 c 112 § 7.]

**48.110.070 Service contracts—Form—Required contents—Limited application.** (1) Service contracts marketed, sold, offered for sale, issued, made, proposed to be made, or administered in this state or sold to residents of this state shall be written, printed, or typed in clear, understandable language that is easy to read, and disclose the requirements set forth in this section, as applicable.

(2) Service contracts insured under a reimbursement insurance policy under RCW 48.110.050(2)(a) and 48.110.060 shall not be issued, sold, or offered for sale in this state or sold to residents of this state unless the service contract conspicuously contains a statement in substantially the following form: "Obligations of the service contract provider under this service contract are insured under a service contract reimbursement insurance policy." The service contract shall also conspicuously state the name and address of the issuer of the reimbursement insurance policy and state that the service contract holder is entitled to apply directly to the reimbursement insurance company.

(3) Service contracts not insured under a reimbursement insurance policy under RCW 48.110.050(2)(a) and 48.110.060 shall contain a statement in substantially the following form: "Obligations of the service contract provider

under this contract are backed by the full faith and credit of the service contract provider."

(4) Service contracts shall state the name and address of the service contract provider and shall identify any administrator if different from the service contract provider, the service contract seller, and the service contract holder to the extent that the name of the service contract holder has been furnished by the service contract holder. The identities of such parties are not required to be preprinted on the service contract and may be added to the service contract at the time of sale.

(5) Service contracts shall state the purchase price of the service contract and the terms under which the service contract is sold. The purchase price is not required to be preprinted on the service contract and may be negotiated at the time of sale.

(6) Service contracts shall state the procedure to obtain service or to file a claim, including but not limited to the procedures for obtaining prior approval for repair work, the toll-free telephone number if prior approval is necessary for service, and the procedure for obtaining emergency repairs performed outside of normal business hours or provide for twenty-four-hour telephone assistance.

(7) Service contracts shall state the existence of any deductible amount, if applicable.

(8) Service contracts shall specify the merchandise, parts, and services to be provided and any limitations, exceptions, or exclusions.

(9) Service contracts shall state any restrictions governing the transferability of the service contract, if applicable.

(10) Service contracts shall state the terms, restrictions, or conditions governing cancellation of the service contract prior to the termination or expiration date of the service contract by either the service contract provider or by the service contract holder, which rights can be no more restrictive than provided in RCW 48.110.050(3). The service contract provider of the service contract shall mail a written notice to the service contract holder at the last known address of the service contract holder contained in the records of the service contract provider at least twenty-one days prior to cancellation by the service contract provider. The notice shall state the effective date of the cancellation and the true and actual reason for the cancellation.

(11) Service contracts shall set forth the obligations and duties of the service contract holder, including but not limited to the duty to protect against any further damage and any requirement to follow owner's manual instructions.

(12) Service contracts shall state whether or not the service contract provides for or excludes consequential damages or preexisting conditions.

(13) Service contracts shall state any exclusions of coverage.

(14) Service contracts shall not contain a provision which requires that any civil action brought in connection with the service contract must be brought in the courts of a jurisdiction other than this state. Service contracts that authorize binding arbitration to resolve claims or disputes must allow for arbitration proceedings to be held at a location in closest proximity to the service contract holder's permanent residence.

This section does not apply to service contracts on motor vehicles or to protection product guarantees. [2006 c 274 § 8; 1999 c 112 § 8.]

**48.110.073 Service contract forms—Motor vehicles—Reliance on reimbursement insurance policy.** (1) If the service contract provider or protection product guarantee provider is using [the] reimbursement insurance policy to satisfy the requirements of RCW 48.110.050(2)(a), 48.110.055(2)(b), or 48.110.075(2)(a), then the reimbursement insurance policy shall be filed with and approved by the commissioner in accordance with and pursuant to the requirements of chapter 48.18 RCW.

(2) All service contracts forms covering motor vehicles must be filed with and approved by the commissioner prior to the service contract forms being used, issued, delivered, sold, or marketed in this state or to residents of this state.

(3) All service contracts forms covering motor vehicles being used, issued, delivered, sold, or marketed in this state or to residents of this state by motor vehicle manufacturers or import distributors or wholly owned subsidiaries thereof must be filed with the commissioner for approval within sixty days after the motor vehicle manufacturer or import distributor or wholly owned subsidiary thereof begins using the service contracts forms.

(4) The commissioner shall disapprove any motor vehicle service contract form if:

(a) The form is in any respect in violation of, or does not comply with, this chapter or any applicable order or regulation of the commissioner issued under this chapter;

(b) The form contains or incorporates by reference any inconsistent, ambiguous, or misleading clauses, or exceptions and conditions;

(c) The form has any title, heading, or other indication of its provisions that is misleading; or

(d) The purchase of the contract is being solicited by deceptive advertising. [2006 c 274 § 20.]

**48.110.075 Service contracts on motor vehicles—Obligations of provider—Contract requirements.** (1) This section applies to service contracts on motor vehicles.

(2) Service contracts shall not be issued, sold, or offered for sale in this state or sold to consumers in this state unless:

(a) The service contract provider has either demonstrated its financial responsibility or assured the faithful performance of the service contract provider's obligations to its service contract holders by insuring all service contracts under a reimbursement insurance policy issued by an insurer holding a certificate of authority from the commissioner or a risk retention group, as defined in 15 U.S.C. Sec. 3901(a)(4), as long as that risk retention group is in full compliance with the federal liability risk retention act of 1986 (15 U.S.C. Sec. 3901 et seq.), is in good standing in its domiciliary jurisdiction, and properly registered with the commissioner under chapter 48.92 RCW. The insurance required by this subsection must meet the following requirements:

(i) The insurer or risk retention group must, at the time the policy is filed with the commissioner, and continuously thereafter, maintain surplus as to policyholders and paid-in

capital of at least fifteen million dollars and annually file audited financial statements with the commissioner; and

(ii) The commissioner may authorize an insurer or risk retention group that has surplus as to policyholders and paid-in capital of less than fifteen million dollars, but at least equal to ten million dollars, to issue the insurance required by this subsection if the insurer or risk retention group demonstrates to the satisfaction of the commissioner that the company maintains a ratio of direct written premiums, wherever written, to surplus as to policyholders and paid-in capital of not more than three to one;

(b) The service contract conspicuously states that the obligations of the provider to the service contract holder are guaranteed under the reimbursement insurance policy, the name and address of the issuer of the reimbursement insurance policy, the applicable policy number, and the means by which a service contract holder may file a claim under the policy;

(c) The service contract conspicuously and unambiguously states the name and address of the service contract provider and identifies any administrator if different from the service contract provider, the service contract seller, and the service contract holder. The identity of the service contract seller and the service contract holder are not required to be preprinted on the service contract and may be added to the service contract at the time of sale;

(d) The service contract states the purchase price of the service contract and the terms under which the service contract is sold. The purchase price is not required to be preprinted on the service contract and may be negotiated at the time of sale;

(e) The contract contains a conspicuous statement that has been initialed by the service contract holder and discloses:

(i) Any material conditions that the service contract holder must meet to maintain coverage under the contract including, but not limited to, any maintenance schedule to which the service contract holder must adhere, any requirement placed on the service contract holder for documenting repair or maintenance work, any duty to protect against any further damage, and any procedure to which the service contract holder must adhere for filing claims;

(ii) The work and parts covered by the contract;

(iii) Any time or mileage limitations;

(iv) That the implied warranty of merchantability on the motor vehicle is not waived if the contract has been purchased within ninety days of the purchase date of the motor vehicle from a provider or service contract seller who also sold the motor vehicle covered by the contract;

(v) Any exclusions of coverage; and

(vi) The contract holder's right to return the contract for a refund, which right can be no more restrictive than provided for in subsection (4) of this section;

(f) The service contract states the procedure to obtain service or to file a claim, including but not limited to the procedures for obtaining prior approval for repair work, the toll-free telephone number if prior approval is necessary for service, and the procedure for obtaining emergency repairs performed outside of normal business hours or for obtaining twenty-four-hour telephone assistance;

(g) The service contract states the existence of any deductible amount, if applicable;

(h) The service contract states any restrictions governing the transferability of the service contract, if applicable; and

(i) The service contract states whether or not the service contract provides for or excludes consequential damages or preexisting conditions.

(3) Service contracts shall not contain a provision which requires that any civil action brought in connection with the service contract must be brought in the courts of a jurisdiction other than this state. Service contracts that authorize binding arbitration to resolve claims or disputes must allow for arbitration proceedings to be held at a location in closest proximity to the service contract holder's permanent residence.

(4)(a) At a minimum, every provider shall permit the service contract holder to return the contract within thirty days of its purchase if no claim has been made under the contract, and shall refund to the holder the full purchase price of the contract unless the service contract holder returns the contract ten or more days after its purchase, in which case the provider may charge a cancellation fee not exceeding twenty-five dollars.

(b) If no claim has been made and a contract holder returns the contract after thirty days, the provider shall refund the purchase price pro rata based upon either elapsed time or mileage computed from the date the contract was purchased and the mileage on that date, less a cancellation fee not exceeding twenty-five dollars.

(c) A ten percent penalty shall be added to any refund that is not paid within thirty days of return of the contract to the provider.

(d) If a contract holder returns the contract under this subsection, the contract is void from the beginning and the parties are in the same position as if no contract had been issued.

(e) If a service contract holder returns the contract in accordance with this section, the insurer issuing the reimbursement insurance policy covering the contract shall refund to the provider the full premium by the provider for the contract if canceled within thirty days or a pro rata refund if canceled after thirty days.

(5) A service contract provider shall not deny a claim for coverage based upon the service contract holder's failure to properly maintain the vehicle, unless the failure to maintain the vehicle involved the failed part or parts.

(6) A contract provider has only sixty days from the date of the sale of the service contract to the holder to determine whether or not the vehicle qualifies under the provider's program for that vehicle. After sixty days the vehicle qualifies for the service contract that was issued and the service contract provider may not cancel the contract and is fully obligated under the terms of the contract sold to the service contract holder. [2006 c 274 § 18.]

**48.110.080 Name of service contract provider or protection product guarantee provider—Use of legal name—False or misleading statements—Restrictions on requirement to purchase service contract.** (1) A service contract provider or protection product guarantee provider shall not use in its name the words insurance, casualty, guaranty, surety, mutual, or any other words descriptive of the insur-

ance, casualty, guaranty, or surety business; or a name deceptively similar to the name or description of any insurance or surety corporation, or to the name of any other service contract provider or protection product guarantee provider. This subsection does not apply to a company that was using any of the prohibited language in its name prior to January 1, 1999. However, a company using the prohibited language in its name shall conspicuously disclose in its service contracts or protection product guarantees the following statement: "This agreement is not an insurance contract."

(2) Every service contract provider or protection product guarantee provider shall conduct its business in its own legal name, unless the commissioner has approved the use of another name.

(3) A service contract provider or protection product guarantee provider or their representatives shall not in their service contracts or protection product guarantees or literature make, permit, or cause to be made any false or misleading statement, or deliberately omit any material statement that would be considered misleading if omitted.

(4) A person, such as a bank, savings and loan association, lending institution, manufacturer, or seller shall not require the purchase of a service contract or protection product as a condition of a loan or a condition for the sale of any property. [2006 c 274 § 9; 1999 c 112 § 9.]

**48.110.090 Recordkeeping of service contract provider or protection product guarantee provider—Requirements—Duration—Form.** (1) The service contract provider or protection product guarantee provider shall keep accurate accounts, books, and records concerning transactions regulated under this chapter.

(2) The service contract provider's or protection product guarantee provider's accounts, books, and records shall include the following:

(a) Copies of each type of service contract or protection product guarantees offered, issued, or sold;

(b) The name and address of each service contract holder or protection product guarantee holder, to the extent that the name and address have been furnished by the service contract holder or protection product guarantee holder;

(c) A list of the locations where the service contracts or protection products are marketed, sold, or offered for sale; and

(d) Written claim files that contain at least the dates, amounts, and descriptions of claims related to the service contracts or protection products.

(3) Except as provided in subsection (5) of this section, the service contract provider or protection product guarantee provider shall retain all records required to be maintained by subsection (1) of this section for at least six years after the specified coverage has expired.

(4) The records required under this chapter may be, but are not required to be, maintained on a computer disk or other recordkeeping technology. If the records are maintained in other than hard copy, the records shall be capable of duplication to legible hard copy.

(5) A service contract provider or protection product guarantee provider discontinuing business in this state shall maintain its records until it furnishes the commissioner satisfactory proof that it has discharged all obligations to service

contract holders or protection product guarantee holders in this state. [2006 c 274 § 10; 1999 c 112 § 10.]

**48.110.100 Termination of reimbursement insurance policy.** As applicable, an insurer that issued a reimbursement insurance policy shall not terminate the policy until a notice of termination in accordance with RCW 48.18.290 has been given to the service contract provider or protection product guarantee provider and has been delivered to the commissioner. The termination of a reimbursement insurance policy does not reduce the issuer's responsibility for service contracts issued by service contract providers or protection product guarantees issued by protection product guarantee providers prior to the effective date of the termination. [2006 c 274 § 11; 1999 c 112 § 11.]

**48.110.110 Service contract provider or protection product guarantee provider—Agent of insurer which issued reimbursement insurance policy.** (1) Service contract providers or protection product guarantee providers are considered to be the agent of the insurer which issued the reimbursement insurance policy for purposes of obligating the insurer to service contract holders or protection product guarantee holders in accordance with the service contract or protection product guarantee holders and this chapter. Payment of the provider fee by the consumer to the service contract seller, service contract provider, or administrator or payment of consideration for the protection product to the protection product seller constitutes payment by the consumer to the service contract provider or protection product guarantee provider and to the insurer which issued the reimbursement insurance policy. In cases where a service contract provider or protection product guarantee provider is acting as an administrator and enlists other service contract providers or protection product guarantee providers, the service contract provider or protection product guarantee provider acting as the administrator shall notify the insurer of the existence and identities of the other service contract providers or protection product guarantee providers.

(2) This chapter does not prevent or limit the right of an insurer which issued a reimbursement insurance policy to seek indemnification or subrogation against a service contract provider or protection product guarantee provider if the issuer pays or is obligated to pay the service contract holder or protection product guarantee holder sums that the service contract provider or protection product guarantee provider was obligated to pay under the provisions of the service contract or protection product guarantee. [2006 c 274 § 12; 1999 c 112 § 12.]

**48.110.120 Commissioner may conduct investigations.** (1) The commissioner may conduct investigations of service contract providers or protection product guarantee providers, administrators, service contract sellers or protection product sellers, insurers, and other persons to enforce this chapter and protect service contract holders or protection product guarantee holders in this state. Upon request of the commissioner, the service contract provider or protection product guarantee provider shall make all accounts, books, and records concerning service contracts or protection prod-

ucts offered, issued, or sold by the service contract provider or protection product guarantee provider available to the commissioner which are necessary to enable the commissioner to determine compliance or noncompliance with this chapter.

(2) The commissioner may take actions under RCW 48.02.080 or 48.04.050 which are necessary or appropriate to enforce this chapter and the commissioner's rules and orders, and to protect service contract holders or protection product guarantee holders in this state. [2006 c 274 § 13; 1999 c 112 § 13.]

**48.110.130 Denial, suspension, or revocation of registration—Immediate suspension without notice or hearing—Fine.** (1) The commissioner may, subject to chapter 48.04 RCW, deny, suspend, or revoke the registration of a service contract provider or protection product guarantee provider if the commissioner finds that the service contract provider or protection product guarantee provider:

(a) Has violated this chapter or the commissioner's rules and orders;

(b) Has refused to be investigated or to produce its accounts, records, and files for investigation, or if any of its officers have refused to give information with respect to its affairs or refused to perform any other legal obligation as to an investigation, when required by the commissioner;

(c) Has, without just cause, refused to pay proper claims or perform services arising under its contracts or has, without just cause, caused service contract holders or protection product guarantee holders to accept less than the amount due them or caused service contract holders or protection product guarantee holders to employ attorneys or bring suit against the service contract provider or protection product guarantee provider to secure full payment or settlement of claims;

(d) Is affiliated with or under the same general management or interlocking directorate or ownership as another service contract provider or protection product guarantee provider which unlawfully transacts business in this state without having a registration;

(e) At any time fails to meet any qualification for which issuance of the registration could have been refused had such failure then existed and been known to the commissioner;

(f) Has been convicted of, or has entered a plea of guilty or nolo contendere to, a felony;

(g) Is under suspension or revocation in another state with respect to its service contract business or protection product business;

(h) Has made a material misstatement in its application for registration;

(i) Has obtained or attempted to obtain a registration through misrepresentation or fraud;

(j) Has, in the transaction of business under its registration, used fraudulent, coercive, or dishonest practices;

(k) Has failed to pay any judgment rendered against it in this state regarding a service contract or protection product guarantee within sixty days after the judgment has become final; or

(l) Has failed to respond promptly to any inquiry from the insurance commissioner relative to service contract or protection product business. A lack of response within fifteen business days from receipt of an inquiry is untimely. A

response must be in writing, unless otherwise indicated in the inquiry.

(2) The commissioner may, without advance notice or hearing thereon, immediately suspend the registration of a service contract provider or protection product guarantee provider if the commissioner finds that any of the following circumstances exist:

(a) The provider is insolvent;

(b) A proceeding for receivership, conservatorship, rehabilitation, or other delinquency proceeding regarding the service contract provider or protection product guarantee provider has been commenced in any state; or

(c) The financial condition or business practices of the service contract provider or protection product guarantee provider otherwise pose an imminent threat to the public health, safety, or welfare of the residents of this state.

(3) If the commissioner finds that grounds exist for the suspension or revocation of a registration issued under this chapter, the commissioner may, in lieu of suspension or revocation, impose a fine upon the service contract provider or protection product guarantee provider in an amount not more than two thousand dollars per violation. [2006 c 274 § 14; 1999 c 112 § 14.]

#### 48.110.140 Application of consumer protection act.

The legislature finds that the practices covered by this chapter are matters vitally affecting the public interest for the purpose of applying the consumer protection act, chapter 19.86 RCW. Violations of this chapter are not reasonable in relation to the development and preservation of business. A violation of this chapter is an unfair or deceptive act or practice in the conduct of trade or commerce and an unfair method of competition, as specifically contemplated by RCW 19.86.020, and is a violation of the consumer protection act, chapter 19.86 RCW. Any service contract holder or protection product guarantee holder injured as a result of a violation of a provision of this chapter shall be entitled to maintain an action pursuant to chapter 19.86 RCW against the service contract provider or protection product guarantee provider and the insurer issuing the applicable service contract or protection product guarantee reimbursement insurance policy and shall be entitled to all of the rights and remedies afforded by that chapter. [2006 c 274 § 15; 1999 c 112 § 15.]

**48.110.150 Rules.** The commissioner may adopt rules to implement and administer this chapter. [1999 c 112 § 16.]

#### 48.110.900 Date of application to service contracts.

This chapter applies to all service contracts, other than on motor vehicles, sold or offered for sale ninety or more days after July 25, 1999. This chapter applies to all service contracts on motor vehicles and protection products sold or offered for sale after September 30, 2006. [2006 c 274 § 16; 1999 c 112 § 17.]

**48.110.901 Severability—1999 c 112.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1999 c 112 § 19.]

(2010 Ed.)

**48.110.902 Application of chapter to motor vehicle manufacturers or import distributors.** (1) RCW 48.110.030 (2)(a) and (b), (3), and (4), 48.110.040, 48.110.060, 48.110.100, 48.110.110, 48.110.075 (2)(a) and (b) and (4)(e), and 48.110.073 (1) and (2) do not apply to motor vehicle service contracts issued by a motor vehicle manufacturer or import distributor covering vehicles manufactured or imported by the motor vehicle manufacturer or import distributor.

(2) RCW 48.110.030(2)(c) does not apply to a publicly traded motor vehicle manufacturer or import distributor.

(3) RCW 48.110.030 (2)(a) through (c), (3), and (4), 48.110.040, and 48.110.073(2) do not apply to wholly owned subsidiaries of motor vehicle manufacturers or import distributors.

(4) The adoption of chapter 274, Laws of 2006 does not imply that a vehicle protection product warranty was insurance prior to October 1, 2006. [2006 c 274 § 21.]

**48.110.903 Severability—2006 c 274.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [2006 c 274 § 22.]

**48.110.904 Effective date—2006 c 274.** This act takes effect October 1, 2006. [2006 c 274 § 24.]

### Chapter 48.111 RCW

#### HOME HEATING FUEL SERVICE CONTRACTS

##### Sections

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48.111.901	Severability—2006 c 36.

**48.111.005 Findings—Purpose.** The legislature finds that certain service contracts involving providers of home heating fuel and homeowners are in the public interest. The legislature further finds that the existing statutory provisions regulating service contracts are more burdensome than is necessary to safeguard homeowners from the risk that a contract obligor will close or be unable to fulfill their contract obligations. The legislature declares that it is necessary to establish separate standards that will safeguard certain homeowners from possible losses arising from the cessation of

business of a home heating fuel company or the mismanagement of funds paid for home heating fuel service contracts. The purpose of this chapter is to create a legal framework within which home heating fuel service contracts may be sold in this state and set forth requirements for conducting a service contract business. [2006 c 36 § 1.]

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

(1) "Administrator" means the person who is responsible for the administration of the service contracts or the service contracts plan.

(2) "Commissioner" means the insurance commissioner of this state.

(3) "Consumer" means an individual who buys any tangible personal property that is primarily for personal, family, or household use.

(4) "Home heating fuel service contract" means a contract or agreement for a separately stated consideration for a specific duration to perform the repair, replacement, or maintenance of a customer-owned home heating fuel supply system including the fuel tank and all visible pipes, caps, lines, and associated parts or the indemnification for repair, replacement, or maintenance for operational or structural failure due to a defect in materials or workmanship, or normal wear and tear.

(5) "Person" means an individual, partnership, corporation, incorporated or unincorporated association, joint stock company, reciprocal insurer, syndicate, or any similar entity or combination of entities acting in concert.

(6) "Premium" means the consideration paid to an insurer for a reimbursement insurance policy.

(7) "Provider fee" means the consideration paid by a consumer for a home heating fuel service contract.

(8) "Reimbursement insurance policy" means a policy of insurance that is issued to a service contract provider to provide reimbursement to the service contract provider or to pay on behalf of the service contract provider all contractual obligations incurred by the service contract provider under the terms of the insured service contracts issued or sold by the service contract provider.

(9) "Home heating fuel service contract holder" or "contract holder" means a person who is the purchaser or holder of a home heating fuel service contract.

(10) "Home heating fuel service contract provider" or "contract provider" means a person who is providing home heating fuel delivery services to the customer and is contractually obligated to the home heating fuel service contract holder under the terms of the service contract.

(11) "Home heating fuel service contract seller" means the person who sells the home heating fuel service contract to the consumer.

(12) "Warranty" means a warranty made solely by the manufacturer, importer, or seller of property or services without consideration; that is not negotiated or separated from the sale of the product and is incidental to the sale of the product; and that guarantees indemnity for defective parts, mechanical or electrical breakdown, labor, or other remedial measures, such as repair or replacement of the property or repetition of services. [2006 c 36 § 2.]

**48.111.020 Registration required—Application—Required information—Grounds for refusal—Annual renewal.** (1) A person shall not act as, or offer to act as, or hold himself or herself out to be a home heating fuel service contract provider in this state, nor may a home heating fuel service contract be sold to a consumer in this state, unless the contract provider has a valid registration as a home heating fuel service contract provider issued by the commissioner.

(2) Applicants to be a home heating fuel service contract provider shall make an application to the commissioner upon a form to be furnished by the commissioner. The application must include or be accompanied by the following information and documents:

(a) All basic organizational documents of the home heating fuel service contract provider, including any articles of incorporation, articles of association, partnership agreement, trade name certificate, trust agreement, shareholder agreement, bylaws, and other applicable documents, and all amendments to those documents;

(b) The identities of the contract provider's executive officer or officers directly responsible for the contract provider's home heating fuel service contract business;

(c) Annual financial statements or other financial reports acceptable to the commissioner for the two most recent years which prove that the applicant is solvent and any information the commissioner may require in order to review the current financial condition of the applicant;

(d) An application fee of one hundred dollars, which must be deposited into the general fund; and

(e) Any other pertinent information required by the commissioner.

(3) The commissioner may refuse to issue a registration if the commissioner determines that the home heating fuel service contract provider, or any individual responsible for the conduct of the affairs of the contract provider under subsection (2)(b) of this section, is not competent, trustworthy, or financially responsible.

(4) A registration issued under this section is valid, unless surrendered, suspended, or revoked by the commissioner, or not renewed for so long as the service contract provider continues in business in this state and remains in compliance with this chapter. A registration is subject to renewal annually on July 1st upon application of the home heating fuel service contract provider and payment of a fee of twenty-five dollars, which must be deposited into the general fund. If not so renewed, the registration expires on June 30th next preceding.

(5) A home heating fuel service contract provider shall keep current the information required to be disclosed in its registration under this section by reporting all material changes or additions within thirty days after the end of the month in which the change or addition occurs. [2007 c 80 § 1; 2006 c 36 § 3.]

**48.111.030 Filing of reports—Investigations—Confidentiality.** (1) Every registered home heating fuel service contract provider that is assuring its faithful performance of its obligations to its contract holders by complying with RCW 48.111.040(2)(b) shall file an annual report for the preceding calendar year with the commissioner on or before March 1st of each year, or within any extension of time the

commissioner for good cause may grant. The report must be in the form and contain those matters as the commissioner prescribes and must be verified by at least two officers of the home heating fuel service contract provider.

(2) As part of an investigation by the commissioner, the commissioner may require a home heating fuel service contract provider to file monthly financial reports whenever, in the commissioner's discretion, there is a need to more closely monitor the financial activities of the service contract provider. Monthly financial statements must be filed in the commissioner's office no later than the twenty-fifth day of the month following the month for which the financial report is being filed. These monthly financial reports must be the internal financial statements of the service contract provider. The monthly financial reports that are filed with the commissioner constitute information that might be damaging to the service contract provider if made available to its competitors, and therefore shall be kept confidential by the commissioner. This information may not be made public or be subject to subpoena, other than by the commissioner and then only for the purpose of enforcement actions taken by the commissioner. [2006 c 36 § 4.]

**48.111.040 Obligations of contract provider.** (1)

Home heating fuel service contracts may not be issued, sold, or offered for sale in this state or sold to consumers in this state unless the contract provider has:

(a) Provided a receipt for, or other written evidence of, the purchase of the home heating fuel service contract to the contract holder; and

(b) Provided a copy of the home heating fuel service contract to the service contract holder within a reasonable period of time from the date of purchase.

(2) In order to assure the faithful performance of a home heating fuel service contract provider's obligations to its contract holders, every home heating fuel service contract provider is responsible for complying with the requirements of one of the following:

(a) Insure all home heating fuel service contracts under a reimbursement insurance policy issued by an insurer holding a certificate of authority from the commissioner; or

(b)(i) Maintain a funded reserve account for its obligations under its home heating service contracts issued and outstanding in this state. The reserves may not be less than forty percent of the gross consideration received, less claims paid, on the sale of the home heating fuel service contract for all in-force contracts. The reserve account is subject to examination and review by the insurance commissioner; and

(ii) Place in trust with the commissioner a financial security deposit, having a value of not less than five percent of the gross consideration received, less claims paid, on the sale of the service contract for all service contracts issued and in force, but not less than ten thousand dollars, consisting of one of the following:

(A) A surety bond issued by an insurer holding a certificate of authority from the commissioner;

(B) Securities of the type eligible for deposit by authorized insurers in this state;

(C) Cash;

(D) An evergreen letter of credit issued by a qualified financial institution;

(E) A pledged certificate of deposit issued by a qualified financial institution; or

(F) Another form of security prescribed by rule by the commissioner.

(3) Home heating fuel service contracts must require the contract provider to permit the contract holder to return the home heating fuel service contract within thirty days of the date the home heating fuel service contract was delivered to the contract holder, or within a longer time period permitted under the home heating fuel service contract. Upon return of the home heating fuel service contract to the contract provider within the applicable period, if no claim has been made under the home heating fuel service contract prior to the return to the contract provider, the home heating fuel service contract is void and the contract provider shall refund to the contract holder, or credit the account of the contract holder with the full purchase price of the home heating fuel service contract. The right to void the home heating fuel service contract provided in this subsection is not transferable and applies only to the original contract purchaser. A ten percent penalty per month must be added to a refund of the purchase price that is not paid or credited within thirty days after return of the home heating fuel service contract to the contract provider.

(4) Except for home heating fuel service contract providers, persons marketing, selling, or offering to sell home heating service contracts for providers are exempt from the registration requirements of this chapter.

(5) The marketing, sale, offering for sale, issuance, making, proposing to make, and administration of home heating fuel service contracts by contract providers and related contract sellers, administrators, and other persons complying with this chapter are exempt from the other provisions of this title, except chapter 48.04 RCW and as otherwise provided in this chapter. [2006 c 36 § 5.]

**48.111.050 Reimbursement insurance policies insuring home heating fuel service contracts.** (1)

Reimbursement insurance policies insuring home heating fuel service contracts issued, sold, or offered for sale in this state or sold to consumers in this state must state that the insurer that issued the reimbursement insurance policy shall reimburse or pay on behalf of the contract provider all sums the contract provider is legally obligated to pay, including but not limited to the refund of the full purchase price of the contract to the contract holder or shall provide the service which the contract provider is legally obligated to perform according to the contract provider's contractual obligations under the home heating fuel service contracts issued or sold by the contract provider.

(2) The reimbursement insurance policy must fully insure the obligations of the contract provider, rather than partially insure, or insure only in the event of contract provider default.

(3) The reimbursement insurance policy must state that the contract holder is entitled to apply directly to the reimbursement insurance company. [2006 c 36 § 6.]

**48.111.053 Termination of reimbursement insurance policies.** As applicable, an insurer that issued a reimburse-

ment insurance policy shall not terminate the policy until a notice of termination in accordance with RCW 48.18.290 has been given to the home heating fuel service contract provider and has been delivered to the commissioner. The termination of a reimbursement insurance policy does not reduce the issuer's responsibility for home heating fuel service contracts issued by contract providers prior to the effective date of the termination. [2006 c 36 § 10.]

**48.111.055 Insurer issuing reimbursement insurance policy—Contract provider is agent.** (1) Home heating fuel service contract providers are the agent of the insurer that issued the reimbursement insurance policy for purposes of obligating the insurer to contract holders in accordance with the home heating fuel service contract and this chapter. Payment of the provider fee by the consumer to the home heating fuel service contract seller, contract provider, or administrator constitutes payment by the consumer to the home heating fuel service contract provider and to the insurer that issued the reimbursement insurance policy. In cases when a contract provider is acting as an administrator and enlists other contract providers, the contract provider acting as the administrator shall notify the insurer of the existence and identities of the other contract providers.

(2) This chapter does not prevent or limit the right of an insurer that issued a reimbursement insurance policy to seek indemnification or subrogation against a home heating fuel service contract provider if the issuer pays or is obligated to pay the contract holder sums that the contract provider was obligated to pay under the provisions of the home heating fuel service contract. [2006 c 36 § 11.]

**48.111.060 Home heating fuel service contracts—Form—Required contents.** (1) Home heating fuel service contracts marketed, sold, offered for sale, issued, made, proposed to be made, or administered in this state or sold to residents of this state must be written, printed, or typed in clear, understandable language that is easy to read, and disclose the requirements set forth in this section, as applicable.

(2) Home heating fuel service contracts insured under a reimbursement insurance policy must not be issued, sold, or offered for sale in this state or sold to residents of this state unless the home heating fuel service contract conspicuously contains a statement in substantially the following form: "Obligations of the home heating fuel service contract provider under this contract are insured under a contract reimbursement insurance policy." The home heating fuel service contract must also conspicuously state the name and address of the issuer of the reimbursement insurance policy and state that the contract holder is entitled to apply directly to the reimbursement insurance company.

(3) Service contracts not insured under a reimbursement insurance policy must contain a statement in substantially the following form: "Obligations of the home heating fuel service contract provider under this contract are backed by the full faith and credit of the home heating fuel service contract provider."

(4) Home heating fuel service contracts must state the name and address of the contract provider and must identify any administrator if different from the contract provider, the

contract seller, and the contract holder to the extent that the name of the contract holder has been furnished by the contract holder. The identities of the parties are not required to be preprinted on the home heating fuel service contract and may be added to the home heating fuel service contract at the time of sale.

(5) Home heating fuel service contracts must state the purchase price of the contract and the terms under which the home heating fuel service contract is sold. The purchase price is not required to be preprinted on the home heating fuel service contract and may be negotiated at the time of sale.

(6) Home heating fuel service contracts must state the procedure to obtain service or to file a claim, including but not limited to the procedures for obtaining prior approval for repair work, the toll-free telephone number if prior approval is necessary for service, and the procedure for obtaining emergency repairs performed outside of normal business hours or provide for twenty-four hour telephone assistance.

(7) Home heating fuel service contracts must state the existence of any deductible amount, if applicable.

(8) Home heating fuel service contracts must specify the merchandise and services to be provided and any limitations, exceptions, or exclusions.

(9) Home heating fuel service contracts must state any restrictions governing the transferability of the service contract, if applicable.

(10) Home heating fuel service contracts must state the terms, restrictions, or conditions governing cancellation of the home heating fuel service contract prior to the termination or expiration date of the home heating fuel service contract by either the contract provider or by the contract holder, which rights can be no more restrictive than provided in RCW 48.111.040. The contract provider of the home heating fuel service contract shall mail a written notice to the contract holder at the last known address of the contract holder contained in the records of the contract provider at least twenty-one days prior to cancellation by the contract provider. The notice must state the effective date of the cancellation and the true and actual reason for the cancellation.

(11) Home heating fuel service contracts must set forth the obligations and duties of the contract holder, including but not limited to the duty to protect against any further damage and any requirement to follow owner's manual instructions.

(12) Home heating fuel service contracts must state whether or not the home heating fuel service contract provides for or excludes consequential damages or preexisting conditions.

(13) Home heating fuel service contracts must not contain a provision that requires that any civil action brought in connection with the home heating fuel service contract must be brought in the courts of a jurisdiction other than this state. Home heating service contracts that authorize binding arbitration to resolve claims or disputes may allow for arbitration proceedings to be held at a location in closest proximity to the contract holder's permanent residence. [2006 c 36 § 7.]

**48.111.070 Name of contract provider—Use of legal name—False or misleading statements—Restrictions on requirement to purchase service contracts.** (1) A home heating fuel service contract provider shall not use in its name

the words insurance, casualty, guaranty, surety, mutual, or any other words descriptive of the insurance, casualty, guaranty, or surety business; or a name deceptively similar to the name or description of any insurance or surety corporation, or to the name of any other home heating fuel service contract provider. This subsection does not apply to a company that was using any of the prohibited language in its name prior to June 7, 2006. However, a company using the prohibited language in its name shall conspicuously disclose in its home heating fuel service contracts the following statement: "This agreement is not an insurance contract."

(2) Every home heating fuel service contract provider shall conduct its business in its own legal name, unless the commissioner has approved the use of another name.

(3) A home heating fuel service contract provider or its representative shall not in its contracts or literature make, permit, or cause to be made any false or misleading statement, or deliberately omit any material statement that would be considered misleading if omitted.

(4) A person, such as a bank, savings and loan association, lending institution, manufacturer, or seller shall not require the purchase of a home heating fuel service contract as a condition of a loan or a condition for the sale of any property. [2006 c 36 § 8.]

**48.111.080 Recordkeeping of contract provider—Requirements—Form.** (1) The home heating fuel service contract provider shall keep accurate accounts, books, and records concerning transactions regulated under this chapter.

(2) The contract provider's accounts, books, and records must include the following:

(a) Copies of each type of home heating fuel service contract sold;

(b) The name and address of each contract holder, to the extent that the name and address have been furnished by the contract holder; and

(c) Written claim files that contain at least the dates, amounts, and descriptions of claims related to the service contracts.

(3) The records required under this chapter may be, but are not required to be, maintained on a computer disk or other recordkeeping technology. If the records are maintained in other than hard copy, the records must be capable of duplication to legible hard copy.

(4) A home heating fuel service contract provider discontinuing business in this state shall maintain its records until it furnishes the commissioner satisfactory proof that it has discharged all obligations to service contract holders in this state. [2006 c 36 § 9.]

**48.111.090 Commissioner may conduct investigations.** (1) The commissioner may conduct investigations of home heating fuel service contract providers, administrators, home heating fuel service contract sellers, insurers, and other persons to enforce this chapter and protect home heating fuel service contract holders in this state. Upon request of the commissioner, the contract provider shall make all accounts, books, and records concerning home heating fuel service contracts sold by the contract provider available to the com-

missioner that are necessary to enable the commissioner to determine compliance or noncompliance with this chapter.

(2) The commissioner may take actions under RCW 48.02.080 or 48.04.050 that are necessary or appropriate to enforce this chapter and the commissioner's rules and orders, and to protect home heating fuel service contract holders in this state. [2006 c 36 § 12.]

**48.111.100 Denial, suspension, or revocation of registration—Immediate suspension without notice or hearing—Fine.** (1) The commissioner may, subject to chapter 48.04 RCW, deny, suspend, or revoke the registration of a home heating fuel service contract provider if the commissioner finds that the contract provider:

(a) Has violated this chapter or the commissioner's rules and orders;

(b) Has refused to be investigated or to produce its accounts, records, and files for investigation, or if any of its officers have refused to give information with respect to its affairs or refused to perform any other legal obligation as to an investigation, when required by the commissioner;

(c) Has, without just cause, refused to pay proper claims or perform services arising under its contracts or has, without just cause, caused home heating fuel service contract holders to accept less than the amount due them or caused home heating fuel service contract holders to employ attorneys or bring suit against the contract provider to secure full payment or settlement of claims;

(d) Is affiliated with or under the same general management or interlocking directorate or ownership as another home heating fuel service contract provider that unlawfully transacts business in this state without having a registration;

(e) At any time fails to meet any qualification for which issuance of the registration could have been refused had that failure then existed and been known to the commissioner;

(f) Is under suspension or revocation in another state with respect to its home heating fuel service contract business;

(g) Has made a material misstatement in its application for registration;

(h) Has obtained or attempted to obtain a registration through misrepresentation or fraud;

(i) Has, in the transaction of business under its registration, used fraudulent, coercive, or dishonest practices;

(j) Has failed to pay any judgment rendered against it in this state regarding a home heating fuel service contract within sixty days after the judgment has become final; or

(k) Has been convicted of, or has entered a plea of guilty or nolo contendere to, a property or finance-related felony.

(2) The commissioner may, without advance notice or hearing thereon, immediately suspend the registration of a home heating fuel service contract provider if the commissioner finds that any of the following circumstances exist:

(a) The provider is insolvent;

(b) A proceeding for receivership, conservatorship, rehabilitation, or other delinquency proceeding regarding the home heating fuel service contract provider has been commenced in any state; or

(c) The financial condition or business practices of the home heating fuel service contract provider otherwise pose

an imminent threat to the public health, safety, or welfare of the residents of this state.

(3) If the commissioner finds that grounds exist for the suspension or revocation of a registration issued under this chapter, the commissioner may, in lieu of suspension or revocation, impose a fine upon the home heating fuel service contract provider in an amount not more than one thousand dollars per violation. [2006 c 36 § 13.]

**48.111.110 Rules.** The commissioner may adopt rules to implement and administer this chapter. [2006 c 36 § 14.]

**48.111.900 Application.** This chapter applies to all home heating fuel service contracts sold or offered for sale after October 1, 2006. [2006 c 36 § 15.]

**48.111.901 Severability—2006 c 36.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [2006 c 36 § 18.]

## Chapter 48.115 RCW RENTAL CAR INSURANCE

### Sections

48.115.001	Short title.
48.115.005	Definitions.
48.115.010	License required.
48.115.015	Licensing rental car companies as rental car insurance producers.
48.115.020	Rental car insurance producer endorsee—Duties of rental car insurance producer—Training—Transaction records.
48.115.025	Restrictions on offer, sale, or solicitation—Consumer information.
48.115.030	Rental car insurance producer prohibitions.
48.115.035	Enforcement—Commissioner may revoke, suspend, or refuse to issue or renew license.
48.115.040	Treatment of moneys collected from renters purchasing insurance.
48.115.045	Rule making.
48.115.900	Captions not law.

**48.115.001 Short title.** This chapter may be known and cited as the rental car specialty insurance producer license act. [2008 c 217 § 85; 2002 c 273 § 1.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

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

(1) "Endorsee" means an unlicensed employee or agent of a rental car insurance producer who meets the requirements of this chapter.

(2) "Person" means an individual or a business entity.

(3) "Rental agreement" means any written master, corporate, group, or individual agreement setting forth the terms and conditions governing the use of a rental car rented or leased by a rental car company.

(4) "Rental car" means any motor vehicle that is intended to be rented or leased for a period of thirty consecutive days or less by a driver who is not required to possess a commercial driver's license to operate the motor vehicle and the motor vehicle is either of the following:

(a) A private passenger motor vehicle, including a passenger van, recreational vehicle, minivan, or sports [sport] utility vehicle; or

(b) A cargo vehicle, including a cargo van, pickup truck, or truck with a gross vehicle weight of less than twenty-six thousand pounds.

(5) "Rental car insurance producer" means any rental car company that is licensed to offer, sell, or solicit rental car insurance under this chapter.

(6) "Rental car company" means any person in the business of renting rental cars to the public, including a franchisee.

(7) "Rental car insurance" means insurance offered, sold, or solicited in connection with and incidental to the rental of rental cars, whether at the rental office or by preselection of coverage in master, corporate, group, or individual agreements that: (a) Is nontransferable; (b) applies only to the rental car that is the subject of the rental agreement; and (c) is limited to the following kinds of insurance:

(i) Personal accident insurance for renters and other rental car occupants, for accidental death or dismemberment, and for medical expenses resulting from an accident that occurs with the rental car during the rental period;

(ii) Liability insurance, including uninsured or underinsured motorist coverage, whether offered separately or in combination with other liability insurance, that provides protection to the renters and to other authorized drivers of a rental car for liability arising from the operation of the rental car during the rental period;

(iii) Personal effects insurance that provides coverage to renters and other vehicle occupants for loss of, or damage to, personal effects in the rental car during the rental period; and

(iv) Roadside assistance and emergency sickness protection insurance.

(8) "Renter" means any person who obtains the use of a vehicle from a rental car company under the terms of a rental agreement. [2008 c 217 § 86; 2002 c 273 § 2.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.115.010 License required.** (1) A rental car company, or officer, director, employee, or agent of a rental car company, may not offer, sell, or solicit the purchase of rental car insurance unless that person is licensed under chapter 48.17 RCW or is in compliance with this chapter.

(2) The commissioner may issue a license to a rental car company that is in compliance with this chapter authorizing the rental car company to act as a rental car insurance producer under this chapter, in connection with and incidental to rental agreements, on behalf of any insurer authorized to write rental car insurance in this state. [2008 c 217 § 87; 2002 c 273 § 3.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.115.015 Licensing rental car companies as rental car insurance producers.** A rental car company may apply to be licensed as a rental car insurance producer under, and if

in compliance with, this chapter by filing the following documents with the commissioner:

(1) A written application for licensure, signed by the applicant or by an officer of the applicant, in the form prescribed by the commissioner that includes a listing of all locations at which the rental car company intends to offer, sell, or solicit rental car insurance; and

(2)(a) A certificate by the insurer that is to be named in the rental car insurance producer license, stating that: (i) The insurer has satisfied itself that the named applicant is trustworthy and competent to act as its rental car insurance producer, limited to this purpose; (ii) the insurer has reviewed the endorsee training and education program required by RCW 48.115.020(4) and believes that it satisfies the statutory requirements; and (iii) the insurer will appoint the applicant to act as its rental car insurance producer to offer, sell, or solicit rental car insurance, if the license for which the applicant is applying is issued by the commissioner.

(b) The certification shall be subscribed by an authorized representative of the insurer on a form prescribed by the commissioner. [2008 c 217 § 88; 2002 c 273 § 4.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.115.020 Rental car insurance producer endorsees—Duties of rental car insurance producer—Training—Transaction records.** (1) An employee or agent of a rental car insurance producer may be an endorsee authorized to offer, sell, or solicit rental car insurance under the authority of the rental car insurance producer license, if all of the following conditions have been satisfied:

(a) The employee or agent is eighteen years of age or older;

(b) The employee or agent is a trustworthy person and has not committed any act set forth in RCW 48.17.530;

(c) The employee or agent has completed a training and education program;

(d) The rental car company, at the time it submits its rental car insurance producer license application, also submits a list of the names of all endorsees to its rental car insurance producer license on forms prescribed by the commissioner. The list shall be updated and submitted to the commissioner quarterly on a calendar year basis. Each list shall be retained by the rental car company for a period of three years from submission; and

(e) The rental car company or its agent submits to the commissioner with its initial rental car insurance producer license application, and annually thereafter, a certification subscribed by an officer of the rental car company on a form prescribed by the commissioner, stating all of the following:

(i) No person other than an endorsee offers, sells, or solicits rental car insurance on its behalf or while working as an employee or agent of the rental car insurance producer; and

(ii) All endorsees have completed the training and education program under subsection (4) of this section.

(2) A rental car insurance producer's endorsee may only act on behalf of the rental car insurance producer in the offer, sale, or solicitation of a rental car insurance. A rental car insurance producer is responsible for, and must supervise, all actions of its endorsees related to the offering, sale, or solicitation

of rental car insurance. The conduct of an endorsee acting within the scope of his or her employment or agency is the same as the conduct of the rental car insurance producer for purposes of this chapter.

(3) The manager at each location of a rental car insurance producer, or the direct supervisor of the rental car insurance producer's endorsees at each location, must be an endorsee of that rental car insurance producer and is responsible for the supervision of each additional endorsee at that location. Each rental car insurance producer shall identify the endorsee who is the manager or direct supervisor at each location in the endorsee list that it submits under subsection (1)(d) of this section.

(4) Each rental car insurance producer shall provide a training and education program for each endorsee prior to allowing an endorsee to offer, sell, or solicit rental car insurance. Details of the program must be submitted to the commissioner, along with the license application, for approval prior to use, and resubmitted for approval of any changes prior to use. This training program shall meet the following minimum standards:

(a) Each endorsee shall receive instruction about the kinds of insurance authorized under this chapter that may be offered for sale to prospective renters; and

(b) Each endorsee shall receive training about the requirements and limitations imposed on rental car insurance producers and endorsees under this chapter. The training must include specific instruction that the endorsee is prohibited by law from making any statement or engaging in any conduct express or implied, that would lead a consumer to believe that the:

(i) Purchase of rental car insurance is required in order for the renter to rent a motor vehicle;

(ii) Renter does not have insurance policies in place that already provide the coverage being offered by the rental car company under this chapter; or

(iii) Endorsee is qualified to evaluate the adequacy of the renter's existing insurance coverages.

(5) The training and education program submitted to the commissioner is approved if no action is taken within thirty days of its submission.

(6) An endorsee's authorization to offer, sell, or solicit rental car insurance expires when the endorsee's employment with the rental car company is terminated.

(7) The rental car insurance producer shall retain for a period of one year from the date of each transaction records which enable it to identify the name of the endorsee involved in each rental transaction when a renter purchases rental car insurance. [2008 c 217 § 89; 2002 c 273 § 5.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.115.025 Restrictions on offer, sale, or solicitation—Consumer information.** Insurance may not be offered, sold, or solicited under this section, unless:

(1) The rental period of the rental car agreement is thirty consecutive days or less;

(2) At every location where rental agreements are executed, the rental car insurance producer or endorsee provides brochures or other written materials to each renter who pur-

chases rental car insurance that clearly, conspicuously, and in plain language:

(a) Summarize, clearly and correctly, the material terms, exclusions, limitations, and conditions of coverage offered to renters, including the identity of the insurer;

(b) Describe the process for filing a claim in the event the renter elects to purchase coverage, including a toll-free telephone number to report a claim;

(c) Provide the rental car insurance producer's name, address, telephone number, and license number, as well as the commissioner's consumer hotline number;

(d) Inform the consumer that the rental car insurance offered, sold, or solicited by the rental car insurance producer may provide a duplication of coverage already provided by a renter's personal automobile insurance policy, homeowners' insurance policy, or by another source of coverage;

(e) Inform the consumer that the purchase by the renter of the rental car insurance is not required in order to rent a rental car from the rental car insurance producer; and

(f) Inform the consumer that the rental car insurance producer and the rental car insurance producer's endorsees are not qualified to evaluate the adequacy of the renter's existing insurance coverages;

(3) The purchaser of rental car insurance acknowledges in writing the receipt of the brochures or written materials required by subsection (2) of this section;

(4) Evidence of the rental car insurance coverage is stated on the face of the rental agreement;

(5) All costs for the rental car insurance are separately itemized in the rental agreement;

(6) When the rental car insurance is not the primary source of coverage, the consumer is informed in writing in the form required by subsection (2) of this section that their personal insurance will serve as the primary source of coverage; and

(7) For transactions conducted by electronic means, the rental car insurance producer must comply with the requirements of this section, and the renter must acknowledge in writing or by electronic signature the receipt of the following disclosures:

(a) The insurance policies offered by the rental car insurance producer may provide a duplication of coverage already provided by a renter's personal automobile insurance policy, homeowners' insurance policy, or by another source of coverage;

(b) The purchase by the renter of rental car insurance is not required in order to rent a rental car from the rental car insurance producer; and

(c) The rental car insurance producer and the rental car insurance producer's endorsees are not qualified to evaluate the adequacy of the renter's existing insurance coverages. [2008 c 217 § 90; 2002 c 273 § 6.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.115.030 Rental car insurance producer prohibitions.** A rental car insurance producer may not:

(1) Offer, sell, or solicit the purchase of insurance except in conjunction with and incidental to rental car agreements;

(2) Advertise, represent, or otherwise portray itself or any of its employees or agents as licensed insurers or insurance producers;

(3) Pay any person, including a rental car insurance producer endorsee, any compensation, fee, or commission that is dependent primarily on the placement of insurance under the license issued under this chapter;

(4) Make any statement or engage in any conduct, express or implied, that would lead a customer to believe that the:

(a) Insurance policies offered by the rental car insurance producer do not provide a duplication of coverage already provided by a renter's personal automobile insurance policy, homeowners' insurance policy, or by another source of coverage;

(b) Purchase by the renter of rental car insurance is required in order to rent a rental car from the rental car insurance producer; and

(c) Rental car insurance producer or the rental car insurance producer's endorsees are qualified to evaluate the adequacy of the renter's existing insurance coverages. [2008 c 217 § 91; 2002 c 273 § 7.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.115.035 Enforcement—Commissioner may revoke, suspend, or refuse to issue or renew license.** (1)

Every rental car insurance producer licensed under this chapter shall promptly reply in writing to an inquiry of the commissioner relative to the business of rental car insurance.

(2)(a) In the event of a violation of this chapter by a rental car insurance producer, the commissioner may revoke, suspend, or refuse to issue or renew any rental car insurance producer's license that is issued or may be issued under this chapter for any cause specified in any other provision of this title, or for any of the following causes:

(i) For any cause that the issuance of this license could have been refused had it then existed and been known to the commissioner;

(ii) If the licensee or applicant willfully violates or knowingly participates in a violation of this title or any proper order or rule of the commissioner;

(iii) If the licensee or applicant has obtained or attempted to obtain a license through willful misrepresentation or fraud;

(iv) If the licensee or applicant has misappropriated or converted funds that belong to, or should be paid to, another person as a result of, or in connection with, a rental car or insurance transaction;

(v) If the licensee or applicant has, with intent to deceive, materially misrepresented the terms or effects of any insurance contract, or has engaged, or is about to engage, in any fraudulent transaction;

(vi) If the licensee or applicant or officer of the licensee or applicant has been convicted by final judgment of a felony;

(vii) If the licensee or applicant is shown to be, and is determined by the commissioner, incompetent or untrustworthy, or a source of injury and loss to the public; and

(viii) If the licensee has dealt with, or attempted to deal with, insurances, or has exercised powers relative to insurance outside the scope of the rental car insurance producer license or other insurance licenses.

(b) If any natural person named under a firm or corporate rental car insurance producer license, or application therefore, commits or has committed any act, or fails or has failed to perform any duty, that constitutes grounds for the commissioner to revoke, suspend, or refuse to issue or renew the license or application for license, the commissioner may revoke, suspend, refuse to renew, or refuse to issue the license or application for a license of the corporation or firm.

(c) Any conduct of an applicant or licensee that constitutes grounds for disciplinary action under this title may be addressed under this section regardless of where the conduct took place.

(d) The holder of any license that has been revoked or suspended shall surrender the license to the commissioner at the commissioner's request.

(e) After notice and hearing the commissioner may impose other penalties, including suspending the transaction of insurance at specific rental locations where violations of this section have occurred and imposing fines on the manager or supervisor at each location responsible for the supervision and conduct of each endorsee, as the commissioner determines necessary or convenient to carry out the purpose of this chapter.

(3) The commissioner may suspend, revoke, or refuse to renew any rental car insurance producer license by an order served by mail or personal service upon the licensee not less than fifteen days prior to its effective date. The order is subject to the right of the licensee to a hearing under chapter 48.04 RCW.

(4) The commissioner may temporarily suspend a license by an order served by mail or personal service upon the licensee not less than three days prior to its effective date. However, the order must contain a notice of revocation and include a finding that the public safety or welfare imperatively requires emergency action. These suspensions may continue only until proceedings for revocation are concluded. The commissioner may also temporarily suspend a license in cases when proceedings for revocation are pending if it is found that the public safety or welfare imperatively requires emergency action.

(5) Service by mail under this section means posting in the United States mail, addressed to the licensee at the most recent address shown in the commissioner's licensing records for the licensee. Service by mail is complete upon deposit in the United States mail.

(6) If any person sells insurance in connection with or incidental to rental car agreements, or holds himself or herself or a company out as a rental car insurance producer, without satisfying the requirements of this chapter, the commissioner is authorized to issue a cease and desist order. [2008 c 217 § 92; 2002 c 273 § 8.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.115.040 Treatment of moneys collected from renters purchasing insurance.** A rental car insurance producer is not required to treat moneys collected from renters purchasing rental car insurance as funds received in a fiduciary capacity, if:

(1) The charges for rental car insurance coverage are itemized and ancillary to a rental transaction; and

(2) The insurer has consented in writing, signed by an officer of the insurer, that premiums need not be segregated from funds received by the rental car insurance producer. [2008 c 217 § 93; 2002 c 273 § 9.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.115.045 Rule making.** The commissioner may adopt rules necessary to implement this chapter, including rules establishing licensing fees to defray the cost of administering this chapter. [2002 c 273 § 10.]

**48.115.900 Captions not law.** Captions used in this act are not any part of the law. [2002 c 273 § 12.]

## Chapter 48.120 RCW

### SPECIALTY PRODUCER LICENSES— COMMUNICATIONS EQUIPMENT OR SERVICES

#### Sections

48.120.005	Definitions.
48.120.010	License required—Application.
48.120.015	Scope of license—Authorization.
48.120.020	Issuance of insurance—Restrictions—Conduct of employees and authorized representatives.
48.120.025	Statutes governing vendor misconduct—Rules necessary to implement chapter.

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

(1) "Communications equipment" means handsets, pagers, personal digital assistants, portable computers, automatic answering devices, batteries, and their accessories or other devices used to originate or receive communications signals or service approved for coverage by rule of the commissioner, and also includes services related to the use of the devices.

(2) "Communications equipment insurance program" means an insurance program as described in RCW 48.120.015.

(3) "Communications service" means the service necessary to send, receive, or originate communications signals.

(4) "Customer" means a person or entity purchasing or leasing communications equipment or communications services from a vendor.

(5) "Specialty producer license" means a license issued under RCW 48.120.010 that authorizes a vendor to offer or sell insurance as provided in RCW 48.120.015.

(6) "Supervising agent" means an appointed insurance producer licensed under RCW 48.17.090 who provides training as described in RCW 48.120.020 and is affiliated to a licensed vendor.

(7) "Vendor" means a person or entity resident or with offices in this state in the business of leasing, selling, or providing communications equipment or communications service to customers.

(8) "Appointing insurer" means the insurer appointing the vendor as its agent under a specialty producer license. [2008 c 217 § 94; 2002 c 357 § 1.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.120.010 License required—Application.** (1) A vendor that intends to offer insurance under RCW 48.120.015 must file a specialty producer license application with the commissioner. Before the commissioner issues such a license, the vendor must be appointed as the insurance producer of one or more authorized appointing insurers under a vendor's specialty producer license.

(2) Upon receipt of an application, if the commissioner is satisfied that the application is complete, the commissioner may issue a specialty producer license to the vendor. [2008 c 217 § 95; 2002 c 357 § 2.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.120.015 Scope of license—Authorization.** A specialty producer license authorizes a vendor and its employees and authorized representatives to offer and sell to, enroll in, and bill and collect premiums from customers for insurance covering communications equipment on a master, corporate, group, or individual policy basis. [2002 c 357 § 3.]

**48.120.020 Issuance of insurance—Restrictions—Conduct of employees and authorized representatives.**

(1) A vendor issued a specialty producer license may not issue insurance under RCW 48.120.015 unless:

(a) At every location where customers are enrolled in communications equipment insurance programs, written material regarding the program is made available to prospective customers; and

(b) The communications equipment insurance program is operated with the participation of a supervising agent who, with authorization and approval from the appointing insurer, supervises a training program for employees of the licensed vendor.

(2) Employees and authorized representatives of a vendor issued a specialty producer license may only act on behalf of the vendor in the offer, sale, solicitation, or enrollment of customers in a communications equipment insurance program. The conduct of these employees and authorized representatives within the scope of their employment or agency is the same as conduct of the vendor for purposes of this title. [2002 c 357 § 4.]

**48.120.025 Statutes governing vendor misconduct—Rules necessary to implement chapter.** (1) A vendor issued a specialty producer license under this chapter is subject to RCW 48.17.540 through 48.17.560.

(2) The commissioner may adopt rules necessary for the implementation of this chapter, including, but not limited to, rules governing:

(a) The specialty producer license application process, including any forms required to be used;

(b) The standards for approval and the required content of written materials required under RCW 48.120.020(1)(a);

(c) The approval and required content of training materials required under RCW 48.120.020(1)(b);

(d) Establishing license fees to defray the cost of administering the specialty producer licensure program;

(e) Establishing requirements for the remittance of premium funds to the supervising agent under authority from the program insurer; and

(f) Determining the applicability or nonapplicability of other provisions of this title to this chapter. [2002 c 357 § 5.]

**Chapter 48.125 RCW**

**SELF-FUNDED MULTIPLE EMPLOYER WELFARE ARRANGEMENTS**

Sections

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48.125.020	Certificate of authority required.
48.125.030	Certificate of authority—Requirements for issuance.
48.125.040	Certificate of authority—Continued compliance with certain conditions—Commissioner's discretion.
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48.125.150	Chapter not applicable.
48.125.160	Taxable amounts—Participant contributions.
48.125.200	Prostate cancer screening.
48.125.900	Severability—2004 c 260.
48.125.901	Effective date—2004 c 260.

**48.125.003 Short title.** This chapter may be cited as the "self-funded multiple employer welfare arrangement regulation act." [2004 c 260 § 1.]

**48.125.005 Purposes.** The purposes of this chapter are to:

(1) Provide for the authorization and registration of self-funded multiple employer welfare arrangements;

(2) Regulate self-funded multiple employer welfare arrangements in order to ensure the financial integrity of the arrangements;

(3) Provide reporting requirements for self-funded multiple employer welfare arrangements; and

(4) Provide for sanctions against self-funded multiple employer welfare arrangements organized, operated, providing benefits, or maintained in this state that do not comply with this chapter. [2004 c 260 § 2.]

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

(1) "Bona fide association" means an association of employers that has been in existence for a period of not less than ten years prior to sponsoring a self-funded multiple employer welfare arrangement, during which time the association has engaged in substantial activities relating to the common interests of member employers, and that continues to engage in substantial activities in addition to sponsoring an arrangement. However, an association that was formed and began sponsoring an arrangement prior to October 1, 1995, is not subject to the requirement that the association be in existence for ten years prior to sponsoring an arrangement.

(2) "Employer" means any person, firm, corporation, partnership, business trust, legal representative, or other business entity which engages in any business, industry, profession, or activity in this state and employs one or more other persons or who contracts with one or more persons, the essence of which is the personal labor of that person or persons.

(3) "Health care service" means that service offered or provided by health care facilities and health care providers relating to the prevention, cure, or treatment of illness, injury, or disease.

(4) "Incurred claims" means the value of all amounts paid or payable under a multiple employer welfare arrangement determined by contract to be a liability with an incurred claims date during the valuation period. It includes all payments during the valuation period plus a reasonable estimate of unpaid claims liabilities.

(5) "Multiple employer welfare arrangement" means a multiple employer welfare arrangement as defined by 29 U.S.C. Sec. 1002, but does not include an arrangement, plan, program, or interlocal agreement of or between any political subdivisions of this state, any federal agencies, or any contractors or subcontractors with federal agencies at a federal government facility within this state.

(6) "Qualified actuary" means an individual who:

(a) Is a member in good standing of the American academy of actuaries; and

(b) Is qualified to sign statements of actuarial opinion for health annual statements in accordance with the American academy of actuaries qualification standards for actuaries signing the statements.

(7) "Self-funded multiple employer welfare arrangement" or "arrangement" means a multiple employer welfare arrangement that does not provide for payment of benefits under the arrangement solely through a policy or policies of insurance issued by one or more insurance companies licensed under this title.

(8) "Surplus" means the excess of the assets of a self-funded multiple employer welfare arrangement over the liabilities of the arrangement. The assets and liabilities should be determined in accordance with the accounting practices and procedures manuals as adopted by the national association of insurance commissioners, unless otherwise provided by law. [2004 c 260 § 3.]

**48.125.020 Certificate of authority required.** (1) Except as provided in subsection (3) of this section, a person may not establish, operate, provide benefits, or maintain a self-funded multiple employer welfare arrangement in this state unless the arrangement first obtains a certificate of authority from the commissioner.

(2) An arrangement is considered to be established, operated, providing benefits, or maintained in this state if (a) one or more of the employer members participating in the arrangement is either domiciled in or maintains a place of business in this state, or (b) the activities of the arrangement or employer members fall under the scope of RCW 48.01.020.

(3) An arrangement established, operated, providing benefits, or maintained in this state prior to December 31, 2003, has until April 1, 2005, to file a substantially complete

application for a certificate of authority. An arrangement that files a substantially complete application for a certificate of authority by that date is allowed to continue to operate without a certificate of authority until the commissioner approves or denies the arrangement's application for a certificate of authority. [2004 c 260 § 4.]

**48.125.030 Certificate of authority—Requirements for issuance.** The commissioner may not issue a certificate of authority to a self-funded multiple employer welfare arrangement unless the arrangement establishes to the satisfaction of the commissioner that the following requirements have been satisfied by the arrangement:

(1) The employers participating in the arrangement are members of a bona fide association;

(2) The employers participating in the arrangement exercise control over the arrangement, as follows:

(a) Subject to (b) of this subsection, control exists if the board of directors of the bona fide association or the employers participating in the arrangement have the right to elect at least seventy-five percent of the individuals designated in the arrangement's organizational documents as having control over the operations of the arrangement and the individuals designated in the arrangement's organizational documents in fact exercise control over the operation of the arrangement; and

(b) The use of a third-party administrator to process claims and to assist in the administration of the arrangement is not evidence of the lack of exercise of control over the operation of the arrangement;

(3) In this state, the arrangement provides only health care services;

(4) In this state, the arrangement provides or arranges benefits for health care services in compliance with those provisions of this title that mandate particular benefits or offerings and with provisions that require access to particular types or categories of health care providers and facilities;

(5) In this state, the arrangement provides or arranges benefits for health care services in compliance with RCW 48.43.500 through 48.43.535, 48.43.545, and 48.43.550;

(6) The arrangement provides health care services to not less than twenty employers and not less than seventy-five employees;

(7) The arrangement may not solicit participation in the arrangement from the general public. However, the arrangement may employ licensed insurance producers who receive a commission, unlicensed individuals who do not receive a commission, and may contract with a licensed insurance producer who may be paid a commission or other remuneration, for the purpose of enrolling and renewing the enrollments of employers in the arrangement;

(8) The arrangement has been in existence and operated actively for a continuous period of not less than ten years as of December 31, 2003, except for an arrangement that has been in existence and operated actively since December 31, 2000, and is sponsored by an association that has been in existence more than twenty-five years; and

(9) The arrangement is not organized or maintained solely as a conduit for the collection of premiums and the forwarding of premiums to an insurance company. [2008 c 217 § 96; 2004 c 260 § 5.]

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.125.040 Certificate of authority—Continued compliance with certain conditions—Commissioner’s discretion.** (1) In addition to the requirements under RCW 48.125.030, self-funded multiple employer welfare arrangements are subject to the following requirements:

(a) Arrangements must maintain a calendar year for operations and reporting purposes;

(b) Arrangements must satisfy one of the following requirements:

(i)(A) The arrangement must deposit two hundred thousand dollars with the commissioner to be used for the payment of claims in the event that the arrangement becomes insolvent; and

(B) The arrangement must submit to the commissioner a written plan of operation that, in the reasonable discretion of the commissioner, ensures the financial integrity of the arrangement; or

(ii) The arrangement demonstrates to the reasonable satisfaction of the commissioner the ability of the arrangement to remain financially solvent, for which purpose the commissioner may consider:

(A) The pro forma financial statements of the arrangement;

(B) The types and levels of excess of loss insurance coverage, including the attachment points of the coverage and whether the points are reflected as annual or monthly levels;

(C) Whether a deposit is required for each employee covered under the arrangement equal to at least one month’s cost of providing benefits under the arrangement;

(D) The experience of the individuals who will be involved in the management of the arrangement, including employees, independent contractors, and consultants; and

(E) Other factors as reasonably determined by the commissioner to be relevant to a determination of whether the arrangement is able to operate in a financially solvent manner.

(2) The commissioner may require that the articles, bylaws, agreements, trusts, or other documents or instruments describing the rights and obligations of the employers, employees, and beneficiaries of the arrangement provide that employers participating in the arrangement are subject to pro rata assessment for all liabilities of the arrangement.

(3) Self-funded multiple employer welfare arrangements with fewer than one thousand covered persons are required to have aggregate stop loss coverage, with an attachment point of one hundred twenty-five percent of expected claims. If the arrangement is allowed to assess the participating employers to cover actual or projected claims in excess of plan assets, then the attachment point shall be increased by the amount of the allowable assessments. If the required attachment point exceeds one hundred seventy-five percent of expected claims, aggregate stop loss coverage shall be waived. Arrangements with one thousand covered persons or more are not required to have aggregate stop loss coverage.

(4) The arrangement must demonstrate continued compliance with respect to the conditions set forth in this section as a condition of receiving and maintaining a certificate of authority. The commissioner may waive continued compli-

ance with respect to the conditions in this section at any time after the commissioner has granted a certificate of authority to an arrangement. [2004 c 260 § 6.]

**48.125.050 Certificate of authority—Application—Form—Documentation.** A self-funded multiple employer welfare arrangement must apply for a certificate of authority on a form prescribed by the commissioner and must submit the application, together with the following documents, to the commissioner:

(1) A copy of all articles, bylaws, agreements, trusts, or other documents or instruments describing the rights and obligations of the employers, employees, and beneficiaries of the arrangement;

(2) A copy of the summary plan description or summary plan descriptions of the arrangement, including those filed or required to be filed with the United States department of labor, together with any amendments to the description;

(3) Evidence of coverage of or letters of intent to participate executed by at least twenty employers providing allowable benefits to at least seventy-five employees;

(4) A copy of the arrangement’s most recent year’s financial statements that must include, at a minimum, a balance sheet, an income statement, a statement of changes in financial position, and an actuarial opinion signed by a qualified actuary stating that the unpaid claim liability of the arrangement satisfies the standards under this title;

(5) Proof that the arrangement maintains or will maintain fidelity bonds required by the United States department of labor under the employee retirement income security act of 1974, 29 U.S.C. Sec. 1001 et seq.;

(6) A copy of any excess of loss insurance coverage policies maintained or proposed to be maintained by the arrangement;

(7) Biographical reports on forms prescribed by the national association of insurance commissioners evidencing the general trustworthiness and competence of each individual who is serving or who will serve as an officer, director, trustee, employee, or fiduciary of the arrangement;

(8) Fingerprint cards and current fees payable to the Washington state patrol to perform a state and national criminal history background check of any person who exercises control over the financial dealings and operations of the self-funded multiple employer welfare arrangement, including collection of employer contributions, investment of assets, payment of claims, rate setting, and claims adjudication. The fingerprints and any additional information may be submitted to the federal bureau of investigation and any results of the check must be returned to the office of the insurance commissioner. The results may be disseminated to any governmental agency or entity authorized to receive them; and

(9) A statement executed by a representative of the arrangement certifying, to the best knowledge and belief of the representative, that:

(a) The arrangement is in compliance with RCW 48.125.030;

(b) The arrangement is in compliance with the requirements of the employee retirement income security act of 1974, 29 U.S.C. Sec. 1001 et seq., or a statement of any requirements with which the arrangement is not in compliance and a statement of proposed corrective actions; and

(c) The arrangement is in compliance with RCW 48.125.060 and 48.125.070. [2004 c 260 § 7.]

**48.125.060 Surplus required—Amount—Enforcement.** Self-funded multiple employer welfare arrangements must maintain continuously a surplus equal to at least ten percent of the next twelve months projected incurred claims or two million dollars, whichever is greater. The commissioner may proceed against self-funded multiple employer welfare arrangements that fail to maintain the level of surplus required by this section in any manner that the commissioner is authorized to proceed against a health care service contractor that failed to maintain minimum net worth. [2004 c 260 § 8.]

**48.125.070 Contribution rates.** A self-funded multiple employer welfare arrangement must establish and maintain contribution rates for participation under the arrangement that satisfy either of the following requirements:

(1) Contribution rates must equal or exceed the sum of projected incurred claims for the year, plus all projected costs of operation of the arrangement for the year, plus an amount equal to any deficiency in the surplus of the arrangement for the prior year, minus an amount equal to the surplus of the arrangement in excess of the minimum required level of surplus; or

(2) Contribution rates must equal or exceed a funding level established by a report prepared by a qualified actuary. [2004 c 260 § 9.]

**48.125.080 Certificate of authority—Granting or denying application.** (1) The commissioner shall grant or deny an application for a certificate of authority within one hundred eighty days of the date that a completed application, together with the items designated in RCW 48.125.050, is submitted to the commissioner.

(2) The commissioner shall grant the application of an arrangement that satisfies the applicable requirements of RCW 48.125.030 through 48.125.070.

(3) The commissioner shall deny the application of an arrangement that does not satisfy the applicable requirements of RCW 48.125.030 through 48.125.070. Denial of an application for a certificate of authority is subject to appeal under chapter 34.05 RCW.

(4) A certificate of authority granted to an arrangement is effective unless revoked by the commissioner under RCW 48.125.100. [2004 c 260 § 10.]

**48.125.090 Reporting requirements.** (1) A self-funded multiple employer welfare arrangement must comply with the reporting requirements of this section.

(2) Every arrangement holding a certificate of authority from the commissioner must file its financial statements as required by this title and by the commissioner in accordance with the accounting practices and procedures manuals as adopted by the national association of insurance commissioners, unless otherwise provided by law.

(3) Every arrangement must comply with the provisions of chapters 48.12 and 48.13 RCW.

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(4) Every domestic arrangement holding a certificate of authority shall annually, on or before the first day of March, file with the commissioner a true statement of its financial condition, transactions, and affairs as of the thirty-first day of December of the preceding year. The statement forms must be those forms approved by the national association of insurance commissioners for health insurance. The statement must be verified by the oaths of at least two officers of the arrangement. Additional information may be required by this title or by the request of the commissioner.

(5) Every arrangement must report their annual and other statements in the same manner required of other insurers by rule of the commissioner.

(6) The arrangement must file with the commissioner a copy of the arrangement's internal revenue service form 5500 together with all attachments to the form, at the time required for filing the form. [2006 c 25 § 10; 2004 c 260 § 11.]

**48.125.100 Failure to comply with chapter—Sanctions.** (1) The commissioner may impose sanctions against a self-funded multiple employer welfare arrangement that fails to comply with this chapter. The maximum fine may not exceed ten thousand dollars for each violation.

(2) The commissioner may issue a notice of intent to revoke the certificate of authority of a self-funded multiple employer welfare arrangement that fails to comply with RCW 48.125.060, 48.125.070, or 48.125.090. If, within sixty days of receiving notice under this subsection, the arrangement fails to file with the commissioner a plan to bring the arrangement into compliance with RCW 48.125.060, 48.125.070, or 48.125.090, the commissioner may revoke the arrangement's certificate of authority. A revocation of a certificate of authority is subject to appeal under chapter 34.05 RCW.

(3) An arrangement that fails to maintain the level of surplus required by RCW 48.125.060 is subject to the sanctions authorized in RCW 48.44.160 through 48.44.166. [2004 c 260 § 12.]

**48.125.110 Certificate of authority—Failure to obtain.** A self-funded multiple employer welfare arrangement organized, operated, providing benefits, or maintained in this state without a certificate of authority is in violation of this title. [2004 c 260 § 13.]

**48.125.120 Policy must contain specific notice.** Each policy issued by a self-funded multiple employer welfare arrangement must contain, in ten-point type on the front page and the declaration page, the following notice:

"NOTICE

This policy is issued by a self-funded multiple employer welfare arrangement. A self-funded multiple employer welfare arrangement may not be subject to all of the insurance laws and regulations of your state. State insurance insolvency guaranty funds are not available for a self-funded multiple employer welfare arrangement." [2004 c 260 § 14.]

**48.125.130 Additional compliance requirements.** A self-funded multiple employer welfare arrangement is sub-

ject to RCW 48.43.300 through 48.43.370, the rehabilitation provisions under chapter 48.31 RCW, and chapter 48.99 RCW. [2004 c 260 § 15.]

**48.125.140 Examination of operations—Commissioner's powers—Definition of affiliate.** (1) The commissioner may make an examination of the operations of any self-funded multiple employer welfare arrangement as often as he or she deems necessary in order to carry out the purposes of this chapter.

(2) Every self-funded multiple employer welfare arrangement shall submit its books and records relating to its operation for financial condition and market conduct examinations and in every way facilitate them. For the purpose of examinations, the commissioner may issue subpoenas, administer oaths, and examine the officers and principals of the [self-funded] multiple employer welfare arrangement.

(3) The commissioner may elect to accept and rely on audit reports made by an independent certified public accountant for the self-funded multiple employer welfare arrangement in the course of that part of the commissioner's examination covering the same general subject matter as the audit. The commissioner may incorporate the audit report in his or her report of the examination.

(4)(a) The commissioner may also examine any affiliate of the self-funded multiple employer welfare arrangement. An examination of an affiliate is limited to the activities or operations of the affiliate that may impact the financial position of the arrangement.

(b) For the purposes of this section, "affiliate" has the same meaning as defined in RCW 48.31C.010.

(5) Whenever an examination is made, all of the provisions of chapter 48.03 RCW not inconsistent with this chapter shall be applicable. In lieu of making an examination himself or herself, the commissioner may, in the case of a foreign self-funded multiple employer welfare arrangement, accept an examination report of the applicant by the regulatory official in its state of domicile. In the case of a domestic self-funded multiple employer welfare arrangement, the commissioner may accept an examination report of the applicant by the regulatory official of a state that has already licensed the arrangement. [2004 c 260 § 16.]

**48.125.150 Chapter not applicable.** This chapter does not apply to:

- (1) Single employer entities;
- (2) Taft-Hartley plans; or
- (3) Self-funded multiple employer welfare arrangements that do not provide coverage for health care services. [2004 c 260 § 17.]

**48.125.160 Taxable amounts—Participant contributions.** Participant contributions used to determine the taxable amounts in this state under RCW 48.14.0201 shall be determined in the same manner as premiums taxable in this state are determined under RCW 48.14.090. [2004 c 260 § 18.]

**48.125.200 Prostate cancer screening.** (1) Each self-funded multiple employer welfare arrangement established, operated, providing benefits, or maintained in this state after

December 31, 2006, that provides coverage for hospital or medical expenses shall provide coverage for prostate cancer screening, provided that the screening is delivered upon the recommendation of the patient's physician, advanced registered nurse practitioner, or physician assistant.

(2) This section shall not be construed to prevent the application of standard policy provisions applicable to other benefits, such as deductible or copayment provisions. This section does not limit the authority of a self-funded multiple employer welfare arrangement to negotiate rates and contract with specific providers for the delivery of prostate cancer screening services. [2006 c 367 § 6.]

**48.125.900 Severability--2004 c 260.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [2004 c 260 § 28.]

**48.125.901 Effective date--2004 c 260.** This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [March 31, 2004]. [2004 c 260 § 29.]

## Chapter 48.130 RCW

### INTERSTATE INSURANCE PRODUCT REGULATION COMPACT

#### Sections

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48.130.901	Construction—2005 c 92.

**48.130.005 Purposes—Insurance commissioner represents state.** Under the terms and conditions of this chapter, the state of Washington seeks to join with other states and establish the interstate insurance product regulation compact and thus become a member of the interstate insurance product regulation commission. The insurance commissioner is hereby designated to serve as the representative of this state to the commission. The purposes of the compact under this chapter are, through means of joint and cooperative action among the compacting states:

(1) To promote and protect the interest of consumers of individual and group annuity, life insurance, disability income, and long-term care insurance products;

(2) To develop uniform standards for insurance products covered under the compact;

(3) To establish a central clearinghouse to receive and provide prompt review of insurance products covered under the compact and, in certain cases, advertisements related thereto, submitted by insurers authorized to do business in one or more compacting states;

(4) To give appropriate regulatory approval to those product filings and advertisements satisfying the applicable uniform standard;

(5) To improve coordination of regulatory resources and expertise between state insurance departments regarding the setting of uniform standards and review of insurance products covered under the compact;

(6) To create the interstate insurance product regulation commission; and

(7) To perform these and such other related functions as may be consistent with the state regulation of the business of insurance. [2005 c 92 § 1.]

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

(1) "Advertisement" means any material designed to create public interest in a product, or induce the public to purchase, increase, modify, reinstate, borrow on, surrender, replace, or retain a policy, as more specifically defined in the rules and operating procedures of the commission.

(2) "Bylaws" means those bylaws established by the commission for its governance, or for directing or controlling the commission's actions or conduct.

(3) "Compact" means the compact set forth in this chapter.

(4) "Compacting state" means any state which has enacted the compact and which has not withdrawn under RCW 48.130.130(1) or been terminated under RCW 48.130.130(2).

(5) "Commission" means the interstate insurance product regulation commission established in RCW 48.130.020.

(6) "Commissioner" means the insurance commissioner or the chief insurance regulatory official of a state including but not limited to commissioner, superintendent, director, or administrator.

(7) "Domiciliary state" means the state in which an insurer is incorporated or organized; or, in the case of an alien insurer, its state of entry.

(8) "Insurer" means any entity licensed by a state to issue contracts of insurance for any of the lines of insurance covered by the compact.

(9) "Member" means the person chosen by a compacting state as its representative to the commission, or his or her designee.

(10) "Noncompacting state" means any state which is not at the time a compacting state.

(11) "Operating procedures" mean procedures adopted by the commission implementing a rule, uniform standard, or a provision of the compact.

(12) "Product" means the form of a policy or contract, including any application, endorsement, or related form which is attached to and made a part of the policy or contract, and any evidence of coverage or certificate, for an individual or group annuity, life insurance, disability income, or long-term care insurance product that an insurer is authorized to issue.

(13) "Rule" means a statement of general or particular applicability and future effect adopted by the commission, including a uniform standard developed under RCW 48.130.060, designed to implement, interpret, or prescribe law or policy or describing the organization, procedure, or practice requirements of the commission, which shall have the force and effect of law in the compacting states.

(14) "State" means any state, district, or territory of the United States of America.

(15) "Third-party filer" means an entity that submits a product filing to the commission on behalf of an insurer.

(16) "Uniform standard" means a standard adopted by the commission for a product line, under RCW 48.130.060, and includes all of the product requirements in aggregate. However, each uniform standard shall be construed, whether express or implied, to prohibit the use of any inconsistent, misleading, or ambiguous provisions in a product and the form of the product made available to the public shall not be unfair, inequitable, or against public policy as determined by the commission. [2005 c 92 § 2.]

**48.130.020 Commission created.** (1) The compacting states hereby create and establish a joint public agency known as the interstate insurance product regulation commission. Under RCW 48.130.030, the commission will have the power to develop uniform standards for product lines, receive and provide prompt review of products filed therewith, and give approval to those product filings satisfying applicable uniform standards. However, it is not intended for the commission to be the exclusive entity for receipt and review of insurance product filings. This section does not prohibit any insurer from filing its product in any state wherein the insurer is licensed to conduct the business of insurance; and any such filing shall be subject to the laws of the state where filed.

(2) The commission is a body corporate and politic, and an instrumentality of the compacting states.

(3) The commission is solely responsible for its liabilities except as otherwise specifically provided in the compact.

(4) Venue is proper and judicial proceedings by or against the commission shall be brought solely and exclusively in a court of competent jurisdiction where the principal office of the commission is located. [2005 c 92 § 3.]

**48.130.030 Commission's powers.** The commission shall have the following powers:

(1) To adopt rules, under RCW 48.130.060, which shall have the force and effect of law and shall be binding in the compacting states to the extent and in the manner provided in the compact;

(2) To exercise its rule-making authority and establish reasonable uniform standards for products covered under the compact, and advertisement related thereto, which shall have the force and effect of law and shall be binding in the com-

packing states, but only for those products filed with the commission. However, a compacting state shall have the right to opt out of such uniform standard under RCW 48.130.060, to the extent and in the manner provided in this compact. Any uniform standard established by the commission for long-term care insurance products may provide the same or greater protections for consumers as, but shall not provide less than, those protections set forth in the national association of insurance commissioners' long-term care insurance model act and long-term care insurance model regulation, respectively, adopted as of 2001. The commission shall consider whether any subsequent amendments to the long-term care insurance model act or long-term care insurance model regulation adopted by the national association of insurance commissioners require amending of the uniform standards established by the commission for long-term care insurance products;

(3) To receive and review in an expeditious manner products filed with the commission, and rate filings for disability income and long-term care insurance products, and give approval of those products and rate filings that satisfy the applicable uniform standard, where such approval shall have the force and effect of law and be binding on the compacting states to the extent and in the manner provided in the compact;

(4) To receive and review in an expeditious manner advertisement relating to long-term care insurance products for which uniform standards have been adopted by the commission, and give approval to all advertisement that satisfies the applicable uniform standard. For any product covered under this compact, other than long-term care insurance products, the commission shall have the authority to require an insurer to submit all or any part of its advertisement with respect to that product for review or approval prior to use, if the commission determines that the nature of the product is such that an advertisement of the product could have the capacity or tendency to mislead the public. The actions of the commission as provided in this section shall have the force and effect of law and shall be binding in the compacting states to the extent and in the manner provided in the compact;

(5) To exercise its rule-making authority and designate products and advertisement that may be subject to a self-certification process without the need for prior approval by the commission;

(6) To adopt operating procedures, under RCW 48.130.060, which shall be binding in the compacting states to the extent and in the manner provided in the compact;

(7) To bring and prosecute legal proceedings or actions in its name as the commission. However, the standing of any state insurance department to sue or be sued under applicable law shall not be affected;

(8) To issue subpoenas requiring the attendance and testimony of witnesses and the production of evidence;

(9) To establish and maintain offices;

(10) To purchase and maintain insurance and bonds;

(11) To borrow, accept, or contract for services of personnel, including, but not limited to, employees of a compacting state;

(12) To hire employees, professionals, or specialists, and elect or appoint officers, and to fix their compensation, define their duties, and give them appropriate authority to carry out

the purposes of the compact, and determine their qualifications; and to establish the commission's personnel policies and programs relating to, among other things, conflicts of interest, rates of compensation, and qualifications of personnel;

(13) To accept any and all appropriate donations and grants of money, equipment, supplies, materials, and services, and to receive, utilize, and dispose of the same. However, the commission shall strive to avoid any appearance of impropriety;

(14) To lease, purchase, accept appropriate gifts or donations of, or otherwise to own, hold, improve, or use, any property, real, personal, or mixed. However, the commission shall strive to avoid any appearance of impropriety;

(15) To sell, convey, mortgage, pledge, lease, exchange, abandon, or otherwise dispose of any property, real, personal, or mixed;

(16) To remit filing fees to compacting states as may be set forth in the bylaws, rules, or operating procedures;

(17) To enforce compliance by compacting states with rules, uniform standards, operating procedures, and bylaws;

(18) To provide for dispute resolution among compacting states;

(19) To advise compacting states on issues relating to insurers domiciled or doing business in noncompacting jurisdictions, consistent with the purposes of the compact;

(20) To provide advice and training to those personnel in state insurance departments responsible for product review, and to be a resource for state insurance departments;

(21) To establish a budget and make expenditures;

(22) To borrow money;

(23) To appoint committees, including advisory committees comprising members, state insurance regulators, state legislators or their representatives, insurance industry and consumer representatives, and such other interested persons as may be designated in the bylaws;

(24) To provide and receive information from, and to cooperate with, law enforcement agencies;

(25) To adopt and use a corporate seal; and

(26) To perform such other functions as may be necessary or appropriate to achieve the purposes of the compact consistent with the state regulation of the business of insurance. [2005 c 92 § 4.]

**48.130.040 Commission membership—Management and legislative committees—Liability.** (1)(a) Each compacting state shall have and be limited to one member. Each member shall be qualified to serve in that capacity pursuant to applicable law of the compacting state. Any member may be removed or suspended from office as provided by the law of the state from which he or she shall be appointed. Any vacancy occurring in the commission shall be filled in accordance with the laws of the compacting state wherein the vacancy exists. This section does not affect the manner in which a compacting state determines the election or appointment and qualification of its own commissioner.

(b) Each member shall be entitled to one vote and shall have an opportunity to participate in the governance of the commission in accordance with the bylaws. Notwithstanding any provision in this chapter to the contrary, no action of the commission with respect to the adoption of a uniform stan-

standard shall be effective unless two-thirds of the members vote in favor thereof.

(c) The commission shall, by a majority of the members, prescribe bylaws to govern its conduct as may be necessary or appropriate to carry out the purposes, and exercise the powers, of the compact, including, but not limited to:

- (i) Establishing the fiscal year of the commission;
- (ii) Providing reasonable procedures for appointing and electing members, as well as holding meetings, of the management committee;
- (iii) Providing reasonable standards and procedures for:
  - (A) The establishment and meetings of other committees; and
  - (B) governing any general or specific delegation of any authority or function of the commission;
- (iv) Providing reasonable procedures for calling and conducting meetings of the commission that consists [consist] of a majority of commission members, ensuring reasonable advance notice of each such meeting and providing for the right of citizens to attend each such meeting with enumerated exceptions designed to protect the public's interest, the privacy of individuals, and insurers' proprietary information, including trade secrets. The commission may meet in camera only after a majority of the entire membership votes to close a meeting. As soon as practicable, the commission must make public: (A) A copy of the vote to close the meeting revealing the vote of each member with no proxy votes allowed; and (B) votes taken during such meeting;
- (v) Establishing the titles, duties, and authority and reasonable procedures for the election of the officers of the commission;
- (vi) Providing reasonable standards and procedures for the establishment of the personnel policies and programs of the commission. Notwithstanding any civil service or other similar laws of any compacting state, the bylaws shall exclusively govern the personnel policies and programs of the commission;
- (vii) Adopting a code of ethics to address permissible and prohibited activities of commission members and employees; and
- (viii) Providing a mechanism for winding up the operations of the commission and the equitable disposition of any surplus funds that may exist after the termination of the compact and after the payment or reserving of all of its debts and obligations.

(d) The commission shall publish its bylaws in a convenient form and file a copy thereof and a copy of any amendment thereto with the appropriate agency or officer in each of the compacting states.

(2)(a) A management committee comprising no more than fourteen members shall be established as follows:

- (i) One member from each of the six compacting states with the largest premium volume for individual and group annuities, life, disability income, and long-term care insurance products, determined from the records of the national association of insurance commissioners for the prior year;
- (ii) Four members from those compacting states with at least two percent of the market based on the premium volume described under (a)(i) of this subsection, other than the six compacting states with the largest premium volume, selected on a rotating basis as provided in the bylaws; and

(iii) Four members from those compacting states with less than two percent of the market, based on the premium volume described under (a)(i) of this subsection, with one selected from each of the four zone regions of the national association of insurance commissioners as provided in the bylaws.

(b) The management committee shall have such authority and duties as may be set forth in the bylaws, including but not limited to:

- (i) Managing the affairs of the commission in a manner consistent with the bylaws and purposes of the commission;
- (ii) Establishing and overseeing an organizational structure within, and appropriate procedures for, the commission to provide for the creation of uniform standards and other rules, receipt and review of product filings, administrative and technical support functions, review of decisions regarding the disapproval of a product filing, and the review of elections made by a compacting state to opt out of a uniform standard. However, a uniform standard shall not be submitted to the compacting states for adoption unless approved by two-thirds of the members of the management committee;
- (iii) Overseeing the offices of the commission; and
- (iv) Planning, implementing, and coordinating communications and activities with other state, federal, and local government organizations in order to advance the goals of the commission.

(c) The commission shall elect annually officers from the management committee, with each having such authority and duties, as may be specified in the bylaws.

(d) The management committee may, subject to the approval of the commission, appoint or retain an executive director for such period, upon such terms and conditions and for such compensation as the commission may deem appropriate. The executive director shall serve as secretary to the commission, but shall not be a member of the commission. The executive director shall hire and supervise such other staff as may be authorized by the commission.

(3)(a) A legislative committee comprising state legislators or their designees shall be established to monitor the operations of, and make recommendations to, the commission, including the management committee. However, the manner of selection and term of any legislative committee member shall be as set forth in the bylaws. Prior to the adoption by the commission of any uniform standard, revision to the bylaws, annual budget, or other significant matter as may be provided in the bylaws, the management committee shall consult with and report to the legislative committee.

(b) The commission shall establish two advisory committees, one of which shall comprise consumer representatives independent of the insurance industry, and the other comprising insurance industry representatives.

(c) The commission may establish additional advisory committees as its bylaws may provide for the carrying out of its functions.

(4) The commission shall maintain its corporate books and records in accordance with the bylaws.

(5)(a) The members, officers, executive director, employees, and representatives of the commission shall be immune from suit and liability, either personally or in their official capacity, for any claim for damage to or loss of property or personal injury or other civil liability caused by or

arising out of any actual or alleged act, error, or omission that occurred, or that the person against whom the claim is made had a reasonable basis for believing occurred within the scope of commission employment, duties, or responsibilities. However, this subsection (5)(a) does not protect any such person from suit or liability for any damage, loss, injury or liability caused by the intentional or willful and wanton misconduct of that person.

(b) The commission shall defend any member, officer, executive director, employee, or representative of the commission in any civil action seeking to impose liability arising out of any actual or alleged act, error, or omission that occurred within the scope of commission employment, duties, or responsibilities, or that the person against whom the claim is made had a reasonable basis for believing occurred within the scope of commission employment, duties, or responsibilities. However, this subsection (5)(b) does not prohibit that person from retaining his or her own counsel. Also, the actual or alleged act, error, or omission may not have resulted from that person's intentional or willful and wanton misconduct.

(c) The commission shall indemnify and hold harmless any member, officer, executive director, employee, or representative of the commission for the amount of any settlement or judgment obtained against that person arising out of any actual or alleged act, error, or omission that occurred within the scope of commission employment, duties, or responsibilities, or that such person had a reasonable basis for believing occurred within the scope of commission employment, duties, or responsibilities. However, the actual or alleged act, error, or omission may not have resulted from the intentional or willful and wanton misconduct of that person. [2005 c 92 § 5.]

**48.130.050 Commission actions—Voting.** (1) The commission shall meet and take such actions as are consistent with the provisions of the compact and the bylaws.

(2) Each member of the commission shall have the right and power to cast a vote to which that compacting state is entitled and to participate in the business and affairs of the commission. A member shall vote in person or by such other means as provided in the bylaws. The bylaws may provide for members' participation in meetings by telephone or other means of communication.

(3) The commission shall meet at least once during each calendar year. Additional meetings shall be held as set forth in the bylaws. [2005 c 92 § 6.]

**48.130.060 Commission rule making—Uniform standards and operating procedures—States may opt out.** (1) The commission shall adopt reasonable rules, including uniform standards, and operating procedures in order to effectively and efficiently achieve the purposes of the compact. In the event the commission exercises its rule-making authority in a manner that is beyond the scope of the purposes of this chapter, then such an action by the commission shall be invalid and have no force and effect.

(2) Rules and operating procedures shall be made pursuant to a rule-making process that conforms to the model state administrative procedure act of 1981 as amended, as may be

appropriate to the operations of the commission. Before the commission adopts a uniform standard, the commission shall give written notice to the relevant state legislative committees in each compacting state responsible for insurance issues of its intention to adopt the uniform standard. The commission in adopting a uniform standard shall consider fully all submitted materials and issue a concise explanation of its decision.

(3) A uniform standard shall become effective ninety days after its adoption by the commission or such later date as the commission may determine. However, a compacting state may opt out of a uniform standard as provided in this section. "Opt out" means any action by a compacting state to decline to adopt or participate in an adopted uniform standard. All other rules and operating procedures, and amendments thereto, shall become effective as of the date specified in each rule, operating procedure, or amendment.

(4)(a) A compacting state may opt out of a uniform standard, either by legislation or regulation adopted by the insurance department under the compacting state's administrative procedure act. If a compacting state elects to opt out of a uniform standard by rule, it must: (i) Give written notice to the commission no later than ten business days after the uniform standard is adopted, or at the time the state becomes a compacting state; and (ii) find that the uniform standard does not provide reasonable protections to the citizens of the state, given the conditions in the state.

(b) The commissioner shall make specific findings of fact and conclusions of law, based on a preponderance of the evidence, detailing the conditions in the state which warrant a departure from the uniform standard and determining that the uniform standard would not reasonably protect the citizens of the state. The commissioner must consider and balance the following factors and find that the conditions in the state and needs of the citizens of the state outweigh: (i) The intent of the legislature to participate in, and the benefits of, an interstate agreement to establish national uniform consumer protections for the products subject to this chapter; and (ii) the presumption that a uniform standard adopted by the commission provides reasonable protections to consumers of the relevant product.

(c) A compacting state may, at the time of its enactment of the compact, prospectively opt out of all uniform standards involving long-term care insurance products by expressly providing for such opt out in the enacted compact, and such an opt out shall not be treated as a material variance in the offer or acceptance of any state to participate in the compact. Such an opt out shall be effective at the time of enactment of the compact by the compacting state and shall apply to all existing uniform standards involving long-term care insurance products and those subsequently promulgated.

(5) If a compacting state elects to opt out of a uniform standard, the uniform standard shall remain applicable in the compacting state electing to opt out until such time the opt out legislation is enacted into law or the regulation opting out becomes effective. Once the opt out of a uniform standard by a compacting state becomes effective as provided under the laws of that state, the uniform standard shall have no further force and effect in that state unless and until the legislation or regulation implementing the opt out is repealed or otherwise becomes ineffective under the laws of the state. If a compact-

ing state opts out of a uniform standard after the uniform standard has been made effective in that state, the opt out shall have the same prospective effect as provided under RCW 48.130.130 for withdrawals.

(6) If a compacting state has formally initiated the process of opting out of a uniform standard by regulation, and while the regulatory opt out is pending, the compacting state may petition the commission, at least fifteen days before the effective date of the uniform standard, to stay the effectiveness of the uniform standard in that state. The commission may grant a stay if it determines the regulatory opt out is being pursued in a reasonable manner and there is a likelihood of success. If a stay is granted or extended by the commission, the stay or extension thereof may postpone the effective date by up to ninety days, unless affirmatively extended by the commission. However, a stay may not be permitted to remain in effect for more than one year unless the compacting state can show extraordinary circumstances which warrant a continuance of the stay, including, but not limited to, the existence of a legal challenge which prevents the compacting state from opting out. A stay may be terminated by the commission upon notice that the rule-making process has been terminated.

(7) Not later than thirty days after a rule or operating procedure is adopted, any person may file a petition for judicial review of the rule or operating procedure. However, the filing of such a petition shall not stay or otherwise prevent the rule or operating procedure from becoming effective unless the court finds that the petitioner has a substantial likelihood of success. The court shall give deference to the actions of the commission consistent with applicable law and shall not find the rule or operating procedure to be unlawful if the rule or operating procedure represents a reasonable exercise of the commission's authority. [2005 c 92 § 7.]

**48.130.070 Commission rule making—Confidentiality of information and records—Compliance with compact.** (1) The commission shall adopt rules establishing conditions and procedures for public inspection and copying of its information and official records, except such information and records involving the privacy of individuals and insurers' trade secrets. The commission may adopt additional rules under which it may make available to federal and state agencies, including law enforcement agencies, records and information otherwise exempt from disclosure, and may enter into agreements with such agencies to receive or exchange information or records subject to nondisclosure and confidentiality provisions.

(2) Except as to privileged records, data, and information, the laws of any compacting state pertaining to confidentiality or nondisclosure shall not relieve any compacting state commissioner of the duty to disclose any relevant records, data or information to the commission. However, disclosure to the commission does not waive or otherwise affect any confidentiality requirement. Also, except as otherwise expressly provided in this chapter, the commission shall not be subject to the compacting state's laws pertaining to confidentiality and nondisclosure with respect to records, data, and information in its possession. Confidential information of the commission shall remain confidential after such information is provided to any commissioner.

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(3) The commission shall monitor compacting states for compliance with duly adopted bylaws, rules, including uniform standards, and operating procedures. The commission shall notify any noncomplying compacting state in writing of its noncompliance with commission bylaws, rules or operating procedures. If a noncomplying compacting state fails to remedy its noncompliance within the time specified in the notice of noncompliance, the compacting state shall be deemed to be in default as set forth in RCW 48.130.130.

(4) The commissioner of any state in which an insurer is authorized to do business, or is conducting the business of insurance, shall continue to exercise his or her authority to oversee the market regulation of the activities of the insurer in accordance with the provisions of the state's law. The commissioner's enforcement of compliance with the compact is governed by the following provisions:

(a) With respect to the commissioner's market regulation of a product or advertisement that is approved or certified to the commission, the content of the product or advertisement shall not constitute a violation of the provisions, standards, or requirements of the compact except upon a final order of the commission, issued at the request of a commissioner after prior notice to the insurer and an opportunity for hearing before the commission.

(b) Before a commissioner may bring an action for violation of any provision, standard, or requirement of the compact relating to the content of an advertisement not approved or certified to the commission, the commission, or an authorized commission officer or employee, must authorize the action. However, authorization under this subsection (4)(b) does not require notice to the insurer, opportunity for hearing, or disclosure of requests for authorization or records of the commission's action on such requests. [2005 c 92 § 8.]

**48.130.080 Dispute resolution.** The commission shall attempt, upon the request of a member, to resolve any disputes or other issues that are subject to this compact and which may arise between two or more compacting states, or between compacting states and noncompacting states, and the commission shall adopt an operating procedure providing for resolution of such disputes. [2005 c 92 § 9.]

**48.130.090 Commission approval of product—Filing—Rule making.** (1) Insurers and third-party filers seeking to have a product approved by the commission shall file the product with, and pay applicable filing fees to, the commission. This chapter does not restrict or otherwise prevent an insurer from filing its product with the insurance department in any state wherein the insurer is licensed to conduct the business of insurance, and such filing shall be subject to the laws of the states where filed.

(2) The commission shall establish appropriate filing and review processes and procedures pursuant to commission rules and operating procedures. The commission shall adopt rules to establish conditions and procedures under which the commission will provide public access to product filing information. In establishing such rules, the commission shall consider the interests of the public in having access to such information, as well as protection of personal medical and

financial information and trade secrets, that may be contained in a product filing or supporting information.

(3) Any product approved by the commission may be sold or otherwise issued in those compacting states for which the insurer is legally authorized to do business. [2005 c 92 § 10.]

**48.130.100 Commission disapproval of product—**

**Appeal.** (1) Not later than thirty days after the commission has given notice of a disapproved product or advertisement filed with the commission, the insurer or third-party filer whose filing was disapproved may appeal the determination to a review panel appointed by the commission. The commission shall adopt rules to establish procedures for appointing such review panels and provide for notice and hearing. An allegation that the commission, in disapproving a product or advertisement filed with the commission, acted arbitrarily, capriciously, or in a manner that is an abuse of discretion or otherwise not in accordance with the law, is subject to judicial review in accordance with RCW 48.130.020(4).

(2) The commission shall have authority to monitor, review, and reconsider products and advertisement subsequent to their filing or approval upon a finding that the product does not meet the relevant uniform standard. Where appropriate, the commission may withdraw or modify its approval after proper notice and hearing, subject to the appeal process in subsection (1) of this section. [2005 c 92 § 11.]

**48.130.110 Commission expenses—Budget—Tax exempt—Accounting.** (1) The commission shall pay or provide for the payment of the reasonable expenses of its establishment and organization. To fund the cost of its initial operations, the commission may accept contributions and other forms of funding from the national association of insurance commissioners, compacting states, and other sources. Contributions and other forms of funding from other sources shall be of such a nature that the independence of the commission concerning the performance of its duties shall not be compromised.

(2) The commission shall collect a filing fee from each insurer and third-party filer filing a product with the commission to cover the cost of the operations and activities of the commission and its staff in a total amount sufficient to cover the commission's annual budget.

(3) The commission's budget for a fiscal year shall not be approved until it has been subject to notice and comment as set forth in RCW 48.130.060.

(4) The commission shall be exempt from all taxation in and by the compacting states.

(5) The commission shall not pledge the credit of any compacting state, except by and with the appropriate legal authority of that compacting state.

(6) The commission shall keep complete and accurate accounts of all its internal receipts, including grants and donations, and disbursements of all funds under its control. The internal financial accounts of the commission shall be subject to the accounting procedures established under its bylaws. The financial accounts and reports including the system of internal controls and procedures of the commission shall be audited annually by an independent certified public

accountant. Upon the determination of the commission, but no less frequently than every three years, the review of the independent auditor shall include a management and performance audit of the commission. The commission shall make an annual report to the governor and legislature of the compacting states, which shall include a report of the independent audit. The commission's internal accounts shall not be confidential and such materials may be shared with the commissioner of any compacting state upon request. However, any work papers related to any internal or independent audit and any information regarding the privacy of individuals and insurers' proprietary information, including trade secrets, shall remain confidential.

(7) A compacting state does not have any claim to or ownership of any property held by or vested in the commission or to any commission funds held under this chapter. [2005 c 92 § 12.]

**48.130.120 Compact, commission, compact amendments—When effective.** (1) Any state is eligible to become a compacting state.

(2) The compact shall become effective and binding upon legislative enactment of the compact into law by two compacting states. However, the commission shall become effective for purposes of adopting uniform standards for, reviewing, and giving approval or disapproval of products filed with the commission that satisfy applicable uniform standards only after twenty-six states are compacting states or, alternatively, by states representing greater than forty percent of the premium volume for life insurance, annuity, disability income, and long-term care insurance products, based on records of the national association of insurance commissioners for the prior year. Thereafter, it shall become effective and binding as to any other compacting state upon enactment of the compact into law by that state.

(3) Amendments to the compact may be proposed by the commission for enactment by the compacting states. An amendment does not become effective and binding upon the commission and the compacting states unless and until all compacting states enact the amendment into law. [2005 c 92 § 13.]

**48.130.130 Withdrawal from compact, how—Default by state—Dissolution of compact.** (1)(a) Once effective, the compact shall continue in force and remain binding upon each and every compacting state. However, a compacting state may withdraw from the compact by enacting a statute specifically repealing the statute which enacted the compact into law.

(b) The effective date of withdrawal is the effective date of the repealing statute. However, the withdrawal shall not apply to any product filings approved or self-certified, or any advertisement of such products, on the date the repealing statute becomes effective, except by mutual agreement of the commission and the withdrawing state unless the approval is rescinded by the withdrawing state as provided in (e) of this subsection.

(c) The commissioner of the withdrawing state shall immediately notify the management committee in writing

upon the introduction of legislation repealing the compact in the withdrawing state.

(d) The commission shall notify the other compacting states of the introduction of such legislation within ten days after its receipt of notice thereof.

(e) The withdrawing state is responsible for all obligations, duties, and liabilities incurred through the effective date of withdrawal, including any obligations, the performance of which extend beyond the effective date of withdrawal, except to the extent those obligations may have been released or relinquished by mutual agreement of the commission and the withdrawing state. The commission's approval of products and advertisement prior to the effective date of withdrawal shall continue to be effective and be given full force and effect in the withdrawing state, unless formally rescinded by the withdrawing state in the same manner as provided by the laws of the withdrawing state for the prospective disapproval of products or advertisement previously approved under state law.

(f) Reinstatement following withdrawal of any compacting state shall occur upon the effective date of the withdrawing state reenacting the compact.

(2)(a) If the commission determines that any compacting state has at any time defaulted in the performance of any of its obligations or responsibilities under the compact, the bylaws, or adopted rules or operating procedures, then, after notice and hearing as set forth in the bylaws, all rights, privileges, and benefits conferred by the compact on the defaulting state shall be suspended from the effective date of default as fixed by the commission. The grounds for default include, but are not limited to, failure of a compacting state to perform its obligations or responsibilities, and any other grounds designated in commission rules. The commission shall immediately notify the defaulting state in writing of the defaulting state's suspension pending a cure of the default. The commission shall stipulate the conditions and the time period within which the defaulting state must cure its default. If the defaulting state fails to cure the default within the time period specified by the commission, the defaulting state shall be terminated from the compact and all rights, privileges, and benefits conferred by the compact shall be terminated from the effective date of termination.

(b) Product approvals by the commission or product self-certifications, or any advertisement in connection with such product, that are in force on the effective date of termination shall remain in force in the defaulting state in the same manner as if the defaulting state had withdrawn voluntarily under subsection (1) of this section.

(c) Reinstatement following termination of any compacting state requires a reenactment of the compact.

(3)(a) The compact dissolves effective upon the date of the withdrawal or default of the compacting state which reduces membership in the compact to one compacting state.

(b) Upon the dissolution of the compact, the compact becomes null and void and shall be of no further force or effect, and the business and affairs of the commission shall be wound up and any surplus funds shall be distributed in accordance with the bylaws. [2005 c 92 § 14.]

**48.130.140 Effect of compact—Other state laws—Binding on compacting states, when.** (1)(a) The compact

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does not prevent the enforcement of any other law of a compacting state, except as provided in (b) of this subsection.

(b) For any product approved or certified to the commission, the rules, uniform standards, and any other requirements of the commission shall constitute the exclusive provisions applicable to the content, approval, and certification of such products. For advertisement that is subject to the commission's authority, any rule, uniform standard, or other requirement of the commission which governs the content of the advertisement shall constitute the exclusive provision that a commissioner may apply to the content of the advertisement. However, no action taken by the commission shall abrogate or restrict: (i) The access of any person to state courts; (ii) remedies available under state law related to breach of contract, tort, or other laws not specifically directed to the content of the product; (iii) state law relating to the construction of insurance contracts; or (iv) the authority of the attorney general of the state, including but not limited to maintaining any actions or proceedings, as authorized by law.

(c) All insurance products filed with individual states shall be subject to the laws of those states.

(2)(a) All lawful actions of the commission, including all rules and operating procedures adopted by the commission, are binding upon the compacting states.

(b) All agreements between the commission and the compacting states are binding in accordance with their terms.

(c) Upon the request of a party to a conflict over the meaning or interpretation of commission actions, and upon a majority vote of the compacting states, the commission may issue advisory opinions regarding the meaning or interpretation in dispute.

(d) In the event any provision of the compact exceeds the constitutional limits imposed on the legislature of any compacting state, the obligations, duties, powers, or jurisdiction sought to be conferred by that provision upon the commission shall be ineffective as to that compacting state, and those obligations, duties, powers, or jurisdiction shall remain in the compacting state and shall be exercised by the agency thereof to which those obligations, duties, powers, or jurisdiction are delegated by law in effect at the time the compact becomes effective. [2005 c 92 § 15.]

**48.130.900 Severability—2005 c 92.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [2005 c 92 § 16.]

**48.130.901 Construction—2005 c 92.** This chapter shall be liberally construed. [2005 c 92 § 17.]

## Chapter 48.135 RCW

### INSURANCE FRAUD PROGRAM

#### Sections

48.135.005	Purpose.
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- 48.135.060 Disclosure of documents, materials, or other information—Exemptions.
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- 48.135.080 Required statement on all insurance applications and claim forms.
- 48.135.090 Insurance fraud advisory board—Membership.
- 48.135.100 Program report—Contents.
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- 48.135.900 Severability—2006 c 284.
- 48.135.901 Effective date—2006 c 284.

**48.135.005 Purpose.** The purpose of this chapter and sections 14 through 17, chapter 284, Laws of 2006 is to confront the problem of insurance fraud in this state by making a concerted effort to detect insurance fraud, reduce the occurrence of fraud through criminal enforcement and deterrence, require restitution of fraudulently obtained insurance benefits and expenses incurred by an insurer in investigating fraudulent claims, and reduce the amount of premium dollars used to pay fraudulent claims. The primary focus of the insurance fraud program is on organized fraudulent activities committed against insurance companies. [2006 c 284 § 1.]

**48.135.007 When chapter not applicable.** This chapter does not:

- (1) Preempt the authority or relieve the duty of any other general authority law enforcement agencies to investigate, examine, and prosecute suspected violations of law;
- (2) Prevent or prohibit a person from voluntarily disclosing any information concerning insurance fraud to any law enforcement agency other than the commissioner; or
- (3) Limit any of the powers granted elsewhere in this title to the commissioner to investigate and examine possible violations of the law and to take appropriate action. [2006 c 284 § 9.]

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

- (1) "Insurance fraud" means an act or omission committed by a person who, knowingly, and with intent to defraud, commits, or conceals any material information concerning, one or more of the following:
  - (a) Presenting, causing to be presented, or preparing with knowledge or belief that it will be presented to or by an insurer, insurance producer, or surplus line broker, false information as part of, in support of, or concerning a fact material to one or more of the following:
    - (i) An application for the issuance or renewal of an insurance policy;
    - (ii) The rating of an insurance policy or contract;
    - (iii) A claim for payment or benefit pursuant to an insurance policy;
    - (iv) Premiums paid on an insurance policy;
    - (v) Payments made in accordance with the terms of an insurance policy; or
    - (vi) The reinstatement of an insurance policy;
  - (b) Willful embezzlement, abstracting, purloining, or conversion of moneys, funds, premiums, credits, or other

property of an insurer or person engaged in the business of insurance; or

(c) Attempting to commit, aiding or abetting in the commission of, or conspiracy to commit the acts or omissions specified in this subsection.

The definition of insurance fraud is for illustrative purposes only under this chapter to describe the nature of the behavior to be reported and investigated, and is not intended in any manner to create or modify the definition of any existing criminal acts nor to create or modify the burdens of proof in any criminal prosecution brought as a result of an investigation under this chapter.

(2) "Insurer" means an insurance company authorized under chapter 48.05 RCW, a health care service contractor registered under chapter 48.44 RCW, and a health care maintenance organization registered under chapter 48.46 RCW. [2009 c 162 § 32; 2008 c 217 § 97; 2006 c 284 § 2.]

**Effective date—2009 c 162:** See note following RCW 48.03.020.

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

**48.135.020 Insurance fraud program established—Commissioner's powers and duties.** (1) There is established an insurance fraud program within the office of the insurance commissioner. The commissioner may employ supervisory, legal, and investigative personnel for the program, who must be qualified by training and experience in the areas of detection, investigation, or prosecution of fraud in which the insurance industry is a victim. The chief of the fraud program is a full-time position that is appointed by the commissioner. The chief serves at the pleasure of the commissioner. The commissioner shall provide office space, equipment, supplies, investigators, clerical staff, and other staff that are necessary for the program to carry out its duties and responsibilities under this chapter.

(2) The commissioner may fund one or more state patrol officers to work with the insurance fraud program and the funding for the officers must be paid out of the budget of the insurance fraud program.

(3) The commissioner may fund one or more assistant attorneys general and support staff to work with the insurance fraud program and the funding for the assistant attorneys general and support staff must be paid out of the budget of the insurance fraud program.

(4) The commissioner may make grants to or reimburse local prosecuting attorneys to assist in the prosecution of insurance fraud. The grants must be paid out of the budget of the insurance fraud program. The commissioner may investigate and seek prosecution of crimes involving insurance fraud upon the request of or with the concurrence of the county prosecuting attorney of the jurisdiction in which the offense has occurred. Before such a prosecution, the commissioner and the county in which the offense occurred shall reach an agreement regarding the payment of all costs, including expert witness fees, and defense attorneys' fees associated with any such prosecution.

(5) Staff levels for this program, until June 30, 2010, shall not exceed 8.0 full-time equivalents. [2006 c 284 § 3.]

**48.135.030 Program operating costs.** The annual cost of operating the fraud program is funded from the insurance

commissioner's regulatory account under RCW 48.02.190 subject to appropriation by the legislature. [2006 c 284 § 4.]

**48.135.040 Program implementation—Commissioner's authority—Limited authority peace officers.** (1) The commissioner may:

(a) Employ and train personnel to achieve the purposes of this chapter and to employ legal counsel, investigators, auditors, and clerical support personnel and other personnel as the commissioner determines necessary from time to time to accomplish the purposes of this chapter;

(b) Initiate inquiries and conduct investigations when the commissioner has cause to believe that insurance fraud has been, is being, or is about to be committed;

(c) Conduct independent examinations of alleged insurance fraud;

(d) Review notices, reports, or complaints of suspected insurance fraud activities from federal, state, and local law enforcement and regulatory agencies, persons engaged in the business of insurance, and any other person to determine whether the reports require further investigation;

(e) Share records and evidence with federal, state, or local law enforcement or regulatory agencies, and enter into interagency agreements;

(f) Conduct investigations outside this state. If the information the commissioner seeks to obtain is located outside this state, the person from whom the information is sought may make the information available to the commissioner to examine at the place where the information is located. The commissioner may designate representatives, including officials of the state in which the matter is located, to inspect the information on behalf of the commissioner, and the commissioner may respond to similar requests from officials of other states;

(g) Administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, correspondence, memoranda, agreements, or other documents or records that the commissioner deems relevant or material to an inquiry concerning insurance fraud;

(h) Report incidents of alleged insurance fraud disclosed by its investigations to the appropriate prosecutorial authority, including but not limited to the attorney general and to any other appropriate law enforcement, administrative, regulatory, or licensing agency;

(i) Assemble evidence, prepare charges, and work closely with any prosecutorial authority having jurisdiction to pursue prosecution of insurance fraud; and

(j) Undertake independent studies to determine the extent of fraudulent insurance acts.

(2) The fraud program investigators who have obtained certification as a peace officer under RCW 43.101.095 have the powers and status of a limited authority Washington peace officer. [2006 c 284 § 5.]

**48.135.050 Furnishing and disclosing insurance fraud knowledge and information.** (1) Any insurer or licensee of the commissioner that has reasonable belief that an act of insurance fraud which is or may be a crime under Washington law has been, is being, or is about to be commit-

ted shall furnish and disclose the knowledge and information to the commissioner or the national insurance crime bureau, the national association of insurance commissioners, or similar organization, who shall disclose the information to the commissioner, and cooperate fully with any investigation conducted by the commissioner.

(2) Any person that has a reasonable belief that an act of insurance fraud which is or may be a crime under Washington law has been, is being, or is about to be committed; or any person who collects, reviews, or analyzes information concerning insurance fraud which is or may be a crime under Washington law may furnish and disclose any information in its possession concerning such an act to the commissioner or to an authorized representative of an insurer that requests the information for the purpose of detecting, prosecuting, or preventing insurance fraud. [2006 c 284 § 6.]

**48.135.060 Disclosure of documents, materials, or other information—Exemptions.** (1) Documents, materials, or other information as described in subsection (3), (4), or both of this section are exempt from public inspection and copying under chapters \*42.17 and 42.56 RCW. The commissioner is authorized to use such documents, materials, or other information in the furtherance of any regulatory or legal action brought as a part of the commissioner's official duties.

(2) The commissioner:

(a) May share documents, materials, or other information, including the documents, materials, or information subject to subsection (1) of this section, with (i) the national association of insurance commissioners and its affiliates and subsidiaries, (ii) regulatory and law enforcement officials of other states and nations, the federal government, and international authorities, (iii) the national insurance crime bureau, and (iv) an insurer with respect to whom the suspected fraudulent claim may be perpetrated;

(b) May receive documents, materials, or information from (i) the national association of insurance commissioners and its affiliates and subsidiaries, (ii) regulatory and law enforcement officials of other states and nations, the federal government, and international authorities, (iii) the national insurance crime bureau, and (iv) an insurer with respect to whom the suspected fraudulent claim may be perpetrated and any such documents, materials, or information as described in subsection (3), (4), or both of this section are exempt from public inspection and copying; and

(c) May enter into agreements governing the sharing and use of information consistent with this subsection.

(3) Specific intelligence information and specific investigative records compiled by investigative, law enforcement, and penology agencies, the fraud program of the office of the insurance commissioner, and state agencies vested with the responsibility to discipline members of any profession, the nondisclosure of which is essential to effective law enforcement or for the protection of any person's right to privacy, are exempt under subsection (1) of this section.

(4) Information revealing the identity of persons who are witnesses to or victims of crime or who file complaints with investigative, law enforcement, and penology agencies, or the fraud program of the office of the insurance commissioner, if disclosure would endanger any person's life, physical safety, or property, is exempt under subsection (1) of this

section. If at the time a complaint is filed the complainant, victim, or witness indicates a desire for disclosure or nondisclosure, such desire shall govern.

(5) No waiver of an existing privilege or claim of confidentiality in the documents, materials, or information may occur as a result of disclosure to the commissioner under this section or as a result of sharing documents, materials, or information as authorized in subsection (2) of this section.

(6) Documents, materials, or other information that is in the possession of persons other than the commissioner that would otherwise not be confidential by law or privileged do not become confidential by law or privileged by providing the documents, materials, or other information to the commissioner. [2006 c 284 § 7.]

**\*Reviser's note:** Provisions in chapter 42.17 RCW relating to public disclosure were recodified in chapter 42.56 RCW by 2005 c 274.

**48.135.070 Insurance company as victim—Restitution.** In a criminal prosecution for any crime under Washington law in which the insurance company is a victim, the insurance company is entitled to be considered as a victim in any restitution ordered by the court under RCW 9.94A.753, as part of the criminal penalty imposed against the defendant convicted for such a violation. [2006 c 284 § 8.]

**48.135.080 Required statement on all insurance applications and claim forms.** No later than six months after July 1, 2006, or when the insurer has used all its existing paper application and claim forms which were in its possession on July 1, 2006, whichever is later, all applications for insurance, and all claim forms regardless of the form of transmission provided and required by an insurer or required by law as condition of payment of a claim, must contain a statement, permanently affixed to the application or claim form, that clearly states in substance the following:

"It is a crime to knowingly provide false, incomplete, or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines, and denial of insurance benefits."

The lack of a statement required in this section does not constitute a defense in any criminal prosecution nor any civil action. [2006 c 284 § 10.]

**48.135.090 Insurance fraud advisory board—Membership.** The commissioner shall appoint an insurance fraud advisory board. The board shall consist of ten members. Five members shall be representatives from the insurance industry doing business in this state, at least one of which shall be from a Washington domestic insurer, two members shall represent consumers, one member shall represent the national insurance crime bureau or successor organization, one member shall represent prosecutors, and one member shall represent other law enforcement agencies. The members of the board serve four-year terms and until their successors are appointed and qualified. Three of the original members must be appointed to serve an initial term of four years, three must be appointed to serve an initial term of three years, two must be appointed to serve an initial term of two years, and two must be appointed to serve an initial term of one year. The members of the board receive no compensation.

The board shall advise the commissioner and the legislature with respect to the effectiveness, resources allocated to the fraud program, the source of the funding for the program, and before June 30, 2010, if the staffing level restriction in RCW 48.135.020(5) should be renewed. [2006 c 284 § 11.]

**48.135.100 Program report—Contents.** The commissioner shall prepare a periodic report of the activities of the fraud program. The report shall, at a minimum, include information as to the number of cases reported to the commissioner, the number of cases referred for prosecution, the number of convictions obtained, the amount of money recovered, and any recommendations of the insurance advisory board. [2006 c 284 § 12.]

**48.135.110 Rules.** The commissioner may adopt rules to implement and administer this chapter. [2006 c 284 § 13.]

**48.135.900 Severability—2006 c 284.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [2006 c 284 § 19.]

**48.135.901 Effective date—2006 c 284.** This act takes effect July 1, 2006. [2006 c 284 § 21.]

## Chapter 48.140 RCW

### MEDICAL MALPRACTICE CLOSED CLAIM REPORTING

#### Sections

48.140.010	Definitions.
48.140.020	Closed claim reporting requirements.
48.140.030	Closed claim reports—Information requirements.
48.140.040	Statistical summaries.
48.140.050	Annual report.
48.140.060	Rules.
48.140.070	Model statistical reporting standards—Report to legislature.
48.140.080	Reporting requirements under RCW 48.19.370 not affected.
48.140.900	Findings—Intent—Part headings and subheadings not law—Severability—2006 c 8.

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

(1) "Claim" means a demand for monetary damages for injury or death caused by medical malpractice, and a voluntary indemnity payment for injury or death caused by medical malpractice made in the absence of a demand for monetary damages.

(2) "Claimant" means a person, including a decedent's estate, who is seeking or has sought monetary damages for injury or death caused by medical malpractice.

(3) "Closed claim" means a claim that has been settled or otherwise disposed of by the insuring entity, self-insurer, facility, or provider. A claim may be closed with or without an indemnity payment to a claimant.

(4) "Commissioner" means the insurance commissioner.

(5) "Economic damages" has the same meaning as in RCW 4.56.250(1)(a).

(6) "Health care facility" or "facility" means a clinic, diagnostic center, hospital, laboratory, mental health center, nursing home, office, surgical facility, treatment facility, or similar place where a health care provider provides health care to patients, and includes entities described in RCW 7.70.020(3).

(7) "Health care provider" or "provider" has the same meaning as in RCW 7.70.020 (1) and (2).

(8) "Insuring entity" means:

- (a) An insurer;
- (b) A joint underwriting association;
- (c) A risk retention group; or
- (d) An unauthorized insurer that provides surplus lines coverage.

(9) "Medical malpractice" means an actual or alleged negligent act, error, or omission in providing or failing to provide health care services that is actionable under chapter 7.70 RCW.

(10) "Noneconomic damages" has the same meaning as in RCW 4.56.250(1)(b).

(11) "Self-insurer" means any health care provider, facility, or other individual or entity that assumes operational or financial risk for claims of medical malpractice. [2006 c 8 § 201.]

**48.140.020 Closed claim reporting requirements. (1)**

For claims closed on or after January 1, 2008:

(a) Every insuring entity or self-insurer that provides medical malpractice insurance to any facility or provider in Washington state must report each medical malpractice closed claim to the commissioner.

(b) If a claim is not covered by an insuring entity or self-insurer, the facility or provider named in the claim must report it to the commissioner after a final claim disposition has occurred due to a court proceeding or a settlement by the parties.

Instances in which a claim may not be covered by an insuring entity or self-insurer include, but are not limited to, situations in which the:

(i) Facility or provider did not buy insurance or maintained a self-insured retention that was larger than the final judgment or settlement;

(ii) Claim was denied by an insuring entity or self-insurer because it did not fall within the scope of the insurance coverage agreement; or

(iii) Annual aggregate coverage limits had been exhausted by other claim payments.

(c) If a facility or provider is insured by a risk retention group and the risk retention group refuses to report closed claims and asserts that the federal liability risk retention act (95 Stat. 949; 15 U.S.C. Sec. 3901 et seq.) preempts state law, the facility or provider must report all data required by this chapter on behalf of the risk retention group.

(d) If a facility or provider is insured by an unauthorized insurer and the unauthorized insurer refuses to report closed claims and asserts a federal exemption or other jurisdictional preemption, the facility or provider must report all data required by this chapter on behalf of the unauthorized insurer.

(2) Beginning in 2009, reports required under subsection (1) of this section must be filed by March 1st, and include data for all claims closed in the preceding calendar year and

any adjustments to data reported in prior years. The commissioner may adopt rules that require insuring entities, self-insurers, facilities, or providers to file closed claim data electronically.

(3) The commissioner may impose a fine of up to two hundred fifty dollars per day against any insuring entity, except a risk retention group, that violates the requirements of this section.

(4) The department of health, department of licensing, or department of social and health services may require a provider or facility to take corrective action to assure compliance with the requirements of this section. [2007 c 32 § 1; 2006 c 8 § 202.]

**48.140.030 Closed claim reports—Information requirements.** Reports required under RCW 48.140.020 must contain the following information in a form and coding protocol prescribed by the commissioner that, to the extent possible and still fulfill the purposes of this chapter, are consistent with the format for data reported to the national practitioner data bank:

(1) Claim and incident identifiers, including:

(a) A claim identifier assigned to the claim by the insuring entity, self-insurer, facility, or provider; and

(b) An incident identifier if companion claims have been made by a claimant. For the purposes of this section, "companion claims" are separate claims involving the same incident of medical malpractice made against other providers or facilities;

(2) The medical specialty of the provider who was primarily responsible for the incident of medical malpractice that led to the claim;

(3) The type of health care facility where the medical malpractice incident occurred;

(4) The primary location within a facility where the medical malpractice incident occurred;

(5) The geographic location, by city and county, where the medical malpractice incident occurred;

(6) The injured person's sex and age on the incident date;

(7) The severity of malpractice injury using the national practitioner data bank severity scale;

(8) The dates of:

(a) The incident that was the proximate cause of the claim;

(b) Notice to the insuring entity, self-insurer, facility, or provider;

(c) Suit, if filed;

(d) Final indemnity payment, if any; and

(e) Final action by the insuring entity, self-insurer, facility, or provider to close the claim;

(9) Settlement information that identifies the timing and final method of claim disposition, including:

(a) Claims settled by the parties;

(b) Claims disposed of by a court, including the date disposed; or

(c) Claims disposed of by alternative dispute resolution, such as arbitration, mediation, private trial, and other common dispute resolution methods; and

(d) Whether the settlement occurred before or after trial, if a trial occurred;

(10) Specific information about the indemnity payments and defense expenses, as follows:

(a) For claims disposed of by a court that result in a verdict or judgment that itemizes damages:

- (i) The total verdict or judgment;
- (ii) If there is more than one defendant, the total indemnity paid by or on behalf of this facility or provider;
- (iii) Economic damages;
- (iv) Noneconomic damages; and
- (v) Allocated loss adjustment expense, including but not limited to court costs, attorneys' fees, and costs of expert witnesses; and

(b) For claims that do not result in a verdict or judgment that itemizes damages:

- (i) The total amount of the settlement;
- (ii) If there is more than one defendant, the total indemnity paid by or on behalf of this facility or provider;
- (iii) Paid and estimated economic damages; and
- (iv) Allocated loss adjustment expense, including but not limited to court costs, attorneys' fees, and costs of expert witnesses;

(11) The reason for the medical malpractice claim. The reporting entity must use the same allegation group and act or omission codes used for mandatory reporting to the national practitioner data bank; and

(12) Any other claim-related data the commissioner determines to be necessary to monitor the medical malpractice marketplace, if such data are reported:

- (a) To the national practitioner data bank; or
- (b) Voluntarily by members of the physician insurers association of America as part of the association's data-sharing project. [2006 c 8 § 203.]

**48.140.040 Statistical summaries.** The commissioner must prepare aggregate statistical summaries of closed claims based on data submitted under RCW 48.140.020.

(1) At a minimum, the commissioner must summarize data by calendar year and calendar/incident year. The commissioner may also decide to display data in other ways if the commissioner:

(a) Protects information as required under RCW 48.140.060(2); and

(b) Exempts from disclosure data described in \*RCW 42.56.400(11).

(2) The summaries must be available by April 30th of each year, unless the commissioner notifies legislative committees by March 15th that data are not available and informs the committees when the summaries will be completed.

(3) Information included in an individual closed claim report submitted by an insuring entity, self-insurer, provider, or facility under this chapter is confidential and exempt from public disclosure, and the commissioner must not make these data available to the public. [2006 c 8 § 204.]

**\*Reviser's note:** RCW 42.56.400 was amended by 2007 c 197 § 7, changing subsection (11) to subsection (10).

**48.140.050 Annual report.** Beginning in 2010, the commissioner must prepare an annual report that summarizes and analyzes the closed claim reports for medical malpractice filed under RCW 48.140.020 and 7.70.140 and the annual financial reports filed by authorized insurers writing medical

malpractice insurance in this state. The commissioner must complete the report by June 30th, unless the commissioner notifies legislative committees by June 1st that data are not available and informs the committees when the summaries will be completed.

(1) The report must include:

(a) An analysis of reported closed claims from prior years for which data are collected. The analysis must show:

(i) Trends in the frequency and severity of claim payments;

(ii) A comparison of economic and noneconomic damages;

(iii) A distribution of allocated loss adjustment expenses and other legal expenses;

(iv) The types of medical malpractice for which claims have been paid; and

(v) Any other information the commissioner finds relevant to trends in medical malpractice closed claims if the commissioner:

(A) Protects information as required under RCW 48.140.060(2); and

(B) Exempts from disclosure data described in \*RCW 42.56.400(11);

(b) An analysis of the medical malpractice insurance market in Washington state, including:

(i) An analysis of the financial reports of the authorized insurers with a combined market share of at least ninety percent of direct written medical malpractice premium in Washington state for the prior calendar year;

(ii) A loss ratio analysis of medical malpractice insurance written in Washington state; and

(iii) A profitability analysis of the authorized insurers with a combined market share of at least ninety percent of direct written medical malpractice premium in Washington state for the prior calendar year;

(c) A comparison of loss ratios and the profitability of medical malpractice insurance in Washington state to other states based on financial reports filed with the national association of insurance commissioners and any other source of information the commissioner deems relevant; and

(d) A summary of the rate filings for medical malpractice that have been approved by the commissioner for the prior calendar year, including an analysis of the trend of direct incurred losses as compared to prior years.

(2) The commissioner must post reports required by this section on the internet no later than thirty days after they are due.

(3) The commissioner may adopt rules that require insuring entities and self-insurers required to report under RCW 48.140.020 and subsection (1)(a) of this section to report data related to:

(a) The frequency and severity of closed claims for the reporting period; and

(b) Any other closed claim information that helps the commissioner monitor losses and claim development patterns in the Washington state medical malpractice insurance market. [2006 c 8 § 205.]

**\*Reviser's note:** RCW 42.56.400 was amended by 2007 c 197 § 7, changing subsection (11) to subsection (10).

**48.140.060 Rules.** The commissioner must adopt all rules needed to implement this chapter. The rules must:

(1) Identify which insuring entity or self-insurer has the primary obligation to report a closed claim when more than one insuring entity or self-insurer is providing medical malpractice liability coverage to a single health care provider or a single health care facility that has been named in a claim;

(2) Protect information that, alone or in combination with other data, could result in the ability to identify a claimant, health care provider, health care facility, or self-insurer involved in a particular claim or collection of claims; and

(3) Specify standards and methods for the reporting by claimants, insuring entities, self-insurers, facilities, and providers. [2006 c 8 § 206.]

**48.140.070 Model statistical reporting standards—Report to legislature.** (1) If the national association of insurance commissioners adopts revised model statistical reporting standards for medical malpractice insurance, the commissioner must analyze the new reporting standards and report this information to the legislature, as follows:

(a) An analysis of any differences between the model reporting standards and:

(i) RCW 48.140.010 through 48.140.060; and

(ii) Any statistical plans that the commissioner has adopted under RCW 48.19.370; and

(b) Recommendations, if any, about legislative changes necessary to implement the model reporting standards.

(2) The commissioner must submit the report required under subsection (1) of this section to the following legislative committees by the first day of December in the year after the national association of insurance commissioners adopts new model medical malpractice reporting standards:

(a) The house of representatives committees on health care; financial institutions and insurance; and judiciary; and

(b) The senate committees on health and long-term care; financial institutions, housing and consumer protection; and judiciary. [2006 c 8 § 207.]

**48.140.080 Reporting requirements under RCW 48.19.370 not affected.** This chapter does not amend or modify the statistical reporting requirements that apply to insurers under RCW 48.19.370. [2006 c 8 § 208.]

**48.140.900 Findings—Intent—Part headings and subheadings not law—Severability—2006 c 8.** See notes following RCW 5.64.010.

## Chapter 48.150 RCW

### DIRECT PATIENT-PROVIDER PRIMARY HEALTH CARE

#### Sections

48.150.005	Public policy.
48.150.010	Definitions.
48.150.020	Prohibition on discrimination.
48.150.030	Direct fee—Monthly basis—Designated contact person.
48.150.040	Prohibited and authorized practices.
48.150.050	Acceptance or discontinuation of patients—Third-party payments.
48.150.060	Direct practices are not insurers.
48.150.070	Conduct of business—Prohibitions.
48.150.080	Misrepresenting the terms of a direct agreement.

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48.150.090	Chapter violations.
48.150.100	Annual statements—Commissioner's report.
48.150.110	Direct agreement requirements—Disclaimer.
48.150.120	Commissioner's study—Report to legislature.

**48.150.005 Public policy.** It is the public policy of Washington to promote access to medical care for all citizens and to encourage innovative arrangements between patients and providers that will help provide all citizens with a medical home.

Washington needs a multipronged approach to provide adequate health care to many citizens who lack adequate access to it. Direct patient-provider practices, in which patients enter into a direct relationship with medical practitioners and pay a fixed amount directly to the health care provider for primary care services, represent an innovative, affordable option which could improve access to medical care, reduce the number of people who now lack such access, and cut down on emergency room use for primary care purposes, thereby freeing up emergency room facilities to treat true emergencies. [2007 c 267 § 1.]

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

(1) "Direct agreement" means a written agreement entered into between a direct practice and an individual direct patient, or the parent or legal guardian of the direct patient or a family of direct patients, whereby the direct practice charges a direct fee as consideration for being available to provide and providing primary care services to the individual direct patient. A direct agreement must (a) describe the specific health care services the direct practice will provide; and (b) be terminable at will upon written notice by the direct patient.

(2) "Direct fee" means a fee charged by a direct practice as consideration for being available to provide and providing primary care services as specified in a direct agreement.

(3) "Direct patient" means a person who is party to a direct agreement and is entitled to receive primary care services under the direct agreement from the direct practice.

(4) "Direct patient-provider primary care practice" and "direct practice" means a provider, group, or entity that meets the following criteria in (a), (b), (c), and (d) of this subsection:

(a)(i) A health care provider who furnishes primary care services through a direct agreement;

(ii) A group of health care providers who furnish primary care services through a direct agreement; or

(iii) An entity that sponsors, employs, or is otherwise affiliated with a group of health care providers who furnish only primary care services through a direct agreement, which entity is wholly owned by the group of health care providers or is a nonprofit corporation exempt from taxation under section 501(c)(3) of the internal revenue code, and is not otherwise regulated as a health care service contractor, health maintenance organization, or disability insurer under Title 48 RCW. Such entity is not prohibited from sponsoring, employing, or being otherwise affiliated with other types of health care providers not engaged in a direct practice;

(b) Enters into direct agreements with direct patients or parents or legal guardians of direct patients;

(c) Does not accept payment for health care services provided to direct patients from any entity subject to regulation under Title 48 RCW or plans administered under chapter 41.05, 70.47, or 70.47A RCW; and

(d) Does not provide, in consideration for the direct fee, services, procedures, or supplies such as prescription drugs, hospitalization costs, major surgery, dialysis, high level radiology (CT, MRI, PET scans or invasive radiology), rehabilitation services, procedures requiring general anesthesia, or similar advanced procedures, services, or supplies.

(5) "Health care provider" or "provider" means a person regulated under Title 18 RCW or chapter 70.127 RCW to practice health or health-related services or otherwise practicing health care services in this state consistent with state law.

(6) "Health carrier" or "carrier" has the same meaning as in RCW 48.43.005.

(7) "Network" means the group of participating providers and facilities providing health care services to a particular health carrier's health plan or to plans administered under chapter 41.05, 70.47, or 70.47A RCW.

(8) "Primary care" means routine health care services, including screening, assessment, diagnosis, and treatment for the purpose of promotion of health, and detection and management of disease or injury. [2009 c 552 § 1; 2007 c 267 § 3.]

**Reviser's note:** The definitions in this section have been alphabetized pursuant to RCW 1.08.015(2)(k).

**48.150.020 Prohibition on discrimination.** Except as provided in RCW 48.150.050, no direct practice shall decline to accept any person solely on account of race, religion, national origin, the presence of any sensory, mental, or physical disability, education, economic status, or sexual orientation. [2007 c 267 § 4.]

**48.150.030 Direct fee—Monthly basis—Designated contact person.** (1) A direct practice must charge a direct fee on a monthly basis. The fee must represent the total amount due for all primary care services specified in the direct agreement and may be paid by the direct patient or on his or her behalf by others.

(2) A direct practice must:

(a) Maintain appropriate accounts and provide data regarding payments made and services received to direct patients upon request; and

(b) Either:

(i) Bill patients at the end of each monthly period; or

(ii) If the patient pays the monthly fee in advance, promptly refund to the direct patient all unearned direct fees following receipt of written notice of termination of the direct agreement from the direct patient. The amount of the direct fee considered earned shall be a proration of the monthly fee as of the date the notice of termination is received.

(3) If the patient chooses to pay more than one monthly direct fee in advance, the funds must be held in a trust account and paid to the direct practice as earned at the end of each month. Any unearned direct fees held in trust following receipt of termination of the direct agreement shall be promptly refunded to the direct patient. The amount of the direct fee earned shall be a proration of the monthly fee for

the then current month as of the date the notice of termination is received.

(4) The direct fee schedule applying to an existing direct patient may not be increased over the annual negotiated amount more frequently than annually. A direct practice shall provide advance notice to existing patients of any change within the fee schedule applying to those existing direct patients. A direct practice shall provide at least sixty days' advance notice of any change in the fee.

(5) A direct practice must designate a contact person to receive and address any patient complaints.

(6) Direct fees for comparable services within a direct practice shall not vary from patient to patient based on health status or sex. [2007 c 267 § 5.]

**48.150.040 Prohibited and authorized practices.** (1) Direct practices may not:

(a) Enter into a participating provider contract as defined in RCW 48.44.010 or 48.46.020 with any carrier or with any carrier's contractor or subcontractor, or plans administered under chapter 41.05, 70.47, or 70.47A RCW, to provide health care services through a direct agreement except as set forth in subsection (2) of this section;

(b) Submit a claim for payment to any carrier or any carrier's contractor or subcontractor, or plans administered under chapter 41.05, 70.47, or 70.47A RCW, for health care services provided to direct patients as covered by their agreement;

(c) With respect to services provided through a direct agreement, be identified by a carrier or any carrier's contractor or subcontractor, or plans administered under chapter 41.05, 70.47, or 70.47A RCW, as a participant in the carrier's or any carrier's contractor or subcontractor network for purposes of determining network adequacy or being available for selection by an enrollee under a carrier's benefit plan; or

(d) Pay for health care services covered by a direct agreement rendered to direct patients by providers other than the providers in the direct practice or their employees, except as described in subsection (2)(b) of this section.

(2) Direct practices and providers may:

(a) Enter into a participating provider contract as defined by RCW 48.44.010 and 48.46.020 or plans administered under chapter 41.05, 70.47, or 70.47A RCW for purposes other than payment of claims for services provided to direct patients through a direct agreement. Such providers shall be subject to all other provisions of the participating provider contract applicable to participating providers including but not limited to the right to:

(i) Make referrals to other participating providers;

(ii) Admit the carrier's members to participating hospitals and other health care facilities;

(iii) Prescribe prescription drugs; and

(iv) Implement other customary provisions of the contract not dealing with reimbursement of services;

(b) Pay for charges associated with the provision of routine lab and imaging services. In aggregate such payments per year per direct patient are not to exceed fifteen percent of the total annual direct fee charged that direct patient. Exceptions to this limitation may occur in the event of short-term equipment failure if such failure prevents the provision of care that should not be delayed; and

(c) Charge an additional fee to direct patients for supplies, medications, and specific vaccines provided to direct patients that are specifically excluded under the agreement, provided the direct practice notifies the direct patient of the additional charge, prior to their administration or delivery. [2009 c 552 § 2; 2007 c 267 § 6.]

**48.150.050 Acceptance or discontinuation of patients—Third-party payments.** (1) Direct practices may not decline to accept new direct patients or discontinue care to existing patients solely because of the patient's health status. A direct practice may decline to accept a patient if the practice has reached its maximum capacity, or if the patient's medical condition is such that the provider is unable to provide the appropriate level and type of health care services in the direct practice. So long as the direct practice provides the patient notice and opportunity to obtain care from another physician, the direct practice may discontinue care for direct patients if: (a) The patient fails to pay the direct fee under the terms required by the direct agreement; (b) the patient has performed an act that constitutes fraud; (c) the patient repeatedly fails to comply with the recommended treatment plan; (d) the patient is abusive and presents an emotional or physical danger to the staff or other patients of the direct practice; or (e) the direct practice discontinues operation as a direct practice.

(2) Subject to the restrictions established in this chapter, direct practices may accept payment of direct fees directly or indirectly from third parties. A direct practice may accept a direct fee paid by an employer on behalf of an employee who is a direct patient. However, a direct practice shall not enter into a contract with an employer relating to direct practice agreements between the direct practice and employees of that employer, other than to establish the timing and method of the payment of the direct fee by the employer. [2009 c 552 § 3; 2007 c 267 § 7.]

**48.150.060 Direct practices are not insurers.** Direct practices, as defined in RCW 48.150.010, who comply with this chapter are not insurers under RCW 48.01.050, health carriers under chapter 48.43 RCW, health care service contractors under chapter 48.44 RCW, or health maintenance organizations under chapter 48.46 RCW. [2007 c 267 § 8.]

**48.150.070 Conduct of business—Prohibitions.** A person shall not make, publish, or disseminate any false, deceptive, or misleading representation or advertising in the conduct of the business of a direct practice, or relative to the business of a direct practice. [2007 c 267 § 9.]

**48.150.080 Misrepresenting the terms of a direct agreement.** A person shall not make, issue, or circulate, or cause to be made, issued, or circulated, a misrepresentation of the terms of any direct agreement, or the benefits or advantages promised thereby, or use the name or title of any direct agreement misrepresenting the nature thereof. [2007 c 267 § 10.]

(2010 Ed.)

**48.150.090 Chapter violations.** Violations of this chapter constitute unprofessional conduct enforceable under RCW 18.130.180. [2007 c 267 § 11.]

**48.150.100 Annual statements—Commissioner's report.** (1) Direct practices must submit annual statements, beginning on October 1, 2007, to the office of [the] insurance commissioner specifying the number of providers in each practice, total number of patients being served, the average direct fee being charged, providers' names, and the business address for each direct practice. The form and content for the annual statement must be developed in a manner prescribed by the commissioner.

(2) A health care provider may not act as, or hold himself or herself out to be, a direct practice in this state, nor may a direct agreement be entered into with a direct patient in this state, unless the provider submits the annual statement in subsection (1) of this section to the commissioner.

(3) The commissioner shall report annually to the legislature on direct practices including, but not limited to, participation trends, complaints received, voluntary data reported by the direct practices, and any necessary modifications to this chapter. The initial report shall be due December 1, 2009. [2007 c 267 § 12.]

**48.150.110 Direct agreement requirements—Disclaimer.** (1) A direct agreement must include the following disclaimer: "This agreement does not provide comprehensive health insurance coverage. It provides only the health care services specifically described." The direct agreement may not be sold to a group and may not be entered with a group of subscribers. It must be an agreement between a direct practice and an individual direct patient. Nothing prohibits the presentation of marketing materials to groups of potential subscribers or their representatives.

(2) A comprehensive disclosure statement shall be distributed to all direct patients with their participation forms. Such disclosure must inform the direct patients of their financial rights and responsibilities to the direct practice as provided for in this chapter, encourage that direct patients obtain and maintain insurance for services not provided by the direct practice, and state that the direct practice will not bill a carrier for services covered under the direct agreement. The disclosure statement shall include contact information for the office of the insurance commissioner. [2007 c 267 § 13.]

**48.150.120 Commissioner's study—Report to legislature.** By December 1, 2012, the commissioner shall submit a study of direct care practices to the appropriate committees of the senate and house of representatives. The study shall include an analysis of the extent to which direct care practices:

(1) Improve or reduce access to primary health care services by recipients of medicare and medicaid, individuals with private health insurance, and the uninsured;

(2) Provide adequate protection for consumers from practice bankruptcy, practice decisions to drop participants, or health conditions not covered by direct care practices;

(3) Increase premium costs for individuals who have health coverage through traditional health insurance;

(4) Have an impact on a health carrier's ability to meet network adequacy standards set by the commissioner or state health purchasing agencies; and

(5) Cover a population that is different from individuals covered through traditional health insurance.

The study shall also examine the extent to which individuals and families participating in a direct care practice maintain health coverage for health conditions not covered by the direct care practice. The commissioner shall recommend to the legislature whether the statutory authority for direct care practices to operate should be continued, modified, or repealed. [2007 c 267 § 14.]

### Chapter 48.155 RCW

## HEALTH CARE DISCOUNT PLAN ORGANIZATION ACT

#### Sections

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**48.155.001 Short title.** This chapter may be known and cited as the Washington health care discount plan organization act. [2009 c 175 § 1.]

**48.155.003 Purpose.** The purposes of this chapter are to promote the public interest by establishing standards for discount plan organizations, to protect consumers from unfair or deceptive marketing, sales, or enrollment practices, and to facilitate consumer understanding of the role and function of discount plan organizations in providing discounts on charges for health care services. [2009 c 175 § 2.]

**48.155.007 Rules.** The commissioner may adopt rules to implement this chapter. [2009 c 175 § 18.]

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

(1) "Affiliate" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.

(2) "Commissioner" means the Washington state insurance commissioner.

(3)(a) "Control" or "controlled by" or "under common control with" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract other than a commercial contract for goods or nonmanagement services, or otherwise, unless the power is the result of an official position with or corporate office held by the person.

(b) Control exists when any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing ten percent or more of the voting securities of any other person. A presumption of control may be rebutted by a showing made in the manner provided by RCW 48.31B.005(2) and 48.31B.025(1) that control does not exist in fact. The commissioner may determine, after furnishing all persons in interest notice and opportunity to be heard and making specific findings of fact to support the determination, that control exists in fact, notwithstanding the absence of a presumption to that effect.

(4)(a) "Discount plan" means a business arrangement or contract in which a person or organization, in exchange for fees, dues, charges, or other consideration, provides or purports to provide discounts to its members on charges by providers for health care services.

(b) "Discount plan" does not include:

(i) A plan that does not charge a membership or other fee to use the plan's discount card;

(ii) A patient access program as defined in this chapter;

(iii) A medicare prescription drug plan as defined in this chapter; or

(iv) A discount plan offered by a health carrier authorized under chapter 48.20, 48.21, 48.44, or 48.46 RCW.

(5)(a) "Discount plan organization" means a person that, in exchange for fees, dues, charges, or other consideration, provides or purports to provide access to discounts to its members on charges by providers for health care services. "Discount plan organization" also means a person or organization that contracts with providers, provider networks, or other discount plan organizations to offer discounts on health care services to its members. This term also includes all persons that determine the charge to or other consideration paid by members.

(b) "Discount plan organization" does not mean:

(i) Pharmacy benefit managers;

(ii) Health care provider networks, when the network's only involvement in discount plans is contracting with the plan to provide discounts to the plan's members;

(iii) Marketers who market the discount plans of discount plan organizations which are licensed under this chapter as long as all written communications of the marketer in connection with a discount plan clearly identify the licensed discount plan organization as the responsible entity; or

(iv) Health carriers, if the discount on health care services is offered by a health carrier authorized under chapter 48.20, 48.21, 48.44, or 48.46 RCW.

(6) "Health care facility" or "facility" has the same meaning as in RCW 48.43.005(15).

(7) "Health care provider" or "provider" has the same meaning as in RCW 48.43.005(16).

(8) "Health care provider network," "provider network," or "network" means any network of health care providers, including any person or entity that negotiates directly or indirectly with a discount plan organization on behalf of more than one provider to provide health care services to members.

(9) "Health care services" has the same meaning as in RCW 48.43.005(17).

(10) "Health carrier" or "carrier" has the same meaning as in RCW 48.43.005(18).

(11) "Marketer" means a person or entity that markets, promotes, sells, or distributes a discount plan, including a contracted marketing organization and a private label entity that places its name on and markets or distributes a discount plan pursuant to a marketing agreement with a discount plan organization.

(12) "Medicare prescription drug plan" means a plan that provides a medicare part D prescription drug benefit in accordance with the requirements of the federal medicare prescription drug improvement and modernization act of 2003.

(13) "Member" means any individual who pays fees, dues, charges, or other consideration for the right to receive the benefits of a discount plan, but does not include any individual who enrolls in a patient access program.

(14) "Patient access program" means a voluntary program sponsored by a pharmaceutical manufacturer, or a consortium of pharmaceutical manufacturers, that provides free or discounted health care products for no additional consideration directly to low-income or uninsured individuals either through a discount card or direct shipment.

(15) "Person" means an individual, a corporation, a governmental entity, a partnership, an association, a joint venture, a joint stock company, a trust, an unincorporated organization, any similar entity, or any combination of the persons listed in this subsection.

(16)(a) "Pharmacy benefit manager" means a person that performs pharmacy benefit management for a covered entity.

(b) For purposes of this subsection, a "covered entity" means an insurer, a health care service contractor, a health maintenance organization, or a multiple employer welfare arrangement licensed, certified, or registered under the provisions of this title. "Covered entity" also means a health program administered by the state as a provider of health coverage, a single employer that provides health coverage to its employees, or a labor union that provides health coverage to its members as part of a collective bargaining agreement. [2010 c 27 § 4; 2009 c 175 § 3.]

**48.155.015 Application of chapter.** (1) This chapter applies to all discount plans and all discount plan organizations doing business in or from this state or that affect subjects located wholly or in part or to be performed within this state, and all persons having to do with this business.

(2) A discount plan organization that is a health carrier with a license, certificate of authority, or registration under RCW 48.05.030 or chapter 48.31C RCW:

(a) Is not required to obtain a license under RCW 48.155.020, except that any of its affiliates that operate as a discount plan organization in this state must obtain a license under RCW 48.155.020 and comply with all other provisions of this chapter;

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(b) Is required to comply with RCW 48.155.060 through 48.155.090 and report, in the form and manner as the commissioner may require, any of the information described in RCW 48.155.110(2) (b), (c), or (d) that is not otherwise already reported; and

(c) Is subject to RCW 48.155.130 and 48.155.140. [2009 c 175 § 4.]

**48.155.020 License required—Application—Review—Annual renewal—Required disclosures.** (1) Before conducting discount plan business to which this chapter applies, a person must obtain a license from the commissioner to operate as a discount plan organization.

(2) Except as provided in subsection (3) of this section, each application for a license to operate as a discount plan organization:

(a) Must be in a form prescribed by the commissioner and verified by an officer or authorized representative of the applicant; and

(b) Must demonstrate, set forth, or be accompanied by the following:

(i) The two hundred fifty dollar application fee, which must be deposited into the general fund;

(ii) A copy of the organization documents of the applicant, such as the articles of incorporation, including all amendments;

(iii) A copy of the applicant's bylaws or other enabling documents that establish organizational structure;

(iv) The applicant's federal identification number, business address, and mailing address;

(v)(A) A list of names, addresses, official positions, and biographical information of the individuals who are responsible for conducting the applicant's affairs, including all members of the board of directors, board of trustees, executive committee, or other governing board or committee, the officers, contracted management company personnel, and any person or entity owning or having the right to acquire ten percent or more of the voting securities of the applicant; and

(B) A disclosure in the listing of the extent and nature of any contracts or arrangements between any individual who is responsible for conducting the applicant's affairs and the discount plan organization, including all possible conflicts of interest;

(vi) A complete biographical statement, on forms prescribed by the commissioner, with respect to each individual identified under (b)(v) of this subsection;

(vii) A statement generally describing the applicant, its facilities and personnel, and the health care services for which a discount will be made available under the discount plan;

(viii) A copy of the form of all contracts made or to be made between the applicant and any health care providers or health care provider networks regarding the provision of health care services to members and discounts to be made available to members;

(ix) A copy of the form of any contract made or arrangement to be made between the applicant and any individual listed in (b)(v) of this subsection;

(x) A list identifying by name, address, telephone number, and e-mail address all persons who will market each discount plan offered by the applicant. If the person who will

market a discount plan is an entity, only the entity must be identified. This list must be maintained and updated within sixty days of any change in the information. An updated list must be sent to the commissioner as part of the discount plan organization's renewal application under (b)(vii) of this subsection;

(xi) A copy of the form of any contract made or to be made between the applicant and any person, corporation, partnership, or other entity for the performance on the applicant's behalf of any function, including marketing, administration, enrollment, and subcontracting for the provision of health care services to members and discounts to be made available to members;

(xii) A copy of the applicant's most recent financial statements audited by an independent certified public accountant, except that, subject to the approval of the commissioner, an applicant that is an affiliate of a parent entity that is publicly traded and that prepares audited financial statements reflecting the consolidated operations of the parent entity may submit the audited financial statement of the parent entity and a written guaranty that the minimum capital requirements required under RCW 48.155.030 will be met by the parent entity instead of the audited financial statement of the applicant;

(xiii) A description of the proposed methods of marketing including, but not limited to, describing the use of marketers, use of the internet, sales by telephone, electronic mail, or facsimile machine, and use of salespersons to market the discount plan benefits;

(xiv) A description of the member complaint procedures which must be established and maintained by the applicant;

(xv) The name and address of the applicant's Washington statutory agent for service of process, notice, or demand or, if not domiciled in this state, a power of attorney duly executed by the applicant, appointing the commissioner and duly authorized deputies as the true and lawful attorney of the applicant in and for this state upon whom all law process in any legal action or proceeding against the discount plan organization on a cause of action arising in this state may be served; and

(xvi) Any other information the commissioner may reasonably require.

(3)(a) Upon application to and approval by the commissioner and payment of the applicable fees, a discount plan organization that holds a current license or other form of authority from another state to operate as a discount plan organization, at the commissioner's discretion, may not be required to submit the information required under subsection (2) of this section in order to obtain a license under this section if the commissioner is satisfied that the other state's requirements, at a minimum, are equivalent to those required under subsection (2) of this section or the commissioner is satisfied that the other state's requirements are sufficient to protect the interests of the residents of this state.

(b) Whenever the discount plan organization loses its license or other form of authority in that other state to operate as a discount plan organization, or is the subject of any disciplinary administrative proceeding related to the organization's operating as a discount plan organization in that other state, the discount plan organization must immediately notify the commissioner.

(4) After the receipt of an application filed under subsection (2) or (3) of this section, the commissioner must review the application and notify the applicant of any deficiencies in the application.

(5)(a) Within ninety days after the date of receipt of a completed application, the commissioner must:

(i) Issue a license if the commissioner is satisfied that the applicant has met the following:

(A) The applicant has fulfilled the requirements of this section and the minimum capital requirements in accordance with RCW 48.155.030; and

(B) The persons who own, control, and manage the applicant are competent and trustworthy and possess managerial experience that would make the proposed operation of the discount plan organization beneficial to discount plan members; or

(ii) Disapprove the application and state the grounds for disapproval.

(b) In making a determination under (a) of this subsection, the commissioner may consider, for example, whether the applicant or an officer or manager of the applicant: (i) Is not financially responsible; (ii) does not have adequate expertise or experience to operate a medical discount plan organization; or (iii) is not of good character. Among the factors that the commissioner may consider in making the determination is whether the applicant or an affiliate or a business formerly owned or managed by the applicant or an officer or manager of the applicant has had a previous application for a license, or other authority, to operate as any entity regulated by the commissioner denied, revoked, suspended, or terminated for cause, or is under investigation for or has been found in violation of a statute or regulation in another jurisdiction within the previous five years.

(6) Prior to licensure by the commissioner, each discount plan organization must establish an internet web site in order to conform to the requirements of RCW 48.155.070(2).

(7)(a) A license is effective for up to one year, unless prior to its expiration the license is renewed in accordance with this subsection or suspended or revoked in accordance with subsection (8) of this section. Licenses issued or renewed on or after July 1, 2010, will be subject to renewal annually on July 1st. If not so renewed, the license will automatically expire on the renewal date.

(b) At least ninety days before a license expires, the discount plan organization must submit:

(i) A renewal application form; and

(ii) A two hundred dollar renewal application fee for deposit into the general fund.

(c) The commissioner must renew the license of each holder that meets the requirements of this chapter and pays the appropriate renewal fee required.

(8)(a) The commissioner may suspend the authority of a discount plan organization to enroll new members or refuse to renew or revoke a discount plan organization's license if the commissioner finds that any of the following conditions exist:

(i) The discount plan organization is not operating in compliance with this chapter;

(ii) The discount plan organization does not have the minimum net worth as required under RCW 48.155.030;

(iii) The discount plan organization has advertised, merchandised, or attempted to merchandise its services in such a manner as to misrepresent its services or capacity for service or has engaged in deceptive, misleading, or unfair practices with respect to advertising or merchandising;

(iv) The discount plan organization is not fulfilling its obligations as a discount plan organization; or

(v) The continued operation of the discount plan organization would be hazardous to its members.

(b) If the commissioner has cause to believe that grounds for the nonrenewal, suspension, or revocation of a license exists, the commissioner must notify the discount plan organization in writing specifically stating the grounds for the refusal to renew or suspension or revocation and may also pursue a hearing on the matter under chapter 48.04 RCW.

(c) When the license of a discount plan organization is nonrenewed, surrendered, or revoked, the discount plan organization must immediately upon the effective date of the order of revocation or, in the case of a nonrenewal, the date of expiration of the license, stop any further advertising, solicitation, collecting of fees, or renewal of contracts, and proceed to wind up its affairs transacted under the license.

(d)(i) When the commissioner suspends a discount plan organization's authority to enroll new members, the suspension order must specify the period during which the suspension is to be in effect and the conditions, if any, that must be met by the discount plan organization prior to reinstatement of its license to enroll members.

(ii) The commissioner may rescind or modify the order of suspension prior to the expiration of the suspension period.

(iii) The license of a discount plan organization may not be reinstated unless requested by the discount plan organization. The commissioner may not grant the request for reinstatement if the commissioner finds that the circumstances for which the suspension occurred still exist or are likely to recur.

(9) Each licensed discount plan organization must notify the commissioner immediately whenever the discount plan organization's license, or other form of authority to operate as a discount plan organization in another state, is suspended, revoked, or nonrenewed in that state.

(10) A health care provider who provides discounts to his or her own patients without any cost or fee of any kind to the patient is not required to obtain and maintain a license under this chapter as a discount plan organization. [2010 c 27 § 6; 2009 c 175 § 5.]

**48.155.030 Minimum net worth.** (1) Except under subsection (3) of this section, before the commissioner issues a license to any person required to obtain a license under RCW 48.155.020, the person seeking to operate a discount plan organization must have a net worth of at least one hundred fifty thousand dollars.

(2) At all times, except under subsection (3) of this section, each discount plan organization must maintain a net worth of at least one hundred fifty thousand dollars.

(3) By rule of the commissioner, the amounts in subsections (1) and (2) of this section may be adjusted annually for inflation. [2009 c 175 § 6.]

(2010 Ed.)

**48.155.040 Surety bond—Deposit in lieu of bond.** (1)

Each licensed discount plan organization shall continuously maintain in force a surety bond in its own name in an amount not less than thirty-five thousand dollars to be used in the discretion of the commissioner to protect the financial interest of Washington members. The bond must be issued by an insurance company licensed to do business in this state.

(2) In lieu of the bond specified in subsection (1) of this section, a licensed discount plan organization may deposit and maintain deposited with the commissioner, or at the discretion of the commissioner, with any organization or trustee acceptable to the commissioner through which a custodial or controlled account is utilized, cash, securities, or any combination of these or other measures that are acceptable to the commissioner which always have a market value of not less than thirty-five thousand dollars.

(3) All income from a deposit made under subsection (2) of this section is an asset of the discount plan organization.

(4) Except for the commissioner, the assets or securities held in this state as a deposit under subsection (1) or (2) of this section are not subject to levy by a judgment creditor or other claimant of the discount plan organization. [2009 c 175 § 7.]

**48.155.050 Investigations by commissioner—Organization must maintain detailed books and records.** (1)

The commissioner may conduct investigations to determine whether any person has violated any provision of this chapter and may, if the commissioner has a reason to believe that the discount plan organization is not complying with the requirements of this chapter, examine the business and affairs of any discount plan organization.

(2) An examination conducted under subsection (1) of this section must be performed in accordance with chapter 48.03 RCW, except that RCW 48.03.060 (1) and (2) shall not be applicable to the examination of persons registered under this chapter.

(3) The commissioner may:

(a) Order any discount plan organization or applicant that operates a discount plan organization to produce any records, books, files, advertising, and solicitation materials or other information; and

(b) Gather evidence and take statements under oath to determine whether the discount plan organization or applicant is in violation of the law or is acting contrary to the public interest.

(4) The discount plan organization or applicant that is the subject of the examination or investigation shall pay the expenses incurred in conducting the examination or investigation. Failure by the discount plan organization or applicant to pay the expenses is grounds for denial or revocation of a license to operate as a discount plan organization.

(5) All discount plan organizations or applicants that are subject to examinations, investigations, or annual reporting requirements under this chapter shall maintain detailed books and records of the following:

(a) Records documenting all Washington transactions, showing all funds received and all funds disbursed to Washington members, prospective members, providers, and provider networks;

(b) All contracts or agreements with providers of the services under a discount plan offered in Washington or sold to Washington residents; and

(c) Telephone scripts for marketing activities to which this chapter applies.

The discount plan organization shall maintain the books and records described in this section, in addition to the books and records required to be maintained under RCW 48.155.070, for a period of at least two years. [2009 c 175 § 8.]

**48.155.060 Charges and fees—When writing is required—Cancellation.** (1) A discount plan organization may charge a periodic charge as well as a reasonable one-time processing fee of no more than thirty dollars for a discount plan, or such other amount as established by rule, but may not require payment of these or any other charges or fees by direct debit from a banking, credit, or debit card account unless that method of payment is clearly and conspicuously disclosed to the prospective member. All charges and fees must be provided in writing to the member when the member first joins the plan.

(2) When a marketer or discount plan organization solicits a discount plan in conjunction with any other product, all charges that a member or prospective member must pay for each discount plan must be provided in writing as a separate item to the member or prospective member, unless the entire amount of the periodic charge which includes the periodic discount plan charge will be refunded if the member cancels his or her membership in the discount plan organization within the first thirty days after the date of receipt of the written documents for the discount plan as provided in subsection (3) of this section.

(3)(a)(i) If a member cancels his or her membership in the discount plan organization within the first thirty days after the date of receipt of the written documents for the discount plan described in RCW 48.155.090(4), the member must receive a reimbursement of all periodic charges upon return of the discount plan card to the discount plan organization.

(ii)(A) Cancellation occurs when notice of cancellation is given to the discount plan organization.

(B) Notice of cancellation is given when delivered by hand or deposited in a mailbox, properly addressed and postage prepaid to the mailing address of the discount plan organization, or e-mailed to the e-mail address of the discount plan organization.

(iii) A discount plan organization shall return in full any periodic charge charged or collected after the member has given the discount plan organization notice of cancellation.

(b) If the discount plan organization cancels a membership for any reason other than nonpayment of charges by the member, the discount plan organization shall make a pro rata reimbursement of all periodic charges to the member. [2009 c 175 § 9.]

**48.155.070 Written health care provider agreements required—Terms—Internet web site.** (1)(a) A discount plan organization shall have a written health care provider agreement with all health care providers for whose health

care services it provides access to a discount to its members. The written health care provider agreement may be entered into directly with the health care provider or indirectly with a health care provider network to which the health care provider belongs.

(b) A health care provider agreement between a discount plan organization and a health care provider must provide the following:

(i) A list of the health care services and products to be provided at a discount;

(ii) The amount or amounts of the discounts or, alternatively, a fee schedule that reflects the health care provider's discounted rates; and

(iii) That the health care provider may not charge members more than the discounted rates.

(c) A health care provider agreement between a discount plan organization and a health care provider network must require that the health care provider network have written agreements with its health care providers that:

(i) Contain the provisions described in (b) of this subsection;

(ii) Authorize the health care provider network to contract with the discount plan organization on behalf of the health care provider; and

(iii) Require the health care provider network to maintain an up-to-date list of its contracted health care providers and to provide the list on a monthly basis to the discount plan organization.

(d) A health care provider agreement between a discount plan organization and an entity that contracts with a health care provider network must require that the entity, in its contract with the health care provider network, require the health care provider network to have written agreements with its health care providers that comply with (c) of this subsection.

(e) The discount plan organization shall maintain a copy of each health care provider agreement into which it has entered and shall promptly furnish a copy of each agreement to the commissioner when requested.

(2)(a) Each discount plan organization shall maintain on an internet web site a list of the names and addresses of the health care providers with which it has a current provider agreement directly or through a health care provider network. This list must be updated every thirty days. The internet web site address must be prominently displayed on all of its advertisements, marketing materials, brochures, and discount plan cards.

(b) This subsection applies to those health care providers with which the discount plan organization has a current provider agreement directly as well as those health care providers that are members of a health care provider network with which the discount plan organization has a current provider agreement. [2009 c 175 § 10.]

**48.155.080 Marketing products—Directly to consumers—By contract with marketers.** (1) A discount plan organization may market its products directly to consumers or contract with marketers for the distribution of its discount plans.

(2)(a) The discount plan organization shall have an executed written agreement with a marketer prior to the mar-

marketer's marketing, promoting, selling, or distributing the discount plan organization's discount plans.

(b) The agreement between the discount plan organization and the marketer must prohibit the marketer from using advertising, marketing materials, brochures, and discount plan cards without first having the discount plan organization's approval in writing.

(c) The discount plan organization is bound by and responsible for the activities of a marketer that are within the scope of the marketer's agency relationship with the organization.

(3) A discount plan organization shall approve in writing all advertisements, marketing materials, brochures, and discount cards used by marketers to market, promote, sell, or distribute the discount plan prior to their use.

(4) Upon request, a discount plan organization shall submit to the commissioner all advertising, marketing materials, and brochures used or to be used in connection with the organization's discount plans. [2009 c 175 § 11.]

**48.155.090 Communications with regulators and consumers—Restrictions—Required general disclosures.** (1)(a) All advertisements, marketing efforts, promotions, marketing materials, discount plan documents, brochures, discount plan cards, and any other communications of a discount plan organization provided to prospective members and members must be truthful and not misleading in fact or in implication.

(b) Any advertisement, marketing material, discount plan document, brochure, discount plan card, or other communication is misleading in fact or in implication if it has a capacity or tendency to mislead or deceive based on the overall impression that it may reasonably be expected to create within the segment of the public to which it is directed.

(c) A discount plan organization shall conduct its business in its own legal name and all written communications from a discount plan to regulators and consumers must prominently display the discount plan organization's full legal name.

(2) A discount plan organization shall not:

(a) Except as otherwise provided in this chapter or as a disclaimer of any relationship between discount plan benefits and insurance, or as a description of an insurance product connected with a discount plan, use in its advertisements, marketing efforts, promotions, marketing materials, discount plan documents, brochures, and discount plan cards the term "insurance";

(b) Describe or characterize the discount plan as being insurance whenever a discount plan is bundled with an insured product and the insurance benefits are incidental to the discount plan benefits;

(c) Use in its advertisements, marketing efforts, promotions, marketing materials, discount plan documents, brochures, and discount plan cards words or phrases that are commonly associated with the business of insurance, such as the terms "health plan," "coverage," "copay," "copayments," "deductible," "preexisting conditions," "guaranteed issue," "premium," "PPO," "preferred provider organization," or similar terms, in a manner that could reasonably mislead an individual into believing that the discount plan is health insurance;

(d) Use language in its advertisements, marketing efforts, promotions, marketing material, discount plan documents, brochures, and discount plan cards with respect to being licensed by the insurance commissioner's office in a manner that could reasonably mislead an individual into believing that the discount plan is insurance or has been endorsed by the insurance commissioner's office;

(e) Make misleading, deceptive, or fraudulent representations regarding the discount or range of discounts offered by the discount plan or the access to any range of discounts offered by the discount plan;

(f) Have restrictions on access to discount plan providers including, except for hospital services, waiting periods and notification periods; or

(g) Pay health care providers any fees for health care services or collect or accept money from a member to pay a health care provider for health care services provided under the discount plan, unless the discount plan organization has an active certificate of authority or registration in Washington.

(3)(a) Each discount plan organization shall make the following general disclosures in not less than twelve-point type on the first content page of any advertisements, marketing materials, or brochures made available to the public relating to a discount plan, along with any enrollment forms given to a prospective member:

(i) That the plan is a discount plan and is not insurance coverage;

(ii) If true, that the range of discounts for health care services provided under the plan will vary depending on the type of health care provider and health care service received;

(iii) That the discount plan organization does not make payments to providers for the health care services received under the discount plan, unless the discount plan organization has an active certificate of authority or registration, as described in subsection (2)(g) of this section;

(iv) That the plan member is obligated to pay for all health care services, but will receive the stated discount from those health care providers that have a current provider agreement with the discount plan organization; and

(v) The toll-free telephone number and internet web site address for the licensed discount plan organization for prospective members and members to obtain additional information about and assistance with the discount plan and up-to-date lists of health care providers participating in the discount plan.

(b) If the initial contact with a prospective member is by telephone, the disclosures required under (a) of this subsection must be made orally and included in the initial written materials that describe the benefits under the discount plan provided to the prospective or new member.

(4)(a) In addition to the general disclosures required under subsection (3) of this section, each discount plan organization shall send to:

(i) Each prospective member, at their request, information that describes the terms and conditions of the discount plan, including any limitations or restrictions on the refund of any processing fees or periodic charges associated with the discount plan. The written materials presented must not be dependent upon the requestor first making any form of payment or enrolling in the plan; and

(ii) Each new member, within fourteen calendar days of enrollment, written documents that contain all terms and conditions of the discount plan.

(b) The written documents required under (a)(ii) of this subsection must be clear and include the following information:

- (i) The name of the member;
- (ii) The benefits to be provided under the discount plan;
- (iii) Any processing fees and periodic charges associated with the discount plan, including any limitations or restrictions on the refund of any processing fees and periodic charges;
- (iv) The mode of payment of any processing fees and periodic charges, such as monthly or quarterly, and procedures for changing the mode of payment;
- (v) Any limitations, exclusions, or exceptions regarding the receipt of discount plan benefits;
- (vi) Any waiting periods for receiving discounts on hospital services under the discount plan;
- (vii) Procedures for obtaining discounts under the discount plan, such as requiring members to contact the discount plan organization to make an appointment with a health care provider on the member's behalf;
- (viii) Cancellation procedures, including information on the member's thirty-day cancellation rights and refund requirements and procedures for obtaining refunds;
- (ix) Renewal, termination, and cancellation terms and conditions;
- (x) Procedures for adding new members to a family discount plan, if applicable;
- (xi) Procedures for filing complaints under the discount plan organization's complaint system and information that, if the member remains dissatisfied after completing the organization's complaint system, the plan member may contact the office of the insurance commissioner; and
- (xii) The name, telephone number, internet web site address, and mailing address of the licensed discount plan organization or other entity where the member can make inquiries about the plan, or send cancellation notices and file complaints. [2009 c 175 § 12.]

**48.155.100 Organization changes require notice to commissioner.** Each discount plan organization shall provide the commissioner at least thirty days' advance notice of any change in the discount plan organization's name, address, principal business address, mailing address, toll-free telephone number, or internet web site address. [2009 c 175 § 13.]

**48.155.110 Annual report required—Fee—Contents—Failure to file.** (1) If the information required in subsection (2) of this section is not provided at the time of renewal of a license under RCW 48.155.020, a discount plan organization shall file an annual report with the commissioner in the form prescribed by the commissioner no later than March 31st of the following year.

(2) The annual report must be filed with the commissioner, accompanied by the twenty dollar annual reporting fee to be deposited into the general fund. The annual report must include:

(a) Audited financial statements prepared in accordance with generally accepted accounting principles certified by an independent certified public accountant, including the organization's balance sheet, income statement, and statement of changes in cash flow for the preceding year. However, subject to the approval of the commissioner, an organization that is an affiliate of a parent entity that is publicly traded and that prepares audited financial statements reflecting the consolidated operations of the parent entity may submit the audited financial statement of the parent entity and a written guaranty that the minimum capital requirements required under RCW 48.155.030 will be met by the parent entity instead of the audited financial statement of the organization;

(b) If different from the initial application for a license, or at the time of renewal of a license, or the last annual report, as appropriate, a list of the names and residence addresses of all persons responsible for the conduct of the organization's affairs, together with a disclosure of the extent and nature of any contracts or arrangements with these persons and the discount plan organization, including any possible conflicts of interest;

(c) The number of current members the discount plan organization has in the state; and

(d) Any other information relating to the performance of the discount plan organization that may be required by the commissioner.

(3) Any discount plan organization that fails to file an annual report in the form and within the time required by this section is subject to the following:

(a) Monetary penalties of:

(i) Up to five hundred dollars each day for the first ten days during which the violation continues; and

(ii) Up to one thousand dollars each day after the first ten days during which the violation continues; and

(b) Upon notice by the commissioner, loss, suspension, or revocation of its license and authority to enroll new members or to do business in this state while the violation continues. [2009 c 175 § 14.]

**48.155.120 Designation of compliance officer.** Each discount plan organization shall designate and provide the commissioner with the name, address, and telephone number of the organization's compliance officer responsible for ensuring compliance with this chapter. [2009 c 175 § 15.]

**48.155.130 Violation of chapter—Commissioner's authority—Penalties—Criminal sanctions—Civil action for recovery of damages.** (1) In lieu of or in addition to suspending or revoking a discount plan organization's license under RCW 48.155.020(8), whenever the commissioner has cause to believe that any person is violating or is about to violate any provision of this chapter or any rules adopted under this chapter or any order of the commissioner, the commissioner may:

(a) Issue a cease and desist order; and

(b) After hearing or with the consent of the discount plan organization and in addition to or in lieu of the suspension, revocation, or refusal to renew any license, impose a monetary penalty of not less than one hundred dollars for each vio-

lation and not more than ten thousand dollars for each violation.

(2) A person that willfully operates as or aids and abets another operating as a discount plan organization in violation of RCW 48.155.020(1) commits insurance fraud and is subject to RCW 48.15.020 and 48.15.023, as if the unlicensed discount plan organization were an unauthorized insurer, and the fees, dues, charges, or other consideration collected from the members by the unlicensed discount plan organization or marketer were insurance premiums.

(3) A person that collects fees for purported membership in a discount plan but willfully fails to provide the promised benefits commits a theft and upon conviction is subject to the provisions of Title 9A RCW. In addition, upon conviction, the person shall pay restitution to persons aggrieved by the violation of this chapter.

(4) Any person damaged by acts that violate this chapter may maintain an action for the recovery of damages caused by that act or acts.

(a) An action for violation of this section may be brought:

- (i) In the county where the plaintiff resides;
- (ii) In the county where the plaintiff conducts business;

or

(iii) In the county where the discount plan was sold, marketed, promoted, advertised, or otherwise distributed.

(b) The acceptance or use of any discount plan or discount plan card does not operate as a waiver of any civil, criminal, or administrative claim that may be asserted under this chapter. [2009 c 175 § 16.]

**48.155.140 Temporary and permanent injunctive relief—When authorized.** (1)(a) In addition to the penalties and other enforcement provisions of this chapter, the commissioner may seek both temporary and permanent injunctive relief when:

- (i) A discount plan is being operated by a person or entity that is not licensed under this chapter; or
- (ii) Any person, entity, or discount plan organization has engaged in any activity prohibited by this chapter or any rule adopted under this chapter.

(b) The venue for any court proceeding brought under this section is Thurston county.

(2) The commissioner's authority to seek injunctive relief is not conditioned on having conducted any proceeding under chapter 34.05 RCW. [2009 c 175 § 17.]

**Chapter 48.160 RCW**

**GUARANTEED ASSET PROTECTION WAIVERS**

Sections

48.160.001	Purpose—Application.
48.160.005	Guaranteed asset protection waiver account.
48.160.010	Definitions.
48.160.020	Waivers limited to motor vehicle financing—Registration, when required—Application.
48.160.030	Waivers—Requirements for offering, selling, or providing—Terms—Insuring obligations—Funds—Assignment.
48.160.040	Insuring waiver obligations—Contractual liability or other insurance policies.
48.160.050	Required disclosures.
48.160.060	Cancellations—Refunds—Free look period—Disclosure required.
48.160.070	Commissioner's authority to enforce chapter—Rules.

48.160.080	Failure to register when required—Criminal and civil penalties—Personal liability.
48.160.900	Date of application—2009 c 334.

**48.160.001 Purpose—Application.** (1) The purpose of this chapter is to provide a framework within which guaranteed asset protection waivers are defined and may be offered within this state.

(2) This chapter does not apply to:

(a) An insurance policy offered by an insurer under this title; or

(b) A federally regulated financial institution operating under 12 C.F.R. Part 37 of the office of the comptroller of the currency regulations or credit unions operating under 12 C.F.R. 721.3(g) of the national credit union administration regulations, or state regulated banks, credit unions, financial institutions operating pursuant to chapter 63.14 RCW, and consumer loan companies operating pursuant to chapter 31.04 RCW. However, an exempt federal or state chartered bank, credit union, or financial institution may elect to offer a guaranteed asset protection waiver that complies with this section, RCW 48.160.010, and 48.160.030 through 48.160.060.

(3) Guaranteed asset protection waivers are governed under this chapter and are exempt from all other provisions of this title, except RCW 48.02.060 and 48.02.080, chapter 48.04 RCW, and as provided in this chapter. [2009 c 334 § 1.]

**48.160.005 Guaranteed asset protection waiver account.** The guaranteed asset protection waiver account is created in the custody of the state treasurer. The fees and fines collected under this chapter must be deposited into the account. Expenditures from the account may be used to implement, administer, and enforce this chapter. Only the commissioner or the commissioner's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures. [2009 c 334 § 10.]

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

(1) "Administrator" means a person, other than an insurer or creditor that performs administrative or operational functions pursuant to guaranteed asset protection waiver programs.

(2) "Borrower" means a debtor, retail buyer, or lessee, under a finance agreement, or a person who receives a loan or enters into a retail installment contract to purchase or lease a motor vehicle or vessel under chapter 63.14 RCW.

(3) "Creditor" means:

- (a) The lender in a loan or credit transaction;
- (b) The lessor in a lease transaction;

(c) Any retail seller of motor vehicles that provides credit to retail buyers of motor vehicles provided the seller complies with this chapter;

(d) The seller in commercial retail installment transactions; or

(e) The assignees of any creditor under this subsection to whom the credit obligation is payable.

(4) "Finance agreement" means a loan, lease, or retail installment sales contract for the purchase or lease of a motor vehicle.

(5) "Free look period" means the period of time from the effective date of the waiver until the date the borrower may cancel the waiver without penalty, fees, or costs to the borrower. This period of time must not be shorter than thirty days.

(6) "Guaranteed asset protection waiver" or "waiver" means a contractual agreement wherein a creditor agrees for a separate charge to cancel or waive all or part of amounts due that creditor on a borrower's finance agreement with that creditor in the event of a total physical damage loss or unrecovered theft of the motor vehicle, which agreement must be part of, or a separate addendum to, the finance agreement.

(7) "Insurer" means an insurance company licensed, registered, or otherwise authorized to do business under the insurance laws of this state.

(8) "Motor vehicle" means self-propelled or towed vehicles designed for personal or commercial use, including but not limited to automobiles, trucks, motorcycles, recreational vehicles, all-terrain vehicles, snowmobiles, campers, boats, personal watercraft, and motorcycle, boat, camper, and personal watercraft trailers.

(9) "Motor vehicle dealer" has the same meaning as "vehicle dealer" in RCW 46.70.011.

(10) "Person" includes an individual, company, association, organization, partnership, business trust, corporation, and every form of legal entity.

(11) "Retail buyer" means a person who buys or agrees to buy a motor vehicle or obtain motor vehicle services or agrees to have motor vehicle services rendered or furnished from a retail seller.

(12) "Retail seller" means a person engaged in the business of selling motor vehicles or motor vehicle services to retail buyers.

(13) "Unregistered marketers" means persons who offer for sale and sell guaranteed asset protection waivers who are not registered under this chapter and who are not otherwise exempt under this chapter. [2009 c 334 § 2.]

**48.160.020 Waivers limited to motor vehicle financing—Registration, when required—Application.** (1) This chapter applies only to guaranteed asset protection waivers for financing of motor vehicles as defined in this chapter. Any person or entity must register with the commissioner before marketing, offering for sale or selling a guaranteed asset protection waiver, and before acting as an obligor for a guaranteed asset protection waiver, in this state. However, a retail seller of motor vehicles that assigns more than eighty-five percent of guaranteed asset protection waiver agreements within thirty days of such agreements' effective date, or an insurer authorized to transact such insurance business in this state, are not required to register pursuant to this section. Failure of any retail seller of motor vehicles to assign one hundred percent of guaranteed asset protection waiver agreements within forty-five days of such agreements' effective date will result in that retail seller being required to comply with the registration requirements of this chapter.

(2) No person may market, offer for sale, or sell a guaranteed asset protection waiver, or act as an obligor on a guaranteed asset protection waiver in this state without a registration as provided in this chapter, except as set forth in subsection (1) of this section.

(3) The application for registration must include the following:

(a) The applicant's name, address, and telephone number;

(b) The identities of the applicant's executive officers or other officers directly responsible for the waiver business;

(c) An application fee of two hundred fifty dollars, which shall be deposited into the guaranteed asset protection waiver account;

(d) A copy filed by the applicant with the commissioner of the waivers the applicant intends to offer in this state;

(e) A list of all unregistered marketers of guaranteed asset protection waivers on which the applicant will be the obligor;

(f) Such additional information as the commissioner may reasonably require.

(4) Once registered, the applicant shall keep the information required for registration current by reporting changes within thirty days after the end of the month in which the change occurs. [2009 c 334 § 3.]

**48.160.030 Waivers—Requirements for offering, selling, or providing—Terms—Insuring obligations—Funds—Assignment.** (1) Waivers may be offered, sold, or provided to borrowers in this state in compliance with this chapter.

(2) Waivers may, at the option of the creditor, be sold for a single payment or may be offered with a monthly or periodic payment option.

(3) Notwithstanding any other provision of law, any cost to the borrower for a guaranteed asset protection waiver entered into in compliance with the truth in lending act (15 U.S.C. Sec. 1601 et seq.) and its implementing regulations, as amended, must be separately stated and is not to be considered a finance charge or interest.

(4) Nothing in this chapter prohibits a person who is registered, or is otherwise exempt from registration or exempt from this chapter, from insuring its waiver obligation through the purchase of a contractual liability policy or other insurance policy issued by an insurer authorized to transact such insurance in this state.

(5) The waiver remains a part of the finance agreement upon the assignment, sale, or transfer of the finance agreement by the creditor.

(6) Neither the extension of credit, the term of credit, nor the term of the related motor vehicle sale or lease may be conditioned upon the purchase of a waiver.

(7) Any creditor that offers a waiver must report the sale of, and forward funds received on, all waivers to the designated party, if any, as prescribed in any applicable administrative services agreement, contractual liability policy, other insurance policy, or other specified program documents.

(8) Funds received or held by a creditor or administrator and belonging to an insurer, creditor, or administrator, under the terms of a written agreement, must be held by that creditor or administrator in a fiduciary capacity.

(9) If the guaranteed asset protection waiver is assigned, the name and address of the assignee must be mailed to the borrower within thirty days of the assignment. If at any time the name and address provided to the borrower by the initial creditor are no longer the valid point of contact to apply for waiver benefits, written notice will be mailed to the borrower within thirty days of the change stating the new name and address of the person or entity the borrower should contact to apply for waiver benefits. No waiver may be assigned to an entity that is not registered pursuant to this chapter, unless such entity is exempt from registration or unless the commissioner specifically authorizes such assignment.

(10) No person shall knowingly make, publish, or disseminate any false, deceptive, or misleading representation or advertising in the conduct of, or relative to, waiver business. Nor shall any person make, issue, or circulate, or cause to be made, issued, or circulated any misrepresentation of the terms or benefits of any waiver.

(11) A person or entity engaged in the guaranteed asset protection waiver business in this state may not refuse to sell or issue any guaranteed asset protection waiver because of the sex, marital status, or sexual orientation as defined in RCW 49.60.040, or the presence of any sensory, mental, or physical disability of the borrower or prospective borrower. The type of benefits, or any term, rate, condition, or type of coverage may not be restricted, modified, excluded, increased, or reduced on the basis of the presence of any sensory, mental, or physical disability of the borrower or prospective borrower. [2009 c 334 § 4.]

**48.160.040 Insuring waiver obligations—Contractual liability or other insurance policies.** (1) Contractual liability or other insurance policies insuring waivers must state the obligation of the insurer to reimburse or pay to the creditor any sums the creditor is legally obligated to waive under the waivers issued by the creditor and purchased or held by the borrower. Contractual liability insurance or other insurance policies insuring waivers must not be purchased by the creditor as part of, or a rider to, vendor single-interest or collateral protection coverages as defined in RCW 48.22.110(4).

(2) Coverage under a contractual liability or other insurance policy insuring a waiver must also cover any subsequent assignee upon the assignment, sale, or transfer of the finance agreement.

(3) Coverage under a contractual liability or other insurance policy insuring a waiver must remain in effect unless canceled or terminated in compliance with applicable insurance laws of this state.

(4) The cancellation or termination of a contractual liability or other insurance policy must not reduce the insurer's responsibility for waivers issued by the creditor prior to the date of cancellation or termination and for which a premium has been received by the insurer. [2009 c 334 § 5.]

**48.160.050 Required disclosures.** Guaranteed asset protection waivers must disclose, as applicable, in writing and in clear, understandable language that is easy to read, the following:

(2010 Ed.)

(1) The name and address of the initial creditor and the borrower at the time of sale, and the identity of any administrator if different from the creditor;

(2) The purchase price and the terms of the waiver, including without limitation, the requirements for protection, conditions, or exclusions associated with the waiver;

(3) That the borrower may cancel the waiver within a free look period as specified in the waiver, and will be entitled to a full refund of the purchase price, so long as no benefits have been provided; or in the event benefits have been provided, the borrower may receive a full or partial refund pursuant to the terms of the waiver;

(4) The procedure the borrower must follow, if any, to obtain waiver benefits under the terms and conditions of the waiver, including a telephone number and address where the borrower may apply for waiver benefits;

(5) Whether or not the waiver is cancellable after the free look period and the conditions under which it may be canceled or terminated including the procedures for requesting any refund due;

(6) That in order to receive any refund due in the event of a borrower's cancellation of the waiver agreement or early termination of the finance agreement after the free look period of the waiver, the borrower, in accordance with terms of the waiver, must provide a written request to cancel to the creditor, administrator, or such other party, within ninety days of the occurrence of the event terminating the finance agreement;

(7) The methodology for calculating any refund of the unearned purchase price of the waiver due, in the event of cancellation of the waiver or early termination of the finance agreement;

(8) That any refund of the purchase price for a waiver that was included in the financing of the motor vehicle or vessel may be applied by the creditor as a reduction of the overall amount owed under the finance agreement, rather than applying the refund strictly to the purchase price of the waiver. This disclosure must be conspicuously presented prior to the purchase of the waiver;

(9) That neither the extension of credit, the terms of the credit, nor the terms of the related motor vehicle sale or lease, may be conditioned upon the purchase of the waiver;

(10) That the guaranteed asset protection waiver is not credit insurance, nor does it eliminate the borrower's obligation to insure the motor vehicle as provided by laws of this state. Purchasing a guaranteed asset protection waiver does not eliminate the borrower's rights and obligations under the vendor single-interest and collateral protection coverage laws of this state. [2009 c 334 § 6.]

**48.160.060 Cancellations—Refunds—Free look period—Disclosure required.** (1) Guaranteed asset protection waiver agreements may be cancellable or noncancellable after the free look period. Waivers must provide that if a borrower cancels a waiver within the free look period, the borrower will be entitled to a full refund of the purchase price, so long as no benefits have been provided; or in the event benefits have been provided, the borrower may receive a full or partial refund pursuant to the terms of the waiver.

(2) In the event of a borrower's cancellation of the waiver or early termination of the finance agreement, after

the agreement has been in effect beyond the free look period, the borrower may be entitled to a refund of any unearned portion of the purchase price of the waiver unless the waiver provides otherwise. In order to receive a refund, the borrower, in accordance with any applicable terms of the waiver, must provide a written request to the creditor, administrator, or other party, within ninety days of the event terminating the finance agreement.

(3) If the cancellation of a waiver occurs as a result of a default under the finance agreement or the repossession of the motor vehicle associated with the finance agreement, any refund due may be paid directly to the creditor or administrator and applied as set forth in subsection (4) of this section.

(4) Any cancellation refund under this section may be applied by the creditor as a reduction of the overall amount owed under the finance agreement, if the cost of the guaranteed asset protection waiver was included in the financing of the motor vehicle or vessel.

(5) Disclosure of how the refund may be applied by the creditor or administrator must be made in accordance with the provisions of RCW 48.160.050(8). [2009 c 334 § 7.]

**48.160.070 Commissioner's authority to enforce chapter—Rules.** (1) The commissioner may, subject to chapter 48.04 RCW, take action that is necessary or appropriate to enforce this chapter and to protect guaranteed asset protection waiver holders in this state, which includes:

(a) Suspending, revoking, or refusing to issue the registration of a person or entity if the registrant fails to comply with any provision of this chapter or fails to comply with any proper order or rule of the commissioner; and

(b) After hearing or with the consent of the registrant, and in addition to or in lieu of the suspension, revocation, or refusal to issue any registration, imposing a penalty of not more than two thousand dollars for each violation of this chapter.

(2) The commissioner may adopt rules to implement this chapter. [2009 c 334 § 8.]

**48.160.080 Failure to register when required—Criminal and civil penalties—Personal liability.** (1) Any person who markets, offers for sale or sells a guaranteed asset protection waiver, or acts as an obligor for a guaranteed asset protection waiver without a registration, unless otherwise exempt from registration or exempt from this chapter, is acting in violation of this section and is subject to the provisions of RCW 48.160.070. In addition, any person who knowingly violates this section is guilty of a class B felony punishable under chapter 9A.20 RCW.

(2) Any criminal penalty imposed under this section is in addition to, and not in lieu of, any other civil or administrative penalty or sanction otherwise authorized under state law.

(3) If the commissioner has cause to believe that any person has violated this section, the commissioner may assess a civil penalty of not more than twenty-five thousand dollars for each violation, after providing notice and an opportunity for a hearing in accordance with chapter 48.04 RCW. Upon failure to pay this civil penalty when due, the attorney general may bring a civil action on behalf of the commissioner to recover the unpaid penalty.

(4) A person or entity that should have been registered at the time of the sale of a waiver who was not so registered pursuant to this chapter is personally liable for performance of the waiver. Any waiver sold by a person or entity that should have been registered at the time of the sale is voidable, except at the instance of the person or entity who sold the waiver. [2009 c 334 § 9.]

**48.160.900 Date of application—2009 c 334.** Chapter 334, Laws of 2009 is applicable to all guaranteed asset protection waiver agreements entered into on or after January 1, 2010. [2009 c 334 § 13.]

### Chapter 48.164 RCW EXCESS FLOOD INSURANCE— JOINT UNDERWRITING ASSOCIATION

#### Sections

48.164.005	Purpose.
48.164.010	Definitions.
48.164.013	Rules.
48.164.015	Creation of association—Hearing—Required findings—Appeal.
48.164.018	Report to legislature.
48.164.025	Amounts of coverage authorized.
48.164.035	Application for insurance—Denial requires explanation.
48.164.045	Composition of association.
48.164.055	Administration by governing board—Composition—Fiduciary relationship—Indemnification.
48.164.065	Plan of operation.
48.164.075	Annual statement.
48.164.085	Examination of association.
48.164.095	Responsibility for losses—Fees and taxes.
48.164.105	Association funded by premiums—Assessments authorized.
48.164.115	Period of operation—Dissolving association.
48.164.125	Assistance for persons located near dam—Market assistance plan required.
48.164.900	Effective date—2010 c 230.
48.164.901	Expiration date—2010 c 230.

**48.164.005 Purpose.** (*Expires December 31, 2016.*) Availability of insurance for loss arising from flooding in the geographical area protected by any dam is vital to the economy of the state of Washington. If adequate property insurance for loss arising from this flood is not available, the security of citizens' property and the viability of business operations and services are threatened. This chapter gives the commissioner authority to ensure continued availability of excess insurance to insure property at risk from, and business that is interrupted by, flood arising from the failure of a dam or from efforts to prevent the failure of a dam. The commissioner may establish a temporary joint underwriting association for excess flood insurance to insure property at risk from, and business that is interrupted by, flood arising from the failure of a dam or from efforts to prevent the failure of a dam if:

- (1) Excess flood insurance of a particular class or type is not available from the voluntary market; or
- (2) There are so few insurers selling excess flood insurance that a competitive market does not exist.

The commissioner may use appropriated funds as needed to establish and supervise the association. [2010 c 230 § 1.]

**48.164.010 Definitions.** (*Expires December 31, 2016.*) The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Association" means a nonprofit underwriting association established under this chapter.

(2) "Board" means the governing board of the association.

(3) "Casualty insurance" has the same meaning as "general casualty insurance" in RCW 48.11.070. "Casualty insurance" does not include any type of:

- (a) Workers' compensation insurance;
- (b) Employers' liability insurance;
- (c) Nuclear liability insurance;
- (d) Personal insurance; or
- (e) Surety insurance.

(4) "Dam" means any United States army corps of engineers dam located in a county with a population that exceeds one million.

(5) "Excess flood insurance" means insurance against loss, including business interruption, arising from flood that is in excess of the limit of liability insurance offered by the national flood insurance program.

(6) "Person" means a natural person, association, partnership, or corporation.

(7) "Personal insurance" means:

- (a) Private passenger automobile coverage;
- (b) Homeowner's coverage, including mobile homeowners, manufactured homeowners, condominium owners, and renter's coverage;
- (c) Dwelling property coverage;
- (d) Earthquake coverage for a residence or personal property;
- (e) Personal liability and theft coverage;
- (f) Personal inland marine coverage; and
- (g) Mechanical breakdown coverage for personal auto or home appliances.

(8) "Property insurance" has the same meaning as in RCW 48.11.040 and does not include personal insurance or surety insurance. [2010 c 230 § 2.]

**48.164.013 Rules. (Expires December 31, 2016.)** The commissioner may adopt all rules needed to implement and administer this chapter and to ensure the efficient operation of the association, including but not limited to rules:

- (1) Creating sample plans of operation for the assistance of the board;
- (2) Requiring or limiting certain policy provisions;
- (3) Containing the basis and method for assessing members for operation of the association; and
- (4) Establishing the order in which the assets of the association that is dissolved by the commissioner must be distributed. [2010 c 230 § 14.]

**48.164.015 Creation of association—Hearing—Required findings—Appeal. (Expires December 31, 2016.)** (1) The commissioner may create an association to provide excess flood insurance to insure property at risk from, and business that is interrupted by, flood arising from the failure of a dam or from efforts to prevent the failure of a dam if the requirements of this section are met.

(2) The commissioner must hold a hearing under chapters 48.04 and 34.05 RCW before forming an association.

(2010 Ed.)

(3) An association may not begin underwriting operations for excess flood or business interruption insurance until the commissioner finds that:

(a) If a market assistance plan formed under RCW 48.164.125 finds that there are fewer than four admitted or surplus lines insurers offering excess flood insurance, exclusive of personal insurance, then the market assistance plan is inadequate to insure property at risk from, and business that is interrupted by, flood arising from the failure of a dam or from efforts to prevent the failure of a dam;

(b) Persons cannot buy excess flood insurance through the voluntary market; or

(c) There are so few insurers selling excess flood insurance that a competitive market does not exist.

(4) At a hearing to appeal the commissioner's finding that excess flood insurance is unavailable through the voluntary market or that a competitive market does not exist, the finding that four or more admitted or surplus lines insurers are offering excess flood insurance, exclusive of personal insurance, is prima facie evidence that a competitive market does exist. A decision of the commissioner, finding that excess flood insurance is unavailable through the market assistance plan, voluntary market, or that a competitive market does not exist, may be appealed under chapters 48.04 and 34.05 RCW. [2010 c 230 § 3.]

**48.164.018 Report to legislature. (Expires December 31, 2016.)** The board and the commissioner shall report to the respective committees of the house of representatives and senate having jurisdiction over the insurance code by January 31, 2011, and each subsequent January 31st of each year that the association remains in existence. [2010 c 230 § 16.]

**48.164.025 Amounts of coverage authorized. (Expires December 31, 2016.)** (1) The association may offer policies only as follows:

(a) The coverage of any one policy may not exceed five million dollars; and

(b) The total amount of all coverage offered by the association may never exceed two hundred fifty million dollars.

(2) The board, jointly with the commissioner, shall apportion policies within these limitations on an equitable basis. [2010 c 230 § 4.]

**48.164.035 Application for insurance—Denial requires explanation. (Expires December 31, 2016.)** (1) If an association is formed, a person that is unable to obtain excess flood or business interruption insurance because it is unavailable in the voluntary market or because the market is not competitive is eligible to apply to an association for insurance.

(2) The association may decline to insure particular persons that present an extraordinary risk because of the nature of their operations, property condition, past claims experience, or inadequate risk management. However, the location of a property for which insurance is sought from the association must not, in and of itself, constitute an extraordinary risk.

(3) Any decision to decline coverage must be sent to the applicant and include:

- (a) A statement of the actual reason for declination; and

(b) A statement that the applicant may appeal the decision to the commissioner.

(4) If the commissioner finds that the decision to decline coverage is not supported by the criteria in this section, the commissioner may require the association to provide coverage.

(5) A decision of the commissioner to provide or to decline to provide coverage under this [section] may be appealed under chapters 48.04 and 34.05 RCW. [2010 c 230 § 5.]

**48.164.045 Composition of association. (Expires December 31, 2016.)** (1) The association is composed of all insurers that have a certificate of authority to write either casualty or property insurance, or both, in this state. Every property or casualty insurer, or both, must be a member of the association as a condition of its authority to continue to transact business in this state.

(2) The association has the general powers and limitations of a nonprofit corporation under chapter 24.03 RCW and of an insurance company under Title 48 RCW, as needed to transact its business.

(3) To the extent consistent with this chapter, the association and its member insurers are "persons" under chapter 48.30 RCW. [2010 c 230 § 6.]

**48.164.055 Administration by governing board—Composition—Fiduciary relationship—Indemnification. (Expires December 31, 2016.)** (1) A governing board shall administer the association.

(2) The board and the commissioner shall work cooperatively to achieve the objectives of this chapter.

(3) The board may select and employ one or more persons to manage the operations of an association. Every managing person must be authorized to transact insurance in the state of Washington and have demonstrated expertise in excess flood insurance. The board may employ any advisors that the board deems necessary.

(4) The board must consist of seven persons appointed as set forth in this subsection.

(a) Three board members must be member insurers appointed by each of the following three trade associations: Property casualty insurers association of America, American insurance association, and national association of mutual insurance companies. At least one of the three insurers on the board must be a domestic insurer.

(b) Four board members must be residents of the state. One is appointed by the insurance commissioner. One is appointed by the King county council. One is appointed by the association of Washington cities, to represent one or more of the following municipal governments: Auburn, Kent, Renton, or Tukwila. One is appointed by the board of directors of the center for advanced manufacturing Puget Sound. None of the resident-appointees may be employed by, serve on the board of directors of, or have a substantial ownership interest in any insurer.

(c) Original board members must be appointed to serve an initial term of three years and may be appointed for a second term. Board members may serve consecutive terms.

Successor board members must be appointed as soon as possible subject to (a) and (b) of this subsection.

(5) The commissioner shall notify the members of the board if he or she has information that any board member is dishonest, reckless, or incompetent or is failing to perform any duty of his or her office, and the board shall meet immediately to consider the matter. The commissioner must receive notice of the time and place of this meeting. If the board finds by a majority of the board members, with the accused board member not voting on this matter, that the commissioner's objection is well-founded, the accused board member shall be removed immediately. The successor of a board member removed under this section must be appointed as soon as possible subject to subsection (4) of this section.

(6) All members of the board shall conduct the business of the association in a manner that is in the interest of all policyholders of the association. Board members stand in a fiduciary relationship to the association and must discharge their duties in good faith and with that diligence, care, and skill that ordinary, prudent persons would exercise under similar circumstances in a like position.

(7) Each person serving on the board or any subcommittee thereof, each member insurer of the association, and each officer and employee of the association must be indemnified by the association against all costs and expenses actually and necessarily incurred by him, her, or it in connection with the defense of any action, suit, or proceeding in which he, she, or it is made a party by reason of his, her, or its being or having been a member of the board, or a member or officer or employee of the association, except in relation to matters as to which he, she, or it has been judged in such action, suit, or proceeding to be liable by reason of willful misconduct in the performance of his, her, or its duties as a member of the board, or member, officer, or employee of the association. This indemnification is not exclusive of other rights as to which the member, officer, or employee may be entitled as a matter of law.

(8) Board members shall receive no compensation, but may be reimbursed for all travel expenses as provided in RCW 43.03.050 and 43.03.060. [2010 c 230 § 7.]

**48.164.065 Plan of operation. (Expires December 31, 2016.)** (1) The board must adopt a plan of operation within thirty days of its appointment.

(2) The plan of operation may take effect only after it has been reviewed by the commissioner. Any changes recommended by the commissioner must be either approved by a majority of the members of the board or a written statement of the board's reasons for rejection of any provision provided to the commissioner. The commissioner may continue to consult with the board to arrive at a plan of operation that is approved by both the commissioner and the board, or the commissioner may accept the plan of operation of the board. This process must conclude with a plan of operation accepted by the board within thirty days of the first board appointed under chapter 230, Laws of 2010.

(a) The plan of operation may be amended by agreement of a majority of the members of the board and the commissioner.

(b) The association must use rates that are demonstrably sound as compared to accepted actuarial standards. At the

time of filing with the commissioner, the rates must be accompanied by an actuarial analysis. The rates must comply with chapter 48.19 RCW and be approved by the commissioner. [2010 c 230 § 8.]

**48.164.075 Annual statement. (Expires December 31, 2016.)** The association must file a statement annually with the commissioner that contains information about the association's transactions, financial condition, and operations during the preceding year. The statement must be in the form and in a manner approved by the commissioner. The association must maintain its records according to the accounting practices and procedures manual adopted by the national association of insurance commissioners. The commissioner may require the association to furnish additional information if the commissioner considers it necessary to evaluate the scope, operation, and experience of the association. [2010 c 230 § 9.]

**48.164.085 Examination of association. (Expires December 31, 2016.)** (1) The commissioner may examine the transactions, financial condition, and operations of the association when the commissioner finds it necessary in order to carry out the purposes of this chapter. Except as set forth in subsections (2) and (3) of this section, each examination must be conducted in the manner prescribed for domestic insurance companies in chapter 48.03 or 48.37 RCW.

(2) The commissioner is not required to examine any association on a prescribed cycle or schedule.

(3) An association created under this chapter is responsible for the total costs of its financial and market conduct examinations. RCW 48.03.060 (1) and (2) and 48.37.060(14) (a) and (b) are not applicable to the examination of an association created under this chapter. [2010 c 230 § 10.]

**48.164.095 Responsibility for losses—Fees and taxes. (Expires December 31, 2016.)** (1) The association is not a member of the guaranty fund created under chapter 48.32 RCW. The guaranty fund, this state, and any political subdivisions are not responsible for losses sustained by the association.

(2) The association is exempt from payment of all fees and all taxes levied by the state or any of its subdivisions, except taxes levied on real or personal property. [2010 c 230 § 11.]

**48.164.105 Association funded by premiums—Assessments authorized. (Expires December 31, 2016.)** (1) The association is funded by premiums paid by persons insured by the association.

(a) All premiums for the association must be deposited into a fund or funds under management of the board.

(b) Premiums must be used to pay claims, administrative costs, and other expenses of the association.

(2) The association may assess its members to pay past and future financial obligations of the association, not funded by premiums. Each member insurer must be assessed a proportionate share based on the sum of direct premiums earned in this state for all property insurance and casualty insurance.

(2010 Ed.)

(3) If the association makes an assessment, an assessed insurer must pay the association within thirty days after it receives notice of the assessment. If an insurer does not pay an assessment within thirty days after it receives notice of the assessment:

(a) The assessment accrues interest at the maximum legal rate until it is paid in full. The interest is paid to the association;

(b) The association may collect the assessment in a civil action and must be awarded its attorneys' fees if it prevails;

(c) The commissioner may suspend, revoke, or refuse to renew an insurer's certificate of authority; and

(d) The commissioner may fine the insurer up to ten thousand dollars.

(4) This section may be enforced under RCW 48.02.080. [2010 c 230 § 12.]

**48.164.115 Period of operation—Dissolving association. (Expires December 31, 2016.)** (1) The association may operate for a period of five years. At the end of the five-year period, the association must be dissolved unless the legislature authorizes its continued operation.

(2) If, at any time, the commissioner or the board of directors holds a hearing under chapters 48.04 and 34.05 RCW and determines that excess flood and business interruption insurance is available through a market assistance plan, in the voluntary market, or that a competitive market exists, the commissioner must order the association to end its underwriting operations.

(3) If the commissioner or the board of directors orders the association to end all underwriting operations, the commissioner must supervise the dissolution of the association, including settlement of all financial and legal obligations and distribution of any remaining assets as follows:

(a) If there has been an assessment on the members of the association, and after all creditors of the association are paid in full, then to the member insurers in a proportional manner and as determined by rule by the commissioner; or

(b) If there has not been an assessment on the members of the association, or if there are funds remaining after distribution under (a) of this subsection and after all creditors of the association are paid in full, then to the policyholders in a proportional manner and as determined by rule by the commissioner. [2010 c 230 § 13.]

**48.164.125 Assistance for persons located near dam—Market assistance plan required. (Expires December 31, 2016.)** (1) The commissioner must by rule require insurers authorized to write property insurance in this state to form a market assistance plan to assist persons located in the geographical area protected by any dam that are unable to purchase excess flood or business interruption insurance in an adequate amount from either the admitted or nonadmitted market.

(2) For the purpose of this section, a market assistance plan means a voluntary mechanism by insurers writing property insurance in this state in either the admitted or nonadmitted market to provide excess flood or business interruption insurance for a class of insurance as designated in writing to the plan by the commissioner.

(3) The bylaws and method of operation of any market assistance plan must be approved by the commissioner prior to its operation.

(4) A market assistance plan must have a minimum of twenty-five insurers willing to insure risks within the class designated by the commissioner. If twenty-five insurers do not voluntarily agree to participate, the commissioner may require either property or property and casualty, or both, insurers to participate in a market assistance plan as a condition of continuing to do business in this state. The commissioner must make this requirement to fulfill the quota of at least twenty-five insurers. The commissioner must make his or her designation on the basis of the insurer's premium volume of property insurance in this state. [2010 c 230 § 15.]

**48.164.900 Effective date—2010 c 230.** This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [March 29, 2010]. [2010 c 230 § 19.]

**48.164.901 Expiration date—2010 c 230.** This act expires December 31, 2016. [2010 c 230 § 20.]

### Chapter 48.165 RCW

#### UNIFORM ADMINISTRATIVE PROCEDURES— HEALTH CARE SERVICES

##### Sections

48.165.005	Findings—Intent.
48.165.010	Definitions.
48.165.030	Designation of lead organizations—Coordination responsibility—Qualifications—Lead organization's duties—Commissioner's duties.
48.165.035	Lead organization tasks—Uniform electronic process.
48.165.040	Lead organization tasks—Uniform standard companion document and data set.
48.165.045	Lead organization tasks—Implementation guidelines—Code development and standardization—Denial review process.
48.165.050	Lead organization tasks—Develop and promote uniform practices—Medical management protocols.

**48.165.005 Findings—Intent.** The legislature finds that:

(1) The health care system in the nation and in Washington state costs nearly twice as much per capita as other industrialized nations.

(2) The fragmentation and variation in administrative processes prevalent in our health care system contribute to the high cost of health care, putting it increasingly beyond the reach of small businesses and individuals in Washington.

(3) In 2006, the legislature's blue ribbon commission on health care costs and access requested the office of the insurance commissioner to conduct a study of administrative costs and recommendations to reduce those costs. Findings in the report included:

(a) In Washington state approximately thirty cents of every dollar received by hospitals and doctors' offices is consumed by the administrative expenses of public and private payors and the providers;

(b) Before the doctors and hospitals receive the funds for delivering the care, approximately fourteen percent of the insurance premium has already been consumed by payor

administration. The payor's portion of expense totals approximately four hundred fifty dollars per insurance member per year in Washington state;

(c) Over thirteen percent of every dollar received by a physician's office is devoted to interactions between the provider and payor;

(d) Between 1997 and 2005, billing and insurance related costs for hospitals in Washington grew at an average pace of nineteen percent per year; and

(e) The greatest opportunity for improved efficiency and administrative cost reduction in our health care system would involve standardizing and streamlining activities between providers and payors.

(4) To address these inefficiencies, constrain health care inflation, and make health care more affordable for Washingtonians, the legislature seeks to establish streamlined and uniform procedures for payors and providers of health care services in the state. It is the intent of the legislature to foster a continuous quality improvement cycle to simplify health care administration. This process should involve leadership in the health care industry and health care purchasers, with regulatory oversight from the office of the insurance commissioner. [2009 c 298 § 1.]

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

(1) "Commissioner" means the insurance commissioner as established under chapter 48.02 RCW.

(2) "Health care provider" or "provider" has the same meaning as in RCW 48.43.005 and, for the purposes of chapter 298, Laws of 2009, shall include facilities licensed under chapter 70.41 RCW.

(3) "Lead organization" means a private sector organization or organizations designated by the commissioner to lead development of processes, guidelines, and standards to streamline health care administration and to be adopted by payors and providers of health care services operating in the state.

(4) "Medical management" means administrative activities established by the payor to manage the utilization of services through preservice or postservice reviews. "Medical management" includes, but is not limited to:

- (a) Prior authorization or preauthorization of services;
- (b) Precertification of services;
- (c) Postservice review;
- (d) Medical necessity review; and
- (e) Benefits advisory.

(5) "Payor" means public purchasers, as defined in this section, carriers licensed under chapters 48.20, 48.21, 48.44, 48.46, and 48.62 RCW, and the Washington state health insurance pool established in chapter 48.41 RCW.

(6) "Public purchaser" means the department of social and health services, the department of labor and industries, and the health care authority.

(7) "Secretary" means the secretary of the department of health.

(8) "Third-party payor" has the same meaning as in RCW 70.02.010. [2009 c 298 § 2.]

**48.165.030 Designation of lead organizations—Coordination responsibility—Qualifications—Lead organization's duties—Commissioner's duties.** (1) The commissioner shall designate one or more lead organizations to coordinate development of processes, guidelines, and standards to streamline health care administration and to be adopted by payors and providers of health care services operating in the state. The lead organization designated by the commissioner for chapter 298, Laws of 2009 shall:

(a) Be representative of providers and payors across the state;

(b) Have expertise and knowledge in the major disciplines related to health care administration; and

(c) Be able to support the costs of its work without recourse to public funding.

(2) The lead organization shall:

(a) In collaboration with the commissioner, identify and convene work groups, as needed, to define the processes, guidelines, and standards required in RCW 48.165.035, 18.122.165, and 48.165.040 through 48.165.050;

(b) In collaboration with the commissioner, promote the participation of representatives of health care providers, payors of health care services, and others whose expertise would contribute to streamlining health care administration;

(c) Conduct outreach and communication efforts to maximize adoption of the guidelines, standards, and processes developed by the lead organization;

(d) Submit regular updates to the commissioner on the progress implementing the requirements of chapter 298, Laws of 2009; and

(e) With the commissioner, report to the legislature annually through December 1, 2012, on progress made, the time necessary for completing tasks, and identification of future tasks that should be prioritized for the next improvement cycle.

(3) The commissioner shall:

(a) Participate in and review the work and progress of the lead organization, including the establishment and operation of work groups for chapter 298, Laws of 2009;

(b) Adopt into rule, or submit as proposed legislation, the guidelines, standards, and processes set forth in chapter 298, Laws of 2009 if:

(i) The lead organization fails to timely develop or implement the guidelines, standards, and processes set forth in RCW 48.165.035, 18.122.165, and 48.165.040 through 48.165.050; or

(ii) It is unlikely that there will be widespread adoption of the guidelines, standards, and processes developed under chapter 298, Laws of 2009;

(c) Consult with the office of the attorney general to determine whether an antitrust safe harbor is necessary to enable licensed carriers and providers to develop common rules and standards; and, if necessary, take steps, such as implementing rules or requesting legislation, to establish such safe harbor; and

(d) Convene an executive level work group with broad payor and provider representation to advise the commissioner regarding the goals and progress of implementation of the requirements of chapter 298, Laws of 2009. [2009 c 298 § 5.]

(2010 Ed.)

**48.165.035 Lead organization tasks—Uniform electronic process.** By December 31, 2010, the lead organization shall:

(1) Develop a uniform electronic process for collecting and transmitting the necessary provider-supplied data to support credentialing, admitting privileges, and other related processes that:

(a) Reduces the administrative burden on providers;

(b) Improves the quality and timeliness of information for hospitals and payors;

(c) Is interoperable with other relevant systems;

(d) Enables use of the data by authorized participants for other related applications; and

(e) Serves as the sole source of credentialing information required by hospitals and payors from providers for data elements included in the electronic process, except this shall not prohibit:

(i) A hospital, payor, or other credentialing entity subject to the requirements of this section from seeking clarification of information obtained through use of the uniform electronic process, if such clarification is reasonably necessary to complete the credentialing process; or

(ii) A hospital, payor, other credentialing entity, or a university from using information not provided by the uniform process for the purpose of credentialing, admitting privileges, or faculty appointment of providers, including peer review and coordinated quality improvement information, that is obtained from sources other than the provider;

(2) Promote widespread adoption of such process by payors and hospitals, their delegates, and subcontractors in the state that credential health professionals and by such health professionals as soon as possible thereafter; and

(3) Work with the secretary to assure that data used in the uniform electronic process can be electronically exchanged with the department of health professional licensing process under chapter 18.122 RCW. [2009 c 298 § 6.]

**48.165.040 Lead organization tasks—Uniform standard companion document and data set.** The lead organization shall:

(1) Establish a uniform standard companion document and data set for electronic eligibility and coverage verification. Such a companion guide will:

(a) Be based on nationally accepted ANSI X12 270/271 standards for eligibility inquiry and response and, wherever possible, be consistent with the standards adopted by nationally recognized organizations, such as the centers for medicare and medicaid services;

(b) Enable providers and payors to exchange eligibility requests and responses on a system-to-system basis or using a payor supported web browser;

(c) Provide reasonably detailed information on a consumer's eligibility for health care coverage, scope of benefits, limitations and exclusions provided under that coverage, cost-sharing requirements for specific services at the specific time of the inquiry, current deductible amounts, accumulated or limited benefits, out-of-pocket maximums, any maximum policy amounts, and other information required for the provider to collect the patient's portion of the bill; and

(d) Reflect the necessary limitations imposed on payors by the originator of the eligibility and benefits information;

(2) Recommend a standard or common process to the commissioner to protect providers and hospitals from the costs of, and payors from claims for, services to patients who are ineligible for insurance coverage in circumstances where a payor provides eligibility verification based on best information available to the payor at the date of the request; and

(3) Complete, disseminate, and promote widespread adoption by payors of such document and data set by December 31, 2010. [2009 c 298 § 8.]

**48.165.045 Lead organization tasks—Implementation guidelines—Code development and standardization—Denial review process.** (1) By December 31, 2010, the lead organization shall develop implementation guidelines and promote widespread adoption of such guidelines for:

(a) The use of the national correct coding initiative code edit policy by payors and providers in the state;

(b) Publishing any variations from component codes, mutually exclusive codes, and status b codes by payors in a manner that makes for simple retrieval and implementation by providers;

(c) Use of health insurance portability and accountability act standard group codes, reason codes, and remark codes by payors in electronic remittances sent to providers;

(d) The processing of corrections to claims by providers and payors; and

(e) A standard payor denial review process for providers when they request a reconsideration of a denial of a claim that results from differences in clinical edits where no single, common standards body or process exists and multiple conflicting sources are in use by payors and providers.

(2) By October 31, 2010, the lead organization shall develop a proposed set of goals and work plan for additional code standardization efforts for 2011 and 2012.

(3) Nothing in this section or in the guidelines developed by the lead organization shall inhibit an individual payor's ability to employ, and not disclose to providers, temporary code edits for the purpose of detecting and deterring fraudulent billing activities. Though such temporary code edits are not required to be disclosed to providers, the guidelines shall require that:

(a) Each payor disclose to the provider its adjudication decision on a claim that was denied or adjusted based on the application of such an edit; and

(b) The provider have access to the payor's review and appeal process to challenge the payor's adjudication decision, provided that nothing in this subsection (3)(b) shall be construed to modify the rights or obligations of payors or providers with respect to procedures relating to the investigation, reporting, appeal, or prosecution under applicable law of potentially fraudulent billing activities. [2009 c 298 § 9.]

**48.165.050 Lead organization tasks—Develop and promote uniform practices—Medical management protocols.** (1) By December 31, 2010, the lead organization shall:

(a) Develop and promote widespread adoption by payors and providers of guidelines to:

(i) Ensure payors do not automatically deny claims for services when extenuating circumstances make it impossible for the provider to: (A) Obtain a preauthorization before services are performed; or (B) notify a payor within twenty-four hours of a patient's admission; and

(ii) Require payors to use common and consistent time frames when responding to provider requests for medical management approvals. Whenever possible, such time frames shall be consistent with those established by leading national organizations and be based upon the acuity of the patient's need for care or treatment;

(b) Develop, maintain, and promote widespread adoption of a single common web site where providers can obtain payors' preauthorization, benefits advisory, and preadmission requirements;

(c) Establish guidelines for payors to develop and maintain a web site that providers can employ to:

(i) Request a preauthorization, including a prospective clinical necessity review;

(ii) Receive an authorization number; and

(iii) Transmit an admission notification.

(2) By October 31, 2010, the lead organization shall propose to the commissioner a set of goals and work plan for the development of medical management protocols, including whether to develop evidence-based medical management practices addressing specific clinical conditions and make its recommendation to the commissioner, who shall report the lead organization's findings and recommendations to the legislature. [2009 c 298 § 10.]

## Chapter 48.170 RCW

### SELF-SERVICE STORAGE INSURANCE PRODUCERS

#### Sections

48.170.005	Definitions.
48.170.007	Rules.
48.170.010	License required.
48.170.020	Application for a license—Requirements.
48.170.030	Licensee exempt from continuing education requirements.
48.170.040	Authority conveyed by license.
48.170.050	Preconditions to soliciting insurance.
48.170.060	Required written disclosure material—Contents.
48.170.070	Employee acting under authority of license—Conditions—Limitations.
48.170.900	Effective date—2009 c 119.

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

(1) "Commissioner" means the insurance commissioner of this state.

(2) "Occupant" means a person, or his or her sublessee, successor, or assign, who is entitled to the use of the storage space at a self-service storage facility under a rental agreement, to the exclusion of others.

(3) "Owner" means the owner, operator, property management company, lessor, or sublessor of a self-service storage facility. "Owner" does not mean an occupant.

(4) "Personal property" means movable property not affixed to land, and includes, but is not limited to, goods, merchandise, furniture, and household items.

(5) "Self-service storage facility" or "facility" means any real property designed and used for the purpose of renting or leasing individual storage space to occupants who are to have access to the space for the purpose of storing and removing personal property on a self-service basis, but does not include a garage or other storage area in a private residence.

(6) "Self-service storage insurance" is insurance that in connection with and incidental to the rental of space at a facility provides coverage to occupants at the facility for the loss of or damage to stored personal property that occurs at that facility.

(7) "Self-service storage insurance producer" means any owner of a facility that is licensed as a specialty lines insurance producer under chapter 48.17 RCW to offer, sell, or solicit self-service storage insurance under this chapter. [2009 c 119 § 1.]

**Reviser's note:** The definitions in this section have been alphabetized pursuant to RCW 1.08.015(2)(k).

**48.170.007 Rules.** The commissioner may adopt rules necessary to implement and administer this chapter. [2009 c 119 § 9.]

**48.170.010 License required.** (1) An owner; or officer, director, or employee of an owner; may not offer, sell, or solicit the purchase of self-service storage insurance unless that person is:

(a) Licensed as an insurance producer with a property line of authority under chapter 48.17 RCW; or

(b) Licensed as a self-service storage insurance producer under chapter 48.17 RCW and is in compliance with this chapter.

(2) If the owner is licensed as a self-service storage insurance producer under chapter 48.17 RCW and is in compliance with this chapter, then an employee of the owner who is in compliance with RCW 48.170.070(1) is not required to be individually licensed.

(3) The commissioner may issue a specialty line insurance producer license to an owner that is in compliance with this chapter authorizing the owner to act as a self-service storage insurance producer under this chapter, in connection with and incidental to rental agreements, on behalf of any insurer authorized to write self-service storage insurance in this state. [2009 c 119 § 2.]

**48.170.020 Application for a license—Requirements.** An owner may apply to be licensed as a self-service storage insurance producer under, and if in compliance with, this chapter by filing the following documents with the commissioner:

(1) A written application for licensure, signed by the applicant or by an officer of the applicant, in the form prescribed by the commissioner that includes a listing of all locations at which the owner intends to offer, sell, or solicit self-service storage insurance; and

(2)(a) A certificate by the insurer that is to be named in self-service storage insurance producer license, stating that the insurer:

(i) Has satisfied itself that the named applicant is trustworthy and competent to act as its self-service storage insurance producer, limited to this purpose;

(ii) Has reviewed the employee training and education program required by RCW 48.170.070(1)(c) and that it satisfies the statutory requirements; and

(iii) Will appoint the applicant to act as its self-service storage insurance producer to offer, sell, or solicit self-service storage insurance, if the license for which the applicant is applying is issued by the commissioner.

(b) The certification shall be subscribed by an authorized representative of the insurer on a form prescribed by the commissioner. [2009 c 119 § 3.]

**48.170.030 Licensee exempt from continuing education requirements.** An owner issued a self-service storage insurance producer license under this chapter is not subject to the precicensure or continuing education requirements in chapter 48.17 RCW. [2009 c 119 § 4.]

**48.170.040 Authority conveyed by license.** (1) A self-service storage insurance producer license authorizes a self-service storage insurance producer and its employees to offer and sell to, enroll in, and bill and collect premiums from occupants for insurance covering the loss of or damage to personal property stored at a facility on a master, corporate, group, or individual policy basis.

(2) A self-service storage insurance producer is not required to treat moneys collected from occupants purchasing insurance under this chapter as funds received in a fiduciary capacity, if:

(a) The insurer represented by the self-service storage insurance producer has consented in writing, signed by an officer of the insurer, that the premiums need not be segregated from funds received by the self-service storage insurance producer; and

(b) The charges for insurance coverage are itemized and ancillary to the rental agreement.

(3) An owner is not required to be licensed pursuant to this section merely to display and make available to prospective occupants brochures and other promotional materials created by or on behalf of an authorized insurer, provided that either the owner or its employees, or both, are not paid a commission or other consideration. [2009 c 119 § 5.]

**48.170.050 Preconditions to soliciting insurance.** A self-service storage insurance producer may not solicit insurance under RCW 48.170.010 unless:

(1) At every location where occupants are enrolled in self-service storage insurance programs, written disclosure material regarding the program is made available to prospective occupants; and

(2) All employees who offer and sell to, enroll in, and bill and collect premiums from occupants for insurance have completed a training program for employees of the licensed self-service storage insurance producer as approved by the commissioner. [2009 c 119 § 6.]

**48.170.060 Required written disclosure material—Contents.** The written disclosure material required in RCW 48.170.050(1) must:

(1) Summarize the material terms of insurance coverage offered to occupants, including the name, address, telephone number of the insurer, price, benefits, exclusions, and conditions;

(2) Prominently and conspicuously disclose that the policies offered by the self-service storage insurance producer may provide a duplication of coverage already provided by an occupant's homeowner's insurance policy, renter's insurance policy, vehicle insurance policy, watercraft insurance policy, or other source of property insurance coverage;

(3) State that if self-service storage insurance is required as a condition of rental, the requirement may be satisfied by the occupant purchasing the insurance being offered to the occupant by the owner or by presenting evidence of other applicable insurance coverage;

(4) Describe the process for filing a claim;

(5) State in writing all costs related to the insurance; and

(6) Disclose any other information required by rule by the commissioner. [2009 c 119 § 7.]

**48.170.070 Employee acting under authority of license—Conditions—Limitations.** (1) An employee of a self-service storage insurance producer may be authorized to offer, sell, or solicit self-service storage insurance under the authority of the self-service storage insurance producer's license, if all of the following conditions have been satisfied:

(a) The employee is eighteen years of age or older;

(b) The employee is a trustworthy person and has not committed any act set forth in RCW 48.17.530;

(c) The employee has completed a training and education program;

(d) The self-service storage insurance producer, at the time it submits its self-service storage insurance producer license application, also submits a list of the names of all employees to its self-service storage insurance producer license on forms prescribed by the commissioner. The list shall be submitted to the commissioner annually and kept current by reporting all changes, deletions, or additions within thirty days after the change, deletion, or addition occurred. Each list shall be retained by the self-service storage insurance producer for a period of three years from submission; and

(e) The self-service storage insurance producer submits to the commissioner with its initial self-service storage insurance producer license application, and annually thereafter, a certification subscribed by an officer of the self-service storage insurance producer on a form prescribed by the commissioner, stating all of the following:

(i) No person other than an employee offers, sells, or solicits self-service storage insurance on its behalf or while working as an employee of the self-service storage insurance producer; and

(ii) All employees have completed the training and education program under subsection (4) of this section.

(2) A self-service storage insurance producer's employee may only act on behalf of the self-service storage insurance producer in the offer, sale, or solicitation of self-service storage insurance. A self-service storage insurance

producer is responsible for, and must supervise, all actions of its employees related to the offering, sale, or solicitation of self-service storage insurance. The conduct of an employee is the same as the conduct of the self-service storage insurance producer for purposes of this chapter.

(3) The manager at each location of a self-service storage insurance producer, or the direct supervisor of the self-service storage insurance producer's employees at each location, must be an employee of that self-service storage insurance producer and is responsible for the supervision of each additional employee at that location. Each self-service storage insurance producer shall identify the employee who is the manager or direct supervisor at each location in the employee list that it submits under subsection (1)(d) of this section.

(4) Each self-service storage insurance producer shall provide a training and education program for each employee prior to allowing an employee to offer, sell, or solicit self-service storage insurance. Details of the program must be submitted to the commissioner, along with the license application, for approval prior to use, and resubmitted for approval of any changes prior to use. This training program shall meet the following minimum standards:

(a) Each employee shall receive instruction about the insurance authorized under this chapter that may be offered for sale to prospective occupants; and

(b) Each employee shall receive training about the requirements and limitations imposed on self-service storage insurance producer and employees under this chapter. The training must include specific instruction that the employee is prohibited by law from making any statement or engaging in any conduct express or implied, that would lead a consumer to believe that the:

(i) Occupant does not have insurance policies in place that already provide the coverage being offered by the self-service storage producer under this chapter; or

(ii) Employee is qualified to evaluate the adequacy of the occupant's existing insurance coverages.

(5) The training and education program submitted to the commissioner is approved if no action is taken within thirty days of its submission.

(6) An employee's authorization to offer, sell, or solicit self-service storage insurance expires when the employee's employment with the self-service storage insurance producer is terminated.

(7) The self-service storage insurance producer shall retain for a period of one year from the date of each transaction records which enable it to identify the name of the employee involved in each rental transaction when an occupant purchases self-service storage insurance. [2009 c 119 § 8.]

**48.170.900 Effective date—2009 c 119.** This act takes effect July 1, 2010. [2009 c 119 § 13.]

# Title 49

## LABOR REGULATIONS

### Chapters

- 49.04 Apprenticeship.**
- 49.08 Arbitration of disputes.**
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- 49.17 Washington industrial safety and health act.**
- 49.19 Safety—Health care settings.**
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- 49.56 Wages—Priorities—Preferences.**
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- 49.70 Worker and community right to know act.**
- 49.74 Affirmative action.**
- 49.76 Domestic violence leave.**
- 49.77 Military family leave act.**
- 49.78 Family leave.**
- 49.86 Family leave insurance.**
- 49.90 Sensory disabilities.**

**Reviser's note:** Throughout this title, "director of labor and industries" has been substituted for "commissioner of labor," such office having been abolished by the administrative code of 1921 (1921 c 7 §§ 3, 80, and 135).

*Apprentices to be paid prevailing wage on public works:* RCW 39.12.021.

*Collective bargaining with employees of city-owned utilities:* RCW 35.22.350.

*Community renewal law:* Chapter 35.81 RCW.

*Department of labor and industries:* Chapter 43.22 RCW.

*Elevators, lifting devices and moving walks:* Chapter 70.87 RCW.

*Employee benefit plans when private utility acquired:* RCW 54.04.130.

*Employment agencies:* Chapter 19.31 RCW.

*Industrial products of prisoners:* RCW 72.01.150, chapter 72.60 RCW.

*Job protection for members of state militia:* RCW 38.40.050.

*Labor and employment of prisoners:* Chapter 72.64 RCW.

*Lien of employees for contributions to benefit plans:* Chapter 60.76 RCW.

*Marine employees—Public employment relations:* Chapter 47.64 RCW.

*Occupational and environmental research facility at University of Washington:* RCW 28B.20.450 through 28B.20.458.

*Promotional printing contracts of apple, fruit, dairy products commissions—Conditions of employment:* RCW 15.24.086.

*Public employees' collective bargaining, arbitration of disputes:* RCW 41.56.100.

*Public employment:* Title 41 RCW.

*Sheriff's office, civil service:* Chapter 41.14 RCW.

(2010 Ed.)

*Unemployment compensation:* Title 50 RCW.

*Unfair practices—Consumer protection—Act does not impair labor organizations:* RCW 19.86.070.

*Workers' compensation:* Title 51 RCW.

*Youth development and conservation corps:* RCW 79A.05.500.

### Chapter 49.04 RCW APPRENTICESHIP

#### Sections

- 49.04.010 Apprenticeship council created—Composition—Terms—Compensation—Duties.
- 49.04.030 Supervisor of apprenticeship—Duties.
- 49.04.040 Apprenticeship committees—Composition—Duties.
- 49.04.050 Apprenticeship program standards.
- 49.04.060 Apprenticeship agreements.
- 49.04.070 Limitation.
- 49.04.080 On-the-job training agreements and projects—Supervisor to promote.
- 49.04.090 On-the-job training agreements and projects—Agreements with federal agencies.
- 49.04.100 Apprenticeship programs—Civil rights act advancement.
- 49.04.110 Woman and racial minority representation in apprenticeship programs—Noncompliance.
- 49.04.120 Woman and racial minority representation—Community colleges, vocational, or high schools to enlist woman and racial minority representation in apprenticeship programs.
- 49.04.130 Woman and racial minority representation—Employer and employee organizations, apprenticeship council and committees, etc., to enlist woman and racial minority representation in apprenticeship programs.
- 49.04.141 Transportation opportunities—Report.
- 49.04.150 Associate degree pathway.
- 49.04.160 Student opportunities—Findings.
- 49.04.170 Student opportunities—Centers of excellence, colleges to provide information.
- 49.04.180 Student opportunities—Educational outreach program—Appropriate activities.
- 49.04.190 Student opportunities—Building and construction-related apprenticeships—Grants—Report.
- 49.04.200 Apprenticeship programs for energy audits and energy efficiency services—Prioritization of workforce training programs—Outreach efforts.
- 49.04.900 Severability—1941 c 231.
- 49.04.910 Chapter not affected by certain laws against discrimination in employment because of age.

*Apprenticeship agreements, inmates of state school for girls (Maple Lane school):* RCW 72.20.090.

*Child labor:* RCW 26.28.060, 26.28.070.

**49.04.010 Apprenticeship council created—Composition—Terms—Compensation—Duties.** The director of labor and industries shall appoint an apprenticeship council, composed of three representatives each from employer and employee organizations, respectively. The terms of office of the members of the apprenticeship council first appointed by the director of labor and industries shall be as follows: One representative each of employers and employees shall be appointed for one year, two years, and three years, respectively. Thereafter, each member shall be appointed for a term of three years. The governor shall appoint a public member to the apprenticeship council for a three-year term. The appointment of the public member is subject to confirmation by the

senate. Each member shall hold office until a successor is appointed and has qualified and any vacancy shall be filled by appointment for the unexpired portion of the term. A designated representative from each of the following: The workforce training and education coordinating board, state board for community and technical colleges, employment security department, and United States department of labor, apprenticeship, training, employer, and labor services, shall be ex officio members of the apprenticeship council. Ex officio members shall have no vote. Each member of the council, not otherwise compensated by public moneys, shall be reimbursed for travel expenses in accordance with RCW 43.03.050 and 43.03.060 and shall be compensated in accordance with RCW 43.03.240. The apprenticeship council is authorized to approve apprenticeship programs, and establish apprenticeship program standards as rules, including requirements for apprentice-related and supplemental instruction, coordination of instruction with job experiences, and instructor qualifications. The council shall consider recommendations from the state board for community and technical colleges on matters of apprentice-related and supplemental instruction, coordination of instruction with job experiences, and instructor qualifications. The rules for apprenticeship instructor qualifications shall either be by reference or reasonably similar to the applicable requirements established by or pursuant to chapter 28B.50 RCW. The council is further authorized to issue such rules as may be necessary to carry out the intent and purposes of this chapter, including a procedure to resolve an impasse should a tie vote of the council occur, and perform such other duties as are hereinafter imposed.

Not less than once a year the apprenticeship council shall make a report to the director of labor and industries of its activities and findings which shall be available to the public. [2001 c 204 § 1; 1984 c 287 § 97; 1982 1st ex.s. c 39 § 2; 1979 ex.s. c 37 § 1; 1977 c 75 § 72; 1975-'76 2nd ex.s. c 34 § 143; 1967 c 6 § 1; 1961 c 114 § 1; 1941 c 231 § 1; Rem. Supp. 1941 § 7614-3. Formerly RCW 49.04.010 and 49.04.020.]

**Legislative findings—Severability—Effective date—1984 c 287:** See notes following RCW 43.03.220.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **49.04.030 Supervisor of apprenticeship—Duties.**

Subject to the confirmation of the state apprenticeship council by a majority vote, the director of labor and industries shall appoint and deputize an assistant director to be known as the supervisor of apprenticeship. Under the supervision of the director of labor and industries and with the advice and guidance of the apprenticeship council, the supervisor shall: (1) Encourage and promote apprenticeship programs conforming to the standards established under this chapter, and in harmony with the policies of the United States department of labor; (2) act as secretary of the apprenticeship council and of state apprenticeship committees; (3) when authorized by the apprenticeship council, register apprenticeship agreements that are in the best interests of the apprentice and conform with standards established under this chapter; (4) keep a record of apprenticeship agreements and upon successful completion issue certificates of completion of apprenticeship; and (5) terminate or cancel any apprenticeship agreements in accordance with the provisions of the agreements.

The supervisor may act to bring about the settlement of differences arising out of the apprenticeship agreement where such differences cannot be adjusted locally. The director of labor and industries is authorized to appoint such other personnel as may be necessary to aid the supervisor of apprenticeship in the execution of the supervisor's functions under this chapter. [2001 c 204 § 2; 1979 ex.s. c 37 § 2; 1961 c 114 § 2; 1941 c 231 § 2; Rem. Supp. 1941 § 7614-4.]

*Rehabilitation services for individuals with disabilities: Chapter 74.29 RCW.*

**49.04.040 Apprenticeship committees—Composition—Duties.** Upon July 22, 2001, all newly approved apprenticeship programs must be represented by either a unilateral or joint apprenticeship committee. Apprenticeship committees must conform to this chapter, the rules adopted by the apprenticeship council, and 29 C.F.R. Part 29 and must be approved by the apprenticeship council. Apprenticeship committees may be approved whenever the apprentice training needs justify such establishment. Such apprenticeship committees shall be composed of an equal number of employer and employee representatives who may be chosen:

(1) From names submitted by the respective local or state employer and employee organizations served by the apprenticeship committee; or

(2) In a manner which selects representatives of management and nonmanagement served by the apprenticeship committee. The council may act as the apprentice representative when the council determines there is no feasible method to choose nonmanagement representatives.

Apprenticeship committees shall devise standards for apprenticeship programs and operate such programs in accordance with the standards established by this chapter and by council-adopted rules. The council and supervisor may provide aid and technical assistance to apprenticeship program sponsors and applicants, or potential applicants. [2001 c 204 § 3; 1941 c 231 § 3; Rem. Supp. 1941 § 7614-5.]

**49.04.050 Apprenticeship program standards.** To be eligible for registration, apprenticeship program standards must conform to the rules adopted by the apprenticeship council. [2001 c 204 § 4; 1979 ex.s. c 37 § 3; 1961 c 114 § 3; 1941 c 231 § 4; Rem. Supp. 1941 § 7614-6.]

**49.04.060 Apprenticeship agreements.** For the purposes of this chapter an apprenticeship agreement is a written agreement between an apprentice and either the apprentice's employer or employers, or an apprenticeship committee acting as agent for an employer or employers, containing the terms and conditions of the employment and training of the apprentice. [2001 c 204 § 5; 1941 c 231 § 5; Rem. Supp. 1941 § 7614-7.]

**49.04.070 Limitation.** The provisions of this chapter shall apply to a person, firm, corporation or craft only after such person, firm, corporation or craft has voluntarily elected to conform with its provisions. [1941 c 231 § 6; Rem. Supp. 1941 § 7614-8.]

**49.04.080 On-the-job training agreements and projects—Supervisor to promote.** Under the supervision of the director of labor and industries and with the advice and guidance of the apprenticeship council, the supervisor of apprenticeship shall encourage and promote the making of such other types of on-the-job training agreements and projects, in addition to apprenticeship agreements, as the supervisor shall find meritorious. [2001 c 204 § 6; 1963 c 172 § 1.]

**49.04.090 On-the-job training agreements and projects—Agreements with federal agencies.** The director of labor and industries shall have authority to enter into and perform, through the supervisor of apprenticeship, agreements with appropriate federal departments or agencies for the development, administration and servicing of on-the-job training projects. Further, the director of labor and industries, through the supervisor of apprenticeship, shall have power to receive and administer funds provided by the federal government for such purposes. [1963 c 172 § 2.]

**49.04.100 Apprenticeship programs—Civil rights act advancement.** As provided by the rules adopted by the apprenticeship council, apprenticeship programs entered into under authority of this chapter with five or more apprentices shall conform with 29 C.F.R. Part 30 to the extent required by federal law while advancing the nondiscriminatory principles of the Washington state civil rights act, RCW 49.60.400. [2001 c 204 § 7; 1995 c 67 § 7; 1990 c 72 § 1; 1985 c 6 § 17; 1969 ex.s. c 183 § 2.]

**Purpose—Construction—1990 c 72; 1969 ex.s. c 183:** "It is the policy of the legislature and the purpose of this act to provide every citizen in this state a reasonable opportunity to enjoy employment and other associated rights, benefits, privileges, and to help women and racial minorities realize in a greater measure the goals upon which this nation and this state were founded. All the provisions of this act shall be liberally construed to achieve these ends, and administered and enforced with a view to carry out the above declaration of policy." [1990 c 72 § 5; 1969 ex.s. c 183 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.04.110 Woman and racial minority representation in apprenticeship programs—Noncompliance.** When it shall appear to the department of labor and industries that any apprenticeship program referred to in RCW 49.04.100 has failed to comply with the woman or racial minority representation requirement hereinabove in such section referred to by January 1, 1970, which fact shall be determined by reports the department may request or in such other manner as it shall see fit, then the same shall be deemed prima facie evidence of noncompliance with RCW 49.04.100 through 49.04.130 and thereafter no state funds or facilities shall be expended upon such program: PROVIDED, That prior to such withdrawal of funds evidence shall be received and state funds or facilities shall not be denied if there is a showing of a genuine effort to comply with the provisions of RCW 49.04.100 through 49.04.130 as to entrance of women and racial minorities into the program. The director shall notify the appropriate federal authorities if there is noncompliance with the woman and racial minority representation qualification under any apprenticeship program as provided for in RCW 49.04.100 through 49.04.130. [1990 c 72 § 2; 1969 ex.s. c 183 § 3.]

(2010 Ed.)

**49.04.120 Woman and racial minority representation—Community colleges, vocational, or high schools to enlist woman and racial minority representation in apprenticeship programs.** Every community college, vocational school, or high school carrying on a program of vocational education shall make every effort to enlist woman and racial minority representation in the apprenticeship programs within the state and are authorized to carry out such purpose in such ways as they shall see fit. [1990 c 72 § 3; 1969 ex.s. c 183 § 4.]

**49.04.130 Woman and racial minority representation—Employer and employee organizations, apprenticeship council and committees, etc., to enlist woman and racial minority representation in apprenticeship programs.** Every employer and employee organization as well as the apprenticeship council and local and state apprenticeship committees and vocational schools shall make every effort to enlist woman and racial minority representation in the apprenticeship programs of the state and shall be aided therein by the department of labor and industries insofar as such department may be able to do so without undue interference with its other powers and duties. In addition, the legislature, in fulfillment of the public welfare, mandates those involved in apprenticeship training with the responsibility of making every effort to see that woman and racial minority representatives in such programs pursue the same to a successful conclusion. [1990 c 72 § 4; 1969 ex.s. c 183 § 5.]

**49.04.141 Transportation opportunities—Report.** The apprenticeship council shall work with the department of transportation, local transportation jurisdictions, local and statewide joint apprenticeships, other apprenticeship programs, representatives of labor and business organizations with interest and expertise in the transportation workforce, and representatives of the state's universities and community and vocational colleges to establish technical apprenticeship opportunities specific to the needs of transportation. The council shall issue a report of findings and recommendations to the transportation committees of the legislature by December 1, 2003. The report must include, but not be limited to, findings and recommendations regarding the establishment of transportation technical training programs within the community and vocational college system and in the state universities. [2003 c 363 § 202.]

**Findings—Intent—2003 c 363 §§ 201 through 206:** "(1) The legislature finds that a skilled technical workforce is necessary for maintaining, preserving, and improving Washington's transportation system. The Blue Ribbon Commission on Transportation found that state and local transportation agencies are showing signs of a workforce that is insufficiently skilled to operate the transportation system at its highest level. Sections 201 through 206 of this act are intended to explore methods for fostering a stronger industry in transportation planning and engineering.

(2) It is the intent of the legislature that the state prevailing wage process operate efficiently, that the process allow contractors and workers to be paid promptly, and that new technologies and innovative outreach methods be used to enhance wage surveys in order to better reflect current wages in counties across the state.

(3) The legislature finds that in order to enhance the prevailing wage process it is appropriate for all intent and affidavit fees paid by contractors be dedicated to the sole purpose of administering the state prevailing wage program.

(4) To accomplish the intent of this section and in order to enhance the response of businesses and labor representatives to the prevailing wage sur-

vey process, the department of labor and industries shall undertake the following activities:

(a) Establish a goal of conducting surveys for each trade every three years;

(b) Actively promote increased response rates from all survey recipients in every county both urban and rural. The department shall provide public education and technical assistance to businesses, labor representatives, and public agencies in order to promote a better understanding of prevailing wage laws and increased participation in the prevailing wage survey process;

(c) Actively work with businesses, labor representatives, public agencies, and others to ensure the integrity of information used in the development of prevailing wage rates, and ensure uniform compliance with requirements of sections 201 through 206 of this act;

(d) Maintain a timely processing of intents and affidavits, with a target processing time no greater than seven working days from receipt of completed forms;

(e) Develop and implement electronic processing of intents and affidavits and promote the efficient and effective use of technology to improve the services provided by the prevailing wage program." [2003 c 363 § 201.]

**Part headings not law—Severability—2003 c 363:** See notes following RCW 47.28.241.

**49.04.150 Associate degree pathway.** (1) An apprenticeship committee may recommend to its community or technical college partner or partners that an associate degree pathway be developed for the committee's program.

(2) In consultation with the state board for community and technical colleges, the apprenticeship committee and the college or colleges involved with the program shall consider the extent apprentices in the program are likely to pursue an associate degree and the extent a pathway could reduce redundancy of course requirements between the apprenticeship and a degree.

(3) If the apprenticeship committee and the college or colleges involved with the program determine that a pathway would be beneficial for apprentices and assist them in obtaining an associate degree, the apprenticeship committee may request that a pathway be established as provided in RCW 28B.50.890. [2003 c 128 § 2.]

**Findings—2003 c 128:** "The legislature finds that:

(1) Apprenticeships are very rigorous and highly structured programs with specific academic and work training requirements;

(2) There is a misperception that apprenticeships are only for noncollege bound students; and

(3) The state should expand opportunities for individuals to progress from an apprenticeship to college by creating pathways that build on the apprenticeship experience and permit apprentices to earn an associate degree." [2003 c 128 § 1.]

**49.04.160 Student opportunities—Findings.** (1) The legislature finds that it is in the public interest of the state to encourage and facilitate the formation of cooperative relationships between business and labor and educational institutions that provide for the development and expansion of programs of educational skills training consistent with employment needs.

(2) Further, the legislature finds that it is in the state's interest to make students aware of the educational training programs and career employment opportunities.

(3) Therefore, the following shall be implemented to expand opportunities for secondary school students to prepare for technical careers and related apprenticeships:

(a) Centers of excellence and other colleges with a high density of apprenticeship programs shall act as brokers of relevant information and resources as provided for in RCW 49.04.170;

(b) An educational outreach program coordinated by the Washington state apprenticeship and training council as provided for in RCW 49.04.180; and

(c) The development of direct-entry programs for graduating secondary students, approved and overseen by the Washington state apprenticeship and training council as provided for in RCW 49.04.190. [2006 c 161 § 1.]

**Effective date—2006 c 161:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect April 1, 2006." [2006 c 161 § 7.]

**49.04.170 Student opportunities—Centers of excellence, colleges to provide information.** (1) Centers of excellence, as designated by the state board for community and technical colleges, and other colleges identified by the state board for community and technical colleges in consultation with the Washington state apprenticeship and training council as having a high density of apprenticeship programs, shall act as a broker of relevant information and resources on available grants, scholarship opportunities, job openings, and industries of growth.

(2) The Washington state apprenticeship and training council, in conjunction with the office of the superintendent of public instruction, shall aid all local school districts in meeting the goals of chapter 161, Laws of 2006. [2006 c 161 § 2.]

**Effective date—2006 c 161:** See note following RCW 49.04.160.

**49.04.180 Student opportunities—Educational outreach program—Appropriate activities.** (1) Within existing resources, the Washington state apprenticeship and training council, in conjunction with individual state-approved apprenticeship training programs and the office of the superintendent of public instruction, shall lead and coordinate an educational outreach program for middle and secondary school students, parents, and educators about apprenticeship and career opportunities and communicate workforce projections to the office of the superintendent of public instruction for distribution to all local school districts.

(2) Appropriate activities of the Washington state apprenticeship and training council under this section include assistance with curriculum development, the establishment of practical learning opportunities for students, and seeking the advice and participation of industry and labor interests. [2006 c 161 § 3.]

**Effective date—2006 c 161:** See note following RCW 49.04.160.

**49.04.190 Student opportunities—Building and construction-related apprenticeships—Grants—Report.** (1) Within existing resources, the Washington state apprenticeship and training council shall approve and oversee direct-entry programs for graduating secondary students into building and construction-related apprenticeships by:

(a) Assisting individual school districts in using and leveraging existing resources; and

(b) Developing guidelines, including guidelines that ensure that graduating secondary school students will receive appropriate education and training and will have the opportunity to transition to local apprenticeship programs. The guidelines must be developed with input from apprenticeship

coordinators, the office of the superintendent of public instruction, the state board for community and technical colleges, the workforce training and education coordinating board, and other interested stakeholders for direct-entry programs.

(2) The Washington state apprenticeship and training council shall award up to ten incentive grants for the 2006-07 school year, based on guidelines established under subsection (1)(b) of this section, to school districts statewide solely for personnel to negotiate and implement agreements with local apprenticeship programs based upon state apprenticeship use requirements, as described in RCW 39.04.320, to accept graduating secondary school students with appropriate training into apprenticeship programs. The council shall make every effort to award the grants evenly across the state.

(3) Beginning December 1, 2006, the Washington state apprenticeship and training council shall provide an annual report to the governor and the education and commerce and labor committees of the legislature. The report shall include:

(a) The guidelines established under subsection (1)(b) of this section;

(b) The names of the school districts receiving incentive grants under subsection (2) of this section;

(c) The results of negotiations between school districts receiving incentive grants and local apprenticeship programs;

(d) A list of apprenticeship programs that have agreed, pursuant to negotiated agreements, to accept qualified graduating secondary students; and

(e) The number of qualified graduating secondary students entering into apprenticeship programs each year through direct-entry programs. [2006 c 161 § 4.]

**Effective date—2006 c 161:** See note following RCW 49.04.160.

**49.04.200 Apprenticeship programs for energy audits and energy efficiency services—Prioritization of workforce training programs—Outreach efforts.** (1) The council must evaluate the potential of existing apprenticeship and training programs that would produce workers with the skills needed to conduct energy audits and provide energy efficiency services and deliver its findings to the \*department of community, trade, and economic development, the \*\*leadership team, and the appropriate committees of the legislature as soon as possible, but no later than January 18, 2010.

(2) The council may prioritize workforce training programs that lead to apprenticeship programs in green economy jobs. For purposes of this section, green economy jobs include those in the primary industries of a green economy, including clean energy, the forestry industry, high-efficiency building, green transportation, and environmental protection. Prioritization efforts may include but are not limited to: (a) Prioritization of the use of high employer-demand funding for workforce training programs in green economy jobs; (b) increased outreach efforts to public utilities, education, labor, government, and private industry to develop tailored, green job training programs; and (c) increased outreach efforts to target populations. Outreach efforts shall be conducted in partnership with local workforce development councils.

(3) The definitions in RCW 43.330.010 apply to this section. [2009 c 536 § 12.]

(2010 Ed.)

**Reviser's note:** \*(1) The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

\*\* (2) The leadership team was created in 2009 c 536 § 3, which was vetoed.

**Short title—2009 c 536:** See note following RCW 43.330.370.

**49.04.900 Severability—1941 c 231.** If any provision of this chapter, or the application thereof to any person or circumstances, is held invalid, the remainder of the chapter, and the application of such provision to other persons and circumstances, shall not be affected thereby. [1941 c 231 § 8; no RRS.]

**49.04.910 Chapter not affected by certain laws against discrimination in employment because of age.** The amendments made by chapter 100, Laws of 1961 shall not be construed as modifying chapter 231, Laws of 1941 as amended, or as applying to any standards established thereunder or employment pursuant to any bona fide agreements entered into thereunder. [1961 c 100 § 6.]

**Reviser's note:** (1) Chapter 100, Laws of 1961 amended RCW 49.60.180, 49.60.190, 49.60.200 and reenacted RCW 49.60.310 to include age as an element of discrimination, and such chapter added a new section codified as RCW 49.44.090 relating to unfair practices in employment because of age.

(2) Chapter 231, Laws of 1941 is the apprenticeship law codified in chapter 49.04 RCW.

## Chapter 49.08 RCW

### ARBITRATION OF DISPUTES

#### Sections

49.08.010	Duty of director—Mediation—Board of arbitration selected—Board's findings final.
49.08.020	Procedure for arbitration.
49.08.030	Service of process.
49.08.040	Compensation and travel expenses of arbitrators.
49.08.050	Failure to arbitrate—Statement of facts—Publicity.
49.08.060	Tender on exhaustion of available funds.

*Arbitration, uniform act: Chapter 7.04A RCW.*

*Collective bargaining with employees of city-owned utilities: RCW 35.22.350.*

*Marine employees—Public employment relations: Chapter 47.64 RCW.*

*Supervisor of industrial relations: RCW 43.22.260.*

**49.08.010 Duty of director—Mediation—Board of arbitration selected—Board's findings final.** It shall be the duty of the chair of the public employment relations commission upon application of any employer or employee having differences, as soon as practicable, to visit the location of such differences and to make a careful inquiry into the cause thereof and to advise the respective parties, what, if anything, ought to be done or submitted to by both to adjust said dispute and should said parties then still fail to agree to a settlement through said chair, then said chair shall endeavor to have said parties consent in writing to submit their differences to a board of arbitrations to be chosen from citizens of the state as follows, to wit: Said employer shall appoint one and said employees acting through a majority, one, and these two shall select a third, these three to constitute the board of arbitration and the findings of said board of arbitration to be final. [2010 c 8 § 12001; 1975 1st ex.s. c 296 § 36; 1903 c 58 § 1; RRS § 7667.]

*Public employment relations commission: Chapter 41.58 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.08.020 Procedure for arbitration.** The proceedings of said board of arbitration shall be held before the chair of the public employment relations commission who shall act as moderator or chair, without the privilege of voting, and who shall keep a record of the proceedings, issue subpoenas and administer oaths to the members of said board, and any witness said board may deem necessary to summon. [2010 c 8 § 12002; 1975 1st ex.s. c 296 § 37; 1903 c 58 § 2; RRS § 7668.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.08.030 Service of process.** Any notice or process issued by the board herein created, shall be served by any sheriff, coroner or constable to whom the same may be directed, or in whose hands the same may be placed for service. [1903 c 58 § 3; RRS § 7669.]

**49.08.040 Compensation and travel expenses of arbitrators.** Such arbitrators shall receive five dollars per day for each day actually engaged in such arbitration and travel expenses in accordance with RCW 43.03.050 and 43.03.060 as now existing or hereafter amended to be paid upon certificates of the director of labor and industries out of the fund appropriated for the purpose or at the disposal of the department of labor and industries applicable to such expenditure. [1975-'76 2nd ex.s. c 34 § 144; 1903 c 58 § 4; RRS § 7670.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.08.050 Failure to arbitrate—Statement of facts—Publicity.** Upon the failure of the director of labor and industries, in any case, to secure the creation of a board of arbitration, it shall become his or her duty to request a sworn statement from each party to the dispute of the facts upon which their dispute and their reasons for not submitting the same to arbitration are based. Any sworn statement made to the director of labor and industries under this provision shall be for public use and shall be given publicly in such newspapers as desire to use it. [2010 c 8 § 12003; 1903 c 58 § 5; RRS § 7671.]

**49.08.060 Tender on exhaustion of available funds.** There is hereby appropriated out of the state treasury from funds not otherwise appropriated the sum of three thousand dollars, or so much thereof as may be necessary, to carry out the provisions of this chapter. In case the funds herein provided are exhausted and either party to a proposed arbitration shall tender the necessary expenses for conducting said arbitration, then it shall be the duty of the director of labor and industries to request the opposite party to arbitrate such differences in accordance with the provisions of this chapter. [1903 c 58 § 6; RRS § 7672.]

## Chapter 49.12 RCW INDUSTRIAL WELFARE

Sections

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**Reviser's note:** Throughout this chapter, the words "the committee" have been substituted for "the industrial welfare commission" or "the commission."

The industrial welfare commission was abolished and its powers and duties transferred to a new agency by the administrative code of 1921. In particular, 1921 c 7 § 135 abolished the commission while 1921 c 7 § 82 created an unnamed committee "which shall have the power and it shall be its duty:

(1) To exercise all the powers and perform all the duties now vested in, and required to be performed by, the industrial welfare commission."

1921 c 7 § 82 was codified by the 1941 Code Committee as RCW 43.22.280, wherein the Code Committee revised the wording of the session law to designate the unnamed committee as the "industrial welfare commit-

tee." The committee was apparently commonly known by that name, but such designation has no foundation in the statutes. RCW 43.22.280 was repealed by 1982 c 163 § 23. Powers, duties, and functions of the industrial welfare committee were transferred to the director of labor and industries. See RCW 43.22.282.

*Child labor:* RCW 26.28.060, 26.28.070.

*Food and beverage establishment workers' permits:* Chapter 69.06 RCW.

*Hours of labor:* Chapter 49.28 RCW.

**49.12.005 Definitions.** For the purposes of this chapter:

(1) "Department" means the department of labor and industries.

(2) "Director" means the director of the department of labor and industries, or the director's designated representative.

(3)(a) Before May 20, 2003, "employer" means any person, firm, corporation, partnership, business trust, legal representative, or other business entity which engages in any business, industry, profession, or activity in this state and employs one or more employees but does not include the state, any state institution, any state agency, political subdivision of the state, or any municipal corporation or quasi-municipal corporation. However, for the purposes of RCW 49.12.265 through 49.12.295, 49.12.350 through 49.12.370, 49.12.450, and 49.12.460 only, "employer" also includes the state, any state institution, any state agency, political subdivisions of the state, and any municipal corporation or quasi-municipal corporation.

(b) On and after May 20, 2003, "employer" means any person, firm, corporation, partnership, business trust, legal representative, or other business entity which engages in any business, industry, profession, or activity in this state and employs one or more employees, and includes the state, any state institution, state agency, political subdivisions of the state, and any municipal corporation or quasi-municipal corporation. However, this chapter and the rules adopted thereunder apply to these public employers only to the extent that this chapter and the rules adopted thereunder do not conflict with: (i) Any state statute or rule; and (ii) respect to political subdivisions of the state and any municipal or quasi-municipal corporation, any local resolution, ordinance, or rule adopted under the authority of the local legislative authority before April 1, 2003.

(4) "Employee" means an employee who is employed in the business of the employee's employer whether by way of manual labor or otherwise.

(5) "Conditions of labor" means and includes the conditions of rest and meal periods for employees including provisions for personal privacy, practices, methods and means by or through which labor or services are performed by employees and includes bona fide physical qualifications in employment, but shall not include conditions of labor otherwise governed by statutes and rules and regulations relating to industrial safety and health administered by the department.

(6) For the purpose of chapter 16, Laws of 1973 2nd ex. sess. a minor is defined to be a person of either sex under the age of eighteen years. [2003 c 401 § 2; 1998 c 334 § 1; 1994 c 164 § 13; 1988 c 236 § 8; 1973 2nd ex. s. c 16 § 1.]

**Findings—Purpose—Intent—Effective date—2003 c 401:** See notes following RCW 49.12.187.

**Legislative findings—Effective date—Implementation—Severability—1988 c 236:** See notes following RCW 49.12.270.

(2010 Ed.)

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.12.010 Declaration.** The welfare of the state of Washington demands that all employees be protected from conditions of labor which have a pernicious effect on their health. The state of Washington, therefore, exercising herein its police and sovereign power declares that inadequate wages and unsanitary conditions of labor exert such pernicious effect. [1973 2nd ex. s. c 16 § 2; 1913 c 174 § 1; RRS § 7623.]

**49.12.020 Conditions of employment—Wages.** It shall be unlawful to employ any person in any industry or occupation within the state of Washington under conditions of labor detrimental to their health; and it shall be unlawful to employ workers in any industry within the state of Washington at wages which are not adequate for their maintenance. [1973 2nd ex. s. c 16 § 3; 1913 c 174 § 2; RRS § 7624.]

**49.12.033 Administration and enforcement of chapter by director of labor and industries.** See RCW 43.22.270(5).

**49.12.041 Investigation of wages, hours and working conditions—Statements, inspections authorized.** It shall be the responsibility of the director to investigate the wages, hours and conditions of employment of all employees, including minors, except as may otherwise be provided in chapter 16, Laws of 1973 2nd ex. sess. The director, or the director's authorized representative, shall have full authority to require statements from all employers, relative to wages, hours and working conditions and to inspect the books, records and physical facilities of all employers subject to chapter 16, Laws of 1973 2nd ex. sess. Such examinations shall take place within normal working hours, within reasonable limits and in a reasonable manner. [1994 c 164 § 14; 1973 2nd ex. s. c 16 § 5.]

**49.12.050 Employer's record of employees.** Every employer shall keep a record of the names of all employees employed by him or her, and shall on request permit the director to inspect such record. [2010 c 8 § 12004; 1994 c 164 § 15; 1973 2nd ex. s. c 16 § 14; 1913 c 174 § 7; RRS § 7626.]

**49.12.091 Investigation information—Findings—Rules prescribing minimum wages, working conditions.** After an investigation has been conducted by the department of wages, hours and conditions of labor subject to chapter 16, Laws of 1973 2nd ex. sess., the director shall be furnished with all information relative to such investigation of wages, hours and working conditions, including current statistics on wage rates in all occupations subject to the provisions of chapter 16, Laws of 1973 2nd ex. sess. Within a reasonable time thereafter, if the director finds that in any occupation, trade or industry, subject to chapter 16, Laws of 1973 2nd ex. sess., the wages paid to employees are inadequate to supply the necessary cost of living, but not to exceed the state minimum wage as prescribed in RCW 49.46.020, as now or hereafter amended, or that the conditions of labor are detrimental

to the health of employees, the director shall have authority to prescribe rules and regulations for the purpose of adopting minimum wages for occupations not otherwise governed by minimum wage requirements fixed by state or federal statute, or a rule or regulation adopted under such statute, and, at the same time have the authority to prescribe rules and regulations fixing standards, conditions and hours of labor for the protection of the safety, health and welfare of employees for all or specified occupations subject to chapter 16, Laws of 1973 2nd ex. sess. Thereafter, the director shall conduct a public hearing in accordance with the procedures of the administrative procedure act, chapter 34.05 RCW, for the purpose of the adoption of rules and regulations fixing minimum wages and standards, conditions and hours of labor subject to the provisions of chapter 16, Laws of 1973 2nd ex. sess. After such rules become effective, copies thereof shall be supplied to employers who may be affected by such rules and such employers shall post such rules, where possible, in such place or places, reasonably accessible to all employees of such employer. After the effective date of such rules, it shall be unlawful for any employer in any occupation subject to chapter 16, Laws of 1973 2nd ex. sess. to employ any person for less than the rate of wages specified in such rules or under conditions and hours of labor prohibited for any occupation specified in such rules: PROVIDED, That this section shall not apply to sheltered workshops. [1994 c 164 § 16; 1973 2nd ex.s. c 16 § 6.]

**49.12.101 Hearing.** Whenever wages, standards, conditions and hours of labor have been established by rule and regulation of the director, the director may upon application of either employers or employees conduct a public hearing for the purpose of the adoption, amendment or repeal of rules and regulations adopted under the authority of chapter 16, Laws of 1973 2nd ex. sess. [1994 c 164 § 17; 1973 2nd ex.s. c 16 § 7.]

**49.12.105 Variance order—Application—Issuance—Contents—Termination.** An employer may apply to the director for an order for a variance from any rule or regulation establishing a standard for wages, hours, or conditions of labor adopted by the director under this chapter. The director shall issue an order granting a variance if the director determines or decides that the applicant for the variance has shown good cause for the lack of compliance. Any order so issued shall prescribe the conditions the employer must maintain, and the practices, means, methods, operations, standards and processes which the employer must adopt and utilize to the extent they differ from the standard in question. At any time the director may terminate and revoke such order, provided the employer was notified by the director of the termination at least thirty days prior to said termination. [1994 c 164 § 18; 1973 2nd ex.s. c 16 § 8.]

**49.12.110 Exceptions to minimum scale—Special certificate or permit.** For any occupation in which a minimum wage has been established, the director may issue to an employer, a special certificate or permit for an employee who is physically or mentally handicapped to such a degree that he or she is unable to obtain employment in the competitive

labor market, or to a trainee or learner not otherwise subject to the jurisdiction of the apprenticeship council, a special certificate or permit authorizing the employment of such employee for a wage less than the legal minimum wage; and the director shall fix the minimum wage for said person, such special certificate or permit to be issued only in such cases as the director may decide the same is applied for in good faith and that such certificate or permit shall be in force for such length of time as the director shall decide and determine is proper. [1994 c 164 § 19; 1977 ex.s. c 80 § 35; 1973 2nd ex.s. c 16 § 13; 1913 c 174 § 13; RRS § 7632.]

**Purpose—Intent—Severability—1977 ex.s. c 80:** See notes following RCW 4.16.190.

**49.12.121 Wages and working conditions of minors—Special rules—Work permits.** (1) The department may at any time inquire into wages, hours, and conditions of labor of minors employed in any trade, business, or occupation in the state of Washington and may adopt special rules for the protection of the safety, health, and welfare of minor employees. However, the rules may not limit the hours per day or per week, or other specified work period, that may be worked by minors who are emancipated by court order.

(2) The department shall issue work permits to employers for the employment of minors, after being assured the proposed employment of a minor meets the standards for the health, safety, and welfare of minors as set forth in the rules adopted by the department. No minor person shall be employed in any occupation, trade, or industry subject to chapter 16, Laws of 1973 2nd ex. sess., unless a work permit has been properly issued, with the consent of the parent, guardian, or other person having legal custody of the minor and with the approval of the school which such minor may then be attending. However, the consent of a parent, guardian, or other person, or the approval of the school which the minor may then be attending, is unnecessary if the minor is emancipated by court order.

(3) The minimum wage for minors shall be as prescribed in RCW 49.46.020. [1993 c 294 § 9; 1989 c 1 § 3 (Initiative Measure No. 518, approved November 8, 1988); 1973 2nd ex.s. c 16 § 15.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.12.123 Work permit for minor required.** In implementing state policy to assure the attendance of children in the public schools it shall be required of any person, firm or corporation employing any minor under the age of eighteen years to obtain a work permit as set forth in RCW 49.12.121 and keep such permit on file during the employment of such minor, and upon termination of such employment of such minor to return such permit to the department of labor and industries. [1991 c 303 § 8; 1983 c 3 § 156; 1973 c 51 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.12.124 Actors or performers—Work permits and variances for minors.** For all minors employed as actors or performers in film, video, audio, or theatrical productions, the department shall issue a permit under RCW 49.12.121 and a variance under RCW 49.12.105 upon finding that the terms of the employment sufficiently protect the minor's

health, safety, and welfare. The findings shall be based on information provided to the department including, but not limited to, the minor's working conditions and planned work schedule, adult supervision of the minor, and any planned educational programs. [1994 c 62 § 2.]

**49.12.130 Witness protected—Penalty.** Any employer who discharges, or in any other manner discriminates against any employee because such employee has testified or is about to testify, or because such employer believes that said employee may testify in any investigation or proceedings relative to the enforcement of RCW 49.12.010 through 49.12.180, shall be deemed guilty of a misdemeanor and upon conviction thereof, shall be punished by a fine of from twenty-five dollars to one hundred dollars for each such misdemeanor. [1913 c 174 § 16; RRS § 7635.]

**49.12.140 Complaint of noncompliance.** Any worker or the parent or guardian of any minor to whom RCW 49.12.010 through 49.12.180 applies may complain to the director that the wages paid to the workers are less than the minimum rate and the director shall investigate the same and proceed under RCW 49.12.010 through 49.12.180 in behalf of the worker. [1994 c 164 § 20; 1913 c 174 § 17 1/2; RRS § 7637.]

**49.12.150 Civil action to recover underpayment.** If any employee shall receive less than the legal minimum wage, except as hereinbefore provided in RCW 49.12.110, said employee shall be entitled to recover in a civil action the full amount of the legal minimum wage as herein provided for, together with costs and attorney's fees to be fixed by the court, notwithstanding any agreement to work for such lesser wage. In such action, however, the employer shall be credited with any wages which have been paid upon account. [1913 c 174 § 18; RRS § 7638.]

**49.12.170 Penalty.** Except as otherwise provided in RCW 49.12.390 or 49.12.410, any employer employing any person for whom a minimum wage or standards, conditions, and hours of labor have been specified, at less than said minimum wage, or under standards, or conditions of labor or at hours of labor prohibited by the rules and regulations of the director; or violating any other of the provisions of chapter 16, Laws of 1973 2nd ex. sess., shall be deemed guilty of a misdemeanor, and shall, upon conviction thereof, be punished by a fine of not less than twenty-five dollars nor more than one thousand dollars. [1994 c 164 § 21; 1991 c 303 § 6; 1973 2nd ex.s. c 16 § 16; 1913 c 174 § 17; RRS § 7636.]

*Witnesses protected—Penalty: RCW 49.12.130.*

**49.12.175 Wage discrimination due to sex prohibited—Penalty—Civil recovery.** Any employer in this state, employing both males and females, who shall discriminate in any way in the payment of wages as between sexes or who shall pay any female a less wage, be it time or piece work, or salary, than is being paid to males similarly employed, or in any employment formerly performed by males, shall be guilty of a misdemeanor. If any female employee shall receive less compensation because of being discriminated

against on account of her sex, and in violation of this section, she shall be entitled to recover in a civil action the full amount of compensation that she would have received had she not been discriminated against. In such action, however, the employer shall be credited with any compensation which has been paid to her upon account. A differential in wages between employees based in good faith on a factor or factors other than sex shall not constitute discrimination within the meaning of RCW 49.12.010 through 49.12.180. [1943 c 254 § 1; Rem. Supp. 1943 § 7636-1. Formerly RCW 49.12.210.]

**49.12.180 Annual report.** The director shall report annually to the governor on its investigations and proceedings. [1994 c 164 § 22; 1977 c 75 § 73; 1913 c 174 § 20; RRS § 7640.]

**49.12.185 Exemptions from chapter.** Chapter 16, Laws of 1973 2nd ex. sess. shall not apply to newspaper vendors or carriers and domestic or casual labor in or about private residences and agricultural labor as defined in RCW 50.04.150, as now or hereafter amended. [1973 2nd ex.s. c 16 § 17.]

**49.12.187 Collective bargaining rights not affected.** This chapter shall not be construed to interfere with, impede, or in any way diminish the right of employees to bargain collectively with their employers through representatives of their own choosing concerning wages or standards or conditions of employment. However, rules adopted under this chapter regarding appropriate rest and meal periods as applied to employees in the construction trades may be superseded by a collective bargaining agreement negotiated under the national labor relations act, 29 U.S.C. Sec. 151 et seq., if the terms of the collective bargaining agreement covering such employees specifically require rest and meal periods and prescribe requirements concerning those rest and meal periods.

Employees of public employers may enter into collective bargaining contracts, labor/management agreements, or other mutually agreed to employment agreements that specifically vary from or supersede, in part or in total, rules adopted under this chapter regarding appropriate rest and meal periods. [2003 c 401 § 3; 2003 c 146 § 1; 1973 2nd ex.s. c 16 § 18.]

**Reviser's note:** This section was amended by 2003 c 146 § 1 and by 2003 c 401 § 3, each without reference to the other. Both amendments are incorporated in the publication of this section under RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

**Findings—Purpose—Intent—2003 c 401:** "The legislature finds that the enactment of chapter 236, Laws of 1988 amended the definition of employer under the industrial welfare act, chapter 49.12 RCW, to ensure that the family care provisions of that act applied to the state and political subdivisions. The legislature further finds that this amendment of the definition of employer may be interpreted as creating an ambiguity as to whether the other provisions of chapter 49.12 RCW have applied to the state and its political subdivisions. The purpose of this act is to make retroactive, remedial, curative, and technical amendments to clarify the intent of chapter 49.12 RCW and chapter 236, Laws of 1988 and resolve any ambiguity. It is the intent of the legislature to establish that, prior to May 20, 2003, chapter 49.12 RCW and the rules adopted thereunder did not apply to the state or its agencies and political subdivisions except as expressly provided for in RCW 49.12.265 through 49.12.295, 49.12.350 through 49.12.370, 49.12.450, and 49.12.460." [2003 c 401 § 1.]

**Effective date—2003 c 401:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state gov-

ernment and its existing public institutions, and takes effect immediately [May 20, 2003]. [2003 c 401 § 6.]

**49.12.200 Women may pursue any calling open to men.** That hereafter in this state every avenue of employment shall be open to women; and any business, vocation, profession and calling followed and pursued by men may be followed and pursued by women, and no person shall be disqualified from engaging in or pursuing any business, vocation, profession, calling or employment or excluded from any premises or place of work or employment on account of sex. [1963 c 229 § 1; 1890 p 519 § 1; RRS § 7620.]

*Qualifications of electors: State Constitution Art. 6 § 1 (Amendment 63).*

*Sex equality—Rights and responsibility: State Constitution Art. 31 §§ 1, 2 (Amendment 61).*

**49.12.240 Employee inspection of personnel file.** Every employer shall, at least annually, upon the request of an employee, permit that employee to inspect any or all of his or her own personnel file(s). [1985 c 336 § 1.]

*Destruction or retention of information relating to state employee misconduct: RCW 41.06.450 through 41.06.460.*

**49.12.250 Employee inspection of personnel file—Erroneous or disputed information.** (1) Each employer shall make such file(s) available locally within a reasonable period of time after the employee requests the file(s).

(2) An employee annually may petition that the employer review all information in the employee's personnel file(s) that are regularly maintained by the employer as a part of his business records or are subject to reference for information given to persons outside of the company. The employer shall determine if there is any irrelevant or erroneous information in the file(s), and shall remove all such information from the file(s). If an employee does not agree with the employer's determination, the employee may at his or her request have placed in the employee's personnel file a statement containing the employee's rebuttal or correction. Nothing in this subsection prevents the employer from removing information more frequently.

(3) A former employee shall retain the right of rebuttal or correction for a period not to exceed two years. [1985 c 336 § 2.]

**49.12.260 Employee inspection of personnel file—Limitations.** RCW 49.12.240 and 49.12.250 do not apply to the records of an employee relating to the investigation of a possible criminal offense. RCW 49.12.240 and 49.12.250 do not apply to information or records compiled in preparation for an impending lawsuit which would not be available to another party under the rules of pretrial discovery for causes pending in the superior courts. [1985 c 336 § 3.]

**49.12.265 Sick leave, time off—Care of family members—Definitions.** The definitions in this section apply throughout RCW 49.12.270 through 49.12.295 unless the context clearly requires otherwise.

(1) "Child" means a biological, adopted, or foster child, a stepchild, a legal ward, or a child of a person standing in loco parentis who is: (a) Under eighteen years of age; or (b)

eighteen years of age or older and incapable of self-care because of a mental or physical disability.

(2) "Grandparent" means a parent of a parent of an employee.

(3) "Parent" means a biological or adoptive parent of an employee or an individual who stood in loco parentis to an employee when the employee was a child.

(4) "Parent-in-law" means a parent of the spouse of an employee.

(5) "Sick leave or other paid time off" means time allowed under the terms of an appropriate state law, collective bargaining agreement, or employer policy, as applicable, to an employee for illness, vacation, and personal holiday. If paid time is not allowed to an employee for illness, "sick leave or other paid time off" also means time allowed under the terms of an appropriate state law, collective bargaining agreement, or employer policy, as applicable, to an employee for disability under a plan, fund, program, or practice that is: (a) Not covered by the employee retirement income security act of 1974, 29 U.S.C. Sec. 1001 et seq.; and (b) not established or maintained through the purchase of insurance.

(6) "Spouse" means a husband or wife, as the case may be. [2005 c 499 § 1; 2002 c 243 § 2.]

**Effective date—2002 c 243:** "This act takes effect January 1, 2003." [2002 c 243 § 4.]

**49.12.270 Sick leave, time off—Care of family members.** (1) If, under the terms of a collective bargaining agreement or employer policy applicable to an employee, the employee is entitled to sick leave or other paid time off, then an employer shall allow an employee to use any or all of the employee's choice of sick leave or other paid time off to care for: (a) A child of the employee with a health condition that requires treatment or supervision; or (b) a spouse, parent, parent-in-law, or grandparent of the employee who has a serious health condition or an emergency condition. An employee may not take advance leave until it has been earned. The employee taking leave under the circumstances described in this section must comply with the terms of the collective bargaining agreement or employer policy applicable to the leave, except for any terms relating to the choice of leave.

(2) Use of leave other than sick leave or other paid time off to care for a child, spouse, parent, parent-in-law, or grandparent under the circumstances described in this section shall be governed by the terms of the appropriate collective bargaining agreement or employer policy, as applicable. [2002 c 243 § 1; 1988 c 236 § 3.]

**Effective date—2002 c 243:** See note following RCW 49.12.265.

**Legislative findings—1988 c 236:** "The legislature recognizes the changing nature of the workforce brought about by increasing numbers of working mothers, single parent households, and dual career families. The legislature finds that the needs of families must be balanced with the demands of the workplace to promote family stability and economic security. The legislature further finds that it is in the public interest for employers to accommodate employees by providing reasonable leaves from work for family reasons. In order to promote family stability, economic security, and the public interest, the legislature hereby establishes a minimum standard for family care. Nothing contained in this act shall prohibit any employer from establishing family care standards more generous than the minimum standards set forth in this act." [1988 c 236 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.12.275 Sick leave, time off—Care of family members—Poster required.** The department shall develop and furnish to each employer a poster which describes an employer's obligations and an employee's rights under RCW 49.12.270 through 49.12.295. The poster must include notice about any state law, rule, or regulation governing maternity disability leave and indicate that federal or local ordinances, laws, rules, or regulations may also apply. The poster must also include a telephone number and an address of the department to enable employees to obtain more information regarding RCW 49.12.270 through 49.12.295. Each employer must display this poster in a conspicuous place. Every employer shall also post its leave policies, if any, in a conspicuous place. Nothing in this section shall be construed to create a right to continued employment. [1988 c 236 § 2.]

**Legislative findings—Effective date—Implementation—Severability—1988 c 236:** See notes following RCW 49.12.270.

**49.12.280 Sick leave, time off—Care of family members—Administration and enforcement.** The department shall administer and investigate violations of RCW 49.12.270 and 49.12.275. [1988 c 236 § 4.]

**Legislative findings—Effective date—Implementation—Severability—1988 c 236:** See notes following RCW 49.12.270.

**49.12.285 Sick leave, time off—Care of family members—Monetary penalties.** The department may issue a notice of infraction if the department reasonably believes that an employer has failed to comply with RCW 49.12.270 or 49.12.275. The form of the notice of infraction shall be adopted by rule pursuant to chapter 34.05 RCW. An employer who is found to have committed an infraction under RCW 49.12.270 or 49.12.275 may be assessed a monetary penalty not to exceed two hundred dollars for each violation. An employer who repeatedly violates RCW 49.12.270 or 49.12.275 may be assessed a monetary penalty not to exceed one thousand dollars for each violation. For purposes of this section, the failure to comply with RCW 49.12.275 as to an employee or the failure to comply with RCW 49.12.270 as to a period of leave sought by an employee shall each constitute separate violations. An employer has twenty days to appeal the notice of infraction. Any appeal of a violation determined to be an infraction shall be heard and determined by an administrative law judge. Monetary penalties collected under this section shall be deposited into the general fund. [1988 c 236 § 5.]

**Legislative findings—Effective date—Implementation—Severability—1988 c 236:** See notes following RCW 49.12.270.

**49.12.287 Sick leave, time off—Care of family members—Discharge of employee not permitted.** An employer shall not discharge, threaten to discharge, demote, suspend, discipline, or otherwise discriminate against an employee because the employee: (1) Has exercised, or attempted to exercise, any right provided under RCW 49.12.270 through 49.12.295; or (2) has filed a complaint, testified, or assisted in any proceeding under RCW 49.12.270 through 49.12.295. [2002 c 243 § 3.]

**Effective date—2002 c 243:** See note following RCW 49.12.265.

**49.12.290 Sick leave, time off—Care of family members—Collective bargaining agreement not reduced.** Nothing in RCW 49.12.270 through 49.12.295 shall be construed to reduce any provision in a collective bargaining agreement. [1988 c 236 § 6.]

**Legislative findings—Effective date—Implementation—Severability—1988 c 236:** See notes following RCW 49.12.270.

**49.12.295 Sick leave, time off—Care of family members—Notification of employers.** The department shall notify all employers of the provisions of RCW 49.12.270 through 49.12.290. [1988 c 236 § 7.]

**Legislative findings—Effective date—Implementation—Severability—1988 c 236:** See notes following RCW 49.12.270.

**49.12.300 House-to-house sales by minor—Registration of employer.** (1) No person under sixteen years of age may be employed in house-to-house sales unless the department grants a variance permitting specific employment under criteria adopted by department rule.

(2) No person sixteen or seventeen years of age may be employed in house-to-house sales unless the employer:

(a) Obtains and maintains a validated registration certificate issued by the department. Application for registration shall be made on a form prescribed by the director, which shall include but not be limited to:

(i) The employer's name, permanent address, and telephone number;

(ii) The employer's social security number and industrial insurance number or, in lieu of these numbers, the employer's unified business identifier account number; and

(iii) A description of the work to be performed by persons aged sixteen or seventeen and the working conditions under which the work will be performed;

(b) Provides each employee sixteen or seventeen years of age, before beginning work, an identification card in a form prescribed by the director. The card shall include, but not be limited to, a picture of the employee, the employee's name, the name and address of the employer, a statement that the employer is registered with the department of labor and industries, and the registration number. The person employed in house-to-house sales shall show the identification card to each customer or potential customer of the person;

(c) Ensures supervision by a person aged twenty-one years or over during all working hours, with each supervisor responsible for no more than five persons; and

(d) If transporting an employee sixteen or seventeen years of age to another state, obtains the express written consent of the employee's parent or legal guardian.

(3) An employer may not employ a person sixteen or seventeen years of age in house-to-house sales after the hour of nine p.m.

(4) The department shall adopt by rule procedures for the renewal, denial, or revocation of registrations required by this section. [1989 c 216 § 1.]

**49.12.310 House-to-house sales by minor—Advertising by employer—Penalty.** (1) Any person advertising to employ a person in house-to-house sales with an advertisement specifically prescribing a minimum age requirement that is under the age of twenty-one shall:

(a) Register with the department as provided in RCW 49.12.300(2)(a); and

(b) Include the following information in any advertisement:

(i) The registration number required by subsection (1)(a) of this section;

(ii) The specific nature of the employment and the product or services to be sold; and

(iii) The average monthly compensation paid in the previous six months to new employees, taking into account any deductions made pursuant to the employment contract.

(2) Advertising to recruit or employ a person in house-to-house sales shall not be false, misleading, or deceptive.

(3) A violation of this section is an unfair act or practice in violation of the consumer protection act, chapter 19.86 RCW. The remedies and sanctions provided under chapter 19.86 RCW shall not preclude application of other available remedies and sanctions.

(4) No publisher, radio broadcast licensee, advertising agency, or agency or medium for the dissemination of an advertisement may be subject to penalties by reason of dissemination of any false, misleading, or deceptive advertisement, or for an advertisement that fails to meet the requirements of subsection (1) of this section, unless he or she has refused on the request of the director to furnish the name and address of the person purchasing the advertising. [1989 c 216 § 2.]

**49.12.320 Definitions.** For the purposes of RCW 49.12.300 and 49.12.310:

(1) "Employ" includes to engage, suffer, or permit to work, but does not include voluntary or donated services performed for no compensation, or without expectation or contemplation of compensation as the adequate consideration for the services performed, for an educational, charitable, religious, state or local government body or agency, or nonprofit organization, or services performed by a newspaper vendor or a person in the employ of his or her parent or stepparent.

(2) "House-to-house sales" includes a sale or other transaction in consumer goods, the demonstration of products or equipment, the obtaining of orders for consumer goods, or the obtaining of contracts for services, in which the employee personally solicits the sale or transaction at a place other than the place of business of the employer. [1989 c 216 § 3.]

**49.12.330 Rules.** The department shall adopt rules to implement RCW 49.12.300 through 49.12.320. [1989 c 216 § 4.]

**49.12.350 Parental leave—Legislative findings.** The legislature finds that employers often distinguish between biological parents, and adoptive parents and stepparents in their employee leave policies. Many employers who grant leave to their employees to care for a newborn child either have no policy or establish a more restrictive policy regarding whether an adoptive parent or stepparent can take similar leave. The legislature further finds that many employers establish different leave policies for men and women regarding the care of a newborn or newly placed child. The legislature recognizes that the bonding that occurs between a parent

and child is important to the nurturing of that child, regardless of whether the parent is the child's biological parent and regardless of the gender of the parent. For these reasons, the legislature declares that it is the public policy of this state to require that employers who grant leave to their employees to care for a newborn child make the same leave available upon the same terms for adoptive parents and stepparents, men and women. [1989 1st ex.s. c 11 § 22.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.12.360 Parental leave—Discrimination prohibited.** (1) An employer must grant an adoptive parent or a stepparent, at the time of birth or initial placement for adoption of a child under the age of six, the same leave under the same terms as the employer grants to biological parents. As a term of leave, an employer may restrict leave to those living with the child at the time of birth or initial placement.

(2) An employer must grant the same leave upon the same terms for men as it does for women.

(3) The department shall administer and investigate violations of this section. Notices of infraction, penalties, and appeals shall be administered in the same manner as violations under RCW 49.12.285.

(4) For purposes of this section, "leave" means any leave from employment granted to care for a newborn or a newly adopted child at the time of placement for adoption.

(5) Nothing in this section requires an employer to:

(a) Grant leave equivalent to maternity disability leave; or

(b) Establish a leave policy to care for a newborn or newly placed child if no such leave policy is in place for any of its employees. [2003 c 401 § 4; 1989 1st ex.s. c 11 § 23.]

**Findings—Purpose—Intent—Effective date—2003 c 401:** See notes following RCW 49.12.187.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.12.370 Parental leave—Collective bargaining agreement or employee benefit plan—Application.** In the case of employees covered by an unexpired collective bargaining agreement that expires on or after September 1, 1989, or by an employee benefit program or plan with a stated year ending on or after September 1, 1989, the effective date of RCW 49.12.360 shall be the later of: (1) The first day following expiration of the collective bargaining agreement; or (2) the first day of the next plan year. [1989 1st ex.s. c 11 § 24.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.12.380 Child labor laws—Information program.** Upon adoption of the rules under \*section 1 of this act, the department of labor and industries shall implement a comprehensive program to inform employers of the rules adopted. The program shall include mailings, public service announcements, seminars, and any other means deemed appropriate to inform all Washington employers of their rights and responsibilities regarding the employment of minors. [1991 c 303 § 2.]

\*Reviser's note: Section 1 of this act, which amended RCW 49.12.121, was vetoed by the governor.

**49.12.390 Child labor laws—Violations—Civil penalties—Restraining orders.** (1)(a) Except as otherwise provided in subsection (2) of this section, if the director, or the director's designee, finds that an employer has violated any of the requirements of RCW 49.12.121 or 49.12.123, or a rule or order adopted or variance granted under RCW 49.12.121 or 49.12.123, a citation stating the violations shall be issued to the employer. The citation shall be in writing, describing the nature of the violation including reference to the standards, rules, or orders alleged to have been violated. An initial citation for failure to comply with RCW 49.12.123 or rules requiring a minor work permit and maintenance of records shall state a specific and reasonable time for abatement of the violation to allow the employer to correct the violation without penalty. The director or the director's designee may establish a specific time for abatement of other nonserious violations in lieu of a penalty for first time violations. The citation and a proposed penalty assessment shall be given to the highest management official available at the workplace or be mailed to the employer at the workplace. In addition, the department shall mail a copy of the citation and proposed penalty assessment to the central personnel office of the employer. Citations issued under this section shall be posted at or near the place where the violation occurred.

(b) Except when an employer corrects a violation as provided in (a) of this subsection, he or she shall be assessed a civil penalty of not more than one thousand dollars depending on the size of the business and the gravity of the violation. The employer shall pay the amount assessed within thirty days of receipt of the assessment or notify the director of his or her intent to appeal the citation or the assessment penalty as provided in RCW 49.12.400.

(2) If the director, or the director's designee, finds that an employer has committed a serious or repeated violation of the requirements of RCW 49.12.121 or 49.12.123, or any rule or order adopted or variance granted under RCW 49.12.121 or 49.12.123, the employer is subject to a civil penalty of not more than one thousand dollars for each day the violation continues. For the purposes of this subsection, a serious violation shall be deemed to exist if death or serious physical harm has resulted or is imminent from a condition that exists, or from one or more practices, means, methods, operations, or processes that have been adopted or are in use by the employer, unless the employer did not, and could not with the exercise of reasonable diligence, know of the presence of the violation.

(3) In addition to any other authority provided in this section, if, upon inspection or investigation, the director, or director's designee, believes that an employer has violated RCW 49.12.121 or 49.12.123, or a rule or order adopted or variance granted under RCW 49.12.121 or 49.12.123, and that the violation creates a danger from which there is a substantial probability that death or serious physical harm could result to a minor employee, the director, or director's designee, may issue an order immediately restraining the condition, practice, method, process, or means creating the danger in the workplace. An order issued under this subsection may require the employer to take steps necessary to avoid, correct, or remove the danger and to prohibit the employment or presence of a minor in locations or under conditions where the danger exists.

(4) An employer who violates any of the posting requirements of RCW 49.12.121 or rules adopted implementing RCW 49.12.121 shall be assessed a civil penalty of not more than one hundred dollars for each violation.

(5) A person who gives advance notice, without the authority of the director, of an inspection to be conducted under this chapter shall be assessed a civil penalty of not more than one thousand dollars.

(6) Penalties assessed under this section shall be paid to the director and deposited into the general fund. [1991 c 303 § 3.]

**49.12.400 Child labor laws—Appeal.** A person, firm, or corporation aggrieved by an action taken or decision made by the department under RCW 49.12.390 may appeal the action or decision to the director by filing notice of the appeal with the director within thirty days of the department's action or decision. A notice of appeal filed under this section shall stay the effectiveness of a citation or notice of the assessment of a penalty pending review of the appeal by the director, but such appeal shall not stay the effectiveness of an order of immediate restraint issued under RCW 49.12.390. Upon receipt of an appeal, a hearing shall be held in accordance with chapter 34.05 RCW. The director shall issue all final orders after the hearing. The final orders are subject to appeal in accordance with chapter 34.05 RCW. Orders not appealed within the time period specified in chapter 34.05 RCW are final and binding. [1991 c 303 § 4.]

**49.12.410 Child labor laws—Violations—Criminal penalties.** (1) An employer who knowingly or recklessly violates the requirements of RCW 49.12.121 or 49.12.123, or a rule or order adopted under RCW 49.12.121 or 49.12.123, is guilty of a gross misdemeanor.

(2) An employer whose practices in violation of the requirements of RCW 49.12.121 or 49.12.123, or a rule or order adopted under RCW 49.12.121 or 49.12.123, result in the death or permanent disability of a minor employee is guilty of a class C felony punishable according to chapter 9A.20 RCW. [2003 c 53 § 273; 1991 c 303 § 5.]

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

**49.12.420 Child labor laws—Exclusive remedies.** The penalties established in RCW 49.12.390 and 49.12.410 for violations of RCW 49.12.121 and 49.12.123 are exclusive remedies. [1991 c 303 § 7.]

**49.12.450 Compensation for required employee work apparel—Exceptions—Changes—Rules—Expiration of subsection.** (1) Notwithstanding the provisions of chapter 49.46 RCW or other provisions of this chapter, the obligation of an employer to furnish or compensate an employee for apparel required during work hours shall be determined only under this section.

(2) Employers are not required to furnish or compensate employees for apparel that an employer requires an employee to wear during working hours unless the required apparel is a uniform.

(3) As used in this section, "uniform" means:

(a) Apparel of a distinctive style and quality that, when worn outside of the workplace, clearly identifies the person as an employee of a specific employer;

(b) Apparel that is specially marked with an employer's logo;

(c) Unique apparel representing an historical time period or an ethnic tradition; or

(d) Formal apparel.

(4) Except as provided in subsection (5) of this section, if an employer requires an employee to wear apparel of a common color that conforms to a general dress code or style, the employer is not required to furnish or compensate an employee for that apparel. For the purposes of this subsection, "common color" is limited to the following colors or light or dark variations of such colors: White, tan, or blue, for tops; and tan, black, blue, or gray, for bottoms. An employer is permitted to require an employee to obtain two sets of wearing apparel to accommodate for the seasonal changes in weather which necessitate a change in wearing apparel.

(5) If an employer changes the color or colors of apparel required to be worn by any of his or her employees during a two-year period of time, the employer shall furnish or compensate the employees for the apparel. The employer shall be required to furnish or compensate only those employees who are affected by the change. The two-year time period begins on the date the change in wearing apparel goes into effect and ends two years from this date. The beginning and end of the two-year time period applies to all employees regardless of when the employee is hired.

(6) The department shall utilize negotiated rule making as defined by RCW 34.05.310(2)(a) in the development and adoption of rules defining apparel that conforms to a general dress code or style. This subsection expires January 1, 2000.

(7) For the purposes of this section, personal protective equipment required for employee protection under chapter 49.17 RCW is not deemed to be employee wearing apparel. [1998 c 334 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.12.460 Volunteer firefighters, reserve officers, civil air patrol members—Employer duties—Violations—Definitions.** (1) An employer may not discharge from employment or discipline:

(a) A volunteer firefighter or reserve officer because of leave taken related to an alarm of fire or an emergency call; or

(b) A civil air patrol member because of leave taken related to an emergency service operation.

(2)(a) A volunteer firefighter or reserve officer or civil air patrol member who believes he or she was discharged or disciplined in violation of this section may file a complaint alleging the violation with the director. The volunteer firefighter or reserve officer or civil air patrol member may allege a violation only by filing such a complaint within ninety days of the alleged violation.

(b) Upon receipt of the complaint, the director must cause an investigation to be made as the director deems appropriate and must determine whether this section has been violated. Notice of the director's determination must be sent to the complainant and the employer within ninety days of receipt of the complaint.

(c) If the director determines that this section was violated and the employer fails to reinstate the employee or withdraw the disciplinary action taken against the employee, whichever is applicable, within thirty days of receipt of notice of the director's determination, the volunteer firefighter or reserve officer or civil air patrol member may bring an action against the employer alleging a violation of this section and seeking reinstatement or withdrawal of the disciplinary action.

(d) In any action brought under this section, the superior court shall have jurisdiction, for cause shown, to restrain violations under this section and to order reinstatement of the employee or withdrawal of the disciplinary action.

(3) For the purposes of this section:

(a) "Alarm of fire or emergency call" means responding to, working at, or returning from a fire alarm or an emergency call, but not participating in training or other nonemergency activities.

(b) "Civil air patrol member" means a person who is a member of the Washington wing of the civil air patrol.

(c) "Emergency service operation" means the following operations of the civil air patrol:

(i) Search and rescue missions designated by the air force rescue coordination center;

(ii) Disaster relief, when requested by the federal emergency management agency or the department of homeland security;

(iii) Humanitarian services, when requested by the federal emergency management agency or the department of homeland security;

(iv) United States air force support designated by the first air force; and

(v) Counterdrug missions.

(d) "Employer" means an employer who had twenty or more full-time equivalent employees in the previous year.

(e) "Reinstatement" means reinstatement with back pay, without loss of seniority or benefits, and with removal of any related adverse material from the employee's personnel file, if a file is maintained by the employer.

(f) "Withdrawal of disciplinary action" means withdrawal of disciplinary action with back pay, without loss of seniority or benefits, and with removal of any related adverse material from the employee's personnel file, if a file is maintained by the employer.

(g) "Volunteer firefighter" means a firefighter who:

(i) Is not paid;

(ii) Is not already at his or her place of employment when called to serve as a volunteer, unless the employer agrees to provide such an accommodation; and

(iii) Has been ordered to remain at his or her position by the commanding authority at the scene of the fire.

(h) "Reserve officer" has the meaning provided in RCW 41.24.010.

(4) The legislature declares that the public policies articulated in this section depend on the procedures established in this section and no civil or criminal action may be maintained relying on the public policies articulated in this section without complying with the procedures set forth in this section, and to that end all civil actions and civil causes of action for such injuries and all jurisdiction of the courts of this state over such causes are hereby abolished, except as provided in

this section. [2010 c 170 § 1; 2004 c 44 § 1; 2003 c 401 § 5; 2001 c 173 § 1.]

**Findings—Purpose—Intent—Effective date—2003 c 401:** See notes following RCW 49.12.187.

**49.12.465 Farm internship pilot project—Special certificate required. (Expires December 31, 2011.)** (1) The director shall establish a farm internship pilot project until December 1, 2011, for the employment of farm interns on small farms under special certificates at wages, if any, as authorized by the department and subject to such limitations as to time, number, proportion, and length of service as provided in this section and as prescribed by the department. The pilot project shall consist of two counties, one a county consisting entirely of islands with fewer than fifty thousand residents and one a county that is bordered by the crest of the Cascade mountain range and salt waters with fewer than one hundred fifty thousand residents.

(2) A small farm may employ no more than three interns per year under this section.

(3) A small farm must apply for a special certificate on a form made available by the director. The application must set forth: The name of the farm and a description of the farm seeking the certificate; the type of work to be performed by a farm intern; a description of the internship program; the period of time for which the certificate is sought and the duration of an internship; the number of farm interns for which a special certificate is sought; the wages, if any, that will be paid to the farm intern; any room and board, stipends, and other remuneration the farm will provide to a farm intern; and the total number of workers employed by the farm.

(4) Upon receipt of an application, the department shall review the application and issue a special certificate to the requesting farm within fifteen days if the department finds that:

(a) The farm qualifies as a small farm;

(b) There have been no serious violations of chapter 49.46 RCW or Title 51 RCW that provide reasonable grounds to believe that the terms of an internship agreement may not be complied with;

(c) The issuance of a certificate will not create unfair competitive labor cost advantages nor have the effect of impairing or depressing wage or working standards established for experienced workers for work of a like or comparable character in the industry or occupation at which the intern is to be employed;

(d) A farm intern will not displace an experienced worker; and

(e) The farm demonstrates that the interns will perform work for the farm under an internship program that: (i) Provides a curriculum of learning modules and supervised participation in farm work activities designed to teach farm interns about farming practices and farm enterprises; (ii) is based on the bona fide curriculum of an educational or vocational institution; and (iii) is reasonably designed to provide the intern with vocational knowledge and skills about farming practices and enterprises. In assessing an internship program, the department may consult with relevant college and university departments and extension programs and state and local government agencies involved in the regulation or development of agriculture.

(2010 Ed.)

(5) A special certificate issued under this section must specify the terms and conditions under which it is issued, including: The name of the farm; the duration of the special certificate allowing the employment of farm interns and the duration of an internship; the total number of interns authorized under the special certificate; the authorized wage rate, if any; and any room and board, stipends, and other remuneration the farm will provide to the farm intern. A farm worker may be paid at wages specified in the certificate only during the effective period of the certificate and for the duration of the internship.

(6) If the department denies an application for a special certificate, notice of denial must be mailed to the farm. The farm listed on the application may, within fifteen days after notice of such action has been mailed, file with the director a petition for review of the denial, setting forth grounds for seeking such a review. If reasonable grounds exist, the director or the director's authorized representative may grant such a review and, to the extent deemed appropriate, afford all interested persons an opportunity to be heard on such review.

(7) Before employing a farm intern, a farm must submit a statement on a form made available by the director stating that the farm understands: The requirements of the industrial welfare act, chapter 49.12 RCW, that apply to farm interns; that the farm must pay workers' compensation premiums in the assigned intern risk class and must pay workers' compensation premiums for nonintern work hours in the applicable risk class; and that if the farm does not comply with subsection (8) of this section, the director may revoke the special certificate.

(8) The director may revoke a special certificate issued under this section if a farm fails to: Comply with the requirements of the industrial welfare act, chapter 49.12 RCW, that apply to farm interns; pay workers' compensation premiums in the assigned intern risk class; or pay workers' compensation premiums in the applicable risk class for nonintern work hours.

(9) Before the start of a farm internship, the farm and the intern must sign a written agreement and send a copy of the agreement to the department. The written agreement must, at a minimum:

(a) Describe the internship program offered by the farm, including the skills and objectives the program is designed to teach and the manner in which those skills and objectives will be taught;

(b) Explicitly state that the intern is not entitled to minimum wages for work and activities conducted pursuant to the internship program for the duration of the internship;

(c) Describe the responsibilities, expectations, and obligations of the intern and the farm, including the anticipated number of hours of farm activities to be performed by the intern per week;

(d) Describe the activities of the farm and the type of work to be performed by the farm intern; and

(e) Describe any wages, room and board, stipends, and other remuneration the farm will provide to the farm intern.

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

(a) "Farm intern" means an individual who provides services to a small farm under a written agreement and primarily

as a means of learning about farming practices and farm enterprises.

(b) "Farm internship program" means an internship program described under subsection (4)(e) of this section.

(c) "Small farm" means a farm:

(i) Organized as a sole proprietorship, partnership, or corporation;

(ii) That reports on the applicant's schedule F of form 1040 or other applicable form filed with the United States internal revenue service annual sales less than two hundred fifty thousand dollars; and

(iii) Where all the owners or partners of the farm provide regular labor to and participate in the management of the farm, and own or lease the productive assets of the farm.

(11) The department shall monitor and evaluate the farm internships authorized by this section and report to the appropriate committees of the legislature by December 31, 2011. The report shall include, but not be limited to: The number of small farms that applied for and received special certificates; the number of interns employed as farm interns; the nature of the educational activities provided to the farm interns; the wages and other remuneration paid to farm interns; the number of and type of workers' compensation claims for farm interns; the employment of farm interns following farm internships; and other matters relevant to assessing farm internships authorized in this section. [2010 c 160 § 1.]

**Expiration date—2010 c 160:** "This act expires December 31, 2011." [2010 c 160 § 6.]

**49.12.900 Severability—1973 2nd ex.s. c 16.** If any provision of this 1973 amendatory act, or its application to any person or circumstances is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected. [1973 2nd ex.s. c 16 § 20.]

**49.12.901 Severability—1991 c 303.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1991 c 303 § 10.]

**49.12.902 Effective date—1991 c 303 §§ 3-7.** Sections 3 through 7 of this act shall take effect April 1, 1992. [1991 c 303 § 12.]

**49.12.903 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.** For the purposes of this chapter, the terms spouse, marriage, marital, husband, wife, widow, widower, next of kin, and family shall be interpreted as applying equally to state registered domestic partnerships or individuals in state registered domestic partnerships as well as to marital relationships and married persons, and references to dissolution of marriage shall apply equally to state registered domestic partnerships that have been terminated, dissolved, or invalidated, to the extent that such interpretation does not conflict with federal law. Where necessary to implement chapter 521, Laws of 2009, gender-specific terms such as husband and wife used in any statute, rule, or other law shall be construed to be gender neutral, and

applicable to individuals in state registered domestic partnerships. [2009 c 521 § 130.]

## Chapter 49.17 RCW

### WASHINGTON INDUSTRIAL SAFETY AND HEALTH ACT

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49.17.350	Flaggers.
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49.17.370	Ergonomics Initiative—Definition—Rule repeal.
49.17.400	Construction crane safety—Definitions.
49.17.410	Construction crane safety—Application.
49.17.420	Construction crane certification program—Rules—Certificate of operation.
49.17.430	Qualified construction crane operators—Rules—Apprentice operators or trainees—Reciprocity.
49.17.440	Construction crane safety—Rules—Implementation.
49.17.900	Short title.
49.17.910	Severability—1973 c 80.

**49.17.010 Purpose.** The legislature finds that personal injuries and illnesses arising out of conditions of employment impose a substantial burden upon employers and employees in terms of lost production, wage loss, medical expenses, and payment of benefits under the industrial insurance act. Therefore, in the public interest for the welfare of the people of the state of Washington and in order to assure, insofar as may reasonably be possible, safe and healthful working conditions for every man and woman working in the state of Washington, the legislature in the exercise of its police power, and in keeping with the mandates of Article II, section 35 of the state Constitution, declares its purpose by the provisions of this chapter to create, maintain, continue, and enhance the industrial safety and health program of the state, which program shall equal or exceed the standards prescribed by the Occupational Safety and Health Act of 1970 (Public Law 91-596, 84 Stat. 1590). [1973 c 80 § 1.]

*Industrial insurance: Title 51 RCW.*

**49.17.020 Definitions.** For the purposes of this chapter:

(1) The term "agriculture" means farming and includes, but is not limited to:

- (a) The cultivation and tillage of the soil;
- (b) Dairying;
- (c) The production, cultivation, growing, and harvesting of any agricultural or horticultural commodity;
- (d) The raising of livestock, bees, fur-bearing animals, or poultry; and
- (e) Any practices performed by a farmer or on a farm, incident to or in connection with such farming operations, including but not limited to preparation for market and delivery to:

- (i) Storage;
- (ii) Market; or
- (iii) Carriers for transportation to market.

The term "agriculture" does not mean a farmer's processing for sale or handling for sale a commodity or product grown or produced by a person other than the farmer or the farmer's employees.

(2) The term "director" means the director of the department of labor and industries, or his or her designated representative.

(3) The term "department" means the department of labor and industries.

(4) The term "employer" means any person, firm, corporation, partnership, business trust, legal representative, or other business entity which engages in any business, industry, profession, or activity in this state and employs one or more employees or who contracts with one or more persons, the essence of which is the personal labor of such person or persons and includes the state, counties, cities, and all municipal corporations, public corporations, political subdivisions of the state, and charitable organizations: PROVIDED, That any person, partnership, or business entity not having employees, and who is covered by the industrial insurance act shall be considered both an employer and an employee.

(5) The term "employee" means an employee of an employer who is employed in the business of his or her employer whether by way of manual labor or otherwise and every person in this state who is engaged in the employment of or who is working under an independent contract the

essence of which is his or her personal labor for an employer under this chapter whether by way of manual labor or otherwise.

(6) The term "person" means one or more individuals, partnerships, associations, corporations, business trusts, legal representatives, or any organized group of persons.

(7) The term "safety and health standard" means a standard which requires the adoption or use of one or more practices, means, methods, operations, or processes reasonably necessary or appropriate to provide safe or healthful employment and places of employment.

(8) The term "work place" means any plant, yard, premises, room, or other place where an employee or employees are employed for the performance of labor or service over which the employer has the right of access or control, and includes, but is not limited to, all work places covered by industrial insurance under Title 51 RCW, as now or hereafter amended.

(9) The term "working day" means a calendar day, except Saturdays, Sundays, and all legal holidays as set forth in RCW 1.16.050, as now or hereafter amended, and for the purposes of the computation of time within which an act is to be done under the provisions of this chapter, shall be computed by excluding the first working day and including the last working day. [2010 c 8 § 12005; 1997 c 362 § 2; 1973 c 80 § 2.]

*Department of labor and industries: Chapter 43.22 RCW.*

**49.17.022 Legislative findings and intent—Definition of agriculture.** The legislature finds that the state's farms are diverse in their nature and the owners, managers, and their employees continually find new ways to plant, raise, harvest, process, store, market, and distribute their products. The legislature further finds that the department of labor and industries needs guidance in determining when activities related to agricultural products are to be regulated as agricultural activities and when they should be regulated as other activities. It is the intent of the legislature that activities performed by a farmer as incident to or in conjunction with his or her farming activities be regulated as agricultural activities. For this purpose, an agricultural activity is to be interpreted broadly, based on the definition of "agriculture" in RCW 49.17.020. [1997 c 362 § 1.]

**49.17.030 Application of chapter—Fees and charges.** This chapter shall apply with respect to employment performed in any work place within the state. The department of labor and industries shall provide by rule for a schedule of fees and charges to be paid by each employer subject to this chapter who is not subject to or obtaining coverage under the industrial insurance laws and who is not a self-insurer. The fees and charges collected shall be for the purpose of defraying such employer's pro rata share of the expenses of enforcing and administering this chapter. [1973 c 80 § 3.]

**49.17.040 Rules and regulations—Authority—Procedure.** The director shall make, adopt, modify, and repeal rules and regulations governing safety and health standards for conditions of employment as authorized by this chapter after a public hearing in conformance with the administrative

procedure act and the provisions of this chapter. At least thirty days prior to such public hearing, the director shall cause public notice of such hearing to be made in newspapers of general circulation in this state, of the date, time, and place of such public hearing, along with a general description of the subject matter of the proposed rules and information as to where copies of any rules and regulations proposed for adoption may be obtained and with a solicitation for recommendations in writing or suggestions for inclusion or changes in such rules to be submitted not later than five days prior to such public hearing. Any preexisting rules adopted by the department of labor and industries relating to health and safety standards in work places subject to the jurisdiction of the department shall remain effective insofar as such rules are not inconsistent with the provisions of this chapter. [1973 c 80 § 4.]

**49.17.041 Agricultural safety standards—Limitation on adopting or establishing between January 1, 1995, through January 15, 1996—Requirements.** (1)(a) Except as provided in (b) of this subsection, no rules adopted under this chapter amending or establishing agricultural safety standards shall take effect during the period beginning January 1, 1995, and ending January 15, 1996. This subsection applies, but is not limited to applying, to a rule adopted before January 1, 1995, but with an effective date which is during the period beginning January 1, 1995, and ending January 15, 1996, and to provisions of rules adopted prior to January 1, 1995, which provisions are to become effective during the period beginning January 1, 1995, and ending January 15, 1996.

(b) Subsection (1)(a) of this section does not apply to: Provisions of rules that were in effect before January 1, 1995; emergency rules adopted under RCW 34.05.350; or revisions to chapter 296-306 WAC regarding rollover protective structures that were adopted in 1994 and effective March 1, 1995, and that are additionally revised to refer to the variance process available under this chapter.

(2) The rules for agricultural safety adopted under this chapter must:

(a) Establish, for agricultural employers, an agriculture safety standard that includes agriculture-specific rules and specific references to the general industry safety standard adopted under chapter 49.17 RCW; and

(b) Exempt agricultural employers from the general industry safety standard adopted under chapter 49.17 RCW for all rules not specifically referenced in the agriculture safety standard.

(3) The department shall publish in one volume all of the occupational safety rules that apply to agricultural employers and shall make this volume available to all agricultural employers before January 15, 1996. This volume must be available in both English and Spanish.

(4) The department shall provide training, education, and enhanced consultation services concerning its agricultural safety rules to agricultural employers before the rules' effective dates. The training, education, and consultation must continue throughout the winter of 1995-1996. Training and education programs must be provided throughout the state and must be coordinated with agricultural associations in order to meet their members' needs.

(5) The department shall provide, for informational purposes, a list of commercially available rollover protective structures for tractors used in agricultural operations manufactured before October 25, 1976. The list must include the name and address of the manufacturer and the approximate price of the structure. Included with the list shall be a statement indicating that an employer may apply for a variance from the rules requiring rollover protective structures under this chapter and that variances may be granted in appropriate circumstances on a case-by-case basis. The statement shall also provide examples of circumstances under which a variance may be granted. The list and statement shall be generally available to the agricultural community before the department may take any action to enforce rules requiring rollover protective structures for tractors used in agricultural operations manufactured before October 25, 1976. [1995 c 371 § 2.]

**Finding—1995 c 371:** "The legislature finds that:

(1) The state's highly productive and efficient agricultural sector is composed predominately of family-owned and managed farms and an industrious and efficient workforce;

(2) A reasonable level of safety regulations is needed to protect workers;

(3) The smaller but highly efficient farming operations would benefit from safety rules that are easily referenced and agriculture-specific to the extent possible; and

(4) There should be lead time between the adoption of agriculture safety rules and their effective date in order to allow the department of labor and industries to provide training, education, and enhanced consultation services to family-owned and managed farms." [1995 c 371 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.17.050 Rules and regulations—Guidelines—Standards.** In the adoption of rules and regulations under the authority of this chapter, the director shall:

(1) Provide for the preparation, adoption, amendment, or repeal of rules and regulations of safety and health standards governing the conditions of employment of general and special application in all work places;

(2) Provide for the adoption of occupational health and safety standards which are at least as effective as those adopted or recognized by the United States secretary of labor under the authority of the Occupational Safety and Health Act of 1970 (Public Law 91-596; 84 Stat. 1590);

(3) Provide a method of encouraging employers and employees in their efforts to reduce the number of safety and health hazards at their work places and to stimulate employers and employees to institute new and to perfect existing programs for providing safe and healthful working conditions;

(4) Provide for the promulgation of health and safety standards and the control of conditions in all work places concerning gases, vapors, dust, or other airborne particles, toxic materials, or harmful physical agents which shall set a standard which most adequately assures, to the extent feasible, on the basis of the best available evidence, that no employee will suffer material impairment of health or functional capacity even if such employee has regular exposure to the hazard dealt with by such standard for the period of his or her working life; any such standards shall require where appropriate the use of protective devices or equipment and for monitoring or measuring any such gases, vapors, dust, or

other airborne particles, toxic materials, or harmful physical agents;

(5) Provide for appropriate reporting procedures by employers with respect to such information relating to conditions of employment which will assist in achieving the objectives of this chapter;

(6) Provide for the frequency, method, and manner of the making of inspections of work places without advance notice;

(7) Provide for the publication and dissemination to employers, employees, and labor organizations and the posting where appropriate by employers of informational, education, or training materials calculated to aid and assist in achieving the objectives of this chapter;

(8) Provide for the establishment of new and the perfection and expansion of existing programs for occupational safety and health education for employers and employees, and, in addition institute methods and procedures for the establishment of a program for voluntary compliance solely through the use of advice and consultation with employers and employees with recommendations including recommendations of methods to abate violations relating to the requirements of this chapter and all applicable safety and health standards and rules and regulations promulgated pursuant to the authority of this chapter;

(9) Provide for the adoption of safety and health standards requiring the use of safeguards in trenches and excavations and around openings of hoistways, hatchways, elevators, stairways, and similar openings;

(10) Provide for the promulgation of health and safety standards requiring the use of safeguards for all vats, pans, trimmers, cut off, gang edger, and other saws, planers, presses, formers, cogs, gearing, belting, shafting, coupling, set screws, live rollers, conveyors, mangles in laundries, and machinery of similar description, which can be effectively guarded with due regard to the ordinary use of such machinery and appliances and the danger to employees therefrom, and with which the employees of any such work place may come in contact while in the performance of their duties and prescribe methods, practices, or processes to be followed by employers which will enhance the health and safety of employees in the performance of their duties when in proximity to machinery or appliances mentioned in this subsection;

(11) Certify that no later than twenty business days prior to the effective date of any significant legislative rule, as defined by RCW 34.05.328, a meeting of impacted parties is convened to: (a) Identify ambiguities and problem areas in the rule; (b) coordinate education and public relations efforts by all parties; (c) provide comments regarding internal department training and enforcement plans; and (d) provide comments regarding appropriate evaluation mechanisms to determine the effectiveness of the new rule. The meeting shall include a balanced representation of both business and labor from impacted industries, department personnel responsible for the above subject areas, and other agencies or key stakeholder groups as determined by the department. An existing advisory committee may be utilized if appropriate. [2010 c 8 § 12006; 1998 c 224 § 1; 1973 c 80 § 5.]

(2010 Ed.)

**49.17.055 WISHA advisory committee—Appointment of members—Duties—Terms, compensation, and expenses.** The director shall appoint a WISHA advisory committee composed of ten members: Four members representing subject workers, each of whom shall be appointed from a list of at least three names submitted by a recognized statewide organization of employees, representing a majority of employees; four members representing subject employers, each of whom shall be appointed from a list of at least three names submitted by a recognized statewide organization of employers, representing a majority of employers; and two ex officio members, without a vote, one of whom shall be the chairperson of the board of industrial insurance appeals, and the other representing the department. The member representing the department shall be chairperson. The committee shall provide comment on department rule making, policies, and other initiatives. The committee shall also conduct a continuing study of any aspect of safety and health the committee determines to require their consideration. The committee shall report its findings to the department or the board of industrial insurance appeals for action as deemed appropriate. The members of the committee shall be appointed for a term of three years commencing on July 1, 1997, and the terms of the members representing the workers and employers shall be staggered so that the director shall designate one member from each group initially appointed whose term shall expire on June 30, 1998, and one member from each group whose term shall expire on June 30, 1999. The members shall serve without compensation, but are entitled to travel expenses as provided in RCW 43.03.050 and 43.03.060. The committee may hire such experts, if any, as it requires to discharge its duties and may utilize such personnel and facilities of the department and board of industrial insurance appeals as it needs, without charge. All expenses of the committee must be paid by the department. [1997 c 107 § 1.]

**49.17.060 Employer—General safety standard—Compliance.** Each employer:

(1) Shall furnish to each of his or her employees a place of employment free from recognized hazards that are causing or likely to cause serious injury or death to his or her employees: PROVIDED, That no citation or order assessing a penalty shall be issued to any employer solely under the authority of this subsection except where no applicable rule or regulation has been adopted by the department covering the unsafe or unhealthful condition of employment at the work place; and

(2) Shall comply with the rules, regulations, and orders promulgated under this chapter. [2010 c 8 § 12007; 1973 c 80 § 6.]

**49.17.070 Right of entry—Inspections and investigations—Subpoenas—Contempt.** (1) Subject to subsections (2) through (5) of this section, the director, or his or her authorized representative, in carrying out his or her duties under this chapter, upon the presentation of appropriate credentials to the owner, manager, operator, or on-site person in charge of the worksite, is authorized:

(a) To enter without delay and at all reasonable times the factory, plant, establishment, construction site, or other area,

workplace, or environment where work is performed by an employee of an employer; and

(b) To inspect, survey, and investigate during regular working hours and at other reasonable times, and within reasonable limits and in a reasonable manner, any such workplace and all pertinent conditions, structures, machines, apparatus, devices, equipment, and materials therein, and to question privately any such employer, owner, operator, agent, or employee.

(2) In making inspections and making investigations under this chapter the director may require the attendance and testimony of witnesses and the production of evidence under oath. Witnesses shall be paid the same fees and mileage that are paid witnesses in the superior courts. In the case of contumacy, failure, or refusal of any person to obey such an order, any superior court within the jurisdiction of which such person is found, or resides, or transacts business, upon the application of the director, shall have jurisdiction to issue to such person an order requiring such person to appear to produce evidence if, as, and when so ordered, and to give testimony relating to the matter under investigation or in question, and any failure to obey such order of the court may be punished by said court as a contempt thereof.

(3) Except as provided in subsection (4) of this section or RCW 49.17.075, the director or his or her authorized representative shall obtain consent from the owner, manager, operator, or his or her on-site person in charge of the worksite when entering any worksite located on private property to carry out his or her duties under this chapter. Solely for the purpose of requesting the consent required by this section, the director or his or her authorized representative shall, in a safe manner, enter a worksite at an entry point designated by the employer or, in the event no entry point has been designated, at a reasonably recognizable entry point.

(4) This section does not prohibit the director or his or her authorized representative from taking action consistent with a recognized exception to the warrant requirements of the federal and state Constitutions.

(5) This section does not require advance notice of an inspection. [2006 c 31 § 2; 1973 c 80 § 7.]

**Intent—2006 c 31:** "The legislature intends that inspections performed under the Washington industrial safety and health act ensure safe and healthful working conditions for every person working in the state of Washington. Inspections must follow the mandates of Article II, section 35 of the state Constitution, and equal or exceed the requirements prescribed by the occupational safety and health act of 1970 (Public Law 91-596, 84 Stat. 1590). The legislature also intends that the inspections comply with the fourth and fourteenth amendments to the United States Constitution and Article I, section 7 of the state Constitution." [2006 c 31 § 1.]

**49.17.075 Search warrants.** The director may apply to a court of competent jurisdiction for a search warrant authorizing access to any factory, plant, establishment, construction site, or other area, workplace, or environment where work is performed by an employee of an employer. The court may upon such application issue a search warrant for the purpose requested. [2006 c 31 § 3.]

**Intent—2006 c 31:** See note following RCW 49.17.070.

**49.17.080 Variance from safety and health standards—Application—Contents—Procedure.** (1) Any employer may apply to the director for a temporary order

granting a variance from any safety and health standard promulgated by rule or regulation under the authority of this chapter. Such temporary order shall be granted only if the employer files an application which meets the requirements of subsection (2) of this section and establishes that the employer is unable to comply with a safety or health standard because of the unavailability of professional or technical personnel or of materials and equipment needed to come into compliance with the safety and health standard or because necessary construction or alteration of facilities cannot be completed by the effective date of such safety and health standard, that he or she is taking all available steps to safeguard his or her employees against the hazards covered by the safety and health standard, and he or she has an effective program for coming into compliance with such safety and health standard as quickly as practicable. Any temporary order issued under the authority of this subsection shall prescribe the practices, means, methods, operations, and processes which the employer must adopt and use while the order is in effect and state in detail his or her program for coming into compliance with the safety and health standard. Such a temporary order may be granted only after notice to employees and an opportunity for a hearing upon request of the employer or any affected employee. The name of any affected employee requesting a hearing under the provisions of this subsection shall be confidential and shall not be disclosed without the consent of such employee. The director may issue one interim order to be effective until a determination is made or a decision rendered if a hearing is demanded. No temporary order may be in effect for longer than the period needed by the employer to achieve compliance with the standard, or one year, whichever is shorter, except that such an order may be renewed not more than twice, so long as the requirements of this subsection are met and if an application for renewal is filed at least ninety days prior to the expiration date of the order. No renewal of a temporary order may remain in effect for longer than one hundred eighty days.

(2) An application for a temporary order under this section shall contain:

(a) A specification of the safety and health standard or portion thereof from which the employer seeks a variance;

(b) A representation by the employer, supported by representations from qualified persons having first hand knowledge of the facts represented, that he or she is unable to comply with the safety and health standard or portion thereof and a detailed statement of the reasons therefor;

(c) A statement of the steps the employer has taken and will take, with specific dates, to protect employees against the hazard covered by the standard;

(d) A statement as to when the employer expects to be able to comply with the standard or portion thereof and what steps he or she has taken and will take, with dates specified, to come into compliance with the standard; and

(e) A certification that the employer, by the date of mailing or delivery of the application to the director, has informed his or her employees of the application by providing a copy thereof to his or her employees or their authorized representative by posting a copy of such application in a place or places reasonably accessible to all employees or by other appropriate means of notification and by mailing a copy to the authorized representative of such employees; the applica-

tion shall set forth the manner in which the employees have been so informed. The application shall also advise employees and their employee representatives of their right to apply to the director to conduct a hearing upon the application for a variance. [2010 c 8 § 12008; 1973 c 80 § 8.]

**49.17.090 Variance from safety and health standards—Notice—Hearing—Order—Modification or revocation.** Any employer may apply to the director for an order for a variance from any rule or regulation establishing a safety and health standard promulgated under this chapter. Affected employees shall be given notice of each such application and in the manner prescribed by RCW 49.17.080 shall be informed of their right to request a hearing on any such application. The director shall issue such order granting a variance, after opportunity for an inspection, if he or she determines or decides after a hearing has been held, if request for hearing has been made, that the applicant for the variance has demonstrated by a preponderance of the evidence that the conditions, practices, means, methods, operations, or processes used or proposed to be used by such applicant employer will provide employment and places of employment to his or her employees which are as safe and healthful as those which would prevail if he or she complied with the safety and health standard or standards from which the variance is sought. The order so issued shall prescribe the conditions the employer must maintain, and the practices, means, methods, operations, and processes which he or she must adopt and utilize to the extent they differ from the standard in question. At any time after six months has elapsed from the date of the issuance of the order granting a variance upon application of an employer, employee, or the director on his or her own motion, after notice has been given in the manner prescribed for the issuance of such order may modify or revoke the order granting the variance from any standard promulgated under the authority of this chapter. [2010 c 8 § 12009; 1973 c 80 § 9.]

**49.17.100 Inspection—Employer and employee representatives.** A representative of the employer and an employee representative authorized by the employees of such employer shall be given an opportunity to accompany the director, or his or her authorized representative, during the physical inspection of any work place for the purpose of aiding such inspection. Where there is no authorized employee representative, the director or his or her authorized representative shall consult with a reasonable number of employees concerning matters of health and safety in the work place. The director may adopt procedural rules and regulations to implement the provisions of this section: PROVIDED, That neither this section, nor any other provision of this chapter, shall be construed to interfere with, impede, or in any way diminish the right of employees to bargain collectively with their employers through representatives of their own choosing concerning wages or standards or conditions of employment which equal or exceed those established under the authority of this chapter. [2010 c 8 § 12010; 1986 c 192 § 1; 1973 c 80 § 10.]

(2010 Ed.)

**49.17.110 Compliance by employee—Violations—Notice—Review.** Each employee shall comply with the provisions of this chapter and all rules, regulations, and orders issued pursuant to the authority of this chapter which are applicable to his or her own actions and conduct in the course of his or her employment. Any employee or representative of employees who in good faith believes that a violation of a safety or health standard, promulgated by rule under the authority of this chapter exists that threatens physical harm to employees, or that an imminent danger to such employees exists, may request an inspection of the work place by giving notice to the director or his or her authorized representative of such violation or danger. Any such notice shall be reduced to writing, shall set forth with reasonable particularity the grounds for the notice, and shall be signed by the employee or representative of employees. A copy of the notice shall be provided the employer or his or her agent no later than at the time of inspection, except that, upon the request of the person giving such notice, his or her name and the names of individual employees referred to therein shall not appear in such copy or on any record published, released, or made available pursuant to any provision of this chapter. If upon receipt of such notification the director determines that there are reasonable grounds to believe that such violation or danger exists, he or she shall make a special inspection as soon as practicable, to determine if such violation or danger exists. If the director determines there are no reasonable grounds to believe that a violation or danger exists, he or she shall notify the employer and the employee or representative of the employees in writing of such determination.

Prior to or during any inspection of a work place, any employee or representative of employees employed in such work place may notify the director or any representative of the director responsible for conducting the inspection, in writing, of any violation of this chapter which he or she has reason to believe exists in such work place. The director shall, by rule, establish procedures for informal review of any refusal by a representative of the director to issue a citation with respect to any such alleged violation, and shall furnish the employee or representative of employees requesting such review a written statement of the reasons for the director's final disposition of the case. [2010 c 8 § 12011; 1973 c 80 § 11.]

**49.17.120 Violations—Citations.** (1) If upon inspection or investigation the director or his or her authorized representative believes that an employer has violated a requirement of RCW 49.17.060, or any safety or health standard promulgated by rule adopted by the director, or the conditions of any order granting a variance pursuant to this chapter, the director shall with reasonable promptness issue a citation to the employer. Each citation shall be in writing and shall describe with particularity the nature of the violation, including a reference to the provisions of the statute, standard, rule, regulation, or order alleged to have been violated. In addition, the citation shall fix a reasonable time for the abatement of the violation.

(2) The director may prescribe procedures for the issuance of a notice in lieu of a citation with respect to de minimis violations which have no direct or immediate relationship to safety or health.

(3) Each citation, or a copy or copies thereof, issued under the authority of this section and RCW 49.17.130 shall be prominently posted, at or near each place a violation referred to in the citation occurred or as may otherwise be prescribed in regulations issued by the director. The director shall provide by rule for procedures to be followed by an employee representative upon written application to receive copies of citations and notices issued to any employer having employees who are represented by such employee representative. Such rule may prescribe the form of such application, the time for renewal of applications, and the eligibility of the applicant to receive copies of citations and notices.

(4) No citation may be issued under this section or RCW 49.17.130 after the expiration of six months following a compliance inspection, investigation, or survey revealing any such violation.

(5)(a) No citation may be issued under this section if there is unpreventable employee misconduct that led to the violation, but the employer must show the existence of:

(i) A thorough safety program, including work rules, training, and equipment designed to prevent the violation;

(ii) Adequate communication of these rules to employees;

(iii) Steps to discover and correct violations of its safety rules; and

(iv) Effective enforcement of its safety program as written in practice and not just in theory.

(b) This subsection (5) does not eliminate or modify any other defenses that may exist to a citation. [1999 c 93 § 1; 1973 c 80 § 12.]

**49.17.130 Violations—Dangerous conditions—Citations and orders of immediate restraint—Restraints—Restraining orders.** (1) If upon inspection or investigation, the director, or his or her authorized representative, believes that an employer has violated a requirement of RCW 49.17.060, or any safety or health standard promulgated by rules of the department, or any conditions of an order granting a variance, which violation is such that a danger exists from which there is a substantial probability that death or serious physical harm could result to any employee, the director or his or her authorized representative shall issue a citation and may issue an order immediately restraining any such condition, practice, method, process, or means in the work place. Any order issued under this section may require such steps to be taken as may be necessary to avoid, correct, or remove such danger and prohibit the employment or presence of any individual in locations or under conditions where such danger exists, except individuals whose presence is necessary to avoid, correct, or remove such danger or to maintain the capacity of a continuous process operation in order that the resumption of normal operations may be had without a complete cessation of operations, or where a cessation of operations is necessary, to permit such to be accomplished in a safe and orderly manner. In addition, if any machine or equipment, or any part thereof, is in violation of a requirement of RCW 49.17.060 or any safety or health standard promulgated by rules of the department, and the operation of such machine or equipment gives rise to a substantial probability that death or serious physical harm could result to any employee, and an order of immediate restraint of the use of

such machine or equipment has been issued under this subsection, the use of such machine or equipment is prohibited, and a notice to that effect shall be attached thereto by the director or his or her authorized representative.

(2) Whenever the director, or his or her authorized representative, concludes that a condition of employment described in subsection (1) of this section exists in any work place, he or she shall promptly inform the affected employees and employers of the danger.

(3) At any time that a citation or a citation and order restraining any condition of employment or practice described in subsection (1) of this section is issued by the director, or his or her authorized representative, he or she may in addition request the attorney general to make an application to the superior court of the county wherein such condition of employment or practice exists for a temporary restraining order or such other relief as appears to be appropriate under the circumstances. [2010 c 8 § 12012; 1973 c 80 § 13.]

**49.17.140 Appeal to board—Citation or notification of assessment of penalty—Final order—Procedure—Redetermination—Hearing.** (1) If after an inspection or investigation the director or the director's authorized representative issues a citation under the authority of RCW 49.17.120 or 49.17.130, the department, within a reasonable time after the termination of such inspection or investigation, shall notify the employer by certified mail of the penalty to be assessed under the authority of RCW 49.17.180 and shall state that the employer has fifteen working days within which to notify the director that the employer wishes to appeal the citation or assessment of penalty. If, within fifteen working days from the communication of the notice issued by the director the employer fails to notify the director that the employer intends to appeal the citation or assessment penalty, and no notice is filed by any employee or representative of employees under subsection (3) of this section within such time, the citation and the assessment shall be deemed a final order of the department and not subject to review by any court or agency.

(2) If the director has reason to believe that an employer has failed to correct a violation for which a citation has been issued within the period permitted in the citation for its correction, which period shall not begin to run until the entry of a final order in the case of any appeal proceedings under this section initiated by the employer in good faith and not solely for delay or avoidance of penalties, the director shall notify the employer by certified mail of such failure to correct the violation and of the penalty to be assessed under RCW 49.17.180 by reason of such failure, and shall state that the employer has fifteen working days from the communication of such notification and assessment of penalty to notify the director that the employer wishes to appeal the director's notification of the assessment of penalty. If, within fifteen working days from the receipt of notification issued by the director the employer fails to notify the director that the employer intends to appeal the notification of assessment of penalty, the notification and assessment of penalty shall be deemed a final order of the department and not subject to review by any court or agency.

(3) If any employer notifies the director that the employer intends to appeal the citation issued under either RCW 49.17.120 or 49.17.130 or notification of the assessment of a penalty issued under subsections (1) or (2) of this section, or if, within fifteen working days from the issuance of a citation under either RCW 49.17.120 or 49.17.130 any employee or representative of employees files a notice with the director alleging that the period of time fixed in the citation for the abatement of the violation is unreasonable, the director may reassume jurisdiction over the entire matter, or any portion thereof upon which notice of intention to appeal has been filed with the director pursuant to this subsection. If the director reassumes jurisdiction of all or any portion of the matter upon which notice of appeal has been filed with the director, any redetermination shall be completed and corrective notices of assessment of penalty, citations, or revised periods of abatement completed within a period of thirty working days. The thirty-working-day redetermination period may be extended up to fifteen additional working days upon agreement of all parties to the appeal. The redetermination shall then become final subject to direct appeal to the board of industrial insurance appeals within fifteen working days of such redetermination with service of notice of appeal upon the director. In the event that the director does not reassume jurisdiction as provided in this subsection, the director shall promptly notify the state board of industrial insurance appeals of all notifications of intention to appeal any such citations, any such notices of assessment of penalty and any employee or representative of employees notice of intention to appeal the period of time fixed for abatement of a violation and in addition certify a full copy of the record in such appeal matters to the board. The director shall adopt rules of procedure for the reassumption of jurisdiction under this subsection affording employers, employees, and employee representatives notice of the reassumption of jurisdiction by the director, and an opportunity to object or support the reassumption of jurisdiction, either in writing or orally at an informal conference to be held prior to the expiration of the redetermination period. A notice of appeal filed under this section shall stay the effectiveness of any citation or notice of the assessment of a penalty pending review by the board of industrial insurance appeals, but such appeal shall not stay the effectiveness of any order of immediate restraint issued by the director under the authority of RCW 49.17.130. The board of industrial insurance appeals shall afford an opportunity for a hearing in the case of each such appellant and the department shall be represented in such hearing by the attorney general and the board shall in addition provide affected employees or authorized representatives of affected employees an opportunity to participate as parties to hearings under this subsection. The board shall thereafter make disposition of the issues in accordance with procedures relative to contested cases appealed to the state board of industrial insurance appeals.

Upon application by an employer showing that a good faith effort to comply with the abatement requirements of a citation has been made and that the abatement has not been completed because of factors beyond the employer's control, the director after affording an opportunity for a hearing shall issue an order affirming or modifying the abatement require-

ments in such citation. [1994 c 61 § 1; 1986 c 20 § 1; 1973 c 80 § 14.]

**49.17.150 Appeal to superior court—Review or enforcement of orders.** (1) Any person aggrieved by an order of the board of industrial insurance appeals issued under RCW 49.17.140(3) may obtain a review of such order in the superior court for the county in which the violation is alleged to have occurred, by filing in such court within thirty days following the communication of the board's order or denial of any petition or petitions for review, a written notice of appeal praying that the order be modified or set aside. Such appeal shall be perfected by filing with the clerk of the court and by serving a copy thereof by mail, or personally, on the director and on the board. The board shall thereupon transmit a copy of the notice of appeal to all parties who participated in proceedings before the board, and shall file in the court the complete record of the proceedings. Upon such filing the court shall have jurisdiction of the proceeding and of the question determined therein, and shall have power to grant such temporary relief or restraining order as it deems just and proper, and to make and enter upon the pleadings and the record of proceedings a decree affirming, modifying, or setting aside in all or in part, the decision of the board of industrial insurance appeals and enforcing the same to the extent that such order is affirmed or modified. The commencement of appellate proceedings under this subsection shall not, unless ordered by the court, operate as a stay of the order of the board of industrial insurance appeals. No objection that has not been urged before the board shall be considered by the court, unless the failure or neglect to urge such objection shall be excused because of extraordinary circumstances. The findings of the board or hearing examiner where the board has denied a petition or petitions for review with respect to questions of fact, if supported by substantial evidence on the record considered as a whole, shall be conclusive. If any party shall apply to the court for leave to adduce additional evidence and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for the failure to adduce such evidence in the hearing before the board, the court may order such additional evidence to be taken before the board and to be made a part of the record. The board may modify its findings as to the facts, or make new findings, by reason of additional evidence so taken and filed, and it shall file such modified or new findings, which findings with respect to questions of fact are supported by substantial evidence on the record considered as a whole, shall be conclusive, and its recommendations, if any, for the modification or setting aside of its original order. Upon the filing of the record with it, the jurisdiction of the court shall be exclusive and the judgment and decree shall be final, except as the same shall be subject to review by the supreme court. Appeals filed under this subsection shall be heard expeditiously.

(2) The director may also obtain review or enforcement of any final order of the board by filing a petition for such relief in the superior court for the county in which the alleged violation occurred. The provisions of subsection (1) of this section shall govern such proceeding to the extent applicable. If a notice of appeal, as provided in subsection (1) of this section, is not filed within thirty days after service of the board's

order, the board's findings of fact, decision, and order or the examiner's findings of fact, decision, and order when a petition or petitions for review have been denied shall be conclusive in connection with any petition for enforcement which is filed by the director after the expiration of such thirty day period. In any such case, as well as in the case of an unappealed citation or a notification of the assessment of a penalty by the director, which has become a final order under subsection (1) or (2) of RCW 49.17.140 upon application of the director, the clerk of the court, unless otherwise ordered by the court, shall forthwith enter a decree enforcing the citation and notice of assessment of penalty and shall transmit a copy of such decree to the director and the employer named in the director's petition. In any contempt proceeding brought to enforce a decree of the superior court entered pursuant to this subsection or subsection (1) of this section the superior court may assess the penalties provided in RCW 49.17.180, in addition to invoking any other available remedies. [1982 c 109 § 1; 1973 c 80 § 15.]

**49.17.160 Discrimination against employee filing complaint, instituting proceedings, or testifying prohibited—Procedure—Remedy.** (1) No person shall discharge or in any manner discriminate against any employee because such employee has filed any complaint or instituted or caused to be instituted any proceeding under or related to this chapter, or has testified or is about to testify in any such proceeding or because of the exercise by such employee on behalf of himself or herself or others of any right afforded by this chapter.

(2) Any employee who believes that he or she has been discharged or otherwise discriminated against by any person in violation of this section may, within thirty days after such violation occurs, file a complaint with the director alleging such discrimination. Upon receipt of such complaint, the director shall cause such investigation to be made as he or she deems appropriate. If upon such investigation, the director determines that the provisions of this section have been violated, he or [or] she shall bring an action in the superior court of the county wherein the violation is alleged to have occurred against the person or persons who is alleged to have violated the provisions of this section. If the director determines that the provisions of this section have not been violated, the employee may institute the action on his or her own behalf within thirty days of such determination. In any such action the superior court shall have jurisdiction, for cause shown, to restrain violations of subsection (1) of this section and order all appropriate relief including rehiring or reinstatement of the employee to his or her former position with back pay.

(3) Within ninety days of the receipt of the complaint filed under this section, the director shall notify the complainant of his or her determination under subsection (2) of this section. [2010 c 8 § 12013; 1973 c 80 § 16.]

**49.17.170 Injunctions—Temporary restraining orders.** (1) In addition to and after having invoked the powers of restraint vested in the director as provided in RCW 49.17.130 the superior courts of the state of Washington shall have jurisdiction upon petition of the director, through the

attorney general, to enjoin any condition or practice in any work place from which there is a substantial probability that death or serious physical harm could result to any employee immediately or before the imminence of such danger can be eliminated through the enforcement procedures otherwise provided by this chapter. Any order issued under this section may require such steps to be taken as may be necessary to avoid, correct, or remove such danger and prohibit the employment or presence of any individual in locations or under conditions where such danger exists, except individuals whose presence is necessary to avoid, correct, or remove such danger or to maintain the capacity of a continuous process operation to resume normal operation without a complete cessation of operations, or where a cessation of operations is necessary, to permit such to be accomplished in a safe and orderly manner.

(2) Upon the filing of any such petition the superior courts of the state of Washington shall have jurisdiction to grant such injunctive relief or temporary restraining order pending the outcome of enforcement proceedings pursuant to this chapter, except that no temporary restraining order issued without notice shall be effective for a period longer than five working days.

(3) Whenever and as soon as any authorized representative of the director concludes that a condition or practice described in subsection (1) exists in any work place, he or she shall inform the affected employees and employers of the danger and may recommend to the director that relief be sought under this section.

(4) If the director arbitrarily or capriciously fails to invoke his or her restraining authority under RCW 49.17.130 or fails to seek relief under this section, any employee who may be injured by reason of such failure, or the representative of such employees, may bring an action against the director in the superior court for the county in which the danger is alleged to exist for a writ of mandamus to compel the director to seek such an order and for such further relief as may be appropriate or seek the director to exercise his or her restraining authority under RCW 49.17.130. [2010 c 8 § 12014; 1973 c 80 § 17.]

**49.17.180 Violations—Civil penalties.** (1) Except as provided in RCW 43.05.090, any employer who willfully or repeatedly violates the requirements of RCW 49.17.060, of any safety or health standard promulgated under the authority of this chapter, of any existing rule or regulation governing the conditions of employment promulgated by the department, or of any order issued granting a variance under RCW 49.17.080 or 49.17.090 may be assessed a civil penalty not to exceed seventy thousand dollars for each violation. A minimum penalty of five thousand dollars shall be assessed for a willful violation.

(2) Any employer who has received a citation for a serious violation of the requirements of RCW 49.17.060, of any safety or health standard promulgated under the authority of this chapter, of any existing rule or regulation governing the conditions of employment promulgated by the department, or of any order issued granting a variance under RCW 49.17.080 or 49.17.090 as determined in accordance with subsection (6) of this section, shall be assessed a civil penalty not to exceed seven thousand dollars for each such violation.

(3) Any employer who has received a citation for a violation of the requirements of RCW 49.17.060, of any safety or health standard promulgated under this chapter, of any existing rule or regulation governing the conditions of employment promulgated by the department, or of any order issued granting a variance under RCW 49.17.080 or 49.17.090, where such violation is specifically determined not to be of a serious nature as provided in subsection (6) of this section, may be assessed a civil penalty not to exceed seven thousand dollars for each such violation, unless such violation is determined to be de minimis.

(4) Any employer who fails to correct a violation for which a citation has been issued under RCW 49.17.120 or 49.17.130 within the period permitted for its correction, which period shall not begin to run until the date of the final order of the board of industrial insurance appeals in the case of any review proceedings under this chapter initiated by the employer in good faith and not solely for delay or avoidance of penalties, may be assessed a civil penalty of not more than seven thousand dollars for each day during which such failure or violation continues.

(5) Any employer who violates any of the posting requirements of this chapter, or any of the posting requirements of rules promulgated by the department pursuant to this chapter related to employee or employee representative's rights to notice, including but not limited to those employee rights to notice set forth in RCW 49.17.080, 49.17.090, 49.17.120, 49.17.130, 49.17.220(1), and 49.17.240(2), shall be assessed a penalty not to exceed seven thousand dollars for each such violation. Any employer who violates any of the posting requirements for the posting of informational, educational, or training materials under the authority of RCW 49.17.050(7), may be assessed a penalty not to exceed seven thousand dollars for each such violation.

(6) For the purposes of this section, a serious violation shall be deemed to exist in a work place if there is a substantial probability that death or serious physical harm could result from a condition which exists, or from one or more practices, means, methods, operations, or processes which have been adopted or are in use in such work place, unless the employer did not, and could not with the exercise of reasonable diligence, know of the presence of the violation.

(7) The director, or his or her authorized representatives, shall have authority to assess all civil penalties provided in this section, giving due consideration to the appropriateness of the penalty with respect to the number of affected employees of the employer being charged, the gravity of the violation, the size of the employer's business, the good faith of the employer, and the history of previous violations.

(8) Civil penalties imposed under this chapter shall be paid to the director for deposit in the supplemental pension fund established by RCW 51.44.033. Civil penalties may be recovered in a civil action in the name of the department brought in the superior court of the county where the violation is alleged to have occurred, or the department may utilize the procedures for collection of civil penalties as set forth in RCW 51.48.120 through 51.48.150. [2010 c 8 § 12015; 1995 c 403 § 629; 1991 c 108 § 1; 1986 c 20 § 2; 1973 c 80 § 18.]

**Findings—Short title—Intent—1995 c 403:** See note following RCW 34.05.328.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.17.190 Violations—Criminal penalties.** (1) Any person who gives advance notice of any inspection to be conducted under the authority of this chapter, without the consent of the director or his or her authorized representative, shall, upon conviction be guilty of a gross misdemeanor and be punished by a fine of not more than one thousand dollars or by imprisonment for not more than six months, or by both.

(2) Whoever knowingly makes any false statement, representation, or certification in any application, record, report, plan, or other document filed or required to be maintained pursuant to this chapter shall, upon conviction be guilty of a gross misdemeanor and be punished by a fine of not more than ten thousand dollars, or by imprisonment for not more than six months or by both.

(3) Any employer who wilfully and knowingly violates the requirements of RCW 49.17.060, any safety or health standard promulgated under this chapter, any existing rule or regulation governing the safety or health conditions of employment and adopted by the director, or any order issued granting a variance under RCW 49.17.080 or 49.17.090 and that violation caused death to any employee shall, upon conviction be guilty of a gross misdemeanor and be punished by a fine of not more than one hundred thousand dollars or by imprisonment for not more than six months or by both; except, that if the conviction is for a violation committed after a first conviction of such person, punishment shall be a fine of not more than two hundred thousand dollars or by imprisonment for not more than one year, or by both.

(4) Any employer who has been issued an order immediately restraining a condition, practice, method, process, or means in the work place, pursuant to RCW 49.17.130 or 49.17.170, and who nevertheless continues such condition, practice, method, process, or means, or who continues to use a machine or equipment or part thereof to which a notice prohibiting such use has been attached, shall be guilty of a gross misdemeanor, and upon conviction shall be punished by a fine of not more than ten thousand dollars or by imprisonment for not more than six months, or by both.

(5) Any employer who shall knowingly remove, displace, damage, or destroy, or cause to be removed, displaced, damaged, or destroyed any safety device or safeguard required to be present and maintained by any safety or health standard, rule, or order promulgated pursuant to this chapter, or pursuant to the authority vested in the director under RCW 43.22.050 shall, upon conviction, be guilty of a misdemeanor and be punished by a fine of not more than one thousand dollars or by imprisonment for not more than ninety days, or by both.

(6) Whenever the director has reasonable cause to believe that any provision of this section defining a crime has been violated by an employer, the director shall cause a record of such alleged violation to be prepared, a copy of which shall be referred to the prosecuting attorney of the county wherein such alleged violation occurred, and the prosecuting attorney of such county shall in writing advise the director of the disposition he or she shall make of the alleged violation. [2010 c 8 § 12016; 1986 c 20 § 3; 1973 c 80 § 19.]

**49.17.200 Confidentiality—Trade secrets.** All information reported to or otherwise obtained by the director, or his or her authorized representative, in connection with any

inspection or proceeding under the authority of this chapter, which contains or which might reveal a trade secret shall be considered confidential, except that such information may be disclosed to other officers or employees concerned with carrying out this chapter, or when relevant in any proceeding under this chapter. In any such proceeding the director, the board of industrial insurance appeals, or the court shall issue such orders as may be appropriate to protect the confidentiality of trade secrets. [2010 c 8 § 12017; 1973 c 80 § 20.]

*Uniform trade secrets act: Chapter 19.108 RCW.*

**49.17.210 Research, experiments, and demonstrations for safety purposes—Confidentiality of information—Variances.** The director is authorized to conduct, either directly or by grant or contract, research, experiments, and demonstrations as may be of aid and assistance in the furtherance of the objects and purposes of this chapter. Employer identity, employee identity, and personal identifiers of voluntary participants in research, experiments, and demonstrations shall be deemed confidential and shall not be open to public inspection. Information obtained from such voluntary activities shall not be deemed to be medical information for the purpose of RCW 51.36.060 and shall be deemed confidential and shall not be open to public inspection. The director, in his or her discretion, is authorized to grant a variance from any rule or regulation or portion thereof, whenever he or she determines that such variance is necessary to permit an employer to participate in an experiment approved by the director, and the experiment is designed to demonstrate or validate new and improved techniques to safeguard the health or safety of employees. Any such variance shall require that all due regard be given to the health and safety of all employees participating in any experiment. [1991 c 89 § 1; 1973 c 80 § 21.]

**49.17.220 Records—Reports—Notice to employee exposed to harmful materials.** (1) Each employer shall make, keep, and preserve, and make available to the director such records regarding his or her activities relating to this chapter as the director may prescribe by regulation as necessary or appropriate for the enforcement of this chapter or for developing information regarding the causes and prevention of occupational accidents and illnesses. In order to carry out the provisions of this section such regulations may include provisions requiring employers to conduct periodic inspections. The director shall also issue regulations requiring that employers, through posting of notices or other appropriate means, keep their employees informed of their protections and obligations under this chapter, including the provisions of applicable safety and health standards.

(2) The director shall prescribe regulations requiring employers to maintain accurate records, and to make periodic reports of work-related deaths, and of injuries and illnesses other than minor injuries requiring only first aid treatment and which do not involve medical treatment, loss of consciousness, restriction of work or motion, or transfer to another job.

(3) The director shall issue regulations requiring employers to maintain accurate records of employee exposures to potentially toxic materials or harmful physical agents

which are required to be monitored or measured. Such regulations shall provide employees or their representatives with an opportunity to observe such monitoring or measuring, and to have access to the records thereof. Such regulations shall also make appropriate provisions for each employee or former employee to have access to such records as will indicate his or her own exposure to toxic materials or harmful physical agents. Each employer shall promptly notify any employee who has been or is being exposed to toxic materials or harmful physical agents in concentrations or at levels which exceed those prescribed by any applicable safety and health standard promulgated under this chapter and shall inform any employee who is being thus exposed of the corrective action being taken. [2010 c 8 § 12018; 1973 c 80 § 22.]

**49.17.230 Compliance with federal act—Agreements and acceptance of grants authorized.** The director is authorized to adopt by rule any provision reasonably necessary to enable this state to qualify a state plan under section 18 of the Occupational Safety and Health Act of 1970 (Public Law 91-596, 84 Stat. 1590) to enable this state to assume the responsibility for the development and enforcement of occupational safety and health standards in all work places within this state subject to the legislative jurisdiction of the state of Washington. The director is authorized to enter into agreement with the United States and to accept on behalf of the state of Washington grants of funds to implement the development and enforcement of this chapter and the Occupational Safety and Health Act of 1970. [1973 c 80 § 23.]

**49.17.240 Safety and health standards.** (1) The director in the promulgation of rules under the authority of this chapter shall establish safety and health standards for conditions of employment of general and/or specific applicability for all industries, businesses, occupations, crafts, trades, and employments subject to the provisions of this chapter, or those that are a national or accepted federal standard. In adopting safety and health standards for conditions of employment, the director shall solicit and give due regard to all recommendations by any employer, employee, or labor representative of employees.

(2) Any safety and health standard adopted by rule of the director shall, where appropriate, prescribe the use of labels or other forms of warning to insure that employees are apprised of all hazards to which they may be exposed, relevant symptoms, and appropriate emergency treatment, and proper conditions and precautions of safe use or exposure. Where appropriate, such rules shall so prescribe suitable protective equipment and control or technological procedures to be used in connection with such hazards and shall provide for monitoring or measuring employee exposure at such locations and intervals, and in such manner as may be reasonably necessary for the protection of employees. In addition, where appropriate, any such rule shall prescribe the type and frequency of medical examinations or other tests which shall be made available, by the employer or at his or her cost, to employees exposed to such hazards in order to most effectively determine whether the health of such employees is adversely affected by such exposure. In the event that such

medical examinations are in the nature of research, as determined by the director, such examinations may be furnished at the expense of the department. The results of such examinations or tests shall be furnished only to the director, other appropriate agencies of government, and at the request of the employee to his or her physician.

(3) Whenever the director adopts by rule any safety and health standard he or she may at the same time provide by rule the effective date of such standard which shall not be less than thirty days, excepting emergency rules, but may be made effective at such time in excess of thirty days from the date of adoption as specified in any rule adopting a safety and health standard. Any rule not made effective thirty days after adoption, having a delayed effectiveness in excess of thirty days, may only be made upon a finding made by the director that such delayed effectiveness of the rule is reasonably necessary to afford the affected employers a reasonable opportunity to make changes in methods, means, or practices to meet the requirements of the adopted rule. Temporary orders granting a variance may be utilized by the director in lieu of the delayed effectiveness in the adoption of any rule. [2010 c 8 § 12019; 1973 c 80 § 24.]

**49.17.250 Voluntary compliance program—Consultation and advisory services.** (1) In carrying out the responsibilities for the development of a voluntary compliance program under the authority of RCW 49.17.050(8) and the rendering of advisory and consultative services to employers, the director may grant an employer's application for advice and consultation, and for the purpose of affording such consultation and advice visit the employer's work place. Such consultation and advice shall be limited to the matters specified in the request affecting the interpretation and applicability of safety and health standards to the conditions, structures, machines, equipment, apparatus, devices, materials, methods, means, and practices in the employer's work place. The director in granting any requests for consultative or advisory service may provide for an alternative means of affording consultation and advice other than on-site consultation.

(2) The director, or an authorized representative, will make recommendations regarding the elimination of any hazards disclosed within the scope of the on-site consultation. No visit to an employer's work place shall be regarded as an inspection or investigation under the authority of this chapter, and no notices or citations shall be issued, nor, shall any civil penalties be assessed upon such visit, nor shall any authorized representative of the director designated to render advice and consult with employers under the voluntary compliance program have any enforcement authority: PROVIDED, That in the event an on-site visit discloses a serious violation of a health and safety standard as defined in RCW 49.17.180(6), and the hazard of such violation is either not abated by the cooperative action of the employer, or, is not subject to being satisfactorily abated by the cooperative action of the employer, the director shall either invoke the administrative restraining authority provided in RCW 49.17.130 or seek the issuance of injunctive process under the authority of RCW 49.17.170 or invoke both such remedies.

(3) Nothing in this section shall be construed as providing immunity to any employer who has made application for

consultative services during the pendency of the granting of such application from inspections or investigations conducted under RCW 49.17.070 or any inspection conducted as a result of a complaint, nor immunity from inspections under RCW 49.17.070 or inspections resulting from a complaint subsequent to the conclusion of the consultative period. This section shall not be construed as requiring an inspection under RCW 49.17.070 of any work place which has been visited for consultative purposes. However, in the event of a subsequent inspection, the director, or an authorized representative, may in his or her discretion take into consideration any information obtained during the consultation visit of that work place in determining the nature of an alleged violation and the amount of penalties to be assessed, if any. Such rules and regulations to be promulgated pursuant to this section shall provide that in all instances of serious violations as defined in RCW 49.17.180(6) which are disclosed in any consultative period, shall be corrected within a specified period of time at the expiration of which an inspection will be conducted under the authority of RCW 49.17.070. All employers requesting consultative services shall be advised of the provisions of this section and the rules adopted by the director relating to the voluntary compliance program. Information obtained by the department as a result of employer-requested consultation and training services shall be deemed confidential and shall not be open to public inspection. Within thirty days of receipt, the employer shall make voluntary services reports available to employees or their collective bargaining representatives for review. Employers may satisfy the availability requirement by requesting a copy of the reports from the department. The director may provide by rule for the frequency, manner, and method of the rendering of consultative services to employers, and for the scheduling and priorities in granting applications consistent with the availability of personnel, and in such a manner as not to jeopardize the enforcement requirements of this chapter. [1991 c 89 § 2; 1973 c 80 § 25.]

**49.17.260 Statistics—Investigations—Reports.** In furtherance of the objects and purposes of this chapter, the director shall develop and maintain an effective program of collection, compilation, and analysis of industrial safety and health statistics. The director, or his or her authorized representative, shall investigate and analyze industrial catastrophes, serious injuries, and fatalities occurring in any work place subject to this chapter, in an effort to ascertain whether such injury or fatality occurred as the result of a violation of this chapter, or any safety and health standard, rule, or order promulgated pursuant to this chapter, or if not, whether a safety and health standard or rule should be promulgated for application to such circumstances. The director shall adopt rules relating to the conducting and reporting of such investigations. Such investigative report shall be deemed confidential and only available upon order of the superior court after notice to the director and an opportunity for hearing: PROVIDED, That such investigative reports shall be made available without the necessity of obtaining a court order, to employees of governmental agencies in the performance of their official duties, to the injured worker or his or her legal representative or his or her labor organization representative, or to the legal representative or labor organization represen-

tative of a deceased worker who was the subject of an investigation, or to the employer of the injured or deceased worker or any other employer or person whose actions or business operation is the subject of the report of investigation, or any attorney representing a party in any pending legal action in which an investigative report constitutes relevant and material evidence in such legal action. [2010 c 8 § 12020; 1973 c 80 § 26.]

**49.17.270 Administration of chapter.** The department shall be the sole and paramount administrative agency responsible for the administration of the provisions of this chapter, and any other agency of the state or any municipal corporation or political subdivision of the state having administrative authority over the inspection, survey, investigation, or any regulatory or enforcement authority of safety and health standards related to the health and safety of employees in any work place subject to this chapter, shall be required, notwithstanding any statute to the contrary, to exercise such authority as provided in this chapter and subject to interagency agreement or agreements with the department made under the authority of the interlocal cooperation act (chapter 39.34 RCW) relative to the procedures to be followed in the enforcement of this chapter: PROVIDED, That in relation to employers using or possessing sources of ionizing radiation the department of labor and industries and the department of social and health services shall agree upon mutual policies, rules, and regulations compatible with policies, rules, and regulations adopted pursuant to chapter 70.98 RCW insofar as such policies, rules, and regulations are not inconsistent with the provisions of this chapter. [1973 c 80 § 27.]

**49.17.280 Agricultural workers and handlers of agricultural pesticides—Coordination of regulation and enforcement with department of agriculture.** (1) As used in this section, "federal worker protection standard" or "federal standard" means the worker protection standard for agricultural workers and handlers of agricultural pesticides adopted by the United States environmental protection agency in 40 C.F.R., part 170 as it exists on June 6, 1996.

(2)(a) No rule adopted under this chapter may impose requirements that make compliance with the federal worker protection standard impossible.

(b) The department shall adopt by rule safety and health standards that are at least as effective as the federal standard. Standards adopted by the department under this section shall be adopted in coordination with the department of agriculture.

(3) If a violation of the federal worker protection standard, or of state rules regulating activities governed by the federal standard, is investigated by the department and by the department of agriculture, the agencies shall conduct a joint investigation if feasible, and shall share relevant information. However, an investigation conducted by the department under Title 51 RCW solely with regard to industrial insurance shall not be considered to be an investigation by the department for this purpose. The agencies shall not issue duplicate citations to an individual or business for the same violation of the federal standard or state rules regulating

activities governed by the federal standard. By December 1, 1996, the department and the department of agriculture shall jointly establish a formal agreement that: Identifies the roles of each of the two agencies in conducting investigations of activities governed by the federal standard; and provides for protection of workers and enforcement of standards that is at least as effective as provided to all workers under this chapter. The department's role under the agreement shall not extend beyond protection of safety and health in the workplace as provided under this chapter. [1996 c 260 § 2.]

**Finding—Intent—1996 c 260:** "The legislature finds that the state's highly productive and efficient agriculture sector is composed predominately of family owned and managed farms and an industrious and efficient workforce. It is the intent of the legislature that the department of agriculture and the department of labor and industries coordinate adoption, implementation, and enforcement of a common set of worker protection standards related to pesticides in order to avoid inconsistency and conflict in the application of those rules. It is also the intent of the legislature that the department of agriculture and the department of labor and industries coordinate investigations with the department of health as well. Further, coordination of enforcement procedures under chapter 260, Laws of 1996 shall not reduce the effectiveness of the enforcement provisions of the Washington industrial safety and health act of 1973 or the Washington pesticide application act. Finally, when the department of agriculture or the department of labor and industries anticipates regulatory changes to standards regarding pesticide application and handling, they shall involve the affected parties in the rule-making process and solicit relevant information. The department of agriculture and the department of labor and industries shall identify differences in their respective jurisdictions and penalty structures and publish those differences." [1996 c 260 § 1.]

*Department of agriculture authority: RCW 17.21.440.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.17.285 Medical monitoring—Records on covered pesticides—Reports.** Employers whose employees receive medical monitoring under chapter 296-307 WAC, Part J-1, shall submit records to the department of labor and industries each month indicating the name of each worker tested, the number of hours that each worker handled covered pesticides during the thirty days prior to testing, and the number of hours that each worker handled covered pesticides during the current calendar year. The department of labor and industries shall work with the department of health to correlate this data with each employee's test results. No later than January 1, 2005, the department of labor and industries shall require employers to report this data to the physician or other licensed health care professional and department of health public health laboratory or other approved laboratory when each employee's cholinesterase test is taken. The department shall also require employers to provide each employee who receives medical monitoring with: (1) A copy of the data that the employer reports for that employee upon that employee's request; and (2) access to the records on which the employer's report is based. [2004 c 272 § 1.]

**Effective date—2004 c 272:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [April 1, 2004]." [2004 c 272 § 4.]

**49.17.288 Cholinesterase monitoring—Reports.** By January 1, 2005, January 1, 2006, and January 1, 2007, the department of labor and industries shall report the results of its data collection, correlation, and analysis related to cholinesterase monitoring to the house of representatives committees on agriculture and natural resources and commerce

and labor, or their successor committees, and the senate committees on agriculture and commerce and trade, or their successor committees. These reports shall also identify any technical issues regarding the testing of cholinesterase levels or the administration of cholinesterase monitoring. [2004 c 272 § 2.]

**Effective date—2004 c 272:** See note following RCW 49.17.285.

**49.17.300 Temporary worker housing—Electricity—Storage, handling, preparation of food—Rules.** By December 1, 1998, the department of labor and industries shall adopt rules requiring electricity in all temporary worker housing and establishing minimum requirements to ensure the safe storage, handling, and preparation of food in these camps, regardless of whether individual or common cooking facilities are in use. [1998 c 37 § 3.]

**49.17.310 Temporary worker housing—Licensing, operation, and inspection—Rules—Definition.** The department and the department of health shall adopt joint rules for the licensing, operation, and inspection of temporary worker housing, and the enforcement thereof. For the purposes of this section "temporary worker housing" has the same meaning as given in RCW 70.114A.020. [1999 c 374 § 2.]

**49.17.320 Temporary worker housing operation standards—Departments' agreement—Enforcement—Definition.** By December 1, 1999, the department and the department of health shall jointly establish a formal agreement that identifies the roles of each of the two agencies with respect to the enforcement of temporary worker housing operation standards.

The agreement shall, to the extent feasible, provide for inspection and enforcement actions by a single agency, and shall include measures to avoid multiple citations for the same violation.

For the purposes of this section, "temporary worker housing" has the same meaning as provided in RCW 70.114A.020. [1999 c 374 § 4.]

**49.17.350 Flaggers.** (1) The director of the department of labor and industries shall adopt permanent rules that take effect no later than March 1, 2001, revising any safety standards governing flaggers.

(2) The transportation commission shall adopt permanent rules that take effect no later than March 1, 2001, revising any safety standards governing flaggers.

(3) The utilities and transportation commission shall adopt permanent rules that take effect no later than March 1, 2001, revising any safety standards and employment qualifications governing flaggers.

(4) The permanent rules adopted pursuant to this section shall be designed to improve options available to ensure the safety of flaggers, ensure that flaggers have adequate visual warning of objects approaching from behind them, and, with respect to the utilities and transportation commission rules, update employment qualifications for flaggers.

(5) In developing permanent rules adopted pursuant to this section, state agencies and commissions shall consult

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with other persons with an interest in improving safety standards and updating employment qualifications for flaggers. State agencies and commissions shall coordinate and make consistent, to the extent possible, permanent rules. State agencies and commissions shall report, by April 22, 2001, to the senate labor and workforce development committee and the house of representatives commerce and labor committee on the permanent rules adopted pursuant to this section. [2000 c 239 § 2.]

**Emergency rules:** "(1) The director of the department of labor and industries shall adopt emergency rules that take effect no later than June 1, 2000, revising any safety standards governing flaggers.

(2) The transportation commission shall adopt emergency rules that take effect no later than June 1, 2000, revising any safety standards governing flaggers.

(3) The utilities and transportation commission shall adopt emergency rules that take effect no later than June 1, 2000, revising any safety standards governing flaggers.

(4) Notwithstanding RCW 34.05.350, the emergency rules adopted pursuant to this section shall remain in effect or be adopted in sequence until March 1, 2001, or the effective date of the permanent rules adopted pursuant to RCW 49.17.350, whichever is earlier.

(5) The emergency rules adopted pursuant to this section shall be designed to improve options available to ensure the safety of flaggers, and ensure that flaggers have adequate visual warning of objects approaching from behind them.

(6) In developing emergency rules adopted pursuant to this section, state agencies and commissions shall consult with other persons with an interest in improving safety standards for flaggers. State agencies and commissions shall report, by September 15, 2000, to the senate labor and workforce development committee and the house of representatives commerce and labor committee on the emergency rules adopted pursuant to this section." [2000 c 239 § 1.]

**Effective date—2000 c 239 §§ 1 and 2:** "Sections 1 and 2 of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and take effect immediately [March 31, 2000]." [2000 c 239 § 9.]

**Short title—2000 c 239 §§ 1 and 2:** "Sections 1 and 2 of this act may be known and cited as the "Kim Vendl Worker Safety Act."" [2000 c 239 § 10.]

**Captions not law—2000 c 239:** "Captions used in this act are not any part of the law." [2000 c 239 § 11.]

**49.17.360 Ergonomics Initiative—Intent.** Washington must aid businesses in creating new jobs. Governor Locke's competitiveness council has identified repealing the state ergonomics regulations as a top priority for improving the business climate and creating jobs in Washington state. A broad coalition of democrats and republicans have introduced bills repeatedly to bring legislative oversight to this issue. This measure will repeal an expensive, unproven rule. This measure will aid in creating jobs and employing the people of Washington. [2004 c 1 § 1 (Initiative Measure No. 841, approved November 4, 2003).]

**Construction—Severability—2004 c 1 (Initiative Measure No. 841):** See notes following RCW 49.17.370.

**49.17.370 Ergonomics Initiative—Definition—Rule repeal.** For the purposes of this section, "state ergonomics regulations" are defined as the rules addressing musculoskeletal disorders, adopted on May 26, 2000, by the director of the department of labor and industries, and codified as WAC 296-62-05101 through 296-62-05176. The state ergonomics regulations, filed on May 26, 2000, by the director and codified as WAC 296-62-05101 through 296-62-05176 are repealed. The director shall not have the authority to adopt

any new or amended rules dealing with musculoskeletal disorders, or that deal with the same or similar activities as these rules being repealed, until and to the extent required by congress or the federal occupational safety and health administration. [2004 c 1 § 2 (Initiative Measure No. 841, approved November 4, 2003).]

**Construction—2004 c 1 (Initiative Measure No. 841):** "The provisions of this act are to be liberally construed to effectuate the intent, policies, and purposes of this act." [2004 c 1 § 3 (Initiative Measure No. 841, approved November 4, 2003).]

**Severability—2004 c 1 (Initiative Measure No. 841):** "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [2004 c 1 § 4 (Initiative Measure No. 841, approved November 4, 2003).]

#### 49.17.400 Construction crane safety—Definitions.

The definitions in this section apply throughout RCW 49.17.400 through 49.17.430 unless the context clearly requires otherwise.

(1) "Apprentice operator or trainee" means a crane operator who has not met requirements established by the department under RCW 49.17.430.

(2) "Attachments" includes, but is not limited to, crane-attached or suspended hooks, magnets, grapples, clamshell buckets, orange peel buckets, concrete buckets, drag lines, personnel platforms, augers, or drills and pile-driving equipment.

(3) "Certified crane inspector" means a crane inspector who has been certified by the department.

(4) "Construction" means all or any part of excavation, construction, erection, alteration, repair, demolition, and dismantling of buildings and other structures and all related operations; the excavation, construction, alteration, and repair of sewers, trenches, caissons, conduits, pipelines, roads, and all related operations; the moving of buildings and other structures, and the construction, alteration, repair, or removal of wharfs, docks, bridges, culverts, trestles, piers, abutments, or any other related construction, alteration, repair, or removal work. "Construction" does not include manufacturing facilities or powerhouses.

(5) "Crane" means power-operated equipment used in construction that can hoist, lower, and horizontally move a suspended load. "Crane" includes, but is not limited to: Articulating cranes, such as knuckle-boom cranes; crawler cranes; floating cranes; cranes on barges; locomotive cranes; mobile cranes, such as wheel-mounted, rough-terrain, all-terrain, commercial truck mounted, and boom truck cranes; multipurpose machines when configured to hoist and lower by means of a winch or hook and horizontally move a suspended load; industrial cranes, such as carry-deck cranes; dedicated pile drivers; service/mechanic trucks with a hoisting device; a crane on a monorail; tower cranes, such as fixed jib, hammerhead boom, luffing boom, and self-erecting; pedestal cranes; portal cranes; overhead and gantry cranes; straddle cranes; side-boom tractors; derricks; and variations of such equipment.

(6) "Crane operator" means an individual engaged in the operation of a crane.

(7) "Professional engineer" means a professional engineer as defined in RCW 18.43.020.

(8) "Qualified crane operator" means a crane operator who meets the requirements established by the department under RCW 49.17.430.

(9) "Safety or health standard" means a standard adopted under this chapter. [2007 c 27 § 2.]

**Intent—2007 c 27:** "The legislature intends to promote the safe condition and operation of cranes used in construction work by establishing certification requirements for construction cranes and qualifications for construction crane operators. The legislature intends that standards for safety of construction cranes and for certification of personnel operating cranes in construction work be established." [2007 c 27 § 1.]

**Effective date—2007 c 27:** "This act takes effect January 1, 2010." [2007 c 27 § 7.]

#### 49.17.410 Construction crane safety—Application.

(1) RCW 49.17.400 through 49.17.430 apply to cranes used with or without attachments.

(2) RCW 49.17.400 through 49.17.430 do not apply to:

(a) A crane while it has been converted or adapted for a nonhoisting or nonlifting use including, but not limited to, power shovels, excavators, and concrete pumps;

(b) Power shovels, excavators, wheel loaders, backhoes, loader backhoes, and track loaders when used with or without chains, slings, or other rigging to lift suspended loads;

(c) Automotive wreckers and tow trucks when used to clear wrecks and haul vehicles;

(d) Service trucks with mobile lifting devices designed specifically for use in the power line and electric service industries, such as digger derricks (radial boom derricks), when used in the power line and electric service industries for auguring holes to set power and utility poles, or handling associated materials to be installed or removed from utility poles;

(e) Equipment originally designed as vehicle-mounted aerial devices (for lifting personnel) and self-propelled elevating work platforms;

(f) Hydraulic jacking systems, including telescopic/hydraulic gantries;

(g) Stacker cranes;

(h) Powered industrial trucks (forklifts);

(i) Mechanic's truck with a hoisting device when used in activities related to equipment maintenance and repair;

(j) Equipment that hoists by using a come-along or chainfall;

(k) Dedicated drilling rigs;

(l) Gin poles used for the erection of communication towers;

(m) Tree trimming and tree removal work;

(n) Anchor handling with a vessel or barge using an affixed A-frame;

(o) Roustabouts;

(p) Cranes used on-site in manufacturing facilities or powerhouses for occasional or routine maintenance and repair work; and

(q) Crane operators operating cranes on-site in manufacturing facilities or powerhouses for occasional or routine maintenance and repair work. [2007 c 27 § 3.]

**Intent—Effective date—2007 c 27:** See notes following RCW 49.17.400.

#### 49.17.420 Construction crane certification program—Rules—Certificate of operation. (1) The depart-

ment shall establish, by rule, a crane certification program for cranes used in construction. In establishing rules, the department shall consult nationally recognized crane standards.

(2) The crane certification program must include, at a minimum, the following:

(a) The department shall establish certification requirements for crane inspectors, including an experience requirement, an education requirement, a training requirement, and other necessary requirements determined by the director;

(b) The department shall establish a process for certified crane inspectors to issue temporary certificates of operation for a crane and the department to issue a final certificate of operation for a crane after a certified crane inspector determines that the crane meets safety or health standards, including meeting or exceeding national periodic inspection requirements recognized by the department;

(c) Crane owners must ensure that cranes are inspected and load proof tested by a certified crane inspector at least annually and after any significant modification or significant repairs of structural parts. If the use of weights for a unit proof load test is not possible or reasonable, other recording test equipment may be used. In adopting rules implementing this requirement, the department may consider similar standards and practices used by the federal government;

(d) Tower cranes and tower crane assembly parts must be inspected by a certified crane inspector both prior to assembly and following erection of a tower crane;

(e) Before installation of a nonstandard tower crane base, the engineering design of the nonstandard base shall be reviewed and acknowledged as acceptable by an independent professional engineer;

(f) A certified crane inspector must notify the department and the crane owner if, after inspection, the certified crane inspector finds that the crane does not meet safety or health standards. A certified crane inspector shall not attest that a crane meets safety or health standards until any deficiencies are corrected and the correction is verified by the certified crane inspector; and

(g) Inspection reports including all information and documentation obtained from a crane inspection shall be made available or provided to the department by a certified crane inspector upon request.

(3) Except as provided in RCW 49.17.410(2), any crane operated in the state must have a valid temporary or final certificate of operation issued by the certified crane inspector or department posted in the operator's cab or station.

(4) Certificates of operation issued by the department under the crane certification program established in this section are valid for one year from the effective date of the temporary operating certificate issued by the certified crane inspector.

(5) This section does not apply to maritime cranes regulated by the department. [2007 c 27 § 4.]

**Intent—Effective date—2007 c 27:** See notes following RCW 49.17.400.

#### **49.17.430 Qualified construction crane operators—Rules—Apprentice operators or trainees—Reciprocity.**

(1) Except for training purposes as provided in subsection (3) of this section, an employer or contractor shall not permit a

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crane operator to operate a crane unless the crane operator is a qualified crane operator.

(2) The department shall establish, by rule, requirements that must be met to be considered a qualified crane operator. In establishing rules, the department shall consult nationally recognized crane standards for crane operator certification. The rules must include, at a minimum, the following:

(a) The crane operator must have a valid crane operator certificate, for the type of crane to be operated, issued by a crane operator testing organization accredited by a nationally recognized accrediting agency which administers written and practical examinations, has procedures for recertification that enable the crane operator to recertify at least every five years, and is recognized by the department;

(b) The crane operator must have up to two thousand hours of documented crane operator experience, which meets experience levels established by the department for crane types and capacities by rule; and

(c) The crane operator must pass a substance abuse test conducted by a recognized laboratory service.

(3) An apprentice operator or trainee may operate a crane when:

(a) The apprentice operator or trainee has been provided with training prior to operating the crane that enables the apprentice operator or trainee to operate the crane safely;

(b) The apprentice operator or trainee performs operating tasks that are within his or her ability, as determined by the supervising qualified crane operator; and

(c) The apprentice operator or trainee is under the direct and continuous supervision of a qualified crane operator who meets the following requirements:

(i) The qualified crane operator is an employee or agent of the employer of the apprentice operator or trainee;

(ii) The qualified crane operator is familiar with the proper use of the crane's controls;

(iii) While supervising the apprentice operator or trainee, the qualified crane operator performs no tasks that detract from the qualified crane operator's ability to supervise the apprentice operator or trainee;

(iv) For equipment other than tower cranes, the qualified crane operator and the apprentice operator or trainee must be in direct line of sight of each other and shall communicate verbally or by hand signals; and

(v) For tower cranes, the qualified crane operator and the apprentice operator or trainee must be in direct communication with each other.

(4) The department may recognize crane operator certification from another state or territory of the United States as equivalent to qualified crane operator requirements if the department determines that the other jurisdiction's credentialing standards are substantially similar to the qualified crane operator requirements. [2007 c 27 § 5.]

**Intent—Effective date—2007 c 27:** See notes following RCW 49.17.400.

**49.17.440 Construction crane safety—Rules—Implementation.** The department of labor and industries shall adopt rules necessary to implement RCW 49.17.400 through 49.17.430. [2007 c 27 § 6.]

**Intent—Effective date—2007 c 27:** See notes following RCW 49.17.400.

**49.17.900 Short title.** This act shall be known and cited as the Washington Industrial Safety and Health Act of 1973. [1973 c 80 § 29.]

**49.17.910 Severability—1973 c 80.** If any provision of this act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected. [1973 c 80 § 30.]

## Chapter 49.19 RCW

### SAFETY—HEALTH CARE SETTINGS

#### Sections

49.19.005	Findings—1999 c 377.
49.19.010	Definitions.
49.19.020	Workplace violence plan—Security and safety assessment.
49.19.030	Violence prevention training.
49.19.040	Violent acts—Records.
49.19.050	Noncompliance—Penalties.
49.19.060	Health care setting—Assistance.
49.19.070	Intent—Finding—Enforcement.

**49.19.005 Findings—1999 c 377.** The legislature finds that:

(1) Violence is an escalating problem in many health care settings in this state and across the nation;

(2) Based on an analysis of workers' compensation claims, the department of labor and industries reports that health care employees face the highest rate of workplace violence in Washington state;

(3) The actual incidence of workplace violence in health care settings is likely to be greater than documented because of failure to report or failure to maintain records of incidents that are reported;

(4) Patients, visitors, and health care employees should be assured a reasonably safe and secure environment in health care settings; and

(5) Many health care settings have undertaken efforts to assure that patients, visitors, and employees are safe from violence, but additional personnel training and appropriate safeguards may be needed to prevent workplace violence and minimize the risk and dangers affecting people in health care settings. [1999 c 377 § 1.]

**49.19.010 Definitions.** For purposes of this chapter:

(1) "Health care setting" means:

(a) Hospitals as defined in RCW 70.41.020;

(b) Home health, hospice, and home care agencies under chapter 70.127 RCW, subject to RCW 49.19.070;

(c) Evaluation and treatment facilities as defined in RCW 71.05.020; and

(d) Community mental health programs as defined in RCW 71.24.025.

(2) "Department" means the department of labor and industries.

(3) "Employee" means an employee as defined in RCW 49.17.020.

(4) "Violence" or "violent act" means any physical assault or verbal threat of physical assault against an employee of a health care setting. [2007 c 414 § 3; 2007 c 375 § 10; 2000 c 94 § 18; 1999 c 377 § 2.]

**Reviser's note:** This section was amended by 2007 c 375 § 10 and by 2007 c 414 § 3, each without reference to the other. Both amendments are incorporated in the publication of this section under RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

**Findings—Purpose—Construction—Severability—2007 c 375:** See notes following RCW 10.31.110.

**49.19.020 Workplace violence plan—Security and safety assessment.** (1) By July 1, 2000, each health care setting shall develop and implement a plan to reasonably prevent and protect employees from violence at the setting. The plan shall address security considerations related to the following items, as appropriate to the particular setting, based upon the hazards identified in the assessment required under subsection (2) of this section:

(a) The physical attributes of the health care setting;

(b) Staffing, including security staffing;

(c) Personnel policies;

(d) First aid and emergency procedures;

(e) The reporting of violent acts; and

(f) Employee education and training.

(2) Before the development of the plan required under subsection (1) of this section, each health care setting shall conduct a security and safety assessment to identify existing or potential hazards for violence and determine the appropriate preventive action to be taken. The assessment shall include, but is not limited to, a measure of the frequency of, and an identification of the causes for and consequences of, violent acts at the setting during at least the preceding five years or for the years records are available for assessments involving home health, hospice, and home care agencies.

(3) In developing the plan required by subsection (1) of this section, the health care setting may consider any guidelines on violence in the workplace or in health care settings issued by the department of health, the department of social and health services, the department of labor and industries, the federal occupational safety and health administration, medicare, and health care setting accrediting organizations. [1999 c 377 § 3.]

**49.19.030 Violence prevention training.** By July 1, 2001, and on a regular basis thereafter, as set forth in the plan developed under RCW 49.19.020, each health care setting shall provide violence prevention training to all its affected employees as determined by the plan. The training shall occur within ninety days of the employee's initial hiring date unless he or she is a temporary employee. For temporary employees, training would take into account unique circumstances. The training may vary by the plan and may include, but is not limited to, classes, videotapes, brochures, verbal training, or other verbal or written training that is determined to be appropriate under the plan. The training shall address the following topics, as appropriate to the particular setting and to the duties and responsibilities of the particular employee being trained, based upon the hazards identified in the assessment required under RCW 49.19.020:

(1) General safety procedures;

(2) Personal safety procedures;

(3) The violence escalation cycle;

(4) Violence-predicting factors;

- (5) Obtaining patient history from a patient with violent behavior;
- (6) Verbal and physical techniques to de-escalate and minimize violent behavior;
- (7) Strategies to avoid physical harm;
- (8) Restraining techniques;
- (9) Appropriate use of medications as chemical restraints;
- (10) Documenting and reporting incidents;
- (11) The process whereby employees affected by a violent act may debrief;
- (12) Any resources available to employees for coping with violence; and
- (13) The health care setting's workplace violence prevention plan. [1999 c 377 § 4.]

**49.19.040 Violent acts—Records.** Beginning no later than July 1, 2000, each health care setting shall keep a record of any violent act against an employee, a patient, or a visitor occurring at the setting. At a minimum, the record shall include:

- (1) The health care setting's name and address;
- (2) The date, time, and specific location at the health care setting where the act occurred;
- (3) The name, job title, department or ward assignment, and staff identification or social security number of the victim if an employee;
- (4) A description of the person against whom the act was committed as:
  - (a) A patient;
  - (b) A visitor;
  - (c) An employee; or
  - (d) Other;
- (5) A description of the person committing the act as:
  - (a) A patient;
  - (b) A visitor;
  - (c) An employee; or
  - (d) Other;
- (6) A description of the type of violent act as a:
  - (a) Threat of assault with no physical contact;
  - (b) Physical assault with contact but no physical injury;
  - (c) Physical assault with mild soreness, surface abrasions, scratches, or small bruises;
  - (d) Physical assault with major soreness, cuts, or large bruises;
  - (e) Physical assault with severe lacerations, a bone fracture, or a head injury; or
  - (f) Physical assault with loss of limb or death;
- (7) An identification of any body part injured;
- (8) A description of any weapon used;
- (9) The number of employees in the vicinity of the act when it occurred; and
- (10) A description of actions taken by employees and the health care setting in response to the act. Each record shall be kept for at least five years following the act reported, during which time it shall be available for inspection by the department upon request. [1999 c 377 § 5.]

**49.19.050 Noncompliance—Penalties.** Failure of a health care setting to comply with this chapter shall subject (2010 Ed.)

the setting to citation under chapter 49.17 RCW. [1999 c 377 § 6.]

**49.19.060 Health care setting—Assistance.** A health care setting needing assistance to comply with this chapter may contact the federal department of labor or the state department of labor and industries for assistance. The state departments of labor and industries, social and health services, and health shall collaborate with representatives of health care settings to develop technical assistance and training seminars on plan development and implementation, and shall coordinate their assistance to health care settings. [1999 c 377 § 7.]

**49.19.070 Intent—Finding—Enforcement.** It is the intent of the legislature that any violence protection and prevention plan developed under this chapter be appropriate to the setting in which it is to be implemented. To that end, the legislature recognizes that not all professional health care is provided in a facility or other formal setting, such as a hospital. Many services are provided by home health, hospice, and home care agencies. The legislature finds that it is inappropriate and impractical for these agencies to address workplace violence in the same manner as other, facility-based, health care settings. When enforcing this chapter as to home health, hospice, and home care agencies, the department shall allow agencies sufficient flexibility in recognition of the unique circumstances in which these agencies deliver services. [1999 c 377 § 8.]

## Chapter 49.22 RCW

### SAFETY—CRIME PREVENTION

#### Sections

49.22.010	Definitions.
49.22.020	Late night retail establishments—Duties.
49.22.030	Enforcement.
49.22.900	Effective date—Implementation—1989 c 357.

**49.22.010 Definitions.** As used in this chapter, the following terms have the meanings indicated unless the context clearly requires otherwise.

- (1) "Department" means the department of labor and industries.
- (2) "Late night retail establishment" means any business or commercial establishment making sales to the public between the hours of eleven o'clock p.m. and six o'clock a.m., except restaurants, hotels, taverns, or any lodging facility.
- (3) "Employer" means the operator, lessee, or franchisee of a late night retail establishment. [1989 c 357 § 1.]

**49.22.020 Late night retail establishments—Duties.** In addition to providing crime prevention training as provided in \*section 2 of this act, all employers operating late night retail establishments shall:

- (1) Post a conspicuous sign in the window or door which states that there is a safe on the premises and it is not accessible to the employees on the premises and that the cash register contains only the minimal amount of cash needed to conduct business: PROVIDED, That an employer shall not be

subject to penalties under RCW 49.22.030 for having moneys in the cash register in excess of the minimal amount needed to conduct business;

(2) So arrange all material posted in the window or door so as to provide a clear and unobstructed view of the cash register, provided the cash register is otherwise in a position visible from the street;

(3) Have a drop-safe, limited access safe, or comparable device on the premises; and

(4) Operate the outside lights for that portion of the parking area that is necessary to accommodate customers during all night hours the late night retail establishment is open, if the late night retail establishment has a parking area for its customers. [1989 c 357 § 3.]

**\*Reviser's note:** "Section 2 of this act" was vetoed by the governor.

**49.22.030 Enforcement.** The requirements of this chapter shall be implemented and enforced, including rules, citations, violations, penalties, appeals, and other administrative procedures by the director of the department of labor and industries pursuant to the Washington industrial safety and health act of 1973, chapter 49.17 RCW. [1989 c 357 § 4.]

**49.22.900 Effective date—Implementation—1989 c 357.** This act shall take effect January 1, 1990. The director of the department of labor and industries may immediately take such steps as are necessary to ensure that this act is implemented on its effective date. [1989 c 357 § 7.]

### Chapter 49.24 RCW HEALTH AND SAFETY— UNDERGROUND WORKERS

#### Sections

49.24.010	Pressure defined.
49.24.020	Compressed air safety requirements.
49.24.030	Medical and nursing attendants.
49.24.040	Examination as to physical fitness.
49.24.060	Penalty.
49.24.070	Enforcement.
49.24.080	Requirements for underground labor.
49.24.100	Lighting appliances.
49.24.110	Exhaust valves.
49.24.120	Fire prevention.
49.24.130	Air chambers—Hanging walks.
49.24.140	Locks.
49.24.150	Explosives and detonators.
49.24.160	Air plant—Feed water.
49.24.170	Electric power requirements.
49.24.180	Inspection.
49.24.190	Cars, cages, buckets—Employees riding or walking.
49.24.200	Speed of vehicles.
49.24.210	Oil supply restricted.
49.24.220	Explosives, use of—Blasting.
49.24.230	Firing switch—Warning by blaster.
49.24.240	Inspection after blast.
49.24.250	Code of signals.
49.24.260	Requirements as to caissons.
49.24.270	Shields to be provided.
49.24.280	Caissons to be braced.
49.24.290	Cages—Hoisting apparatus.
49.24.300	Buckets in vertical shafts.
49.24.310	Telephone system for tunnels.
49.24.320	Location of lights.
49.24.330	Generators, transformers, etc., to be grounded.
49.24.340	Electrical voltage.
49.24.350	Lamps to be held in reserve.
49.24.360	Insulators required.
49.24.370	Director to make rules and regulations.
49.24.380	Penalty.

*Coal mining code: Title 78 RCW.*

*Protection of employees: State Constitution Art. 2 § 35.*

*Supervisor of safety: RCW 43.22.040.*

**49.24.010 Pressure defined.** The term "pressure" means gauge air pressure in pounds per square inch. [1937 c 131 § 1; RRS § 7666-1.]

**49.24.020 Compressed air safety requirements.** Every employer of persons for work in compressed air shall:

(1) Connect at least two air pipes with the working chamber and keep such pipes in perfect working condition;

(2) Attach to the working chamber in accessible positions all instruments necessary to show its pressure and keep such instruments in charge of competent persons, with a period of duty for each such person not exceeding six hours in any twenty-four;

(3) Place in each shaft a safe ladder extending its entire length;

(4) Light properly and keep clear such passageway;

(5) Provide independent lighting systems for the working chamber and shaft leading to it, when electricity is used for lighting;

(6) Guard lights other than electric lights;

(7) Protect workers by a shield erected in the working chamber when such chamber is less than ten feet long and is suspended with more than nine feet space between its deck and the bottom of the excavation;

(8) Provide for and keep accessible to employees working in compressed air a dressing room heated, lighted and ventilated properly and supplied with benches, lockers, sanitary waterclosets, bathing facilities, and hot and cold water;

(9) Establish and maintain a medical lock properly heated, lighted, ventilated, and supplied with medicines and surgical implements, when the maximum air pressure exceeds seventeen pounds. [2010 c 8 § 12021; 1937 c 131 § 2; RRS § 7666-2.]

**49.24.030 Medical and nursing attendants.** Every employer of persons for work in compressed air shall:

(1) Keep at the place of work at all necessary times a duly qualified medical officer to care for cases of illness and to administer strictly and enforce RCW 49.24.020 and 49.24.040;

(2) Keep at a medical lock required by RCW 49.24.020(9) a certified nurse selected by the medical officer required by subdivision (1) of this section and qualified to give temporary relief in cases of illness. [1937 c 131 § 3; RRS § 7666-3.]

**49.24.040 Examination as to physical fitness.** If an employee is a new employee, an absentee for ten or more successive days, an employee who has worked in compressed air continuously for three months or a beginner in compressed air who has worked but a single shift as required by \*RCW 49.24.050, the officer required by RCW 49.24.030(1) shall examine him or her and declare him or her physically fit to work in compressed air before permitting him or her to enter or reenter the working chamber. Excessive users of intoxicants

cants shall not be permitted to work in compressed air. [2010 c 8 § 12022; 1937 c 131 § 4; RRS § 7666-4.]

\*Reviser's note: RCW 49.24.050 was repealed by 1963 c 105 § 1.

**49.24.060 Penalty.** Violation of or noncompliance with any provision of \*this article by any employer, manager, superintendent, foreman or other person having direction or control of such work shall be a gross misdemeanor punishable by a fine of not less than two hundred and fifty dollars or by imprisonment for not more than one year or by both such fine and imprisonment. [1937 c 131 § 7; RRS § 7666-7.]

\*Reviser's note: "this article" appears in 1937 c 131, an eight section act that was not subdivided by "article" organization. The act is codified as RCW 49.24.010 through 49.24.070.

**49.24.070 Enforcement.** The director of labor and industries shall have the power and it shall be the director's duty to enforce the provisions of RCW 49.24.010 through 49.24.070. Any authorized inspector or agent of the department may issue and serve upon the employer or person in charge of such work, an order requiring compliance with a special provision or specific provisions of RCW 49.24.010 through 49.24.070 and directing the discontinuance of any employment of persons in compressed air in connection with such work until such specific provision or provisions have been complied with by such employer to the satisfaction of the department. [1994 c 164 § 23; 1973 1st ex.s. c 52 § 7; 1937 c 131 § 8; RRS § 7666-8.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.24.080 Requirements for underground labor.** Every person, firm or corporation constructing, building or operating a tunnel, quarry, caisson or subway, excepting in connection with mines, with or without compressed air, shall in the employment of any labor comply with the following safety provisions:

(1) A safety miner shall be selected by the crew on each shift who shall check the conditions necessary to make the working place safe; such as loose rock, faulty timbers, poor rails, lights, ladders, scaffolds, fan pipes and firing lines.

(2) Ventilating fans shall be installed from twenty-five to one hundred feet outside the portal.

(3) No employee shall be allowed to "bar down" without the assistance of another employee.

(4) No employee shall be permitted to return to the heading until at least thirty minutes after blasting.

(5) Whenever persons are employed in wet places, the employer shall furnish such persons with rubbers, boots, coats and hats. All boots if worn previously by an employee shall be sterilized before being furnished to another: PROVIDED, That RCW 49.24.080 through 49.24.380 shall not apply to the operation of a railroad except that new construction of tunnels, caissons or subways in connection therewith shall be subject to the provisions of RCW 49.24.080 through 49.24.380: PROVIDED, FURTHER, That in the event of repair work being done in a railroad tunnel, no person shall be compelled to perform labor until the air has been cleared of smoke, gas and fumes. [1973 1st ex.s. c 154 § 89; 1965 c 144 § 1; 1941 c 194 § 1; Rem. Supp. 1941 § 7666-9.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

(2010 Ed.)

**49.24.100 Lighting appliances.** (1) All lighting in compressed air chambers shall be by electricity only. Whenever practicable there shall be two independent lighting systems with independent sources of supply.

(2) The exterior of all lamp sockets shall be entirely non-metallic.

(3) All portable incandescent lamps used shall be guarded by a wire cage large enough to enclose both lamp and socket.

(4) All incandescent lamps shall be so placed that they cannot come in contact with any combustible material.

(5) Only heavy insulated or armored wire shall be used for light or power. [1941 c 194 § 3; Rem. Supp. 1941 § 7666-11.]

**49.24.110 Exhaust valves.** Exhaust valves shall be provided, having risers extending to the upper part of chamber, if necessary, and shall be operated at such times as may be required and especially after a blast, and persons shall not be required to resume work after a blast until the gas and smoke have cleared, for at least thirty minutes. [1973 1st ex.s. c 154 § 90; 1941 c 194 § 4; Rem. Supp. 1941 § 7666-12.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.24.120 Fire prevention.** All reasonable precaution shall be taken against fire, and provisions shall be made so that water lines shall be available for use at all times. Fire hose connections with hose connected shall be installed in all power plants and work houses. There shall be fire hose connections within reasonable distance of all caissons. Fire hose shall be connected at either side of a tunnel bulkhead, with at least fifty feet of hose with nozzle connection. Water lines shall extend into each tunnel with hose connections every two hundred feet and shall be kept ready for use at all times. [1941 c 194 § 5; Rem. Supp. 1941 § 7666-13.]

**49.24.130 Air chambers—Hanging walks.** (1) Whenever the air pressure in a tunnel heading exceeds twenty-one pounds per square inch above atmospheric pressure, two air chambers shall always be in use, except for such time as may be necessary when headings are being started from shafts; and whenever practicable the pressure in the outer chamber shall not exceed one-half the pressure in the heading;

(2) In all tunnels sixteen feet in diameter or over, hanging walks shall be provided from working face to nearest lock. An overhead clearance of six feet shall be maintained and suitable ramps provided under all safety screens. [1941 c 194 § 6; Rem. Supp. 1941 § 7666-14.]

**49.24.140 Locks.** (1) Each bulkhead in tunnels of twelve feet or more in diameter or equivalent area, shall have at least two locks in perfect working condition, one of which shall be used as an air lock. An additional lock for use in case of emergency shall be held in reserve.

(2) The air lock shall be large enough so that those using it are not compelled to be in a cramped position, and shall not be less than five feet in height. Emergency locks shall be large enough to hold an entire heading shift.

(3) All locks used for decompression shall be lighted by electricity and shall contain a pressure gauge, a time piece, a

glass "bull's eye" in each door or in each end, and shall also have facilities for heating.

(4) Valves shall be so arranged that the locks can be operated both from within and from without. [2009 c 549 § 1013; 1941 c 194 § 7; Rem. Supp. 1941 § 7666-15.]

**49.24.150 Explosives and detonators.** When locking explosives and detonators into the air chamber, they shall be kept at opposite ends of the lock. While explosives and detonators are being taken through, no persons other than the lock tender and the carriers shall be permitted in the lock. [2009 c 549 § 1014; 1941 c 194 § 8; Rem. Supp. 1941 § 7666-16.]

**49.24.160 Air plant—Feed water.** (1) A good and sufficient air plant for the compression of air shall be provided to meet not only ordinary conditions, but emergencies, and to provide margin for repairs at all times. Provision must be made for storing in tanks at each boiler house enough feed water for twelve hours' supply unless connection can be made with two independent and separately sufficient sources of supply.

(2) The plant shall be capable of furnishing to each working chamber a sufficient air supply for all pressure to enable work to be done. [1941 c 194 § 9; Rem. Supp. 1941 § 7666-17.]

**49.24.170 Electric power requirements.** When electric power is used for running compressors supplying air for compressed air tunnel work and such power is purchased from a local central station or power company—

(1) There shall be two or more sources of power from the power company's stations to the compressor plant. Such power feeders shall each have a capacity large enough to carry the entire compressor plant load and normal overload. The feeders shall preferably run from separate generating plants or substations and be carried to the compressor plant over separate routes and not through the same duct lines and manholes so that the breakdown of one feeder shall not cause an interruption on the other feeder.

(2) There shall be duplicate feeder bus-bars, and feeder connections to the bus-bars shall be such that either feeder can feed to each separate bus-bar set, individually, or simultaneously to both sets.

(3) There shall be at least two compressors so connected to the bus-bars that they can be operated from either set of busses. The compressors shall be fed from different bus-bar sets, in such a way that a breakdown of a feeder or bus-bar would interrupt the operation of only part of the compressor plant.

(4) Duplicate air feed pipes shall be provided from the compressor plant to a point beyond the lock. [1941 c 194 § 10; Rem. Supp. 1941 § 7666-18.]

**49.24.180 Inspection.** While work is in progress, the employer shall employ a competent person who shall make a regular inspection at least once every working day of all engines, boilers, steam pipes, drills, air pipes, air gauges, air locks, dynamos, electric wiring, signaling apparatus, brakes, cages, buckets, hoists, cables, ropes, timbers, supports, and

all other apparatus and appliances; and he or she shall immediately upon discovery of any defect, report same in writing to the employer, or his or her agent in charge. [2010 c 8 § 12023; 1941 c 194 § 11; Rem. Supp. 1941 § 7666-19.]

**49.24.190 Cars, cages, buckets—Employees riding or walking.** No employee shall ride on any loaded car, cage, or bucket, nor walk up or down any incline or shaft while any car, cage, or bucket is above him or her. [2010 c 8 § 12024; 1941 c 194 § 12; Rem. Supp. 1941 § 7666-20.]

**49.24.200 Speed of vehicles.** No vehicle shall be operated underground at a speed greater than five miles an hour, while construction work is going on. [1941 c 194 § 13; Rem. Supp. 1941 § 7666-21.]

**49.24.210 Oil supply restricted.** Oil for illumination or power shall not be taken into the underground workings of any tunnel or kept therein in greater quantities than one day's supply. [1941 c 194 § 14; Rem. Supp. 1941 § 7666-22.]

**49.24.220 Explosives, use of—Blasting.** (1) No greater quantity of explosives than that which is required for immediate use shall be taken into the working chamber.

(2) Explosives shall be conveyed in a suitable covered wooden box.

(3) Detonators shall be conveyed in a separate covered wooden box.

(4) Explosives and detonators shall be taken separately into the caissons.

(5) After blasting is completed, all explosives and detonators shall be returned at once to the magazine.

(6) No naked light shall be used in the vicinity of open chests or magazines containing explosives, nor near where a charge is being primed.

(7) No tools or other articles shall be carried with the explosives or with the detonators.

(8) All power lines and electric light wires shall be disconnected at a point outside the blasting switch before the loading of holes. No current by grounding of power or bonded rails shall be allowed beyond blasting switch after explosives are taken in preparatory to blasting, and under no circumstances shall grounded current be used for exploding blasts.

(9) Before drilling is commenced on any shift, all remaining holes shall be examined with a wooden stick for unexploded charges or cartridges, and if any are found, same shall be refired before work proceeds.

(10) No person shall be allowed to deepen holes that have previously contained explosives.

(11) All wires in broken rock shall be carefully traced and search made for unexploded cartridges.

(12) Whenever blasting is being done in a tunnel, at points liable to break through to where other persons are at work, the person in charge shall, before any holes are loaded, give warning of danger to all persons that may be working where the blasts may break through, and he or she shall not allow any holes to be charged until warning is acknowledged and persons are removed.

(13) Blasters when testing circuit through charged holes shall use sufficient leading wires to be at a safe distance and shall use only approved types of galvanometers. No tests of circuits in charged holes shall be made until persons are removed to safe distance.

(14) No blasts shall be fired with fuse, except electrically ignited fuse, in vertical or steep shafts.

(15) In shaft sinking where the electric current is used for firing, a separate switch not controlling any electric lights must be used for blasting and proper safeguard similar to those in tunnels must be followed in order to insure against premature firing. [2009 c 549 § 1015; 1941 c 194 § 15; Rem. Supp. 1941 § 7666-23.]

*Explosives: Chapter 70.74 RCW.*

**49.24.230 Firing switch—Warning by blaster.** When firing by electricity from power or lighting wires, a proper switch shall be furnished with lever down when "off".

The switch shall be fixed in a locked box to which no person shall have access except the blaster. There shall be provided flexible leads or connecting wires not less than five feet in length with one end attached to the incoming lines and the other end provided with plugs that can be connected to an effective ground. After blasting, the switch lever shall be pulled out, the wires disconnected and the box locked before any person shall be allowed to return, and shall remain so locked until again ready to blast.

In the working chamber all electric light wires shall be provided with a disconnecting switch, which must be thrown to disconnect all current from the wires in the working chamber before electric light wires are removed or the charge exploded.

Before blasting, the blaster shall cause a sufficient warning to be sounded and shall compel all persons to retreat to a safe shelter, before he or she sets off the blast, and shall permit no one to return until conditions are safe. [2010 c 8 § 12025; 1941 c 194 § 16; Rem. Supp. 1941 § 7666-24.]

**49.24.240 Inspection after blast.** (1) After a blast is fired, loosened pieces of rock shall be scaled from the sides of the excavation and after the blasting is completed, the entire working chamber shall be thoroughly scaled.

(2) The person in charge shall inspect the working chamber and have all loose rock or ground removed and the chamber made safe before proceeding with the work.

(3) Drilling must not be started until all remaining butts of old holes are examined for unexploded charges. [1941 c 194 § 17; Rem. Supp. 1941 § 7666-25.]

**49.24.250 Code of signals.** Any code of signals used shall be printed and copies thereof, in such languages as may be necessary to be understood by all persons affected thereby, shall be kept posted in a conspicuous place near entrances to work places and in such other places as may be necessary to bring them to the attention of all persons affected thereby.

Effective and reliable signaling devices shall be maintained at all times to give instant communication between the bottom and top of the shaft. [1941 c 194 § 18; Rem. Supp. 1941 § 7666-26.]

(2010 Ed.)

**49.24.260 Requirements as to caissons.** All shafting used in pneumatic caissons shall be provided with ladders, which are to be kept clear and in good condition at all times. The distance between the centers of the rungs of a ladder shall not exceed fourteen inches and shall not vary more than one inch in any one piece of shafting. The length of the ladder rungs shall not be less than nine inches. The rungs of the ladder shall in no case be less than three inches from the wall or other obstruction in the shafting or opening in which the ladder shall be used. Under no circumstances shall a ladder inclining backward from the vertical be installed. A suitable ladder shall be provided from the top of all locks to the surface.

All man shafts shall be lighted at a distance of every ten feet with a guarded incandescent lamp.

All outside caisson air locks shall be provided with a platform not less than forty-two inches wide, and provided with a guard rail forty-two inches high.

All caissons in which fifteen or more men are employed shall have two locks, one of which shall be used as a man lock. Man locks and man shafts shall be in charge of a man whose duty it shall be to operate said lock and shaft. All caissons more than ten feet in diameter shall be provided with a separate man shaft, which shall be kept clear and in operating order at all times.

Locks shall be so located that the distance between the bottom door and water level shall be not less than three feet. [1941 c 194 § 19; Rem. Supp. 1941 § 7666-27.]

**49.24.270 Shields to be provided.** Wherever, in the prosecution of caisson work in which compressed air is employed, the working chamber is less than twelve feet in length, and when such caissons are at any time suspended or hung while work is in progress, so that the bottom of the excavation is more than nine feet below the deck of the working chamber, a shield shall be erected therein for the protection of the workers. [1989 c 12 § 15; 1941 c 194 § 20; Rem. Supp. 1941 § 7666-28.]

**49.24.280 Caissons to be braced.** All caissons shall be properly and adequately braced before loading with concrete or other weight. [1941 c 194 § 21; Rem. Supp. 1941 § 7666-29.]

**49.24.290 Cages—Hoisting apparatus.** In all shafts where men are hoisted or lowered, an iron-bonneted cage shall be used for the conveyance of men, but this provision shall not apply to shafts in the process of sinking or during the dismantling of the shaft after work in the tunnel is substantially completed.

Cages shall be provided with bonnets consisting of two steel plates not less than three-sixteenths of an inch in thickness, sloping toward each side and so arranged that they may be readily pushed upward to afford egress to persons therein, and such bonnet shall cover the top of the cage in such manner as to protect persons in the cage from falling objects.

Cages shall be entirely enclosed on two sides with solid partition or wire mesh not less than No. 8 U.S. Standard gauge, no opening in which shall exceed two inches.

Cages shall be provided with hanging chains or other similar devices for hand holds.

Every cage shall be provided with an approved safety catch of sufficient strength to hold the cage with its maximum load at any point in the shaft.

All parts of the hoisting apparatus, cables, brakes, guides and fastenings shall be of the most substantial design and shall be arranged for convenient inspection. The efficiency of all safety devices shall be established by satisfactory tests before the cages are put into service and at least once every three months thereafter and a record thereof kept.

The test of the safety catch shall consist of releasing the cage suddenly in such manner that the safety catches shall have opportunity to grip the guides. [1941 c 194 § 22; Rem. Supp. 1941 § 7666-30.]

**49.24.300 Buckets in vertical shafts.** In all vertical shafts in which hoisting is done by means of a bucket, suitable guides shall be provided when the depth exceeds ten times the diameter or width of the shaft, but in no case shall the maximum depth without guides exceed one hundred and fifty feet. In connection with the bucket, there shall be a crosshead traveling between these guides. The height of the crosshead shall be at least two-thirds of its width, but the height in no case shall be less than thirty inches. [1941 c 194 § 23; Rem. Supp. 1941 § 7666-31.]

**49.24.310 Telephone system for tunnels.** Where tunnels are driven from shafts more than two hundred and fifty feet deep, a telephone system shall be established and maintained, communicating with the surface at each such shaft, and with a station or stations readily and quickly accessible to the men at the working level. [1941 c 194 § 24; Rem. Supp. 1941 § 7666-32.]

**49.24.320 Location of lights.** (1) While work is in progress, tunnels, stairways, ladderways and all places on the surface where work is being conducted, shall be properly lighted. In shafts more than one hundred feet deep, the shaft below that point shall be lighted.

(2) All places where hoisting, pumping or other machinery is erected and in the proximity of which persons are working or moving about, shall be so lighted when the machine is in operation that the moving parts of such machine can be clearly distinguished. [1941 c 194 § 25; Rem. Supp. 1941 § 7666-33.]

**49.24.330 Generators, transformers, etc., to be grounded.** The frames and bed plates of generators, transformers, compensators, rheostats and motors installed underground shall be effectively grounded. All metallic coverings, armoring of cables, other than trailing cables, and the neutral wire of three-wire systems shall also be so grounded. [1941 c 194 § 26; Rem. Supp. 1941 § 7666-34.]

**49.24.340 Electrical voltage.** In electrical systems installed, no higher voltage than low voltage shall be used underground, except for transmission or other application to transformers, motors, generators or other apparatus in which the whole of the medium or high voltage apparatus is stationary. [1941 c 194 § 27; Rem. Supp. 1941 § 7666-35.]

**49.24.350 Lamps to be held in reserve.** Lamps or other proper lights shall be kept ready for use in all underground stations where a failure of electric light is likely to cause danger. [1941 c 194 § 28; Rem. Supp. 1941 § 7666-36.]

**49.24.360 Insulators required.** (1) All underground cables and wires, unless provided with grounded metallic covering, shall be supported by efficient insulators. The conductors connecting lamps to the power supply shall in all cases be insulated.

(2) Cables and wires unprovided with metallic coverings shall not be fixed to walls or timbers by means of uninsulated fastenings. [1941 c 194 § 29; Rem. Supp. 1941 § 7666-37.]

**49.24.370 Director to make rules and regulations.** The director of labor and industries shall establish such rules and regulations as he or she deems primarily necessary for the safety of the employees employed in tunnels, quarries, caissons, and subways and shall be guided by the most modern published studies and researches made by persons or institutions into the correction of the evils chargeable to improper safeguards and inspection of the tools, machinery, equipment, and places of work obtaining in the industries covered by RCW 49.24.080 through 49.24.380. [2010 c 8 § 12026; 1941 c 194 § 32; Rem. Supp. 1941 § 7666-39.]

**49.24.380 Penalty.** Every person violating any of the provisions of RCW 49.24.080 through 49.24.380 shall be guilty of a misdemeanor. [1941 c 194 § 31; Rem. Supp. 1941 § 7666-38.]

## Chapter 49.26 RCW

### HEALTH AND SAFETY—ASBESTOS

#### Sections

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**49.26.010 Legislative declaration.** Airborne asbestos dust and particles, such as those from sprayed asbestos slurry, asbestos-coated ventilating ducts, and certain other applications of asbestos are known to produce irreversible lung damage and bronchogenic carcinoma. One American of every four dying in urban areas of the United States has asbestos particles or dust in his or her lungs. The nature of this problem is such as to constitute a hazard to the public health and safety, and should be brought under appropriate regulation. [2010 c 8 § 12027; 1973 c 30 § 1.]

**49.26.013 Inspection of construction projects required.** (1) Any owner or owner's agent who allows or authorizes any construction, renovation, remodeling, maintenance, repair, or demolition project which has a reasonable possibility, as defined by the department, of disturbing or releasing asbestos into the air, shall perform or cause to be performed, using practices approved by the department, a good faith inspection to determine whether the proposed project will disturb or release any material containing asbestos into the air.

Such inspections shall be conducted by persons meeting the accreditation requirements of the federal toxics substances control act, section 206(a) (1) and (3) (15 U.S.C. 2646(a) (1) and (3)).

An inspection under this section is not required if the owner or owner's agent is reasonably certain that asbestos will not be disturbed or assumes that asbestos will be disturbed by a project which involves construction, renovation, remodeling, maintenance, repair, or demolition and takes the maximum precautions as specified by all applicable federal and state requirements.

(2) Except as provided in RCW 49.26.125, the owner or owner's agent shall prepare and maintain a written report describing each inspection, or a statement of assumption of the presence or reasonable certainty of the absence of asbestos, and shall provide a copy of the written report or statement to all contractors before they apply or bid on work. In addition, upon written or oral request, the owner or owner's agent shall make a copy of the written report available to: (1) The department of labor and industries; (2) contractors; and (3) the collective bargaining representatives or employee representatives, if any, of employees who may be exposed to any asbestos or material containing asbestos. A copy shall be posted as prescribed by the department in a place that is easily accessible to such employees. [1995 c 218 § 1; 1989 c 154 § 2. Prior: 1988 c 271 § 7.]

**Purpose—1989 c 154:** "The purpose of chapter 154, Laws of 1989 is to make corrections to chapter 271, Laws of 1988, and to ensure that the changes made in that chapter meet the constitutional requirements of Article II, section 19 of the state Constitution." [1989 c 154 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.26.016 Inspection of construction projects—Penalties.** (1) Any owner or owner's agent who allows the start of any construction, renovation, remodeling, maintenance, repair, or demolition without first (a) conducting the inspection and preparing and maintaining the report of the inspection, or preparing and maintaining a statement of assumption of the presence or reasonable certainty of the absence of asbestos, as required under RCW 49.26.013; and (b) preparing and maintaining the additional written description of the project as required under RCW 49.26.120 shall be subject to a mandatory fine of not less than two hundred fifty dollars for each violation. Each day the violation continues shall be considered a separate violation. In addition, any construction, renovation, remodeling, maintenance, repair, or demolition which was started without meeting the requirements of RCW 49.26.013 and 49.26.120 shall be halted immediately and cannot be resumed before meeting such requirements.

(2) No contractor may commence any construction, renovation, remodeling, maintenance, repair or demolition

project without receiving the copy of the written report or statement from the owner or the owner's agent. Any contractor who begins any project without the copy of the written report or statement shall be subject to a mandatory fine of not less than two hundred and fifty dollars per day. Each day the violation continues shall be considered a separate violation.

(3) The certificate of any asbestos contractor who knowingly violates any provision of this chapter or any rule adopted under this chapter shall be revoked for a period of not less than six months.

(4) The penalties imposed in this section are in addition to any penalties under RCW 49.26.140. [1995 c 218 § 2; 1989 c 154 § 3. Prior: 1988 c 271 § 8.]

**Purpose—Severability—1989 c 154:** See notes following RCW 49.26.013.

**49.26.020 Asbestos use standards.** Standards regulating the use of asbestos in construction or manufacturing shall be established by the director of the department of labor and industries, with the advice of the state health officer and the department of ecology. Standards to be adopted shall describe the types of asbestos that may be used in construction and manufacturing, the methods and procedures for their use, and such other requirements as may be needed to protect the public health and safety with respect to air-borne asbestos particles and asbestos dust. [1973 c 30 § 2.]

**49.26.030 Containers for asbestos products.** Products containing asbestos shall be stored in containers of types approved by the director of the department of labor and industries, with the advice of the state health officer and the department of ecology. Containers of asbestos shall be plainly marked "Asbestos—do not inhale" or other words to the same effect. [1973 c 30 § 3.]

**49.26.040 Regulations—Enforcement.** The asbestos use standards required under RCW 49.26.020 and the list of approved container types required under RCW 49.26.030 shall be adopted as regulations of the department of labor and industries. The department shall have the power to implement and enforce such regulations. [1973 c 30 § 4.]

**49.26.100 Asbestos projects—Definitions.** Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Asbestos abatement project" means an asbestos project involving three square feet or three linear feet, or more, of asbestos-containing material.

(2) "Asbestos project" means the construction, demolition, repair, maintenance, remodeling, or renovation of any public or private building or mechanical piping equipment or systems involving the demolition, removal, encapsulation, salvage, or disposal of material, or outdoor activity, releasing or likely to release asbestos fibers into the air.

(3) "Department" means the department of labor and industries.

(4) "Director" means the director of the department of labor and industries or the director's designee.

(5) "Person" means any individual, partnership, firm, association, corporation, sole proprietorship, or the state of Washington or its political subdivisions.

(6) "Certified asbestos supervisor" means an individual who is certified by the department to supervise an asbestos project. A certified asbestos supervisor is not required for projects involving less than three square feet or three linear feet of asbestos-containing material.

(7) "Certified asbestos worker" means an individual who is certified by the department to work on an asbestos project.

(8) "Certified asbestos contractor" means any partnership, firm, association, corporation or sole proprietorship registered under chapter 18.27 RCW that submits a bid or contracts to remove or encapsulate asbestos for another and is certified by the department to remove or encapsulate asbestos.

(9) "Owner" means the owner of any public or private building, structure, facility or mechanical system, or the agent of such owner, but does not include individuals who work on asbestos projects on their own single-family residences no part of which is used for any commercial purpose. [1995 c 218 § 3; 1989 c 154 § 4. Prior: 1988 c 271 § 6; 1985 c 387 § 1.]

**Purpose—Severability—1989 c 154:** See notes following RCW 49.26.013.

**49.26.110 Asbestos projects—Worker's and supervisor's certificates.** (1) No employee or other individual is eligible to do work governed by this chapter unless issued a certificate by the department.

(2) To qualify for a certificate:

(a) Certified asbestos workers must have successfully completed a four-day training course. Certified asbestos supervisors must have completed a five-day training course. Training courses shall be provided or approved by the department; shall cover such topics as the health and safety aspects of the removal and encapsulation of asbestos, including but not limited to the federal and state standards regarding protective clothing, respirator use, disposal, air monitoring, cleaning, and decontamination; and shall meet such additional qualifications as may be established by the department by rule for the type of certification sought. The department may require the successful completion of annual refresher courses provided or approved by the department for continued certification as an asbestos worker or supervisor. However, the authority of the director to adopt rules implementing this section is limited to rules that are specifically required, and only to the extent specifically required, for the standards to be as stringent as the applicable federal laws governing work subject to this chapter; and

(b) All applicants for certification as asbestos workers or supervisors must pass an examination in the type of certification sought which shall be provided or approved by the department.

These requirements are intended to represent the minimum requirements for certification and shall not preclude contractors or employers from providing additional education or training.

(3) The department shall provide for the reciprocal certification of any individual trained to engage in asbestos projects in another state when the prior training is shown to

be substantially similar to the training required by the department. Nothing shall prevent the department from requiring such individuals to take an examination or refresher course before certification.

(4) The department may deny, suspend, or revoke a certificate, as provided under RCW 49.26.140, for failure of the holder to comply with any requirement of this chapter or chapter 49.17 RCW, or any rule adopted under those chapters, or applicable health and safety standards and regulations. In addition to any penalty imposed under RCW 49.26.016, the department may suspend or revoke any certificate issued under this chapter for a period of not less than six months upon the following grounds:

(a) The certificate was obtained through error or fraud; or

(b) The holder thereof is judged to be incompetent to carry out the work for which the certificate was issued.

Before any certificate may be denied, suspended, or revoked, the holder thereof shall be given written notice of the department's intention to do so, mailed by registered mail, return receipt requested, to the holder's last known address. The notice shall enumerate the allegations against such holder, and shall give him or her the opportunity to request a hearing before the department. At such hearing, the department and the holder shall have opportunity to produce witnesses and give testimony.

(5) A denial, suspension, or revocation order may be appealed to the board of industrial insurance appeals within fifteen working days after the denial, suspension, or revocation order is entered. The notice of appeal may be filed with the department or the board of industrial insurance appeals. The board of industrial insurance appeals shall hold the hearing in accordance with procedures established in RCW 49.17.140. Any party aggrieved by an order of the board of industrial insurance appeals may obtain superior court review in the manner provided in RCW 49.17.150.

(6) Each person certified under this chapter shall display, upon the request of an authorized representative of the department, valid identification issued by the department. [1995 c 218 § 4; 1989 c 154 § 5. Prior: 1988 c 271 § 10; 1985 c 387 § 2.]

**Purpose—Severability—1989 c 154:** See notes following RCW 49.26.013.

**49.26.115 Asbestos abatement projects—Contractor's certificate required.** Before working on an asbestos abatement project, a contractor shall obtain an asbestos contractor's certificate from the department and shall have in its employ at least one certified asbestos supervisor who is responsible for supervising all asbestos abatement projects undertaken by the contractor and for assuring compliance with all state laws and regulations regarding asbestos. The contractor shall apply for certification renewal every year. The department shall ensure that the expiration of the contractor's registration and the expiration of his or her asbestos contractor's certificate coincide. [1995 c 218 § 5; 1989 c 154 § 6. Prior: 1988 c 271 § 11.]

**Purpose—Severability—1989 c 154:** See notes following RCW 49.26.013.

**49.26.120 Asbestos projects—Qualified asbestos workers and supervisor—Prenotification to department—Fire personnel.** (1) No person may assign any employee, contract with, or permit any individual or person to remove or encapsulate asbestos in any facility unless performed by a certified asbestos worker and under the direct, on-site supervision of a certified asbestos supervisor. In cases in which an employer conducts an asbestos abatement project in its own facility and by its own employees, supervision can be performed in the regular course of a certified asbestos supervisor's duties. Asbestos workers must have access to certified asbestos supervisors throughout the duration of the project.

(2) The department shall require persons undertaking asbestos projects to provide written notice to the department before the commencement of the project except as provided in RCW 49.26.125. The notice shall include a written description containing such information as the department requires by rule. The department may by rule allow a person to report multiple projects at one site in one report. The department shall by rule establish the procedure and criteria by which a person will be considered to have attempted to meet the prenotification requirement.

(3) The department shall consult with the Washington state association of fire chiefs and may establish any additional policies and procedures for municipal fire department and fire district personnel who clean up sites after fires which have rendered it likely that asbestos has been or will be disturbed or released into the air. [2010 1st sp.s. c 7 § 52; 1995 c 218 § 6; 1989 c 154 § 7. Prior: 1988 c 271 § 12; 1985 c 387 § 4.]

**Effective date—2010 1st sp.s. c 26; 2010 1st sp.s. c 7:** See note following RCW 43.03.027.

**Purpose—Severability—1989 c 154:** See notes following RCW 49.26.013.

**49.26.125 Prenotification to department—Exemptions.** Prenotification to the department under RCW 49.26.120 shall not be required for:

(1)(a) Any asbestos project involving less than forty-eight square feet of surface area, or less than ten linear feet of pipe unless the surface area of the pipe is greater than forty-eight square feet. The person undertaking such a project shall keep the reports, or statements, and written descriptions required under RCW 49.26.013 and 49.26.120 which shall be available upon request of the department. Employees and employee representatives may request such reports under RCW 49.26.013(2).

(b) The director may waive the prenotification requirement upon written request of an owner for large-scale, ongoing projects. In granting such a waiver, the director shall require the owner to provide prenotification if significant changes in personnel, methodologies, equipment, work site, or work procedures occur or are likely to occur. The director shall further require annual resubmittal of such notification.

(c) The director, upon review of an owner's reports, work practices, or other data available as a result of inspections, audits, or other authorized activities, may reduce the size threshold for prenotification required by this section. Such a change shall be based on the director's determination that significant problems in personnel, methodologies, equip-

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ment, work site, or work procedures are creating the potential for violations of this chapter or asbestos requirements under chapter 49.17 RCW. The new prenotification requirements shall be given in writing to the owner and shall remain in effect until modified or withdrawn in writing by the director.

(2) Emergency projects.

(a) As used in this section, "emergency project" means a project that was not planned and results from a sudden, unexpected event, and does not include operations that are necessitated by nonroutine failure of equipment or systems.

(b) Emergency projects which disturb or release any material containing asbestos into the air shall be reported to the department within three working days after the commencement of the project in the manner otherwise required under this chapter. A notice shall be clearly posted adjacent to the work site describing the nature of the emergency project. The employees' collective bargaining representatives, or employee representatives, or designated representatives, if any, shall be notified of the emergency as soon as possible by the person undertaking the emergency project.

Incremental phasing in the conduct or design of asbestos projects or otherwise designing or conducting asbestos projects of a size less than forty-eight square feet, or other threshold for exemption as provided under this section, with the intent of avoiding prenotification requirements is a violation of this chapter. [1989 c 154 § 8. Prior: 1988 c 271 § 13.]

**Purpose—Severability—1989 c 154:** See notes following RCW 49.26.013.

**49.26.130 Asbestos projects—Rules—Fees—Asbestos account.** (1) The department shall administer this chapter.

(2) The director of the department shall adopt, in accordance with chapters 34.05 and 49.17 RCW, rules necessary to carry out this chapter.

(3) The department shall prescribe fees for the issuance and renewal of certificates, including recertification, and the administration of examinations, and for the review of training courses.

(4) The asbestos account is hereby established in the state treasury. All fees collected under this chapter shall be deposited in the account. Moneys in the account shall be spent after appropriation only for costs incurred by the department in the administration and enforcement of this chapter. Disbursements from the account shall be on authorization of the director of the department or the director's designee.

(5) During the 2003-2005 fiscal biennium, the legislature may transfer from the asbestos account to the state general fund such amounts as reflect the excess fund balance in the account. [2003 1st sp.s. c 25 § 924; 1989 c 154 § 9. Prior: 1988 c 271 § 15; 1987 c 219 § 1; 1985 c 387 § 3.]

**Severability—Effective date—2003 1st sp.s. c 25:** See notes following RCW 19.28.351.

**Purpose—Severability—1989 c 154:** See notes following RCW 49.26.013.

**49.26.140 Asbestos projects—Enforcement—Penalties.** (1) Unless specifically provided otherwise by statute, this chapter shall be implemented and enforced, including penalties, violations, citations, and other administrative pro-

cedures, pursuant to the Washington industrial safety and health act, chapter 49.17 RCW.

(2) A person or individual who previously has been assessed a civil penalty under this section, and who knowingly violates a provision of RCW 49.26.110 through 49.26.130 or a rule adopted pursuant to RCW 49.26.110 through 49.26.130 is guilty of a misdemeanor. [1987 c 219 § 2; 1985 c 387 § 5.]

**49.26.150 Discrimination against employee filing complaint prohibited.** Any employee who notifies the department of any activity the employee reasonably believes to be a violation of this chapter or any rule adopted under this chapter or who participates in any proceeding related thereto shall have the same rights and protections against discharge or discrimination as employees are afforded under chapter 49.17 RCW. [1989 c 154 § 10. Prior: 1988 c 271 § 16.]

**Purpose—Severability—1989 c 154:** See notes following RCW 49.26.013.

**49.26.900 Severability—1973 c 30.** If any provision of this 1973 act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected. [1973 c 30 § 5.]

**49.26.901 Effective dates—1988 c 271 §§ 6-18.** Sections 15, as reenacted and amended in 1989, and 18, chapter 271, Laws of 1988, are necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect as of March 24, 1988. Sections 6 through 8, 10 through 13, and 16, chapter 271, Laws of 1988, as reenacted or amended and reenacted in 1989, shall take effect as of January 1, 1989. [1989 c 154 § 11. Prior: 1988 c 271 § 19.]

**Purpose—Severability—1989 c 154:** See notes following RCW 49.26.013.

## Chapter 49.28 RCW HOURS OF LABOR

### Sections

- 49.28.010 Eight hour day, 1899 act—Public works contracts—Emergency overtime—Penalty.
- 49.28.040 Eight hour day, 1903 act—Policy enunciated.
- 49.28.050 Eight hour day, 1903 act—Contracts, cancellation of, for violations.
- 49.28.060 Eight hour day, 1903 act—Stipulation in contracts—Duty of officers.
- 49.28.065 Public works employees—Agreements to work ten hour day.
- 49.28.080 Hours of domestic employees—Exception—Penalty.
- 49.28.100 Hours of operators of power equipment in waterfront operations—Penalty.
- 49.28.120 Employer's duty to provide time to vote.
- 49.28.130 Hours of health care facility employees—Definitions.
- 49.28.140 Hours of health care facility employees—Mandatory overtime prohibited—Exceptions.
- 49.28.150 Hours of health care facility employees—Penalties.

*Child labor:* RCW 26.28.060, 26.28.070.

*Hours of labor for public institutions personnel:* RCW 72.01.042, 72.01.043.

*Prevailing wages must be paid on public works:* RCW 39.12.020.

[Title 49 RCW—page 42]

**49.28.010 Eight hour day, 1899 act—Public works contracts—Emergency overtime—Penalty.** (1) Hereafter eight hours in any calendar day shall constitute a day's work on any work done for the state or any county or municipality within the state, subject to conditions hereinafter provided.

(2) All work done by contract or subcontract on any building or improvements or works on roads, bridges, streets, alleys, or buildings for the state or any county or municipality within the state, shall be done under the provisions of this section. In cases of extraordinary emergency such as danger to life or property, the hours for work may be extended, but in such case the rate of pay for time employed in excess of eight hours of each calendar day, shall be one and one-half times the rate of pay allowed for the same amount of time during eight hours' service. And for this purpose this section is made a part of all contracts, subcontracts, or agreements for work done for the state or any county or municipality within the state.

(3) Any contractor, subcontractor, or agent of contractor or subcontractor, foreman, or employer who violates this section is guilty of a misdemeanor and shall be fined a sum not less than twenty-five dollars nor more than two hundred dollars, or imprisoned in the county jail for a period of not less than ten days nor more than ninety days, or both such fine and imprisonment, at the discretion of the court. [2003 c 53 § 274; 1899 c 101 § 1; RRS § 7642.]

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

**49.28.040 Eight hour day, 1903 act—Policy enunciated.** That it is a part of the public policy of the state of Washington that all work "by contract or day labor done" for it, or any political subdivision created by its laws, shall be performed in workdays of not more than eight hours each, except in cases of extraordinary emergency. No case of extraordinary emergency shall be construed to exist in any case where other labor can be found to take the place of labor which has already been employed for eight hours in any calendar day. [1903 c 44 § 1; RRS § 7645.]

**49.28.050 Eight hour day, 1903 act—Contracts, cancellation of, for violations.** All contracts for work for the state of Washington, or any political subdivision created by its laws, shall provide that they may be canceled by the officers or agents authorized to contract for or supervise the execution of such work, in case such work is not performed in accordance with the policy of the state relating to such work. [1903 c 44 § 2; RRS § 7646.]

**49.28.060 Eight hour day, 1903 act—Stipulation in contracts—Duty of officers.** It is made the duty of all officers or agents authorized to contract for work to be done in behalf of the state of Washington, or any political subdivision created under its laws, to stipulate in all contracts as provided for in RCW 49.28.040 through 49.28.060, and all such officers and agents, and all officers and agents entrusted with the supervision of work performed under such contracts, are authorized, and it is made their duty, to declare any contract canceled, the execution of which is not in accordance with the public policy of this state as herein declared. [1903 c 44 § 3; RRS § 7647.]

**49.28.065 Public works employees—Agreements to work ten hour day.** Notwithstanding the provisions of RCW 49.28.010 through 49.28.060, a contractor or subcontractor in any public works contract subject to those provisions may enter into an agreement with his or her employees in which the employees work up to ten hours in a calendar day. No such agreement may provide that the employees work ten-hour days for more than four calendar days a week. Any such agreement is subject to approval by the employees. The overtime provisions of \*RCW 49.28.020 shall not apply to the hours, up to forty hours per week, worked pursuant to agreements entered into under this section. [1988 c 121 § 1.]

\*Reviser's note: RCW 49.28.020 was repealed by 2003 c 53 § 421, effective July 1, 2003.

**49.28.080 Hours of domestic employees—Exception—Penalty.** (1) No male or female household or domestic employee shall be employed by any person for a longer period than sixty hours in any one week. Employed time shall include minutes or hours when the employee has to remain subject to the call of the employer and when the employee is not free to follow his or her inclinations.

(2) In cases of emergency such employee may be employed for a longer period than sixty hours.

(3) Any employer violating this section is guilty of a misdemeanor. [2003 c 53 § 275; 1937 c 129 § 1; RRS § 7651-1. FORMER PARTS OF SECTION: (i) 1937 c 129 § 2; RRS § 7651-2, now codified as RCW 49.28.082. (ii) 1937 c 129 § 4; RRS § 7651-4, now codified as RCW 49.28.084.]

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.28.100 Hours of operators of power equipment in waterfront operations—Penalty.** (1) It shall be unlawful for any employer to permit any of his or her employees to operate on docks, in warehouses and/or in or on other waterfront properties any power driven mechanical equipment for the purpose of loading cargo on, or unloading cargo from, ships, barges, or other watercraft, or of assisting in such loading or unloading operations, for a period in excess of twelve and one-half hours at any one time without giving such person an interval of eight hours' rest: PROVIDED, HOWEVER, The provisions of this section shall not be applicable in cases of emergency, including fire, violent storms, leaking or sinking ships or services required by the armed forces of the United States.

(2) Any person violating this section is guilty of a misdemeanor. [2003 c 53 § 276; 1953 c 271 § 1.]

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

**49.28.120 Employer's duty to provide time to vote.** (1) Except as provided in subsection (2) of this section, every employer shall arrange employees' working hours on the day of a primary or election, general or special, so that each employee will have a reasonable time up to two hours available for voting during the hours the polls are open as provided by \*RCW 29.13.080.

If an employee's work schedule does not give the employee two free hours during the time the polls are open,

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not including meal or rest breaks, the employer shall permit the employee to take a reasonable time up to two hours from the employee's work schedule for voting purposes. In such a case, the employer shall add this time to the time for which the employee is paid.

(2) The provisions of this section apply only if, during the period between the time an employee is informed of his or her work schedule for a primary or election day and the date of the primary or election, there is insufficient time for an absentee ballot to be secured for that primary or election. [1987 c 296 § 1.]

\*Reviser's note: RCW 29.13.080 was recodified as RCW 29A.44.070 pursuant to 2003 c 111 § 2401, effective July 1, 2004.

**49.28.130 Hours of health care facility employees—Definitions.** The definitions in this section apply throughout this section and RCW 49.28.140 and 49.28.150 unless the context clearly requires otherwise.

(1) "Employee" means a licensed practical nurse or a registered nurse licensed under chapter 18.79 RCW employed by a health care facility who is involved in direct patient care activities or clinical services and receives an hourly wage.

(2) "Employer" means an individual, partnership, association, corporation, state institution, political subdivision of the state, or person or group of persons, acting directly or indirectly in the interest of a health care facility.

(3) "Health care facility" means the following facilities, or any part of the facility, that operates on a twenty-four hours per day, seven days per week basis: Hospices licensed under chapter 70.127 RCW, hospitals licensed under chapter 70.41 RCW, rural health care facilities as defined in RCW 70.175.020, and psychiatric hospitals licensed under chapter 71.12 RCW, and includes such facilities if owned and operated by a political subdivision or instrumentality of the state. If a nursing home regulated under chapter 18.51 RCW or a home health agency regulated under chapter 70.127 RCW is operating under the license of a health care facility, the nursing home or home health agency is considered part of the health care facility for the purposes of this subsection.

(4) "Overtime" means the hours worked in excess of an agreed upon, predetermined, regularly scheduled shift within a twenty-four hour period not to exceed twelve hours in a twenty-four hour period or eighty hours in a consecutive fourteen-day period.

(5) "On-call time" means time spent by an employee who is not working on the premises of the place of employment but who is compensated for availability or who, as a condition of employment, has agreed to be available to return to the premises of the place of employment on short notice if the need arises.

(6) "Reasonable efforts" means that the employer, to the extent reasonably possible, does all of the following but is unable to obtain staffing coverage:

(a) Seeks individuals to volunteer to work extra time from all available qualified staff who are working;

(b) Contacts qualified employees who have made themselves available to work extra time;

(c) Seeks the use of per diem staff; and

(d) Seeks personnel from a contracted temporary agency when such staffing is permitted by law or an applicable col-

lective bargaining agreement, and when the employer regularly uses a contracted temporary agency.

(7) "Unforeseeable emergent circumstance" means (a) any unforeseen declared national, state, or municipal emergency; (b) when a health care facility disaster plan is activated; or (c) any unforeseen disaster or other catastrophic event which substantially affects or increases the need for health care services. [2002 c 112 § 2.]

**Finding—2002 c 112:** "Washington state is experiencing a critical shortage of qualified, competent health care workers. To safeguard the health, efficiency, and general well-being of health care workers and promote patient safety and quality of care, the legislature finds, as a matter of public policy, that required overtime work should be limited with reasonable safeguards in order to ensure that the public will continue to receive safe, quality care." [2002 c 112 § 1.]

**49.28.140 Hours of health care facility employees—Mandatory overtime prohibited—Exceptions.** (1) No employee of a health care facility may be required to work overtime. Attempts to compel or force employees to work overtime are contrary to public policy, and any such requirement contained in a contract, agreement, or understanding is void.

(2) The acceptance by any employee of overtime is strictly voluntary, and the refusal of an employee to accept such overtime work is not grounds for discrimination, dismissal, discharge, or any other penalty, threat of reports for discipline, or employment decision adverse to the employee.

(3) This section does not apply to overtime work that occurs:

- (a) Because of any unforeseeable emergent circumstance;
- (b) Because of prescheduled on-call time;
- (c) When the employer documents that the employer has used reasonable efforts to obtain staffing. An employer has not used reasonable efforts if overtime work is used to fill vacancies resulting from chronic staff shortages; or
- (d) When an employee is required to work overtime to complete a patient care procedure already in progress where the absence of the employee could have an adverse effect on the patient. [2002 c 112 § 3.]

**Finding—2002 c 112:** See note following RCW 49.28.130.

**49.28.150 Hours of health care facility employees—Penalties.** The department of labor and industries shall investigate complaints of violations of RCW 49.28.140. A violation of RCW 49.28.140 is a class 1 civil infraction in accordance with chapter 7.80 RCW, except that the maximum penalty is one thousand dollars for each infraction up to three infractions. If there are four or more violations of RCW 49.28.140 for a health care facility, the employer is subject to a fine of two thousand five hundred dollars for the fourth violation, and five thousand dollars for each subsequent violation. The department of labor and industries is authorized to issue and enforce civil infractions according to chapter 7.80 RCW. [2002 c 112 § 4.]

**Finding—2002 c 112:** See note following RCW 49.28.130.

## Chapter 49.30 RCW AGRICULTURAL LABOR

### Sections

49.30.005	Intent—Duties of department.
49.30.010	Definitions.
49.30.020	Hours and pay, recordkeeping.
49.30.040	Violation of chapter—Civil infraction.
49.30.900	Severability—1989 c 380.
49.30.901	Conflict with federal requirements—1989 c 380.

**49.30.005 Intent—Duties of department.** It is the intent of the legislature that the department assist agricultural employers in mitigating the costs of the state's unemployment insurance program. The department shall work with members of the agricultural community to: Improve understanding of the program's operation; increase compliance with work-search requirements; provide prompt notification of potential claims against an employer's experience rating; inform employers of their rights; inform employers of the actions necessary to appeal a claim and to protect their rights; and reduce claimant and employer fraud. These efforts shall include:

- (1) Conducting employer workshops and community seminars;
- (2) Developing new educational materials; and
- (3) Developing forms that use lay language. [1998 c 245 § 99; 1991 c 31 § 1; 1990 c 245 § 10; 1989 c 380 § 82.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

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

- (1) "Agricultural employment" or "employment" means employment in agricultural labor as defined in RCW 50.04.150.
- (2) "Department" means the department of labor and industries.
- (3) "Employer" means any person, firm, corporation, partnership, business trust, legal representative, or other business entity that engages in any agricultural activity in this state and employs one or more employees.

(4) "Employee" means a person employed in agricultural employment, and includes a person who is working under an independent contract the essence of which is personal labor in agricultural employment whether by way of manual labor or otherwise. However, "employee" shall not include immediate family members of the officers of any corporation, partnership, sole proprietorship, or other business entity, or officers of any closely held corporation engaged in agricultural production of crops or livestock.

(5) "Minor" means an employee who is under the age of eighteen years. [1989 c 380 § 83.]

**49.30.020 Hours and pay, recordkeeping.** (1) Each employer required to keep employment records under RCW 49.46.070, shall retain such records for three years.

(2) Each employer shall furnish to each employee at the time the employee's wages are paid an itemized statement showing the pay basis in hours or days worked, the rate or rates of pay, the gross pay, and all deductions from the pay for the respective pay period. [1989 c 380 § 84.]

**49.30.040 Violation of chapter—Civil infraction.**

Any violation of the provisions of this chapter or rules adopted hereunder shall be a class I civil infraction. The director shall have the authority to issue and enforce civil infractions according to chapter 7.80 RCW. [1989 c 380 § 86.]

**49.30.900 Severability—1989 c 380.** See RCW 15.58.942.

**49.30.901 Conflict with federal requirements—1989 c 380.** See note following RCW 50.04.150.

**Chapter 49.32 RCW****INJUNCTIONS IN LABOR DISPUTES**

## Sections

49.32.011	Injunctions in labor disputes.
49.32.020	Policy enunciated.
49.32.030	Undertakings and promises unenforceable.
49.32.050	Jurisdiction of courts.
49.32.060	Concert of action immaterial.
49.32.070	Responsibility of associations.
49.32.072	Injunctions—Hearings and findings—Temporary orders—Security.
49.32.073	Injunctions—Complaints, conditions precedent.
49.32.074	Injunctions—Findings and order essential.
49.32.080	Appellate review.
49.32.090	Contempt—Speedy jury trial.
49.32.100	Contempt—Retirement of judge.
49.32.110	Definitions.
49.32.900	Severability—1933 ex.s. c 7.
49.32.910	General repealer.

*Labor unions—Injunctions in labor disputes—1919 act: Chapter 49.36 RCW.*

**49.32.011 Injunctions in labor disputes.** No court of the state of Washington or any judge or judges thereof shall have jurisdiction to issue any restraining order or temporary or permanent injunction in a case involving or growing out of a labor dispute, except in a strict conformity with the provisions of this chapter; nor shall any such restraining order or temporary or permanent injunction be issued contrary to the public policy declared in this chapter. [1933 ex.s. c 7 § 1; RRS § 7612-1. Cf. 1919 c 185 § 2. Formerly RCW 49.32.040.]

*Injunctions in labor disputes: RCW 49.36.015.*

**49.32.020 Policy enunciated.** In the interpretation of this chapter and in determining the jurisdiction and authority of the courts of the state of Washington, as such jurisdiction and authority are herein defined and limited, the public policy of the state of Washington is hereby declared as follows:

WHEREAS, Under prevailing economic conditions, developed with the aid of governmental authority for owners of property to organize in the corporate and other forms of ownership association, the individual unorganized worker is commonly helpless to exercise actual liberty of contract and to protect his or her freedom of labor, and thereby to obtain acceptable terms and conditions of employment, wherefore, though he or she should be free to decline to associate with his or her fellows, it is necessary that he or she have full freedom of association, self-organization, and designation of representatives of his or her own choosing, to negotiate the terms

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and conditions of his or her employment, and that he or she shall be free from interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protections; therefore, the following definitions of, and limitations upon, the jurisdiction and authority of the courts of the state of Washington are hereby enacted. [2010 c 8 § 12028; 1933 ex.s. c 7 § 2; RRS § 7612-2.]

**49.32.030 Undertakings and promises unenforceable.** Any undertaking or promise, such as is described in this section, or any other undertaking or promise in conflict with the public policy declared in RCW 49.32.020, is hereby declared to be contrary to the public policy of the state of Washington, and shall not afford any basis for the granting of legal or equitable relief by any such court, including specifically the following:

Every undertaking or promise hereafter made, whether written or oral, express or implied, constituting or contained in any contract or agreement of hiring or employment between any individual, firm, company, association, or corporation and any employee or prospective employee of the same, whereby:

(1) Either party to such contract or agreement undertakes or promises not to join, become, or remain a member of any labor organization or of any employer organization; or

(2) Either party to such contract or agreement undertakes or promises that he or she will withdraw from an employment relation in the event that he or she joins, becomes, or remains a member of any labor organization or of any employer organization. [2010 c 8 § 12029; 1933 ex.s. c 7 § 3; RRS § 7612-3.]

**49.32.050 Jurisdiction of courts.** No court of the state of Washington shall have jurisdiction to issue any restraining order or temporary or permanent injunction in any case involving or growing out of any labor dispute or prohibit any person or persons participating or interested in such dispute (as these terms are herein defined) from doing, whether singly or in concert, any of the following acts:

(1) Ceasing or refusing to perform any work or to remain in any relation of employment;

(2) Becoming or remaining a member of any labor organization or of any employer organization, regardless of any such undertaking or promise as is described in RCW 49.32.030;

(3) Paying or giving to, or withholding from, any person participating or interested in such labor dispute any strike or unemployment benefits or insurance or other moneys or things of value;

(4) By all lawful means aiding any person participating or interested in any labor dispute who is being proceeded against in, or is prosecuting, any action or suit in any court of the United States or of any state;

(5) Giving publicity to the existence of, or the facts involved in, any labor dispute, whether by advertising, speaking, patrolling, or by any other method not involving fraud or violence;

(6) Assembling peaceably to act or to organize to act in promotion of their interests in a labor dispute;

(7) Advising or notifying any person of an intention to do any of the acts heretofore specified;

(8) Agreeing with other persons to do or not to do any of the acts heretofore specified; and

(9) Advising, urging, or otherwise causing or inducing without fraud or violence the acts heretofore specified, regardless of any such undertaking or promise as is described in RCW 49.32.030. [1933 ex.s. c 7 § 4; RRS § 7612-4.]

**49.32.060 Concert of action immaterial.** No court of the state of Washington or any judge or judges thereof shall have jurisdiction to issue a restraining order or temporary or permanent injunction upon the ground that any of the persons participating or interested in a labor dispute constitute or are engaged in an unlawful combination or conspiracy because of the doing in concert of the acts enumerated in RCW 49.32.050. [1933 ex.s. c 7 § 5; RRS § 7612-5.]

**49.32.070 Responsibility of associations.** No officer or member of any association or organization, and no association or organization participating or interested in a labor dispute, shall be held responsible or liable in any court of the state of Washington for the unlawful acts of individual officers, members, or agents, except upon clear proof of actual participation in, or actual authorization of, such acts, or of ratification of such acts after actual knowledge thereof. [1933 ex.s. c 7 § 6; RRS § 7612-6.]

**49.32.072 Injunctions—Hearings and findings—Temporary orders—Security.** No court of the state of Washington or any judge or judges thereof shall have jurisdiction to issue a temporary or permanent injunction in any case involving or growing out of a labor dispute, as herein defined, except after hearing the testimony of witnesses in open court (with opportunity for cross-examination) in support of the allegations of a complaint made under oath, and testimony in opposition thereto, if offered, and except after findings of fact by the court, to the effect—

(1) That unlawful acts have been threatened and will be committed unless restrained or have been committed and will be continued unless restrained, but no injunction or temporary restraining order shall be issued on account of any threat or unlawful act excepting against the person or persons, association, or organization making the threat or committing the unlawful act or actually authorizing or ratifying the same after actual knowledge thereof;

(2) That substantial and irreparable injury to complainant's property will follow;

(3) That as to each item of relief granted greater injury will be inflicted upon complainant by the denial of relief than will be inflicted upon defendants by the granting of relief;

(4) That complainant has no adequate remedy at law; and

(5) That the public officers charged with the duty to protect complainant's property are unable or unwilling to furnish adequate protection.

Such hearing shall be held after due and personal notice thereof has been given, in such manner as the court shall direct, to all persons against whom relief is sought, and also

to the chief of those public officials of the county and city within which the unlawful acts have been threatened or committed charged with the duty to protect complainant's property: PROVIDED, HOWEVER, That if a complainant shall also allege that, unless a temporary restraining order shall be issued without notice, a substantial and irreparable injury to complainant's property will be unavoidable, such a temporary restraining order may be issued upon testimony under oath, sufficient, if sustained, to justify the court in issuing a temporary injunction upon a hearing after notice. Such a temporary restraining order shall be effective for no longer than five days and shall become void at the expiration of said five days. No temporary restraining order or temporary injunction shall be issued except on condition that complainant shall first file an undertaking with adequate security in an amount to be fixed by the court sufficient to recompense those enjoined for any loss, expense, or damage caused by the improvident or erroneous issuance of such order or injunction, including all reasonable costs (together with a reasonable attorney's fee) and expense of defense against the order or against the granting of any injunctive relief sought in the same proceeding and subsequently denied by the court.

The undertaking herein mentioned shall be understood to signify an agreement entered into by the complainant and the surety upon which a decree may be rendered in the same suit or proceeding against said complainant and surety, upon a hearing to assess damages of which hearing complainant and surety shall have reasonable notice, the said complainant and surety submitting themselves to the jurisdiction of the court for that purpose. But nothing herein contained shall deprive any party having a claim or cause of action under or upon such undertaking from electing to pursue his ordinary remedy by suit at law or in equity. [1933 ex.s. c 7 § 7; RRS § 7612-7.]

**Reviser's note:** This section was declared unconstitutional in *Blanchard v. Golden Age Brewing Co.*, 188 Wash. 396, 63 P.2d 397 (1936).

**49.32.073 Injunctions—Complaints, conditions precedent.** No restraining order or injunctive relief shall be granted to any complainant who has failed to comply with any obligation imposed by law which is involved in the labor dispute in question, or who has failed to make every reasonable effort to settle such dispute either by negotiation or with the aid of any available governmental machinery of mediation or voluntary arbitration. [1933 ex.s. c 7 § 8; RRS § 7612-8.]

**Reviser's note:** This section was declared unconstitutional in *Blanchard v. Golden Age Brewing Co.*, 188 Wash. 396, 63 P.2d 397 (1936).

**49.32.074 Injunctions—Findings and order essential.** No restraining order or temporary or permanent injunction shall be granted in a case involving or growing out of a labor dispute, except on the basis of findings of fact made and filed by the court in the record of the case prior to the issuance of such restraining order or injunction; and every restraining order or injunction granted in a case involving or growing out of a labor dispute, shall include only a prohibition of such specific act or acts as may be expressly complained of in the complaint or petition filed in such case and as shall be expressly included in said findings of fact made and filed by

the court as provided herein. [1933 ex.s. c 7 § 9; RRS § 7612-9.]

**Reviser's note:** This section was declared unconstitutional in *Blanchard v. Golden Age Brewing Co.*, 188 Wash. 396, 63 P.2d 397 (1936).

**49.32.080 Appellate review.** Whenever any court of the state of Washington shall issue or deny any temporary injunction in a case involving or growing out of a labor dispute, the court shall, upon the request of any party to the proceedings, and on his or her filing the usual bond for costs, forthwith certify the entire record of the case, including a transcript of the evidence taken, to the supreme court or the court of appeals for its review. Upon the filing of such record in the supreme court or the court of appeals, the appeal shall be heard and the temporary injunctive order affirmed, modified, or set aside with the greatest possible expedition, giving the proceedings precedence over all other matters except older matters of the same character. [2010 c 8 § 12030; 1971 c 81 § 116; 1933 ex.s. c 7 § 10; RRS § 7612-10.]

**Rules of court:** *Appeal procedure superseded by RAP 2.1, 2.2, 18.22.*

**49.32.090 Contempt—Speedy jury trial.** In all cases arising under this chapter in which a person shall be charged with contempt in a court of the state of Washington, the accused shall enjoy the right to a speedy and public trial by an impartial jury of the county wherein the contempt shall have been committed: PROVIDED, That this right shall not apply to contempts committed in the presence of the court or so near thereto as to interfere directly with the administration of justice or to apply to the misbehavior, misconduct or disobedience of any officer of the court in respect to the writs, orders, or process of the court. [1933 ex.s. c 7 § 11; RRS § 7612-11.]

**49.32.100 Contempt—Retirement of judge.** The defendant in any proceeding for contempt of court may file with the court a demand for the retirement of the judge sitting in the proceeding, if the contempt arises from an attack upon the character or conduct of such judge and if the attack occurred elsewhere than in the presence of the court or so near thereto as to interfere directly with the administration of justice. Upon the filing of any such demand the judge shall thereupon proceed no further, but another judge shall be designated in the same manner as provided by law. The demand shall be filed prior to the hearing of the contempt proceeding. [1933 ex.s. c 7 § 12; RRS § 7612-12.]

*Civil procedure—Prejudice of judge—Change of venue: RCW 4.12.040.*

**49.32.110 Definitions.** When used in this chapter, and for the purpose of this chapter:

(1) A case shall be held to involve or to grow out of a labor dispute when the case involves persons who are engaged in the same industry, trade, or occupation; or have direct or indirect interests therein; or who are employees of the same employer; or who are members of the same or an affiliated organization of employers or employees; whether such dispute is (a) between one or more employers or associations of employers and one or more employees or associations of employees; (b) between one or more employers or associations of employers and one or more employers or

association of employers; or (c) between one or more employees or association of employees and one or more employees or association of employees; or when the case involves any conflicting or competing interests in a "labor dispute" (as hereinafter defined) of "persons participating or interested" therein (as hereinafter defined).

(2) A person or association shall be held to be a person participating or interested in a labor dispute if relief is sought against him or her or it, and if he or she or it is engaged in the same industry, trade, craft, or occupation in which dispute occurs, or has a direct or indirect interest therein or is a member, officer, or agent of any association composed in whole or in part of employers or employees engaged in such industry, trade, craft, or occupation.

(3) The term "labor dispute" includes any controversy concerning terms or conditions of employment, or concerning the association or representation of persons in negotiating, fixing, maintaining, changing, or seeking to arrange terms or conditions of employment, regardless of whether or not the disputants stand in the proximate relation of employer and employee. [2010 c 8 § 12031; 1933 ex.s. c 7 § 13; RRS § 7612-13. Formerly RCW 49.32.010.]

**49.32.900 Severability—1933 ex.s. c 7.** If any provision of this chapter or the application thereof to any person or circumstance is held unconstitutional, or otherwise invalid, the remaining provisions of the chapter and the application of such provisions to other persons or circumstances shall not be affected thereby. [1933 ex.s. c 7 § 14; RRS § 7612-14.]

**49.32.910 General repealer.** All acts and parts of acts in conflict with the provisions of this chapter are hereby repealed. [1933 ex.s. c 7 § 15; RRS § 7612-15.]

## Chapter 49.36 RCW

### LABOR UNIONS

#### Sections

49.36.010	Unions legalized.
49.36.015	Injunctions in labor disputes.
49.36.020	Employment contracts—Remedy for violation.
49.36.030	Prosecutions prohibited.

*Collective bargaining with employees of city owned utilities: RCW 35.22.350.*

*Discrimination—Unfair practices: RCW 49.60.180 through 49.60.215, 49.60.220.*

*Prohibited practices: Chapter 49.44 RCW.*

*Supervisor of industrial relations: RCW 43.22.260.*

**49.36.010 Unions legalized.** It shall be lawful for working men and women to organize themselves into, or carry on labor unions for the purpose of lessening the hours of labor or increasing the wages or bettering the conditions of the members of such organizations; or carry out their legitimate purposes by any lawful means. [1919 c 185 § 1; RRS § 7611.]

**49.36.015 Injunctions in labor disputes.** No restraining order or injunction shall be granted by any court of this state, or any judge or judges thereof in any case between an employer and employee or between employer and employees or between employees or between persons employed and per-

sons seeking employment involving or growing out of a dispute concerning terms or conditions of employment, unless necessary to prevent irreparable damage to property or to a personal right or to a property right of the party making the application, for which injury there is no adequate remedy at law, and such petition must be in writing describing such damage or injury feared by the applicant, and sworn to by the applicant or his or her agent or attorney. No such restraining order or injunction shall prohibit any such person or persons, whether singly or in concert, from terminating any relation of employment or from ceasing to perform any work or labor; or from paying or giving to, or withholding from any person engaged in such dispute, any strike benefits or other moneys or things of value; or from doing any act or thing which might lawfully be done in the absence of such dispute by any party thereto; nor shall any of the acts specified in this section be considered or held to be illegal or unlawful in any court of the state. [2010 c 8 § 12032; 1919 c 185 § 2; RRS § 7612.]

*Labor disputes: Chapter 49.32 RCW.*

**49.36.020 Employment contracts—Remedy for violation.** The labor of a human being is not a commodity or article of commerce, and the right to enter into the relation of employer and employee and to change that relation except in violation of contract is a legal right. In all cases involving the violation of the contract of employment, either by the employee or employer where no irreparable damage is about to be done to the property, personal rights or property rights of either, no injunction shall be granted, but the parties shall be left to their remedy at law. [1919 c 185 § 3; RRS § 7613.]

*Injunctions in labor disputes: RCW 49.32.011.*

**49.36.030 Prosecutions prohibited.** No person shall be indicted, prosecuted, or tried in any court of this state for entering into or carrying on any lawful arrangement, agreement, or combination between themselves made with a view of lessening the number of hours of labor or increasing wages or bettering the conditions of working men and women, or for any lawful act done in pursuance thereof. [1919 c 185 § 4; RRS § 7614.]

## Chapter 49.38 RCW

### THEATRICAL ENTERPRISES

#### Sections

49.38.010	Definitions.
49.38.020	Payment of wages—Cash deposit or bond required.
49.38.030	Action to require cash deposit or bond.
49.38.040	Payment of wages—Action against cash deposit or bond—Limitations.
49.38.050	Recovery of attorney's fees and costs.
49.38.060	Penalty.
49.38.070	Department to adopt rules.
49.38.900	Severability—1984 c 89.

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

(1) Department means the department of labor and industries.

(2) Theatrical enterprise means the production of any circus, vaudeville, carnival, revue, variety show, musical com-

edy, operetta, opera, drama, endurance contest, marathon, walkathon, or any other entertainment event where persons are a part of the enterprise's presentation. Theatrical enterprise does not include a program of a radio or television station operating pursuant to a license issued by the federal communications commission or any event produced by a non-profit cultural or artistic organization that has been located in a community for at least two years. [1984 c 89 § 1.]

**49.38.020 Payment of wages—Cash deposit or bond required.** (1) Any person engaged in the business of promoting a theatrical enterprise in this state shall deposit with the department the cash or a bond issued by a surety company authorized to do business in this state in an amount determined sufficient by the department to pay the wages of every person involved in the production of the theatrical enterprise for the period for which a single payment of wages is made, but not to exceed one week.

(2) The deposit required under subsection (1) of this section shall be on file with the department seven calendar days before the commencement of the theatrical enterprise. [1984 c 89 § 2.]

**49.38.030 Action to require cash deposit or bond.** If a person engaged in the business of promoting a theatrical enterprise fails to deposit cash or the bond required under RCW 49.38.020, the department may bring an action in the superior court to compel such person to deposit the cash or bond or cease doing business until he or she has done so. [1984 c 89 § 3.]

**49.38.040 Payment of wages—Action against cash deposit or bond—Limitations.** Any person having a claim for wages against a person engaged in the business of promoting a theatrical enterprise may bring an action against the bond or cash deposit in the district or superior court of the county in which the theatrical enterprise is produced or any county in which the principal on the bond resides or conducts business. An action against the bond may be brought against the named surety without joining the principal named in the bond. The liability of the surety shall not exceed the amount named in the bond. Any action brought under this chapter shall be commenced within one year after the completion of the work for which wages are alleged to be due and owing under this chapter. If a cash deposit has been made in lieu of a surety bond and if judgment is entered against the depositor and deposit, then the department shall upon receipt of a certified copy of a final judgment within one year of the date of entry of such judgment pay the judgment from the deposit. The priority of payment by the department shall be the order of receipt by the department, but the department shall have no liability for payment in excess of the amount of the deposit. [1984 c 89 § 4.]

**49.38.050 Recovery of attorney's fees and costs.** In an action brought pursuant to RCW 49.38.040, the prevailing party is entitled to reasonable attorney's fees and costs. [1984 c 89 § 5.]

**49.38.060 Penalty.** Any person who violates this chapter is guilty of a gross misdemeanor. [1984 c 89 § 6.]

**49.38.070 Department to adopt rules.** The department may adopt rules under chapter 34.05 RCW to carry out the provisions of this chapter. [1984 c 89 § 7.]

**49.38.900 Severability—1984 c 89.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1984 c 89 § 8.]

## Chapter 49.39 RCW SYMPHONY MUSICIANS

### Sections

49.39.005	Definitions.
49.39.010	Collective bargaining rights.
49.39.020	Selection of bargaining representative.
49.39.030	Certification of exclusive bargaining representative.
49.39.040	Election to ascertain exclusive bargaining representative.
49.39.050	Exclusive bargaining representative—Must represent all symphony musicians—Exception.
49.39.060	Rules—Commission.
49.39.070	Failure to conclude collective bargaining agreement.
49.39.080	Deduction of dues from pay of symphony musician.
49.39.090	Collective bargaining agreement—Union security provisions—Binding arbitration.
49.39.100	After termination date of collective bargaining agreement.
49.39.110	Selection of arbitrators.
49.39.120	Unfair labor practice—Employer.
49.39.130	Unfair labor practice—Bargaining representative.
49.39.140	Commission must prevent unfair labor practices.
49.39.150	Actions by commission subject to chapter 34.05 RCW.

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

(1) "Bargaining representative" means any lawful organization which represents symphony musicians in their employment relations with their employers.

(2) "Collective bargaining" means the performance of the mutual obligations of the employer and the exclusive bargaining representative to meet at reasonable times, to confer and negotiate in good faith, and to execute a written agreement with respect to grievance procedures and collective negotiations on personnel matters, including wages, hours, and working conditions, which may be peculiar to an appropriate bargaining unit of such employer, except that by such obligation neither party shall be compelled to agree to a proposal or be required to make a concession unless otherwise provided in this chapter.

(3) "Commission" means the public employment relations commission.

(4)(a) "Employer" means a symphony orchestra with a gross annual revenue of more than three hundred thousand dollars that does not meet the jurisdictional standards of the national labor relations board, and includes any person acting as an agent of an employer, directly or indirectly.

(b) In determining whether any person is acting as an "agent" of another person so as to make such other person responsible for his or her acts, the question of whether the specific acts performed were actually authorized or subsequently ratified shall not be controlling.

(2010 Ed.)

(5) "Executive director" means the executive director of the commission.

(6) "Labor dispute" includes any controversy concerning terms, tenure, or conditions of employment, or concerning the association of representation of persons in negotiating, fixing, maintaining, changing, or seeking to arrange terms or conditions of employment, regardless of whether the disputants stand in the proximate relation of employer and symphony musician employee. In the event of a dispute between an employer and an exclusive bargaining representative over the matters that are terms and conditions of employment, the commission shall decide which items are mandatory subjects for bargaining.

(7) "Labor organization" means an organization of any kind, or an agency or employee representation committee or plan, in which symphony musicians participate and which exists for the primary purpose of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of employment.

(8) "Person" includes one or more individuals, labor organizations, partnerships, associations, corporations, legal representatives, trustees in bankruptcy, or receivers.

(9) "Unfair labor practice" means any activity listed in RCW 49.39.120 and 49.39.130. [2010 c 6 § 1.]

**49.39.010 Collective bargaining rights.** No employer, or other person, shall directly or indirectly interfere with, restrain, coerce, or discriminate against any symphony musician or group of symphony musicians in the free exercise of their right to organize and designate bargaining representatives of their own choosing for the purpose of collective bargaining, or in the free exercise of any other right under this chapter. [2010 c 6 § 2.]

**49.39.020 Selection of bargaining representative.** If an employer and its symphony musician employees are in disagreement as to the selection of a bargaining representative the commission shall be invited to intervene as is provided in RCW 49.39.030 through 49.39.060. [2010 c 6 § 3.]

**49.39.030 Certification of exclusive bargaining representative.** The commission, upon reasonable notice, shall decide in each application for certification as an exclusive bargaining representative the unit appropriate for the purpose of collective bargaining. In determining, modifying, or combining the bargaining unit, the commission shall consider the duties, skills, and working conditions of the symphony musicians; the history of collective bargaining by the symphony musicians and their bargaining representatives; the extent of organization among the symphony musicians; and the desire of the symphony musicians. The commission shall determine the bargaining representative by: (1) Comparison of signatures on organization bargaining authorization cards; or (2) conducting an election specifically therefor. [2010 c 6 § 4.]

**49.39.040 Election to ascertain exclusive bargaining representative.** If the commission elects to conduct an election to ascertain the exclusive bargaining representative, and upon the request of a prospective bargaining representative showing written proof of at least thirty percent representation

of the symphony musicians within the unit, the commission shall hold an election by secret ballot to determine the issue. The ballot shall contain the name of the bargaining representative and of any other bargaining representative showing written proof of at least ten percent representation of the symphony musicians within the unit, together with a choice for any symphony musician to designate that he or she does not desire to be represented by any bargaining agent. Where more than one organization is on the ballot and neither of the three or more choices receives a majority vote of valid ballots cast, a run-off election shall be held. The run-off ballot shall contain the two choices which received the largest and second-largest number of votes. No question concerning representation may be raised within one year of a certification or attempted certification. Where there is a valid collective bargaining agreement in effect, no question of representation may be raised except during the period not more than ninety nor less than sixty days prior to the expiration date of the agreement. Any agreement which contains a provision for automatic renewal or extension of the agreement shall not be a valid agreement; nor shall any agreement be valid if it provides for a term of existence for more than three years. [2010 c 6 § 5.]

**49.39.050 Exclusive bargaining representative—Must represent all symphony musicians—Exception.** The bargaining representative which has been determined to represent a majority of the symphony musicians in a bargaining unit shall be certified by the commission as the exclusive bargaining representative of, and shall be required to represent, all the symphony musicians within the unit without regard to membership in the bargaining representative. However, any symphony musician at any time may present his or her grievance to the employer and have such grievance adjusted without the intervention of the exclusive bargaining representative, if the adjustment is not inconsistent with the terms of a collective bargaining agreement then in effect, and if the exclusive bargaining representative has been given reasonable opportunity to be present at any initial meeting called for the resolution of the grievance. [2010 c 6 § 6.]

**49.39.060 Rules—Commission.** The commission may adopt rules necessary to administer this chapter in conformity with the intent and purpose of this chapter and consistent with the best standards of labor-management relations. [2010 c 6 § 7.]

**49.39.070 Failure to conclude collective bargaining agreement.** An employer may engage in collective bargaining with the exclusive bargaining representative and no employer may refuse to engage in collective bargaining with the exclusive bargaining representative. Upon the failure of the employer and the exclusive bargaining representative to conclude a collective bargaining agreement, any matter in dispute may be submitted by either party to the commission. If an employer implements its last and best offer where there is no contract settlement, allegations that either party is violating the terms of the implemented offer are subject to grievance arbitration procedures if and as such procedures are set forth in the implemented offer, or, if not in the implemented

offer, if and as such procedures are set forth in the parties' last contract. [2010 c 6 § 8.]

**49.39.080 Deduction of dues from pay of symphony musician.** Upon the written authorization of any symphony musician within the bargaining unit and after the certification or recognition of the bargaining representative, the employer must deduct from the pay of the symphony musician the monthly amount of dues as certified by the secretary of the exclusive bargaining representative and must transmit the dues to the treasurer of the exclusive bargaining representative. [2010 c 6 § 9.]

**49.39.090 Collective bargaining agreement—Union security provisions—Binding arbitration.** A collective bargaining agreement may:

(1) Contain union security provisions. However, nothing in this section authorizes a closed shop provision. Agreements involving union security provisions must safeguard the right of nonassociation of employees based on bona fide religious tenets or teachings of a church or religious body of which the symphony musician is a member. The symphony musician must pay an amount of money equivalent to regular union dues and initiation fee to a nonreligious charity or to another charitable organization mutually agreed upon by the symphony musician affected and the bargaining representative to which the symphony musician would otherwise pay the dues and initiation fee. The symphony musician must furnish written proof that the payment has been made. If the symphony musician and the bargaining representative do not reach agreement on this matter, the commission must designate the charitable organization;

(2) Provide for binding arbitration of a labor dispute arising from the application or the interpretation of the matters contained in a collective bargaining agreement. [2010 c 6 § 10.]

**49.39.100 After termination date of collective bargaining agreement.** (1) After the termination date of a collective bargaining agreement, all of the terms and conditions specified in the collective bargaining agreement remain in effect until the effective date of a subsequent agreement, not to exceed one year from the termination date stated in the agreement. Thereafter, the employer may unilaterally implement according to law.

(2) This section does not apply to provisions of a collective bargaining agreement which both parties agree to exclude from the provisions of subsection (1) of this section and to provisions within the collective bargaining agreement with separate and specific termination dates.

(3) This section shall not apply to collective bargaining agreements in effect or being bargained on June 10, 2010. [2010 c 6 § 11.]

**49.39.110 Selection of arbitrators.** In addition to any other method for selecting arbitrators, the parties may request the commission to appoint a qualified person who may be an employee of the commission to act as an arbitrator to assist in the resolution of a labor dispute between the employer and the bargaining representative arising from the application of

the matters contained in a collective bargaining agreement. The arbitrator must conduct the arbitration of the dispute in a manner as provided for in the collective bargaining agreement. The commission may not collect any fees or charges from the employer or the bargaining representative for services performed by the commission under this chapter. The provisions of chapter 49.08 RCW do not apply to this chapter. [2010 c 6 § 12.]

**49.39.120 Unfair labor practice—Employer.** It is an unfair labor practice for an employer:

- (1) To interfere with, restrain, or coerce symphony musicians in the exercise of their rights guaranteed by this chapter;
- (2) To control, dominate, or interfere with a bargaining representative;
- (3) To discriminate against a symphony musician who has filed an unfair labor practice charge or who has given testimony under this chapter;
- (4) To refuse to engage in collective bargaining. [2010 c 6 § 13.]

**49.39.130 Unfair labor practice—Bargaining representative.** It is an unfair labor practice for a bargaining representative:

- (1) To interfere with, restrain, or coerce employees in the exercise of their rights guaranteed by this chapter;
- (2) To induce the employer to commit an unfair labor practice;
- (3) To discriminate against a symphony musician who has filed an unfair labor practice charge or who has given testimony under this chapter;
- (4) To refuse to engage in collective bargaining. [2010 c 6 § 14.]

**49.39.140 Commission must prevent unfair labor practices.** (1) The commission must prevent unfair labor practices and issue appropriate remedial orders. However, a complaint may not be processed for an unfair labor practice occurring more than six months before the filing of the complaint with the commission.

(2) If the commission determines that a person has engaged in or is engaging in an unfair labor practice, the commission must issue and serve upon the person an order requiring the person to cease and desist from the unfair labor practice. The commission may take action to carry out the purposes and policy of this chapter, including requiring the person to pay damages and reinstate employees.

(3) The commission may petition the superior court for the county in which the main office of the employer is located or in which the person who has engaged or is engaging in the unfair labor practice resides or transacts business, for the enforcement of its order and for appropriate temporary relief. [2010 c 6 § 15.]

**49.39.150 Actions by commission subject to chapter 34.05 RCW.** Actions taken by or on behalf of the commission shall be pursuant to chapter 34.05 RCW, or rules adopted in accordance with chapter 34.05 RCW, and the right of judicial review provided by chapter 34.05 RCW is applicable to all actions and rules. [2010 c 6 § 16.]

(2010 Ed.)

## Chapter 49.40 RCW SEASONAL LABOR

### Sections

49.40.010	Seasonal labor defined.
49.40.020	Contracts to be in writing—Advances.
49.40.030	Fraud in securing advances—Penalty.
49.40.040	Disputes determined by director of labor and industries.
49.40.050	Hearings.
49.40.060	Findings and award.
49.40.070	Appeal.
49.40.080	Findings and award as evidence.

**49.40.010 Seasonal labor defined.** For the purpose of this chapter the term "seasonal labor" shall include all work performed by any person employed for a period of time greater than one month and where the wages for such work are not to be paid at any fixed interval of time, but at the termination of such employment, and where such person is hired within this state for work to be performed outside the state and the wages earned during said employment are to be paid in this state at the termination of such employment: PROVIDED, That this chapter shall not apply to wages earned by seamen or other persons where the payment of their wages is regulated by federal statutes. [1919 c 191 § 1; RRS § 7603.]

**49.40.020 Contracts to be in writing—Advances.** Every contract for seasonal labor shall be in writing and signed by the employer and the employee, and may provide for advances of moneys to be earned under such contract or for the furnishing of supplies to the employee before the wages are earned, and for the payment of money or the furnishing of supplies during the season. [1919 c 191 § 2; RRS § 7604.]

**49.40.030 Fraud in securing advances—Penalty.** Every employee who with intent to defraud shall have secured advances of money or supplies under a contract for seasonal labor and who with intent to defraud shall wilfully fail to perform sufficient labor to compensate for such advances and supplies made under such contract shall be guilty of a gross misdemeanor. [1919 c 191 § 3; RRS § 7605.]

**49.40.040 Disputes determined by director of labor and industries.** Upon the written petition of either the employer or the employee setting forth in ordinary and concise language the facts and questions in dispute, the director of labor and industries shall, in person or by his or her duly authorized deputy, and is hereby authorized to hear and determine all disputes concerning wages earned at seasonal labor, and allow or reject deductions made from such wages for moneys advanced or supplies furnished before the wages are earned for money paid or supplies furnished during the season or for money paid to third persons upon the written order of the employee. [2010 c 8 § 12033; 1919 c 191 § 4; RRS § 7606.]

**49.40.050 Hearings.** Upon the filing of any such petition, the director of labor and industries shall notify the other party to the dispute of the time and place when and where such petition will be heard, and may set said petition for a

hearing before a regularly appointed deputy at such place in the state as he or she shall determine is most convenient for the parties, and the director or his or her deputy shall have power and authority to issue subpoenas to compel the attendance of witnesses and the production of books, papers, and records at such hearing, and to administer oaths. Obedience to such subpoenas shall be enforced by the courts of the county where such hearing is held. [2010 c 8 § 12034; 1919 c 191 § 5; RRS § 7607.]

**49.40.060 Findings and award.** The director of labor and industries, or his or her deputy holding the hearing shall, after such hearing, determine the amount due from the employer to the employee, and shall make findings of fact and an award in accordance therewith, which findings and award shall be filed in the office of the director and a copy thereof served upon the employer and upon the employee by registered mail directed to their last known post office address. [2010 c 8 § 12035; 1919 c 191 § 6; RRS § 7608.]

**49.40.070 Appeal.** Any person aggrieved by the finding or award of the director of labor and industries has the right of appeal in the manner provided in chapter 34.05 RCW. [1987 c 202 § 217; 1919 c 191 § 7; RRS § 7609.]

**Intent—1987 c 202:** See note following RCW 2.04.190.

**49.40.080 Findings and award as evidence.** In case no appeal is taken from the award of the director of labor and industries and suit shall be brought upon the contract for seasonal labor in any court of competent jurisdiction, the findings and award of the director made in any proceeding under this chapter at a hearing at which both parties to such suit shall have appeared may be introduced in evidence in such suit, for the information of the court in which the suit is pending, and may, in the discretion of the court, be submitted to the jury as a part of the evidence in the case; but such findings and award shall not be conclusive or binding upon the court or the jury in any such case. [1919 c 191 § 8; RRS § 7610.]

## Chapter 49.44 RCW

### VIOLATIONS—PROHIBITED PRACTICES

#### Sections

49.44.010	Blacklisting—Penalty.
49.44.020	Bribery of labor representative.
49.44.030	Labor representative receiving bribe.
49.44.040	Obtaining employment by false letter or certificate.
49.44.050	Fraud by employment agent.
49.44.060	Corrupt influencing of agent.
49.44.080	Endangering life by refusal to labor.
49.44.090	Unfair practices in employment because of age of employee or applicant—Exceptions.
49.44.100	Bringing in out-of-state persons to replace employees involved in labor dispute—Penalty.
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49.44.150	Requiring assignment of employee's rights to inventions—Disclosure of inventions by employee.
49.44.160	Public employers—Intent.
49.44.170	Public employers—Unfair practices—Definitions—Remedies.
49.44.180	Genetic screening.

49.44.190 Noncompetition agreements for broadcasting industry employees—Restrictions—Trade secrets protected.

*Blind persons or individuals with disabilities, discriminating against in public employment: RCW 70.84.080.*

*Discrimination—Unfair practices: RCW 49.60.180 through 49.60.200.*

**49.44.010 Blacklisting—Penalty.** Every person in this state who shall wilfully and maliciously, send or deliver, or make or cause to be made, for the purpose of being delivered or sent or part with the possession of any paper, letter or writing, with or without name signed thereto, or signed with a fictitious name, or with any letter, mark or other designation, or publish or cause to be published any statement for the purpose of preventing any other person from obtaining employment in this state or elsewhere, and every person who shall wilfully and maliciously "blacklist" or cause to be "blacklisted" any person or persons, by writing, printing or publishing, or causing the same to be done, the name, or mark, or designation representing the name of any person in any paper, pamphlet, circular or book, together with any statement concerning persons so named, or publish or cause to be published that any person is a member of any secret organization, for the purpose of preventing such person from securing employment, or who shall wilfully and maliciously make or issue any statement or paper that will tend to influence or prejudice the mind of any employer against the person of such person seeking employment, or any person who shall do any of the things mentioned in this section for the purpose of causing the discharge of any person employed by any railroad or other company, corporation, individual or individuals, shall, on conviction thereof, be adjudged guilty of misdemeanor and punished by a fine of not less than one hundred dollars nor more than one thousand dollars, or by imprisonment in the county jail for not less than ninety days nor more than one year, or by both such fine and imprisonment. [1899 c 23 § 1; RRS § 7599.]

*Interference with or discharge from employment of member of organized militia: RCW 38.40.040, 38.40.050.*

**49.44.020 Bribery of labor representative.** Every person who shall give, offer, or promise, directly or indirectly, any compensation, gratuity, or reward to any duly constituted representative of a labor organization, with intent to influence him or her in respect to any of his or her acts, decisions or other duties as such representative, or to induce him or her to prevent or cause a strike by the employees of any person or corporation, shall be guilty of a gross misdemeanor. [2010 c 8 § 12036; 1909 c 249 § 424; RRS § 2676.]

**49.44.030 Labor representative receiving bribe.** Every person who, being the duly constituted representative of a labor organization, shall ask or receive, directly or indirectly, any compensation, gratuity, or reward, or any promise thereof, upon any agreement or understanding that any of his or her acts, decisions, or other duties as such representative, or any act to prevent or cause a strike of the employees of any person or corporation shall be influenced thereby, shall be guilty of a gross misdemeanor. [2010 c 8 § 12037; 1909 c 249 § 425; RRS § 2677.]

**49.44.040 Obtaining employment by false letter or certificate.** Every person who shall obtain employment or appointment to any office or place of trust, by color or aid of any false or forged letter or certificate of recommendation, shall be guilty of a misdemeanor. [1909 c 249 § 371; RRS § 2623.]

**49.44.050 Fraud by employment agent.** Every employment agent or broker who, with intent to influence the action of any person thereby, shall misstate or misrepresent verbally, or in any writing or advertisement, any material matter relating to the demand for labor, the conditions under which any labor or service is to be performed, the duration thereof or the wages to be paid therefor, shall be guilty of a misdemeanor. [1909 c 249 § 372; RRS § 2624.]

*Discrimination—Unfair practices of employment agencies: RCW 49.60.200.*

*False advertising: RCW 9.04.010.*

**49.44.060 Corrupt influencing of agent.** Every person who shall give, offer, or promise, directly or indirectly, any compensation, gratuity, or reward to any agent, employee, or servant of any person or corporation, with intent to influence his or her action in relation to his or her principal's, employer's, or master's business, shall be guilty of a gross misdemeanor. [2010 c 8 § 12038; 1909 c 249 § 426; RRS § 2678.]

**49.44.080 Endangering life by refusal to labor.** Every person who shall wilfully and maliciously, either alone or in combination with others, break a contract of service or employment, knowing or having reasonable cause to believe that the consequence of his or her so doing will be to endanger human life or to cause grievous bodily injury, or to expose valuable property to destruction or serious injury, shall be guilty of a misdemeanor. [2010 c 8 § 12039; 1909 c 249 § 281; RRS § 2533.]

*Injunctions in labor disputes: Chapter 49.32 RCW.*

*Labor unions—Injunctions in labor disputes: RCW 49.36.015.*

**49.44.090 Unfair practices in employment because of age of employee or applicant—Exceptions.** It shall be an unfair practice:

(1) For an employer or licensing agency, because an individual is forty years of age or older, to refuse to hire or employ or license or to bar or to terminate from employment such individual, or to discriminate against such individual in promotion, compensation or in terms, conditions or privileges of employment: PROVIDED, That employers or licensing agencies may establish reasonable minimum and/or maximum age limits with respect to candidates for positions of employment, which positions are of such a nature as to require extraordinary physical effort, endurance, condition or training, subject to the approval of the executive director of the Washington state human rights commission or the director of labor and industries through the division of industrial relations.

(2) For any employer, licensing agency or employment agency to print or circulate or cause to be printed or circulated any statement, advertisement, or publication, or to use

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any form of application for employment or to make any inquiry in connection with prospective employment, which expresses any limitation, specification or discrimination respecting individuals forty years of age or older: PROVIDED, That nothing herein shall forbid a requirement of disclosure of birth date upon any form of application for employment or by the production of a birth certificate or other sufficient evidence of the applicant's true age after an employee is hired.

Nothing contained in this section or in RCW 49.60.180 as to age shall be construed to prevent the termination of the employment of any person who is physically unable to perform his or her duties or to affect the retirement policy or system of any employer where such policy or system is not merely a subterfuge to evade the purposes of this section; nor shall anything in this section or in RCW 49.60.180 be deemed to preclude the varying of insurance coverages according to an employee's age; nor shall this section be construed as applying to any state, county, or city law enforcement agencies, or as superseding any law fixing or authorizing the establishment of reasonable minimum or maximum age limits with respect to candidates for certain positions in public employment which are of such a nature as to require extraordinary physical effort, or which for other reasons warrant consideration of age factors. [1993 c 510 § 24; 1985 c 185 § 30; 1983 c 293 § 2; 1961 c 100 § 5.]

*Element of age not to affect apprenticeship agreements: RCW 49.04.910.*

*Unfair practices, discrimination because of age: RCW 49.60.180 through 49.60.205.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.44.100 Bringing in out-of-state persons to replace employees involved in labor dispute—Penalty.** (1) It shall be unlawful for any person, firm or corporation not directly involved in a labor strike or lockout to recruit and bring into this state from outside this state any person or persons for employment, or to secure or offer to secure for such person or persons any employment, when the purpose of such recruiting, securing or offering to secure employment is to have such persons take the place in employment of employees in a business owned by a person, firm or corporation involved in a labor strike or lockout, or to have such persons act as pickets of a business owned by a person, firm or corporation where a labor strike or lockout exists: PROVIDED, That this section shall not apply to activities and services offered by or through the Washington employment security department.

(2) Any person violating this section is guilty of a gross misdemeanor. [2003 c 53 § 277; 1961 c 180 § 1.]

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

**49.44.120 Requiring lie detector tests—Penalty.** (1) It shall be unlawful for any person, firm, corporation or the state of Washington, its political subdivisions or municipal corporations to require, directly or indirectly, that any employee or prospective employee take or be subjected to any lie detector or similar tests as a condition of employment or continued employment: PROVIDED, That this section shall not apply to persons making application for employment with any law enforcement agency or with the juvenile court services agency of any county, or to persons returning

after a break of more than twenty-four consecutive months in service as a fully commissioned law enforcement officer: PROVIDED FURTHER, That this section shall not apply to either the initial application for employment or continued employment of persons who manufacture, distribute, or dispense controlled substances as defined in chapter 69.50 RCW, or to persons in sensitive positions directly involving national security.

(2) Nothing in this section shall be construed to prohibit the use of psychological tests as defined in RCW 18.83.010.

(3) Any person violating this section is guilty of a misdemeanor.

(4) As used in this section, "person" includes any individual, firm, corporation, or agency or political subdivision of the state.

(5) Nothing in this section may be construed as limiting any statutory or common law rights of any person illegally denied employment or continued employment under this section for purposes of any civil action or injunctive relief. [2007 c 14 § 1; 2005 c 265 § 1; 2003 c 53 § 278; 1985 c 426 § 1; 1973 c 145 § 1; 1965 c 152 § 1.]

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

**49.44.135 Requiring lie detector tests—Civil penalty and damages—Attorneys' fees.** In a civil action alleging a violation of RCW 49.44.120, the court may:

(1) Award a penalty in the amount of five hundred dollars to a prevailing employee or prospective employee in addition to any award of actual damages;

(2) Award reasonable attorneys' fees and costs to the prevailing employee or prospective employee; and

(3) Pursuant to RCW 4.84.185, award any prevailing party against whom an action has been brought for a violation of RCW 49.44.120 reasonable expenses and attorneys' fees upon final judgment and written findings by the trial judge that the action was frivolous and advanced without reasonable cause. [1985 c 426 § 3.]

**49.44.140 Requiring assignment of employee's rights to inventions—Conditions.** (1) A provision in an employment agreement which provides that an employee shall assign or offer to assign any of the employee's rights in an invention to the employer does not apply to an invention for which no equipment, supplies, facilities, or trade secret information of the employer was used and which was developed entirely on the employee's own time, unless (a) the invention relates (i) directly to the business of the employer, or (ii) to the employer's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by the employee for the employer. Any provision which purports to apply to such an invention is to that extent against the public policy of this state and is to that extent void and unenforceable.

(2) An employer shall not require a provision made void and unenforceable by subsection (1) of this section as a condition of employment or continuing employment.

(3) If an employment agreement entered into after September 1, 1979, contains a provision requiring the employee to assign any of the employee's rights in any invention to the employer, the employer must also, at the time the agreement

is made, provide a written notification to the employee that the agreement does not apply to an invention for which no equipment, supplies, facility, or trade secret information of the employer was used and which was developed entirely on the employee's own time, unless (a) the invention relates (i) directly to the business of the employer, or (ii) to the employer's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed [performed] by the employee for the employer. [1979 ex.s. c 177 § 2.]

**49.44.150 Requiring assignment of employee's rights to inventions—Disclosure of inventions by employee.**

Even though the employee meets the burden of proving the conditions specified in RCW 49.44.140, the employee shall, at the time of employment or thereafter, disclose all inventions being developed by the employee, for the purpose of determining employer or employee rights. The employer or the employee may disclose such inventions to the department of employment security, and the department shall maintain a record of such disclosures for a minimum period of five years. [1979 ex.s. c 177 § 3.]

**49.44.160 Public employers—Intent.** The legislature intends that public employers be prohibited from misclassifying employees, or taking other action to avoid providing or continuing to provide employment-based benefits to which employees are entitled under state law or employer policies or collective bargaining agreements applicable to the employee's correct classification.

Chapter 155, Laws of 2002 does not mandate that any public employer provide benefits to actual temporary, seasonal, or part-time employees beyond the benefits to which they are entitled under state law or employer policies or collective bargaining agreements applicable to the employee's correct classification. Public employers may determine eligibility rules for their own benefit plans and may exclude categories of workers such as "temporary" or "seasonal," so long as the definitions and eligibility rules are objective and applied on a consistent basis. Objective standards, such as control over the work and the length of the employment relationship, should determine whether a person is an employee who is entitled to employee benefits, rather than the arbitrary application of labels, such as "temporary" or "contractor." Common law standards should be used to determine whether a person is performing services as an employee, as a contractor, or as part of an agency relationship.

Chapter 155, Laws of 2002 does not modify any statute or policy regarding the employment of: Public employee retirees who are hired for postretirement employment as provided for in chapter 41.26, 41.32, 41.35, or 41.40 RCW or who work as contractors; or enrolled students who receive employment as student employees or as part of their education or financial aid. [2002 c 155 § 1.]

**Construction—2002 c 155:** "This act shall be construed liberally for the accomplishment of its purposes." [2002 c 155 § 3.]

**Severability—2002 c 155:** "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [2002 c 155 § 4.]

**49.44.170 Public employers—Unfair practices—Definitions—Remedies.** (1) It is an unfair practice for any public employer to:

(a) Misclassify any employee to avoid providing or continuing to provide employment-based benefits; or

(b) Include any other language in a contract with an employee that requires the employee to forgo employment-based benefits.

(2) The definitions in this subsection apply throughout chapter 155, Laws of 2002 unless the context clearly requires otherwise.

(a) "Employee" means a person who is providing services for compensation to an employer, unless the person is free from the employer's direction and control over the performance of work. This definition shall be interpreted consistent with common law.

(b) "Employment-based benefits" means any benefits to which employees are entitled under state law or employer policies or collective bargaining agreements applicable to the employee's correct classification.

(c) "Public employer" means: (i) Any unit of local government including, but not limited to, a county, city, town, municipal corporation, quasi-municipal corporation, or political subdivision; and (ii) the state, state institutions, and state agencies. This definition shall be interpreted consistent with common law.

(d) "Misclassify" and "misclassification" means to incorrectly classify or label a long-term public employee as "temporary," "leased," "contract," "seasonal," "intermittent," or "part-time," or to use a similar label that does not objectively describe the employee's actual work circumstances.

(3) An employee deeming himself or herself harmed in violation of subsection (1) of this section may bring a civil action in a court of competent jurisdiction. [2002 c 155 § 2.]

**Construction—Severability—2002 c 155:** See notes following RCW 49.44.160.

**49.44.180 Genetic screening.** It shall be unlawful for any person, firm, corporation, or the state of Washington, its political subdivisions, or municipal corporations to require, directly or indirectly, that any employee or prospective employee submit genetic information or submit to screening for genetic information as a condition of employment or continued employment.

"Genetic information" for purposes of this chapter, is information about inherited characteristics that can be derived from a DNA-based or other laboratory test, family history, or medical examination. "Genetic information" for purposes of this chapter, does not include: (1) Routine physical measurements, including chemical, blood, and urine analysis, unless conducted purposefully to diagnose genetic or inherited characteristics; and (2) results from tests for abuse of alcohol or drugs, or for the presence of HIV. [2004 c 12 § 1.]

**49.44.190 Noncompetition agreements for broadcasting industry employees—Restrictions—Trade secrets protected.** (1) If an employee subject to an employee noncompetition agreement is terminated without just cause or laid off by action of the employer, the noncompetition agreement is void and unenforceable.

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(2) Nothing in this section restricts the right of an employer to protect trade secrets or other proprietary information by lawful means in equity or under applicable law.

(3) Nothing in this section has the effect of terminating, or in any way modifying, any rights or liabilities resulting from an employee noncompetition agreement that was entered into before December 31, 2005.

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

(a) "Employee" means an employee of a broadcasting industry employer other than a sales or management employee.

(b) "Employer" means any person, firm, corporation, partnership, business trust, legal representative, or other entity which engages in any business, industry, profession, or activity in this state and employs one or more employees, and includes the state, counties, cities, and all municipal corporations, public corporations, political subdivisions of the state, and charitable organizations.

(c) "Employee noncompetition agreement" means an agreement, written or oral, express or implied, between an employer and employee under which the employee agrees not to compete, either alone or as an employee of another, with the employer in providing services after termination of employment.

(d) "Broadcasting industry" means employers that distribute or transmit electronic signals to the public at large using television (VHF or UHF), radio (AM, FM, or satellite), or cable television technologies, or which prepare, develop, or create programs or messages to be transmitted by electronic signal using television, radio, or cable technology. [2005 c 176 § 1.]

## Chapter 49.46 RCW MINIMUM WAGE ACT

### Sections

49.46.005	Declaration of necessity and police power.
49.46.010	Definitions.
49.46.020	Minimum hourly wage.
49.46.040	Investigation—Services of federal agencies—Employer's records—Industrial homework.
49.46.060	Exceptions for learners, apprentices, messengers, disabled.
49.46.065	Individual volunteering labor to state or local governmental agency—Amount reimbursed for expenses or received as nominal compensation not deemed salary for rendering services or affecting public retirement rights.
49.46.070	Records of employer—Contents—Inspection—Sworn statement.
49.46.080	New or modified regulations—Judicial review—Stay.
49.46.090	Payment of wages less than chapter requirements—Employer's liability—Assignment of wage claim.
49.46.100	Prohibited acts of employer—Penalty.
49.46.110	Collective bargaining not impaired.
49.46.120	Chapter establishes minimum standards and is supplementary to other laws—More favorable standards unaffected.
49.46.130	Minimum rate of compensation for employment in excess of forty hour work week—Exceptions.
49.46.140	Notification of employers.
49.46.160	Automatic service charges.
49.46.900	Severability—1959 c 294.
49.46.910	Short title.
49.46.920	Effective date—1975 1st ex. s. c 289.

*Enforcement of wage claims: RCW 49.48.040.*

**49.46.005 Declaration of necessity and police power.** Whereas the establishment of a minimum wage for employ-

ees is a subject of vital and imminent concern to the people of this state and requires appropriate action by the legislature to establish minimum standards of employment within the state of Washington, therefore the legislature declares that in its considered judgment the health, safety and the general welfare of the citizens of this state require the enactment of this measure, and exercising its police power, the legislature endeavors by this chapter to establish a minimum wage for employees of this state to encourage employment opportunities within the state. The provisions of this chapter are enacted in the exercise of the police power of the state for the purpose of protecting the immediate and future health, safety and welfare of the people of this state. [1961 ex.s. c 18 § 1.]

**49.46.010 Definitions.** (*Effective until December 31, 2011.*) As used in this chapter:

(1) "Director" means the director of labor and industries;  
 (2) "Wage" means compensation due to an employee by reason of employment, payable in legal tender of the United States or checks on banks convertible into cash on demand at full face value, subject to such deductions, charges, or allowances as may be permitted by rules of the director;

(3) "Employ" includes to permit to work;

(4) "Employer" includes any individual, partnership, association, corporation, business trust, or any person or group of persons acting directly or indirectly in the interest of an employer in relation to an employee;

(5) "Employee" includes any individual employed by an employer but shall not include:

(a) Any individual (i) employed as a hand harvest laborer and paid on a piece rate basis in an operation which has been, and is generally and customarily recognized as having been, paid on a piece rate basis in the region of employment; (ii) who commutes daily from his or her permanent residence to the farm on which he or she is employed; and (iii) who has been employed in agriculture less than thirteen weeks during the preceding calendar year;

(b) Any individual employed in casual labor in or about a private home, unless performed in the course of the employer's trade, business, or profession;

(c) Any individual employed in a bona fide executive, administrative, or professional capacity or in the capacity of outside salesperson as those terms are defined and delimited by rules of the director. However, those terms shall be defined and delimited by the director of personnel pursuant to chapter 41.06 RCW for employees employed under the director of personnel's jurisdiction;

(d) Any individual engaged in the activities of an educational, charitable, religious, state or local governmental body or agency, or nonprofit organization where the employer-employee relationship does not in fact exist or where the services are rendered to such organizations gratuitously. If the individual receives reimbursement in lieu of compensation for normally incurred out-of-pocket expenses or receives a nominal amount of compensation per unit of voluntary service rendered, an employer-employee relationship is deemed not to exist for the purpose of this section or for purposes of membership or qualification in any state, local government, or publicly supported retirement system other than that provided under chapter 41.24 RCW;

(e) Any individual employed full time by any state or local governmental body or agency who provides voluntary services but only with regard to the provision of the voluntary services. The voluntary services and any compensation therefor shall not affect or add to qualification, entitlement, or benefit rights under any state, local government, or publicly supported retirement system other than that provided under chapter 41.24 RCW;

(f) Any newspaper vendor or carrier;

(g) Any carrier subject to regulation by Part 1 of the Interstate Commerce Act;

(h) Any individual engaged in forest protection and fire prevention activities;

(i) Any individual employed by any charitable institution charged with child care responsibilities engaged primarily in the development of character or citizenship or promoting health or physical fitness or providing or sponsoring recreational opportunities or facilities for young people or members of the armed forces of the United States;

(j) Any individual whose duties require that he or she reside or sleep at the place of his or her employment or who otherwise spends a substantial portion of his or her work time subject to call, and not engaged in the performance of active duties;

(k) Any resident, inmate, or patient of a state, county, or municipal correctional, detention, treatment or rehabilitative institution;

(l) Any individual who holds a public elective or appointive office of the state, any county, city, town, municipal corporation or quasi municipal corporation, political subdivision, or any instrumentality thereof, or any employee of the state legislature;

(m) All vessel operating crews of the Washington state ferries operated by the department of transportation;

(n) Any individual employed as a seaman on a vessel other than an American vessel;

(o) Any farm intern providing his or her services to a small farm which has a special certificate issued under RCW 49.12.465;

(6) "Occupation" means any occupation, service, trade, business, industry, or branch or group of industries or employment or class of employment in which employees are gainfully employed;

(7) "Retail or service establishment" means an establishment seventy-five percent of whose annual dollar volume of sales of goods or services, or both, is not for resale and is recognized as retail sales or services in the particular industry. [2010 c 160 § 2; 2010 c 8 § 12040; 2002 c 354 § 231; 1997 c 203 § 3; 1993 c 281 § 56; 1989 c 1 § 1 (Initiative Measure No. 518, approved November 8, 1988); 1984 c 7 § 364; 1977 ex.s. c 69 § 1; 1975 1st ex.s. c 289 § 1; 1974 ex.s. c 107 § 1; 1961 ex.s. c 18 § 2; 1959 c 294 § 1.]

**Reviser's note:** This section was amended by 2010 c 8 § 12040 and by 2010 c 160 § 2, each without reference to the other. Both amendments are incorporated in the publication of this section under RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

**Expiration date—2010 c 160:** See note following RCW 49.12.465.

**Short title—Headings, captions not law—Severability—Effective dates—2002 c 354:** See RCW 41.80.907 through 41.80.910.

*Effect of offset of military pay on status of bona fide executive, administrative, and professional employees: RCW 73.16.080.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.46.010 Definitions. (Effective December 31, 2011.)**

As used in this chapter:

(1) "Director" means the director of labor and industries;  
 (2) "Wage" means compensation due to an employee by reason of employment, payable in legal tender of the United States or checks on banks convertible into cash on demand at full face value, subject to such deductions, charges, or allowances as may be permitted by rules of the director;

(3) "Employ" includes to permit to work;

(4) "Employer" includes any individual, partnership, association, corporation, business trust, or any person or group of persons acting directly or indirectly in the interest of an employer in relation to an employee;

(5) "Employee" includes any individual employed by an employer but shall not include:

(a) Any individual (i) employed as a hand harvest laborer and paid on a piece rate basis in an operation which has been, and is generally and customarily recognized as having been, paid on a piece rate basis in the region of employment; (ii) who commutes daily from his or her permanent residence to the farm on which he or she is employed; and (iii) who has been employed in agriculture less than thirteen weeks during the preceding calendar year;

(b) Any individual employed in casual labor in or about a private home, unless performed in the course of the employer's trade, business, or profession;

(c) Any individual employed in a bona fide executive, administrative, or professional capacity or in the capacity of outside salesperson as those terms are defined and delimited by rules of the director. However, those terms shall be defined and delimited by the director of personnel pursuant to chapter 41.06 RCW for employees employed under the director of personnel's jurisdiction;

(d) Any individual engaged in the activities of an educational, charitable, religious, state or local governmental body or agency, or nonprofit organization where the employer-employee relationship does not in fact exist or where the services are rendered to such organizations gratuitously. If the individual receives reimbursement in lieu of compensation for normally incurred out-of-pocket expenses or receives a nominal amount of compensation per unit of voluntary service rendered, an employer-employee relationship is deemed not to exist for the purpose of this section or for purposes of membership or qualification in any state, local government, or publicly supported retirement system other than that provided under chapter 41.24 RCW;

(e) Any individual employed full time by any state or local governmental body or agency who provides voluntary services but only with regard to the provision of the voluntary services. The voluntary services and any compensation therefor shall not affect or add to qualification, entitlement, or benefit rights under any state, local government, or publicly supported retirement system other than that provided under chapter 41.24 RCW;

(f) Any newspaper vendor or carrier;

(g) Any carrier subject to regulation by Part 1 of the Interstate Commerce Act;

(h) Any individual engaged in forest protection and fire prevention activities;

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(i) Any individual employed by any charitable institution charged with child care responsibilities engaged primarily in the development of character or citizenship or promoting health or physical fitness or providing or sponsoring recreational opportunities or facilities for young people or members of the armed forces of the United States;

(j) Any individual whose duties require that he or she reside or sleep at the place of his or her employment or who otherwise spends a substantial portion of his or her work time subject to call, and not engaged in the performance of active duties;

(k) Any resident, inmate, or patient of a state, county, or municipal correctional, detention, treatment or rehabilitative institution;

(l) Any individual who holds a public elective or appointive office of the state, any county, city, town, municipal corporation or quasi municipal corporation, political subdivision, or any instrumentality thereof, or any employee of the state legislature;

(m) All vessel operating crews of the Washington state ferries operated by the department of transportation;

(n) Any individual employed as a seaman on a vessel other than an American vessel;

(6) "Occupation" means any occupation, service, trade, business, industry, or branch or group of industries or employment or class of employment in which employees are gainfully employed;

(7) "Retail or service establishment" means an establishment seventy-five percent of whose annual dollar volume of sales of goods or services, or both, is not for resale and is recognized as retail sales or services in the particular industry. [2010 c 8 § 12040; 2002 c 354 § 231; 1997 c 203 § 3; 1993 c 281 § 56; 1989 c 1 § 1 (Initiative Measure No. 518, approved November 8, 1988); 1984 c 7 § 364; 1977 ex.s. c 69 § 1; 1975 1st ex.s. c 289 § 1; 1974 ex.s. c 107 § 1; 1961 ex.s. c 18 § 2; 1959 c 294 § 1.]

**Short title—Headings, captions not law—Severability—Effective dates—2002 c 354:** See RCW 41.80.907 through 41.80.910.

*Effect of offset of military pay on status of bona fide executive, administrative, and professional employees: RCW 73.16.080.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.46.020 Minimum hourly wage.** (1) Until January 1, 1999, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than four dollars and ninety cents per hour.

(2) Beginning January 1, 1999, and until January 1, 2000, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than five dollars and seventy cents per hour.

(3) Beginning January 1, 2000, and until January 1, 2001, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than six dollars and fifty cents per hour.

(4)(a) Beginning on January 1, 2001, and each following January 1st as set forth under (b) of this subsection, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than the amount established under (b) of this subsection.

(b) On September 30, 2000, and on each following September 30th, the department of labor and industries shall cal-

culate an adjusted minimum wage rate to maintain employee purchasing power by increasing the current year's minimum wage rate by the rate of inflation. The adjusted minimum wage rate shall be calculated to the nearest cent using the consumer price index for urban wage earners and clerical workers, CPI-W, or a successor index, for the twelve months prior to each September 1st as calculated by the United States department of labor. Each adjusted minimum wage rate calculated under this subsection (4)(b) takes effect on the following January 1st.

(5) The director shall by regulation establish the minimum wage for employees under the age of eighteen years. [1999 c 1 § 1 (Initiative Measure No. 688, approved November 3, 1998); 1993 c 309 § 1; 1989 c 1 § 2 (Initiative Measure No. 518, approved November 8, 1988); 1975 1st ex.s. c 289 § 2; 1973 2nd ex.s. c 9 § 1; 1967 ex.s. c 80 § 1; 1961 ex.s. c 18 § 3; 1959 c 294 § 2.]

*Notification of employers: RCW 49.46.140.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.46.040 Investigation—Services of federal agencies—Employer's records—Industrial homework.** (1) The director or his or her designated representatives may investigate and gather data regarding the wages, hours, and other conditions and practices of employment in any industry subject to this chapter, and may enter and inspect such places and such records (and make such transcriptions thereof), question such employees, and investigate such facts, conditions, practices, or matters as he or she may deem necessary or appropriate to determine whether any person has violated any provision of this chapter, or which may aid in the enforcement of the provisions of this chapter.

(2) With the consent and cooperation of federal agencies charged with the administration of federal labor laws, the director may, for the purpose of carrying out his or her functions and duties under this chapter, utilize the services of federal agencies and their employees and, notwithstanding any other provision of law, may reimburse such federal agencies and their employees for services rendered for such purposes.

(3) Every employer subject to any provision of this chapter or of any order issued under this chapter shall make, keep, and preserve such records of the persons employed by him or her and of the wages, hours, and other conditions and practices of employment maintained by him or her, and shall preserve such records for such periods of time, and shall make reports therefrom to the director as he or she shall prescribe by regulation as necessary or appropriate for the enforcement of the provisions of this chapter or the regulations thereunder.

(4) The director is authorized to make such regulations regulating, restricting, or prohibiting industrial homework as are necessary or appropriate to prevent the circumvention or evasion of and to safeguard the minimum wage rate prescribed in this chapter, and all existing regulations of the director relating to industrial homework are hereby continued in full force and effect. [2010 c 8 § 12041; 1959 c 294 § 4.]

**49.46.060 Exceptions for learners, apprentices, messengers, disabled.** The director, to the extent necessary in order to prevent curtailment of opportunities for employment, shall by regulations provide for (1) the employment of

learners, of apprentices, and of messengers employed primarily in delivering letters and messages, under special certificates issued pursuant to regulations of the director, at such wages lower than the minimum wage applicable under RCW 49.46.020 and subject to such limitations as to time, number, proportion, and length of service as the director shall prescribe, and (2) the employment of individuals whose earning capacity is impaired by age or physical or mental deficiency or injury, under special certificates issued by the director, at such wages lower than the minimum wage applicable under RCW 49.46.020 and for such period as shall be fixed in such certificates. [1959 c 294 § 6.]

**49.46.065 Individual volunteering labor to state or local governmental agency—Amount reimbursed for expenses or received as nominal compensation not deemed salary for rendering services or affecting public retirement rights.** When an individual volunteers his or her labor to a state or local governmental body or agency and receives pursuant to a statute or policy or an ordinance or resolution adopted by or applicable to the state or local governmental body or agency reimbursement in lieu of compensation at a nominal rate for normally incurred expenses or receives a nominal amount of compensation per unit of voluntary service rendered such reimbursement or compensation shall not be deemed a salary for the rendering of services or for purposes of granting, affecting or adding to any qualification, entitlement or benefit rights under any state, local government or publicly supported retirement system other than that provided under chapter 41.24 RCW. [1977 ex.s. c 69 § 2.]

**49.46.070 Records of employer—Contents—Inspection—Sworn statement.** Every employer subject to any provision of this chapter or of any regulation issued under this chapter shall make, and keep in or about the premises wherein any employee is employed, a record of the name, address, and occupation of each of his or her employees, the rate of pay, and the amount paid each pay period to each such employee, the hours worked each day and each work week by such employee, and such other information as the director shall prescribe by regulation as necessary or appropriate for the enforcement of the provisions of this chapter or of the regulations thereunder. Such records shall be open for inspection or transcription by the director or his or her authorized representative at any reasonable time. Every such employer shall furnish to the director or to his or her authorized representative on demand a sworn statement of such records and information upon forms prescribed or approved by the director. [2010 c 8 § 12042; 1959 c 294 § 7.]

**49.46.080 New or modified regulations—Judicial review—Stay.** (1) As new regulations or changes or modification of previously established regulations are proposed, the director shall call a public hearing for the purpose of the consideration and establishment of such regulations following the procedures used in the promulgation of standards of safety under chapter 49.17 RCW.

(2) Any interested party may obtain a review of the director's findings and order in the superior court of county

of petitioners' residence by filing in such court within sixty days after the date of publication of such regulation a written petition praying that the regulation be modified or set aside. A copy of such petition shall be served upon the director. The finding of facts, if supported by evidence, shall be conclusive upon the court. The court shall determine whether the regulation is in accordance with law. If the court determines that such regulation is not in accordance with law, it shall remand the case to the director with directions to modify or revoke such regulation. If application is made to the court for leave to adduce additional evidence by any aggrieved party, such party shall show to the satisfaction of the court that such additional evidence is material, and that there were reasonable grounds for the failure to adduce such evidence before the director. If the court finds that such evidence is material and that reasonable grounds exist for failure of the aggrieved party to adduce such evidence in prior proceedings, the court may remand the case to the director with directions that such additional evidence be taken before the director. The director may modify the findings and conclusions, in whole or in part, by reason of such additional evidence.

(3) The judgment and decree of the court shall be final except that it shall be subject to review by the supreme court or the court of appeals as in other civil cases.

(4) The proceedings under this section shall not, unless specifically ordered by the court, operate as a stay of an administrative regulation issued under the provisions of this chapter. The court shall not grant any stay of an administrative regulation unless the person complaining of such regulation shall file in the court an undertaking with a surety or sureties satisfactory to the court for the payment to the employees affected by the regulation, in the event such regulation is affirmed, of the amount by which the compensation such employees are entitled to receive under the regulation exceeds the compensation they actually receive while such stay is in effect. [1983 c 3 § 157; 1971 c 81 § 117; 1959 c 294 § 8.]

**49.46.090 Payment of wages less than chapter requirements—Employer's liability—Assignment of wage claim.** (1) Any employer who pays any employee less than wages to which such employee is entitled under or by virtue of this chapter, shall be liable to such employee affected for the full amount of such wage rate, less any amount actually paid to such employee by the employer, and for costs and such reasonable attorney's fees as may be allowed by the court. Any agreement between such employee and the employer to work for less than such wage rate shall be no defense to such action.

(2) At the written request of any employee paid less than the wages to which he or she is entitled under or by virtue of this chapter, the director may take an assignment under this chapter or as provided in RCW 49.48.040 of such wage claim in trust for the assigning employee and may bring any legal action necessary to collect such claim, and the employer shall be required to pay the costs and such reasonable attorney's fees as may be allowed by the court. [2010 c 8 § 12043; 1959 c 294 § 9.]

(2010 Ed.)

**49.46.100 Prohibited acts of employer—Penalty.** (1) Any employer who hinders or delays the director or his or her authorized representatives in the performance of his or her duties in the enforcement of this chapter, or refuses to admit the director or his or her authorized representatives to any place of employment, or fails to make, keep, and preserve any records as required under the provisions of this chapter, or falsifies any such record, or refuses to make any record accessible to the director or his or her authorized representatives upon demand, or refuses to furnish a sworn statement of such record or any other information required for the proper enforcement of this chapter to the director or his or her authorized representatives upon demand, or pays or agrees to pay wages at a rate less than the rate applicable under this chapter, or otherwise violates any provision of this chapter or of any regulation issued under this chapter shall be deemed in violation of this chapter and shall, upon conviction therefor, be guilty of a gross misdemeanor.

(2) Any employer who discharges or in any other manner discriminates against any employee because such employee has made any complaint to his or her employer, to the director, or his or her authorized representatives that he or she has not been paid wages in accordance with the provisions of this chapter, or that the employer has violated any provision of this chapter, or because such employee has caused to be instituted or is about to cause to be instituted any proceeding under or related to this chapter, or because such employee has testified or is about to testify in any such proceeding shall be deemed in violation of this chapter and shall, upon conviction therefor, be guilty of a gross misdemeanor. [2010 c 8 § 12044; 1959 c 294 § 10.]

**49.46.110 Collective bargaining not impaired.** Nothing in this chapter shall be deemed to interfere with, impede, or in any way diminish the right of employees to bargain collectively with their employers through representatives of their own choosing in order to establish wages or other conditions of work in excess of the applicable minimum under the provisions of this chapter. [1959 c 294 § 11.]

**49.46.120 Chapter establishes minimum standards and is supplementary to other laws—More favorable standards unaffected.** This chapter establishes a minimum standard for wages and working conditions of all employees in this state, unless exempted herefrom, and is in addition to and supplementary to any other federal, state, or local law or ordinance, or any rule or regulation issued thereunder. Any standards relating to wages, hours, or other working conditions established by any applicable federal, state, or local law or ordinance, or any rule or regulation issued thereunder, which are more favorable to employees than the minimum standards applicable under this chapter, or any rule or regulation issued hereunder, shall not be affected by this chapter and such other laws, or rules or regulations, shall be in full force and effect and may be enforced as provided by law. [1961 ex.s. c 18 § 4; 1959 c 294 § 12.]

**49.46.130 Minimum rate of compensation for employment in excess of forty hour work week—Exceptions.** (1) Except as otherwise provided in this section, no employer shall employ any of his or her employees for a

work week longer than forty hours unless such employee receives compensation for his or her employment in excess of the hours above specified at a rate not less than one and one-half times the regular rate at which he or she is employed.

(2) This section does not apply to:

(a) Any person exempted pursuant to RCW 49.46.010(5). The payment of compensation or provision of compensatory time off in addition to a salary shall not be a factor in determining whether a person is exempted under RCW 49.46.010(5)(c);

(b) Employees who request compensating time off in lieu of overtime pay;

(c) Any individual employed as a seaman whether or not the seaman is employed on a vessel other than an American vessel;

(d) Seasonal employees who are employed at concessions and recreational establishments at agricultural fairs, including those seasonal employees employed by agricultural fairs, within the state provided that the period of employment for any seasonal employee at any or all agricultural fairs does not exceed fourteen working days a year;

(e) Any individual employed as a motion picture projectionist if that employee is covered by a contract or collective bargaining agreement which regulates hours of work and overtime pay;

(f) An individual employed as a truck or bus driver who is subject to the provisions of the Federal Motor Carrier Act (49 U.S.C. Sec. 3101 et seq. and 49 U.S.C. Sec. 10101 et seq.), if the compensation system under which the truck or bus driver is paid includes overtime pay, reasonably equivalent to that required by this subsection, for working longer than forty hours per week;

(g) Any individual employed (i) on a farm, in the employ of any person, in connection with the cultivation of the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and furbearing animals and wildlife, or in the employ of the owner or tenant or other operator of a farm in connection with the operation, management, conservation, improvement, or maintenance of such farm and its tools and equipment; or (ii) in packing, packaging, grading, storing or delivering to storage, or to market or to a carrier for transportation to market, any agricultural or horticultural commodity; or (iii) commercial canning, commercial freezing, or any other commercial processing, or with respect to services performed in connection with the cultivation, raising, harvesting, and processing of oysters or in connection with any agricultural or horticultural commodity after its delivery to a terminal market for distribution for consumption;

(h) Any industry in which federal law provides for an overtime payment based on a work week other than forty hours. However, the provisions of the federal law regarding overtime payment based on a work week other than forty hours shall nevertheless apply to employees covered by this section without regard to the existence of actual federal jurisdiction over the industrial activity of the particular employer within this state. For the purposes of this subsection, "industry" means a trade, business, industry, or other activity, or branch, or group thereof, in which individuals are gainfully

employed (section 3(h) of the Fair Labor Standards Act of 1938, as amended (Public Law 93-259));

(i) Any hours worked by an employee of a carrier by air subject to the provisions of subchapter II of the Railway Labor Act (45 U.S.C. Sec. 181 et seq.), when such hours are voluntarily worked by the employee pursuant to a shift-trading practice under which the employee has the opportunity in the same or in other work weeks to reduce hours worked by voluntarily offering a shift for trade or reassignment.

(3) No employer shall be deemed to have violated subsection (1) of this section by employing any employee of a retail or service establishment for a work week in excess of the applicable work week specified in subsection (1) of this section if:

(a) The regular rate of pay of the employee is in excess of one and one-half times the minimum hourly rate required under RCW 49.46.020; and

(b) More than half of the employee's compensation for a representative period, of not less than one month, represents commissions on goods or services.

In determining the proportion of compensation representing commissions, all earnings resulting from the application of a bona fide commission rate is to be deemed commissions on goods or services without regard to whether the computed commissions exceed the draw or guarantee.

(4) No employer of commissioned salespeople primarily engaged in the business of selling automobiles, trucks, recreational vessels, recreational vessel trailers, recreational vehicle trailers, recreational campers, manufactured housing, or farm implements to ultimate purchasers shall violate subsection (1) of this section with respect to such commissioned salespeople if the commissioned salespeople are paid the greater of:

(a) Compensation at the hourly rate, which may not be less than the rate required under RCW 49.46.020, for each hour worked up to forty hours per week, and compensation of one and one-half times that hourly rate for all hours worked over forty hours in one week; or

(b) A straight commission, a salary plus commission, or a salary plus bonus applied to gross salary.

(5) No public agency shall be deemed to have violated subsection (1) of this section with respect to the employment of any employee in fire protection activities or any employee in law enforcement activities (including security personnel in correctional institutions) if: (a) In a work period of twenty-eight consecutive days the employee receives for tours of duty which in the aggregate exceed two hundred forty hours; or (b) in the case of such an employee to whom a work period of at least seven but less than twenty-eight days applies, in his or her work period the employee receives for tours of duty which in the aggregate exceed a number of hours which bears the same ratio to the number of consecutive days in his or her work period as two hundred forty hours bears to twenty-eight days; compensation at a rate not less than one and one-half times the regular rate at which he or she is employed. [2010 c 8 § 12045; 1998 c 239 § 2. Prior: 1997 c 311 § 1; 1997 c 203 § 2; 1995 c 5 § 1; 1993 c 191 § 1; 1992 c 94 § 1; 1989 c 104 § 1; prior: 1977 ex.s. c 4 § 1; 1977 ex.s. c 74 § 1; 1975 1st ex.s. c 289 § 3.]

**Findings—Intent—1998 c 239:** "The legislature finds that employees in the airline industry have a long-standing practice and tradition of trading

shifts voluntarily among themselves. The legislature also finds that federal law exempts airline employees from the provisions of federal overtime regulations. This act is intended to specify that airline industry employers are not required to pay overtime compensation to an employee agreeing to work additional hours for a coemployee." [1998 c 239 § 1.]

**Intent—Collective bargaining agreements—1998 c 239:** "This act does not alter the terms, conditions, or practices contained in any collective bargaining agreement." [1998 c 239 § 3.]

**Intent—Application—1995 c 5:** "This act is intended to clarify the original intent of RCW 49.46.010(5)(c). This act applies to all administrative and judicial actions commenced on or after February 1, 1995, and pending on March 30, 1995, and such actions commenced on or after March 30, 1995." [1995 c 5 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.46.140 Notification of employers.** The director of the department of labor and industries and the commissioner of employment security shall each notify employers of the requirements of chapter 289, Laws of 1975 1st ex. sess. through their regular quarterly notices to employers. [1975 1st ex.s. c 289 § 4.]

**49.46.160 Automatic service charges.** (1) An employer that imposes an automatic service charge related to food, beverages, entertainment, or portorage provided to a customer must disclose in an itemized receipt and in any menu provided to the customer the percentage of the automatic service charge that is paid or is payable directly to the employee or employees serving the customer.

(2) For purposes of this section:

(a) "Employee" means nonmanagerial, nonsupervisory workers, including but not limited to servers, busers, banquet attendant, banquet captains, bartenders, barbacks, and porters.

(b) "Employer" means employers as defined in RCW 49.46.010 that provide food, beverages, entertainment, or portorage, including but not limited to restaurants, catering houses, convention centers, and overnight accommodations.

(c) "Service charge" means a separately designated amount collected by employers from customers that is for services provided by employees, or is described in such a way that customers might reasonably believe that the amounts are for such services. Service charges include but are not limited to charges designated on receipts as a "service charge," "gratuity," "delivery charge," or "portorage charge." Service charges are in addition to hourly wages paid or payable to the employee or employees serving the customer. [2010 c 8 § 12046; 2007 c 390 § 1. Formerly RCW 19.48.130.]

**49.46.900 Severability—1959 c 294.** If any provision of this chapter, or the application thereof to any person or circumstances, is held invalid, the remainder of the chapter and the application thereof to other persons or circumstances shall not be affected thereby. [1959 c 294 § 13.]

**49.46.910 Short title.** This chapter may be known and cited as the "Washington Minimum Wage Act." [1961 ex.s. c 18 § 6; 1959 c 294 § 14.]

**49.46.920 Effective date—1975 1st ex.s. c 289.** This 1975 amendatory act is necessary for the immediate preservation

of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect September 1, 1975. [1975 1st ex.s. c 289 § 5.]

## Chapter 49.48 RCW

### WAGES—PAYMENT—COLLECTION

#### Sections

49.48.010	Payment of wages due to employee ceasing work to be at end of pay period—Exceptions—Authorized deductions or withholdings.
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49.48.900	Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.

*Chattel liens:* Chapter 60.08 RCW.

*Mechanics' and materialmen's liens:* Chapter 60.04 RCW.

**49.48.010 Payment of wages due to employee ceasing work to be at end of pay period—Exceptions—Authorized deductions or withholdings.** When any employee shall cease to work for an employer, whether by discharge or by voluntary withdrawal, the wages due him or her on account of his or her employment shall be paid to him or her at the end of the established pay period: PROVIDED, HOWEVER, That this paragraph shall not apply when workers are engaged in an employment that normally involves working for several employers in the same industry interchangeably, and the several employers or some of them cooperate to establish a plan for the weekly payment of wages at a central place or places and in accordance with a unified schedule of paydays providing for at least one payday each week; but this subsection shall not apply to any such plan until ten days after notice of their intention to set up such a plan shall have been given to the director of labor and industries by the employers who cooperate to establish the plan; and having once been established, no such plan can be abandoned except after

notice of their intention to abandon such plan has been given to the director of labor and industries by the employers intending to abandon the plan: PROVIDED FURTHER, That the duty to pay an employee forthwith shall not apply if the labor-management agreement under which the employee has been employed provides otherwise.

It shall be unlawful for any employer to withhold or divert any portion of an employee's wages unless the deduction is:

- (1) Required by state or federal law; or
- (2) Specifically agreed upon orally or in writing by the employee and employer; or
- (3) For medical, surgical, or hospital care or service, pursuant to any rule or regulation: PROVIDED, HOWEVER, That the deduction is openly, clearly, and in due course recorded in the employer's books and records.

Paragraph \*three of this section shall not be construed to affect the right of any employer or former employer to sue upon or collect any debt owed to said employer or former employer by his or her employees or former employees. [2010 c 8 § 12047; 1971 ex.s. c 55 § 1; 1947 c 181 § 1; 1905 c 112 § 1; 1888 c 128 § 1; Rem. Supp. 1947 § 7594.]

**\*Reviser's note:** The reference to paragraph three of this section appears to be erroneous. An amendment to Engrossed Senate Bill No. 137 [1971 ex.s. c 55] deleted the first paragraph of the section without making a corresponding change in the reference to "paragraph three." It was apparently intended that the phrase "paragraph three of this section" refer to the paragraph beginning "It shall be unlawful . . .," which now appears as the second paragraph of the section.

The foregoing annotations apply to RCW 49.48.010 through 49.48.030.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.48.020 Penalty for noncompliance with RCW 49.48.010 through 49.48.030 and 49.48.060.** Any person, firm, or corporation which violates any of the provisions of RCW 49.48.010 through 49.48.030 and 49.48.060 shall be guilty of a misdemeanor. [1971 ex.s. c 55 § 2; 1933 ex.s. c 20 § 1; 1888 c 128 § 2; RRS § 7595.]

*Wages—Deductions—Rebates, authorized withholding: RCW 49.52.060.*

**49.48.030 Attorney's fee in action on wages—Exception.** In any action in which any person is successful in recovering judgment for wages or salary owed to him or her, reasonable attorney's fees, in an amount to be determined by the court, shall be assessed against said employer or former employer: PROVIDED, HOWEVER, That this section shall not apply if the amount of recovery is less than or equal to the amount admitted by the employer to be owing for said wages or salary. [2010 c 8 § 12048; 1971 ex.s. c 55 § 3; 1888 c 128 § 3; RRS § 7596.]

**49.48.040 Enforcement of wage claims—Issuance of subpoenas—Compliance.** (1) The department of labor and industries may:

(a) Upon obtaining information indicating an employer may be committing a violation under chapters 39.12, 49.46, and 49.48 RCW, conduct investigations to ensure compliance with chapters 39.12, 49.46, and 49.48 RCW;

(b) Order the payment of all wages owed the workers and institute actions necessary for the collection of the sums determined owed; and

(c) Take assignments of wage claims and prosecute actions for the collection of wages of persons who are financially unable to employ counsel when in the judgment of the director of the department the claims are valid and enforceable in the courts.

(2) The director of the department or any authorized representative may, for the purpose of carrying out RCW 49.48.040 through 49.48.080: (a) Issue subpoenas to compel the attendance of witnesses or parties and the production of books, papers, or records; (b) administer oaths and examine witnesses under oath; (c) take the verification of proof of instruments of writing; and (d) take depositions and affidavits. If assignments for wage claims are taken, court costs shall not be payable by the department for prosecuting such suits.

(3) The director shall have a seal inscribed "Department of Labor and Industries—State of Washington" and all courts shall take judicial notice of such seal. Obedience to subpoenas issued by the director or authorized representative shall be enforced by the courts in any county.

(4) The director or authorized representative shall have free access to all places and works of labor. Any employer or any agent or employee of such employer who refuses the director or authorized representative admission therein, or who, when requested by the director or authorized representative, wilfully neglects or refuses to furnish the director or authorized representative any statistics or information pertaining to his or her lawful duties, which statistics or information may be in his or her possession or under the control of the employer or agent, shall be guilty of a misdemeanor. [1987 c 172 § 1; 1935 c 96 § 1; RRS § 7596-1.]

**49.48.050 Remedy cumulative.** Nothing herein contained shall be construed to limit the authority of the prosecuting attorney of any county to prosecute actions, both civil and criminal, for such violations of RCW 49.48.040 through 49.48.080 as may come to his or her knowledge, or to enforce the provisions hereof independently and without specific direction of the director of labor and industries. [2010 c 8 § 12049; 1935 c 96 § 2; RRS § 7596-2.]

**49.48.060 Director may require bond after assignment of wage claims or receipt of a wage complaint—Court action—Penalty for failure to pay wage claim.** (1) If upon investigation by the director, after taking assignments of any wage claim under RCW 49.48.040 or after receiving a wage complaint as defined in RCW 49.48.082 from an employee, it appears to the director that the employer is representing to his or her employees that he or she is able to pay wages for their services and that the employees are not being paid for their services, the director may require the employer to give a bond in such sum as the director deems reasonable and adequate in the circumstances, with sufficient surety, conditioned that the employer will for a definite future period not exceeding six months conduct his or her business and pay his or her employees in accordance with the laws of the state of Washington.

(2) If within ten days after demand for such bond the employer fails to provide the same, the director may commence a suit against the employer in the superior court of

appropriate jurisdiction to compel him or her to furnish such bond or cease doing business until he or she has done so. The employer shall have the burden of proving the amount thereof to be excessive.

(3) If the court finds that there is just cause for requiring such bond and that the same is reasonable, necessary, or appropriate to secure the prompt payment of the wages of the employees of such employer and his or her compliance with one or more wage payment requirements as defined in RCW 49.48.082, the court shall enjoin such employer from doing business in this state until the requirement is met, or shall make other, and may make further, orders appropriate to compel compliance with the requirement.

(4) Upon being informed of a wage claim against an employer or former employer, the director shall, if such claim appears to be just, immediately notify the employer or former employer, of such claim by mail. If the employer or former employer fails to pay the claim or make satisfactory explanation to the director of his or her failure to do so, within thirty days thereafter, the employer or former employer shall be liable to a penalty of ten percent of that portion of the claim found to be justly due. The director shall have a cause of action against the employer or former employer for the recovery of such penalty, and the same may be included in any subsequent action by the director on said wage claim, or may be exercised separately after adjustment of such wage claim without court action. This subsection does not apply to wage complaints made under RCW 49.48.083. [2010 c 42 § 5; 2010 c 8 § 12050; 1971 ex.s. c 55 § 4; 1935 c 96 § 3; RRS § 7596-3.]

**Reviser's note:** This section was amended by 2010 c 8 § 12050 and by 2010 c 42 § 5, each without reference to the other. Both amendments are incorporated in the publication of this section under RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

**49.48.070 Enforcement.** It shall be the duty of the director of labor and industries to inquire diligently for any violations of RCW 49.48.040 through 49.48.080, and to institute the actions for penalties herein provided, and to enforce generally the provisions of RCW 49.48.040 through 49.48.080. [1935 c 96 § 4; RRS § 7596-4.]

**49.48.075 Reciprocal enforcement agreements with other states.** (1) The director of labor and industries, or the director's designee, may enter into reciprocal agreements with the labor department or corresponding agency of any other state or with the person, board, officer, or commission authorized to act on behalf of such department or agency, for the collection in such other states of claims or judgments for wages and other demands based upon claims assigned to the director.

(2) The director, or the director's designee, may, to the extent provided for by any reciprocal agreement entered into by law or with an agency of another state as herein provided, maintain actions in the courts of such other state for the collection of claims for wages, judgments, and other demands and may assign such claims, judgments, and demands to the labor department or agency of such other state for collection to the extent that such an assignment may be permitted or provided for by the law of such state or reciprocal agreement.

(3) The director, or the director's designee, may, upon the written consent of the labor department or corresponding agency of any other state or of the person, board, officer, or commission of such state authorized to act on behalf of such labor department or corresponding agency, maintain actions in the courts of Washington upon assigned claims for wages, judgments, and demands arising in such other state in the same manner and to the same extent that such actions by the director are authorized when arising in Washington. Such actions may be maintained only in cases where such other state by law or reciprocal agreement extends a like comity to cases arising in Washington. [1985 c 48 § 1.]

**49.48.080 Public employees excluded.** Nothing in RCW 49.48.040 through 49.48.080 shall apply to the payment of wages or compensation of employees directly employed by any county, incorporated city or town, or other municipal corporation. Nor shall anything herein apply to employees, directly employed by the state, any department, bureau, office, board, commission or institution hereof. [1935 c 96 § 5; RRS § 7596-5.]

**49.48.082 Wage complaints—Definitions.** The definitions in this section apply throughout this section and RCW 49.48.083 through 49.48.086:

(1) "Citation" means a written determination by the department that a wage payment requirement has been violated.

(2) "Department" means the department of labor and industries.

(3) "Determination of compliance" means a written determination by the department that wage payment requirements have not been violated.

(4) "Director" means the director of the department of labor and industries, or the director's authorized representative.

(5) "Employee" has the meaning provided in: (a) RCW 49.46.010 for purposes of a wage payment requirement set forth in RCW 49.46.020 or 49.46.130; and (b) RCW 49.12.005 for purposes of a wage payment requirement set forth in RCW 49.48.010, 49.52.050, or 49.52.060.

(6) "Employer" has the meaning provided in RCW 49.46.010 for purposes of a wage payment requirement set forth in RCW 49.46.020, 49.46.130, 49.48.010, 49.52.050, or 49.52.060.

(7) "Notice of assessment" means a written notice by the department that, based on a citation, the employer shall pay the amounts assessed under RCW 49.48.083.

(8) "Repeat willful violator" means any employer that has been the subject of a final and binding citation and notice of assessment for a willful violation of a wage payment requirement within three years of the date of issue of the most recent citation and notice of assessment for a willful violation of a wage payment requirement.

(9) "Successor" means any person to whom an employer quitting, selling out, exchanging, or disposing of a business sells or otherwise conveys in bulk and not in the ordinary course of the employer's business, more than fifty percent of the property, whether real or personal, tangible or intangible, of the employer's business.

(10) "Wage" has the meaning provided in RCW 49.46.010.

(11) "Wage complaint" means a complaint from an employee to the department that asserts that an employer has violated one or more wage payment requirements and that is reduced to writing.

(12) "Wage payment requirement" means a wage payment requirement set forth in RCW 49.46.020, 49.46.130, 49.48.010, 49.52.050, or 49.52.060, and any related rules adopted by the department.

(13) "Willful" means a knowing and intentional action that is neither accidental nor the result of a bona fide dispute, as evaluated under the standards applicable to wage payment violations under RCW 49.52.050(2). [2010 c 42 § 1; 2006 c 89 § 1.]

**Reviser's note:** The definitions in this section have been alphabetized pursuant to RCW 1.08.015(2)(k).

**Captions not law—2006 c 89:** "Captions used in this act are not any part of the law." [2006 c 89 § 8.]

**49.48.083 Wage complaints—Duty of department to investigate—Citations and notices of assessment—Civil penalties.** (1) If an employee files a wage complaint with the department, the department shall investigate the wage complaint. Unless otherwise resolved, the department shall issue either a citation and notice of assessment or a determination of compliance no later than sixty days after the date on which the department received the wage complaint. The department may extend the time period by providing advance written notice to the employee and the employer setting forth good cause for an extension of the time period and specifying the duration of the extension. The department may not investigate any alleged violation of a wage payment requirement that occurred more than three years before the date that the employee filed the wage complaint. The department shall send the citation and notice of assessment or the determination of compliance to both the employer and the employee by service of process or certified mail to their last known addresses.

(2) If the department determines that an employer has violated a wage payment requirement and issues to the employer a citation and notice of assessment, the department may order the employer to pay employees all wages owed, including interest of one percent per month on all wages owed, to the employee. The wages and interest owed must be calculated from the first date wages were owed to the employee, except that the department may not order the employer to pay any wages and interest that were owed more than three years before the date the wage complaint was filed with the department.

(3) If the department determines that the violation of the wage payment requirement was a willful violation, the department also may order the employer to pay the department a civil penalty as specified in (a) of this subsection.

(a) A civil penalty for a willful violation of a wage payment requirement shall be not less than one thousand dollars or an amount equal to ten percent of the total amount of unpaid wages, whichever is greater. The maximum civil penalty for a willful violation of a wage payment requirement shall be twenty thousand dollars.

(b) The department may not assess a civil penalty if the employer reasonably relied on: (i) A rule related to any wage payment requirement; (ii) a written order, ruling, approval, opinion, advice, determination, or interpretation of the director; or (iii) an interpretive or administrative policy issued by the department and filed with the office of the code reviser. In accordance with the department's retention schedule obligations under chapter 40.14 RCW, the department shall maintain a complete and accurate record of all written orders, rulings, approvals, opinions, advice, determinations, and interpretations for purposes of determining whether an employer is immune from civil penalties under (b)(ii) of this subsection.

(c) The department shall waive any civil penalty assessed against an employer under this section if the employer is not a repeat willful violator, and the director determines that the employer has provided payment to the employee of all wages that the department determined that the employer owed to the employee, including interest, within ten business days of the employer's receipt of the citation and notice of assessment from the department.

(d) The department may waive or reduce at any time a civil penalty assessed under this section if the director determines that the employer paid all wages and interest owed to an employee.

(e) The department shall deposit civil penalties paid under this section in the supplemental pension fund established under RCW 51.44.033.

(4) Upon payment by an employer, and acceptance by an employee, of all wages and interest assessed by the department in a citation and notice of assessment issued to the employer, the fact of such payment by the employer, and of such acceptance by the employee, shall: (a) Constitute a full and complete satisfaction by the employer of all specific wage payment requirements addressed in the citation and notice of assessment; and (b) bar the employee from initiating or pursuing any court action or other judicial or administrative proceeding based on the specific wage payment requirements addressed in the citation and notice of assessment. The citation and notice of assessment shall include a notification and summary of the specific requirements of this subsection.

(5) The applicable statute of limitations for civil actions is tolled during the department's investigation of an employee's wage complaint against an employer. For the purposes of this subsection, the department's investigation begins on the date the employee files the wage complaint with the department and ends when: (a) The wage complaint is finally determined through a final and binding citation and notice of assessment or determination of compliance; (b) the department notifies the employer and the employee in writing that the wage complaint has been otherwise resolved or that the employee has elected to terminate the department's administrative action under RCW 49.48.085. [2010 c 42 § 2; 2006 c 89 § 2.]

**Captions not law—2006 c 89:** See note following RCW 49.48.082.

**49.48.084 Wage complaints—Administrative appeals.** (1) A person, firm, or corporation aggrieved by a citation and notice of assessment or a determination of com-

pliance issued by the department under RCW 49.48.083 or the assessment of civil penalty due to a determination of status as a repeat willful violator may appeal the citation and notice of assessment, the determination of compliance, or the assessment of civil penalty to the director by filing a notice of appeal with the director within thirty days of the department's issuance of the citation and notice of assessment, the determination of compliance, or the assessment of civil penalty. A citation and notice of assessment, a determination of compliance, or an assessment of a civil penalty not appealed within thirty days is final and binding, and not subject to further appeal.

(2) A notice of appeal filed with the director under this section shall stay the effectiveness of the citation and notice of assessment, the determination of compliance, or the assessment of civil penalty pending final review of the appeal by the director as provided for in chapter 34.05 RCW.

(3) Upon receipt of a notice of appeal, the director shall assign the hearing to an administrative law judge of the office of administrative hearings to conduct the hearing and issue an initial order. The hearing and review procedures shall be conducted in accordance with chapter 34.05 RCW, and the standard of review by the administrative law judge of an appealed citation and notice of assessment, an appealed determination of compliance, or an appealed assessment of civil penalty shall be de novo. Any party who seeks to challenge an initial order shall file a petition for administrative review with the director within thirty days after service of the initial order. The director shall conduct administrative review in accordance with chapter 34.05 RCW.

(4) The director shall issue all final orders after appeal of the initial order. The final order of the director is subject to judicial review in accordance with chapter 34.05 RCW.

(5) Orders that are not appealed within the time period specified in this section and chapter 34.05 RCW are final and binding, and not subject to further appeal.

(6) An employer who fails to allow adequate inspection of records in an investigation by the department under this chapter within a reasonable time period may not use such records in any appeal under this section to challenge the correctness of any determination by the department of wages owed or penalty assessed. [2010 c 42 § 3; 2006 c 89 § 3.]

**Captions not law—2006 c 89:** See note following RCW 49.48.082.

**49.48.085 Wage complaints—Employee termination of administrative action.** (1) An employee who has filed a wage complaint with the department may elect to terminate the department's administrative action, thereby preserving any private right of action, by providing written notice to the department within ten business days after the employee's receipt of the department's citation and notice of assessment.

(2) If the employee elects to terminate the department's administrative action: (a) The department shall immediately discontinue its action against the employer; (b) the department shall vacate a citation and notice of assessment already issued by the department to the employer; and (c) the citation and notice of assessment, and any related findings of fact or conclusions of law by the department, and any payment or offer of payment by the employer of the wages, including interest, assessed by the department in the citation and notice

of assessment, shall not be admissible in any court action or other judicial or administrative proceeding.

(3) Nothing in this section shall be construed to limit or affect: (a) The right of any employee to pursue any judicial, administrative, or other action available with respect to an employer; (b) the right of the department to pursue any judicial, administrative, or other action available with respect to an employee that is identified as a result of a wage complaint; or (c) the right of the department to pursue any judicial, administrative, or other action available with respect to an employer in the absence of a wage complaint. For purposes of this subsection, "employee" means an employee other than an employee who has filed a wage complaint with the department and who thereafter has elected to terminate the department's administrative action as provided in subsection (1) of this section. [2006 c 89 § 4.]

**Captions not law—2006 c 89:** See note following RCW 49.48.082.

**49.48.086 Collection procedures.** (1) After a final order is issued under RCW 49.48.084, if an employer defaults in the payment of: (a) Any wages determined by the department to be owed to an employee, including interest; or (b) any civil penalty ordered by the department under RCW 49.48.083, the director may file with the clerk of any county within the state a warrant in the amount of the payment plus any filing fees. The clerk of the county in which the warrant is filed shall immediately designate a superior court cause number for the warrant, and the clerk shall cause to be entered in the judgment docket under the superior court cause number assigned to the warrant, the name of the employer mentioned in the warrant, the amount of payment due on it plus any filing fees, and the date when the warrant was filed. The aggregate amount of the warrant as docketed becomes a lien upon the title to, and interest in, all real and personal property of the employer against whom the warrant is issued, the same as a judgment in a civil case docketed in the office of the clerk. The sheriff shall proceed upon the warrant in all respects and with like effect as prescribed by law with respect to execution or other process issued against rights or property upon judgment in a court of competent jurisdiction. The warrant so docketed is sufficient to support the issuance of writs of garnishment in favor of the state in a manner provided by law in case of judgment, wholly or partially unsatisfied. The clerk of the court is entitled to a filing fee which will be added to the amount of the warrant. A copy of the warrant shall be mailed to the employer within three days of filing with the clerk.

(2)(a) The director may issue to any person, firm, corporation, other entity, municipal corporation, political subdivision of the state, a public corporation, or any agency of the state, a notice and order to withhold and deliver property of any kind when he or she has reason to believe that there is in the possession of the person, firm, corporation, other entity, municipal corporation, political subdivision of the state, public corporation, or agency of the state, property that is or will become due, owing, or belonging to an employer upon whom a notice of assessment has been served by the department for payments or civil penalties due to the department. The effect of a notice and order is continuous from the date the notice and order is first made until the liability out of which the

notice and order arose is satisfied or becomes unenforceable because of lapse of time. The department shall release the notice and order when the liability out of which the notice and order arose is satisfied or becomes unenforceable by reason of lapse of time and shall notify the person against whom the notice and order was made that the notice and order has been released.

(b) The notice and order to withhold and deliver must be served by the sheriff of the county or by the sheriff's deputy, by certified mail, return receipt requested, or by the director. A person, firm, corporation, other entity, municipal corporation, political subdivision of the state, public corporation, or agency of the state upon whom service has been made shall answer the notice within twenty days exclusive of the day of service, under oath and in writing, and shall make true answers to the matters inquired of in the notice and order. Upon service of the notice and order, if the party served possesses any property that may be subject to the claim of the department, the party shall promptly deliver the property to the director. The director shall hold the property in trust for application on the employer's indebtedness to the department, or for return without interest, in accordance with a final determination of a petition for review. In the alternative, the party shall furnish a good and sufficient surety bond satisfactory to the director conditioned upon final determination of liability. If a party served and named in the notice fails to answer the notice within the time prescribed in this section, the court may render judgment by default against the party for the full amount claimed by the director in the notice, together with costs. If a notice is served upon an employer and the property subject to it is wages, the employer may assert in the answer all exemptions provided for by chapter 6.27 RCW to which the wage earner is entitled.

(3) In addition to the procedure for collection of wages owed, including interest, and civil penalties as set forth in this section, the department may recover wages owed, including interest, and civil penalties assessed under RCW 49.48.083 in a civil action brought in a court of competent jurisdiction of the county where the violation is alleged to have occurred.

(4) Whenever any employer quits business, sells out, exchanges, or otherwise disposes of the employer's business or stock of goods, any person who becomes a successor to the business becomes liable for the full amount of any outstanding citation and notice of assessment or penalty against the employer's business under this chapter if, at the time of the conveyance of the business, the successor has: (a) Actual knowledge of the fact and amount of the outstanding citation and notice of assessment or (b) a prompt, reasonable, and effective means of accessing and verifying the fact and amount of the outstanding citation and notice of assessment from the department. If the citation and notice of assessment or penalty is not paid in full by the employer within ten days of the date of the sale, exchange, or disposal, the successor is liable for the payment of the full amount of the citation and notice of assessment or penalty, and payment thereof by the successor must, to the extent thereof, be deemed a payment upon the purchase price. If the payment is greater in amount than the purchase price, the amount of the difference becomes a debt due the successor from the employer.

(5) This section does not affect other collection remedies that are otherwise provided by law. [2010 c 42 § 4; 2006 c 89 § 5.]

**Captions not law—2006 c 89:** See note following RCW 49.48.082.

**49.48.087 Rules.** The director may adopt rules to carry out the purposes of RCW 49.48.082 through 49.48.086. [2006 c 89 § 6.]

**Captions not law—2006 c 89:** See note following RCW 49.48.082.

**49.48.090 Assignment of wages—Requisites to validity.** No assignment of, or order for, wages to be earned in the future to secure a loan of less than three hundred dollars, shall be valid against an employer of the person making said assignment or order unless said assignment or order is accepted in writing by the employer, and said assignment or order, and the acceptance of the same, have been filed and recorded with the county auditor of the county where the party making said assignment or order resides, if a resident of the state, or in which he or she is employed, if not a resident of the state. [2010 c 8 § 12051; 1909 c 32 § 1; RRS § 7597.]

**49.48.100 Written consent of spouse required.** No assignment of, or order for, wages to be earned in the future shall be valid, when made by a married person, unless the written consent of the other spouse to the making of such assignment or order is attached thereto. [1972 ex.s. c 108 § 7; 1909 c 32 § 2; RRS § 7598.]

**49.48.115 Employer defined.** For the purposes of RCW 49.48.120 the word "employer" shall include every person, firm, partnership, corporation, the state of Washington, and all municipal corporations. [1939 c 139 § 1; RRS § 1464-1. Formerly RCW 49.48.120, part.]

**49.48.120 Payment on employee's death.** (1) If at the time of the death of any person, his or her employer is indebted to him or her for work, labor, and services performed, and no executor or administrator of his or her estate has been appointed, the employer shall upon the request of the surviving spouse pay the indebtedness in an amount as may be due not exceeding the sum of two thousand five hundred dollars, to the surviving spouse, or if the decedent leaves no surviving spouse, then to the decedent's child or children, or if no children, then to the decedent's father or mother.

(2) In the event the decedent's employer is the state of Washington, then the amount of the indebtedness that can be paid under subsection (1) of this section shall not exceed ten thousand dollars. At the beginning of each biennium, the director of financial management may by administrative policy adjust the amount of indebtedness that can be paid under this subsection to levels not to exceed the percentage increase in the consumer price index for all urban consumers, CPI-U, for Seattle, or a successor index, for the previous biennium as calculated by the United States department of labor. Adjusted dollar amounts of indebtedness shall be rounded to the nearest five hundred dollar increment.

(3) If the decedent and the surviving spouse have entered into a community property agreement that meets the requirements of RCW 26.16.120, and the right to the indebtedness

became the sole property of the surviving spouse upon the death of the decedent, the employer shall pay to the surviving spouse the total of the indebtedness, or that portion which is governed by the community property agreement, upon presentation of the agreement accompanied by an affidavit or declaration of the surviving spouse stating that the agreement was executed in good faith between the parties and had not been rescinded by the parties before the decedent's death.

(4) In all cases, the employer shall require proof of the claimant's relationship to the decedent by affidavit or declaration, and shall require the claimant to acknowledge receipt of the payment in writing.

(5) Any payments made by an employer pursuant to the provisions of RCW 49.48.115 and 49.48.120 shall operate as a full and complete discharge of the employer's indebtedness to the extent of the payment, and no employer shall thereafter be liable to the decedent's estate, or the decedent's executor or administrator thereafter appointed.

(6) The employer may also pay the indebtedness upon presentation of an affidavit as provided in RCW 11.62.010. [2003 c 122 § 1; 1981 c 333 § 2; 1974 ex.s. c 117 § 42; 1967 c 210 § 1; 1939 c 139 § 2; RRS § 1464-2. FORMER PART OF SECTION: 1939 c 139 § 1; RRS § 1464-1 now codified as RCW 49.48.115.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **49.48.125 Repeat willful violators—Civil penalties.**

(1) The department shall assess a civil penalty against any repeat willful violator in an amount of not less than one thousand dollars or an amount equal to ten percent of the total amount of unpaid wages, whichever is greater. The maximum civil penalty for a repeat willful violator under this section is twenty thousand dollars.

(2) The department may waive or reduce a civil penalty assessed under this section if the director determines that the employer has paid all wages and interest owed to the employee. [2010 c 42 § 6.]

**49.48.150 Sales representatives—Definitions.** Unless the context clearly requires otherwise, the definitions in this section apply throughout RCW 49.48.160 through 49.48.190.

(1) "Commission" means compensation paid a sales representative by a principal in an amount based on a percentage of the dollar amount of certain orders for or sales of the principal's product.

(2) "Principal" means a person, whether or not the person has a permanent or fixed place of business in this state, who:

(a) Manufactures, produces, imports, or distributes a product for sale to customers who purchase the product for resale;

(b) Uses a sales representative to solicit orders for the product; and

(c) Compensates the sales representative in whole or in part by commission.

(3) "Sales representative" means a person who solicits, on behalf of a principal, orders for the purchase at wholesale of the principal's product, but does not include a person who places orders for his or her own account for resale, or purchases for his or her own account for resale, or sells or takes

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orders for the direct sale of products to the ultimate consumer. [2010 c 8 § 12052; 1992 c 177 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **49.48.160 Sales representatives—Contract—Agreement.**

(1) A contract between a principal and a sales representative under which the sales representative is to solicit wholesale orders within this state must be in writing and must set forth the method by which the sales representative's commission is to be computed and paid. The principal shall provide the sales representative with a copy of the contract. A provision in the contract establishing venue for an action arising under the contract in a state other than this state is void.

(2) When no written contract has been entered into, any agreement between a sales representative and a principal is deemed to incorporate the provisions of RCW 49.48.150 through 49.48.190.

(3) During the course of the contract, a sales representative shall be paid the earned commission and all other moneys earned or payable in accordance with the agreed terms of the contract, but no later than thirty days after receipt of payment by the principal for products or goods sold on behalf of the principal by the sales representative.

Upon termination of a contract, whether or not the agreement is in writing, all earned commissions due to the sales representative shall be paid within thirty days after receipt of payment by the principal for products or goods sold on behalf of the principal by the sales representative, including earned commissions not due when the contract is terminated. [1992 c 177 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **49.48.170 Sales representatives—Payment.**

A principal shall pay wages and commissions at the usual place of payment unless the sales representative requests that the wages and commissions be sent through registered mail. If, in accordance with a request by the sales representative, the sales representative's wages and commissions are sent through the mail, the wages and commissions are deemed to have been paid as of the date of their registered postmark. [1992 c 177 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **49.48.180 Sales representatives—Principal considered doing business in this state.**

A principal who is not a resident of this state and who enters into a contract subject to RCW 49.48.150 through 49.48.190 is considered to be doing business in this state for purposes of the exercise of personal jurisdiction over the principal. [1992 c 177 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.48.190 Sales representatives—Rights and remedies not exclusive—Waiver void.** (1) RCW 49.48.150 through 49.48.190 supplement but do not supplant any other rights and remedies enjoyed by sales representatives.

(2) A provision of RCW 49.48.150 through 49.48.190 may not be waived, whether by express waiver or by attempt to make a contract or agreement subject to the laws of another state. A waiver of a provision of RCW 49.48.150 through 49.48.190 is void. [1992 c 177 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.48.200 Overpayment of wages—Government employees.** (1) Debts due the state or a county or city for the overpayment of wages to their respective employees may be recovered by the employer by deductions from subsequent wage payments as provided in RCW 49.48.210, or by civil action. If the overpayment is recovered by deduction from the employee's subsequent wages, each deduction shall not exceed: (a) Five percent of the employee's disposable earnings in a pay period other than the final pay period; or (b) the amount still outstanding from the employee's disposable earnings in the final pay period. The deductions from wages shall continue until the overpayment is fully recouped.

(2) Nothing in this section or RCW 49.48.210 or 49.48.220 prevents: (a) An employee from making payments in excess of the amount specified in subsection (1)(a) of this section to an employer; or (b) an employer and employee from agreeing to a different overpayment amount than that specified in the notice in RCW 49.48.210(1) or to a method other than a deduction from wages for repayment of the overpayment amount. [2004 c 7 § 1; 2003 c 77 § 1.]

**Severability—2004 c 7:** "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [2004 c 7 § 3.]

**49.48.210 Overpayment of wages—Notice—Review—Appeal.** (1) Except as provided in subsection (10) of this section, when an employer determines that an employee was overpaid wages, the employer shall provide written notice to the employee. The notice shall include the amount of the overpayment, the basis for the claim, a demand for payment within twenty calendar days of the date on which the employee received the notice, and the rights of the employee under this section.

(2) The notice may be served upon the employee in the manner prescribed for the service of a summons in a civil action, or be mailed by certified mail, return receipt requested, to the employee at his or her last known address.

(3) Within twenty calendar days after receiving the notice from the employer that an overpayment has occurred, the employee may request, in writing, that the employer review its finding that an overpayment has occurred. The employee may choose to have the review conducted through written submission of information challenging the overpayment or through a face-to-face meeting with the employer. If the request is not made within the twenty-day period as provided in this subsection, the employee may not further challenge the overpayment and has no right to further agency review, an adjudicative proceeding, or judicial review.

(4) Upon receipt of an employee's written request for review of the overpayment, the employer shall review the employee's challenge to the overpayment. Upon completion of the review, the employer shall notify the employee in writing of the employer's decision regarding the employee's challenge. The notification must be sent by certified mail, return receipt requested, to the employee at his or her last known address.

(5) If the employee is dissatisfied with the employer's decision regarding the employee's challenge to the overpay-

ment, the employee may request an adjudicative proceeding governed by the administrative procedure act, chapter 34.05 RCW or, in the case of a county or city employee, an adjudicative proceeding provided pursuant to ordinance or resolution of the county or city. The employee's application for an adjudicative proceeding must be in writing, state the basis for contesting the overpayment notice, and include a copy of the employer's notice of overpayment. The application must be served on and received by the employer within twenty-eight calendar days of the employee's receipt of the employer's decision following review of the employee's challenge. Notwithstanding RCW 34.05.413(3), agencies may not vary the requirements of this subsection (5) by rule or otherwise. The employee must serve the employer by certified mail, return receipt requested.

(6) If the employee does not request an adjudicative proceeding within the twenty-eight-day period, the amount of the overpayment provided in the notice shall be deemed final and the employer may proceed to recoup the overpayment as provided in this section and RCW 49.48.200.

(7) Where an adjudicative proceeding has been requested, the presiding or reviewing officer shall determine the amount, if any, of the overpayment received by the employee.

(8) If the employee fails to attend or participate in the adjudicative proceeding, upon a showing of valid service, the presiding or reviewing officer may enter an administrative order declaring the amount claimed in the notice sent to the employee after the employer's review of the employee's challenge to the overpayment to be assessed against the employee and subject to collection action by the employer as provided in RCW 49.48.200.

(9) Failure to make an application for a review by the employer as provided in subsections (3) and (4) of this section or an adjudicative proceeding within twenty-eight calendar days of the date of receiving notice of the employer's decision after review of the overpayment shall result in the establishment of a final debt against the employee in the amount asserted by the employer, which debt shall be collected as provided in RCW 49.48.200.

(10) When an employer determines that an employee covered by a collective bargaining agreement was overpaid wages, the employer shall provide written notice to the employee. The notice shall include the amount of the overpayment, the basis for the claim, and the rights of the employee under the collective bargaining agreement. Any dispute relating to the occurrence or amount of the overpayment shall be resolved using the grievance procedures contained in the collective bargaining agreement.

(11) As used in this section or RCW 49.48.210 [49.48.200] and 49.48.220:

(a) "City" means city or town;

(b) "Employer" means the state of Washington or a county or city, and any of its agencies, institutions, boards, or commissions; and

(c) "Overpayment" means a payment of wages for a pay period that is greater than the amount earned for a pay period. [2004 c 7 § 2; 2003 c 77 § 2.]

**Severability—2004 c 7:** See note following RCW 49.48.200.

**49.48.220 Rules.** The office of financial management shall adopt the rules necessary to implement chapter 77, Laws of 2003. [2003 c 77 § 3.]

**49.48.900 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.** For the purposes of this chapter, the terms spouse, marriage, marital, husband, wife, widow, widower, next of kin, and family shall be interpreted as applying equally to state registered domestic partnerships or individuals in state registered domestic partnerships as well as to marital relationships and married persons, and references to dissolution of marriage shall apply equally to state registered domestic partnerships that have been terminated, dissolved, or invalidated, to the extent that such interpretation does not conflict with federal law. Where necessary to implement chapter 521, Laws of 2009, gender-specific terms such as husband and wife used in any statute, rule, or other law shall be construed to be gender neutral, and applicable to individuals in state registered domestic partnerships. [2009 c 521 § 131.]

### Chapter 49.52 RCW

#### WAGES—DEDUCTIONS— CONTRIBUTIONS—REBATES

##### Sections

49.52.010	Employees' benefit deductions and employer contributions are trust funds—Enforcement.
49.52.020	Lien of party rendering service.
49.52.030	Deductions in extrahazardous employment—Medical aid fund deductions excluded.
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49.52.090	Rebates of wages on public works—Penalty.

*Chattel liens: Chapter 60.08 RCW.*

*Mechanics' and materialmen's liens: Chapter 60.04 RCW.*

*Mutual savings bank employees, pension, retirement, or health insurance benefits: RCW 32.04.082.*

*Public employees, payroll deductions: RCW 41.04.020, 41.04.030, 41.04.035, and 41.04.036.*

**49.52.010 Employees' benefit deductions and employer contributions are trust funds—Enforcement.** All moneys collected by any employer from his or her or its employees and all money to be paid by any employer as his or her contribution for furnishing, either directly, or through contract, or arrangement with a hospital association, corporation, firm, or individual, of medicine, medical or surgical treatment, nursing, hospital service, ambulance service, dental service, burial service, or any or all of the above enumerated services, or any other necessary service, contingent upon sickness, accident, or death, are hereby declared to be a trust fund for the purposes for which the same are collected. The trustees (or their administrator, representative, or agent under direction of the trustees) of such fund are authorized to take such action as is deemed necessary to ensure that the employer contributions are made including, but not limited to filing actions at law, and filing liens against moneys due to the employer from the performance of labor or furnishing of materials to which the employees contributed their services.

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Such trust fund is subject to the provisions of \*chapter 48.52 RCW. [2010 c 8 § 12053; 1975 c 34 § 1; 1927 c 307 § 1; RRS § 7614-1.]

\*Reviser's note: Chapter 48.52 RCW was repealed by 1979 ex.s. c 34 § 1.

**49.52.020 Lien of party rendering service.** In case any employer collecting moneys from his or her employees or making contributions to any type of benefit plan for any or all of the purposes specified in RCW 49.52.010, shall enter into a contract or arrangement with any hospital association, corporation, firm, or individual, to furnish any such service to its employees, the association, corporation, firm, or individual contracting to furnish such services, shall have a lien upon such trust fund prior to all other liens except taxes. The lien hereby created shall attach from the date of the arrangement or contract to furnish such services and may be foreclosed in the manner provided by law for the foreclosure of other liens on personal property. [2010 c 8 § 12054; 1975 c 34 § 2; 1927 c 307 § 2; RRS § 7614-2.]

**49.52.030 Deductions in extrahazardous employment—Medical aid fund deductions excluded.** All moneys realized by any employer from the employer's employees either by collection or by deduction from the wages or pay of employees intended or to be used for the furnishing to workers engaged in extrahazardous work, their families or dependents, of medical, surgical or hospital care and treatment, or for nursing, ambulance service, burial or any or all of the above enumerated services, or any service incidental to or furnished or rendered because of sickness, disease, accident or death, and all moneys owing by any employer therefor, shall be and remain a fund for the purposes for which such moneys are intended to be used, and shall not constitute or become any part of the assets of the employer making such collections or deductions: PROVIDED, HOWEVER, That RCW 49.52.030 and 49.52.040 shall not apply to moneys collected or deducted as aforesaid for, or owing by employers to the state medical aid fund. Such moneys shall be paid over promptly to the physician or surgeon or hospital association or other parties to which such moneys are due and for the purposes for which such collections or deductions were made. [1989 c 12 § 16; 1929 c 136 § 1; RRS § 7713-1.]

**49.52.040 Actions to recover for service—Lien—Priority.** If any such employer shall default in any such payment to any physician, surgeon, hospital, hospital association or any other parties to whom any such payment is due, the sum so due may be collected by an action at law in the name of the physician, surgeon, hospital, hospital association or any other party to whom such payment is owing, or their assigns and against such defaulting employer, and in addition to such action, such claims shall have the same priority and lien rights as granted to the state for claims due the accident and medical aid funds by section 7682 of Remington's Compiled Statutes of Washington, 1922 [RCW 51.16.150 through 51.16.170], and acts amendatory thereto, which priority and lien rights shall be enforced in the same manner and under the same conditions as provided in said section 7682 [RCW 51.16.150 through 51.16.170]: PROVIDED, HOWEVER,

That the said claims for physicians, surgeons, hospitals and hospital associations and others shall be secondary and inferior to any claims of the state and to any claims for labor. Such right of action shall be in addition to any other right of action or remedy. [1929 c 136 § 2; RRS § 7713-2.]

**49.52.050 Rebates of wages—False records—Penalty.** Any employer or officer, vice principal or agent of any employer, whether said employer be in private business or an elected public official, who

(1) Shall collect or receive from any employee a rebate of any part of wages theretofore paid by such employer to such employee; or

(2) Wilfully and with intent to deprive the employee of any part of his or her wages, shall pay any employee a lower wage than the wage such employer is obligated to pay such employee by any statute, ordinance, or contract; or

(3) Shall wilfully make or cause another to make any false entry in any employer's books or records purporting to show the payment of more wages to an employee than such employee received; or

(4) Being an employer or a person charged with the duty of keeping any employer's books or records shall wilfully fail or cause another to fail to show openly and clearly in due course in such employer's books and records any rebate of or deduction from any employee's wages; or

(5) Shall wilfully receive or accept from any employee any false receipt for wages;

Shall be guilty of a misdemeanor. [2010 c 8 § 12055; 1941 c 72 § 1; 1939 c 195 § 1; Rem. Supp. 1941 § 7612-21.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.52.060 Authorized withholding.** The provisions of RCW 49.52.050 shall not make it unlawful for an employer to withhold or divert any portion of an employee's wages when required or empowered so to do by state or federal law or when a deduction has been expressly authorized in writing in advance by the employee for a lawful purpose accruing to the benefit of such employee nor shall the provisions of RCW 49.52.050 make it unlawful for an employer to withhold deductions for medical, surgical, or hospital care or service, pursuant to any rule or regulation: PROVIDED, That the employer derives no financial benefit from such deduction and the same is openly, clearly and in due course recorded in the employer's books. [1939 c 195 § 2; RRS § 7612-22.]

*Penalty for coercion as to purchase of goods, meals, etc.:* RCW 49.48.020.

*Public employment, payroll deductions:* RCW 41.04.020, 41.04.030, 41.04.035, and 41.04.036.

*Wages to be paid in lawful money or negotiable order, penalty:* RCW 49.48.010.

**49.52.070 Civil liability for double damages.** Any employer and any officer, vice principal or agent of any employer who shall violate any of the provisions of RCW 49.52.050 (1) and (2) shall be liable in a civil action by the aggrieved employee or his or her assignee to judgment for twice the amount of the wages unlawfully rebated or withheld by way of exemplary damages, together with costs of suit and a reasonable sum for attorney's fees: PROVIDED, HOWEVER, That the benefits of this section shall not be

available to any employee who has knowingly submitted to such violations. [2010 c 8 § 12056; 1939 c 195 § 3; RRS § 7612-23.]

**49.52.080 Presumption as to intent.** The violations by an employer or any officer, vice principal, or agent of any employer of any of the provisions of subdivisions (3), (4), and (5) of RCW 49.52.050 shall raise a presumption that any deduction from or underpayment of any employee's wages connected with such violation was wilful. [1939 c 195 § 4; RRS § 7612-24.]

**49.52.090 Rebates of wages on public works—Penalty.** Every person, whether as a representative of an awarding or public body or officer, or as a contractor or subcontractor doing public work, or agent or officer thereof, who takes or receives, or conspires with another to take or receive, for his or her own use or the use of any other person acting with him or her any part or portion of the wages paid to any laborer, worker, or mechanic, including a piece worker and working subcontractor, in connection with services rendered upon any public work within this state, whether such work is done directly for the state, or public body or officer thereof, or county, city and county, city, town, township, district or other political subdivision of the said state or for any contractor or subcontractor engaged in such public work for such an awarding or public body or officer, shall be guilty of a gross misdemeanor. [2010 c 8 § 12057; 1935 c 29 § 1; RRS § 10320-1.]

*Prevailing wages must be paid on public works:* RCW 39.12.020.

## Chapter 49.56 RCW

### WAGES—PRIORITIES—PREFERENCES

#### Sections

49.56.010	Priority of wages in insolvency.
49.56.020	Preference on death of employer.
49.56.030	Priority in executions, attachments, etc.
49.56.040	Labor claims paramount to claims by state agencies.

*Chattel liens:* Chapter 60.08 RCW.

*Mechanics' and materialmen's liens:* Chapter 60.04 RCW.

**49.56.010 Priority of wages in insolvency.** In all assignments of property made by any person to trustees or assignees on account of the inability of the person at the time of the assignment to pay his or her debts, or in proceedings in insolvency, the wages of the miners, mechanics, salespersons, servants, clerks, or laborers employed by such persons to the amount of one hundred dollars, each, and for services rendered within sixty days previously, are preferred claims, and must be paid by such trustees or assignees before any other creditor or creditors of the assignor. [2010 c 8 § 12058; Code 1881 § 1972; 1877 p 223 § 34; RRS § 1204.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.56.020 Preference on death of employer.** In case of the death of any employer, the wages of each miner, mechanic, salesperson, clerk, servant, and laborer for services rendered within sixty days next preceding the death of the employer, not exceeding one hundred dollars, rank in pri-

ority next after the funeral expenses, expenses of the last sickness, the charges and expenses of administering upon the estate and the allowance to the widow and infant children, and must be paid before other claims against the estate of the deceased person. [2010 c 8 § 12059; Code 1881 § 1973; 1877 p 223 § 35; RRS § 1205.]

**49.56.030 Priority in executions, attachments, etc.** In cases of executions, attachments, and writs of similar nature issued against any person, except for claims for labor done, any miners, mechanics, salespersons, servants, clerks, and laborers who have claims against the defendant for labor done, may give notice of their claims and the amount thereof, sworn to by the person making the claim to the creditor and the officer executing either of such writs at any time before the actual sale of property levied on, and unless such claim is disputed by the debtor or a creditor, such officer must pay to such person out of the proceeds of the sale, the amount each is entitled to receive for services rendered within sixty days next preceding the levy of the writ, not exceeding one hundred dollars. If any or all the claims so presented and claiming preference under this chapter, are disputed by either the debtor or a creditor, the person presenting the same must commence an action within ten days from the recovery thereof, and must prosecute his or her action with due diligence, or be forever barred from any claim of priority of payment thereof; and the officer shall retain possession of so much of the proceeds of the sale as may be necessary to satisfy such claim, until the determination of such action; and in case judgment be had for the claim or any part thereof, carrying costs, the costs taxable therein shall likewise be a preferred claim with the same rank as the original claim. [2010 c 8 § 12060; Code 1881 § 1974; 1877 p 223 § 36; RRS § 1206.]

**49.56.040 Labor claims paramount to claims by state agencies.** In distraint or insolvency proceedings affecting the assets of an employer, claims for labor, salaries or wages not to exceed six hundred dollars to each claimant which have been earned within three months before the date of the distraint or commencement of the proceeding shall be paramount and superior to any claim preferred or presented by an agency of the state: PROVIDED, That this section shall not apply to any compensation payable to an employer or to an officer, director, or stockholder of a corporate employer. [1967 ex.s. c 86 § 1.]

**Chapter 49.60 RCW  
DISCRIMINATION—  
HUMAN RIGHTS COMMISSION**

Sections

- 49.60.010 Purpose of chapter.
- 49.60.020 Construction of chapter—Election of other remedies.
- 49.60.030 Freedom from discrimination—Declaration of civil rights.
- 49.60.040 Definitions.
- 49.60.050 Commission created.
- 49.60.051 Board name changed to Washington State Human Rights Commission.
- 49.60.060 Membership of commission.
- 49.60.070 Compensation and reimbursement for travel expenses of commission members.
- 49.60.080 Official seal.

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- 49.60.090 Offices of commission.
- 49.60.100 Reports of commission.
- 49.60.110 Commission to formulate policies.
- 49.60.120 Certain powers and duties of commission.
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- 49.60.174 Evaluation of claim of discrimination—Actual or perceived HIV or hepatitis C infection.
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- 49.60.330 First-class cities of over one hundred twenty-five thousand population—Administrative remedies authorized—Superior court jurisdiction.
- 49.60.340 Election for civil action in lieu of hearing—Relief.
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- 49.60.360 Refueling services for disabled drivers—Violation—Investigation—Intentional display of plate or placard invalid or not legally issued prohibited—Fine—Notice to disabled persons.
- 49.60.370 Liability for killing or injuring dog guide or service animal—Penalty in addition to other remedies or penalties—Recovery of attorneys' fees and costs—No duty to investigate.
- 49.60.380 License waiver for dog guide and service animals.
- 49.60.390 Rule-making authority—Deadline—1997 c 271.
- 49.60.400 Discrimination, preferential treatment prohibited.
- 49.60.401 Short title—1999 c 3.
- 49.60.500 Community athletics programs—Sex discrimination prohibited—Definitions.
- 49.60.505 Community athletics programs—Nondiscrimination policy required.

*Annual report on programs to reduce racial disproportionality: RCW 13.06.050.*

*Application forms—Licenses—Mention of race or religion prohibited—Penalty: RCW 43.01.100.*

*Denial of civil rights: RCW 9.91.010.*

*Dog guide or service animal, interfering with: RCW 9.91.170.*

*Gender equality in higher education: Chapter 28B.110 RCW.*

*Individuals with disabilities, discrimination in public employment prohibited: RCW 70.84.080.*

*Interschool athletic and other extracurricular activities for students, discrimination prohibited: RCW 28A.600.200.*

*Malicious harassment because of a person's race, color, religion, ancestry, or national origin—Criminal penalty—Civil cause of action: RCW 9A.36.080.*

*Militia, organized, discrimination prohibited: RCW 38.40.110.*

*Sexual equality: State Constitution Art. 31 §§ 1, 2 (Amendment 61).*

*Sexual equality mandated for public schools: Chapter 28A.640 RCW.*

*Unfit buildings, discrimination prohibited: RCW 35.80.040.*

**49.60.010 Purpose of chapter.** This chapter shall be known as the "law against discrimination." It is an exercise of the police power of the state for the protection of the public welfare, health, and peace of the people of this state, and in fulfillment of the provisions of the Constitution of this state concerning civil rights. The legislature hereby finds and declares that practices of discrimination against any of its inhabitants because of race, creed, color, national origin, families with children, sex, marital status, sexual orientation, age, honorably discharged veteran or military status, or the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a person with a disability are a matter of state concern, that such discrimination threatens not only the rights and proper privileges of its inhabitants but menaces the institutions and foundation of a free democratic state. A state agency is herein created with powers with respect to elimination and prevention of discrimination in employment, in credit and insurance transactions, in places of public resort, accommodation, or amusement, and in real property transactions because of race, creed, color, national origin, families with children, sex, marital status, sexual orientation, age, honorably discharged veteran or military status, or the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a person with a disability; and the commission established hereunder is hereby given general jurisdiction and power for such purposes. [2007 c 187 § 1; 2006 c 4 § 1; 1997 c 271 § 1; 1995 c 259 § 1; 1993 c 510 § 1; 1985 c 185 § 1; 1973 1st ex.s. c 214 § 1; 1973 c 141 § 1; 1969 ex.s. c 167 § 1; 1957 c 37 § 1; 1949 c 183 § 1; Rem. Supp. 1949 § 7614-20.]

*Community renewal law—Discrimination prohibited: RCW 35.81.170.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.60.020 Construction of chapter—Election of other remedies.** The provisions of this chapter shall be construed liberally for the accomplishment of the purposes thereof. Nothing contained in this chapter shall be deemed to repeal any of the provisions of any other law of this state relating to discrimination because of race, color, creed, national origin, sex, marital status, sexual orientation, age, honorably discharged veteran or military status, or the presence of any sensory, mental, or physical disability, other than a law which purports to require or permit doing any act which is an unfair practice under this chapter. Nor shall anything herein contained be construed to deny the right to any person to institute any action or pursue any civil or criminal remedy based upon an alleged violation of his or her civil rights. This chapter shall not be construed to endorse any specific belief, practice, behavior, or orientation. Inclusion of sexual orientation in

this chapter shall not be construed to modify or supersede state law relating to marriage. [2007 c 187 § 2; 2006 c 4 § 2; 1993 c 510 § 2; 1973 1st ex.s. c 214 § 2; 1973 c 141 § 2; 1957 c 37 § 2; 1949 c 183 § 12; Rem. Supp. 1949 § 7614-30.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.60.030 Freedom from discrimination—Declaration of civil rights.** (1) The right to be free from discrimination because of race, creed, color, national origin, sex, honorably discharged veteran or military status, sexual orientation, or the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a person with a disability is recognized as and declared to be a civil right. This right shall include, but not be limited to:

(a) The right to obtain and hold employment without discrimination;

(b) The right to the full enjoyment of any of the accommodations, advantages, facilities, or privileges of any place of public resort, accommodation, assemblage, or amusement;

(c) The right to engage in real estate transactions without discrimination, including discrimination against families with children;

(d) The right to engage in credit transactions without discrimination;

(e) The right to engage in insurance transactions or transactions with health maintenance organizations without discrimination: PROVIDED, That a practice which is not unlawful under RCW 48.30.300, 48.44.220, or 48.46.370 does not constitute an unfair practice for the purposes of this subparagraph;

(f) The right to engage in commerce free from any discriminatory boycotts or blacklists. Discriminatory boycotts or blacklists for purposes of this section shall be defined as the formation or execution of any express or implied agreement, understanding, policy or contractual arrangement for economic benefit between any persons which is not specifically authorized by the laws of the United States and which is required or imposed, either directly or indirectly, overtly or covertly, by a foreign government or foreign person in order to restrict, condition, prohibit, or interfere with or in order to exclude any person or persons from any business relationship on the basis of race, color, creed, religion, sex, honorably discharged veteran or military status, sexual orientation, the presence of any sensory, mental, or physical disability, or the use of a trained dog guide or service animal by a person with a disability, or national origin or lawful business relationship: PROVIDED HOWEVER, That nothing herein contained shall prohibit the use of boycotts as authorized by law pertaining to labor disputes and unfair labor practices; and

(g) The right of a mother to breastfeed her child in any place of public resort, accommodation, assemblage, or amusement.

(2) Any person deeming himself or herself injured by any act in violation of this chapter shall have a civil action in a court of competent jurisdiction to enjoin further violations, or to recover the actual damages sustained by the person, or both, together with the cost of suit including reasonable attorneys' fees or any other appropriate remedy authorized by this chapter or the United States Civil Rights Act of 1964 as

amended, or the Federal Fair Housing Amendments Act of 1988 (42 U.S.C. Sec. 3601 et seq.).

(3) Except for any unfair practice committed by an employer against an employee or a prospective employee, or any unfair practice in a real estate transaction which is the basis for relief specified in the amendments to RCW 49.60.225 contained in chapter 69, Laws of 1993, any unfair practice prohibited by this chapter which is committed in the course of trade or commerce as defined in the Consumer Protection Act, chapter 19.86 RCW, is, for the purpose of applying that chapter, a matter affecting the public interest, is not reasonable in relation to the development and preservation of business, and is an unfair or deceptive act in trade or commerce. [2009 c 164 § 1; 2007 c 187 § 3; 2006 c 4 § 3; 1997 c 271 § 2; 1995 c 135 § 3. Prior: 1993 c 510 § 3; 1993 c 69 § 1; 1984 c 32 § 2; 1979 c 127 § 2; 1977 ex.s. c 192 § 1; 1974 ex.s. c 32 § 1; 1973 1st ex.s. c 214 § 3; 1973 c 141 § 3; 1969 ex.s. c 167 § 2; 1957 c 37 § 3; 1949 c 183 § 2; Rem. Supp. 1949 § 7614-21.]

**Intent—1995 c 135:** See note following RCW 29A.08.760.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

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

(1) "Aggrieved person" means any person who: (a) Claims to have been injured by an unfair practice in a real estate transaction; or (b) believes that he or she will be injured by an unfair practice in a real estate transaction that is about to occur.

(2) "Any place of public resort, accommodation, assemblage, or amusement" includes, but is not limited to, any place, licensed or unlicensed, kept for gain, hire, or reward, or where charges are made for admission, service, occupancy, or use of any property or facilities, whether conducted for the entertainment, housing, or lodging of transient guests, or for the benefit, use, or accommodation of those seeking health, recreation, or rest, or for the burial or other disposition of human remains, or for the sale of goods, merchandise, services, or personal property, or for the rendering of personal services, or for public conveyance or transportation on land, water, or in the air, including the stations and terminals thereof and the garaging of vehicles, or where food or beverages of any kind are sold for consumption on the premises, or where public amusement, entertainment, sports, or recreation of any kind is offered with or without charge, or where medical service or care is made available, or where the public gathers, congregates, or assembles for amusement, recreation, or public purposes, or public halls, public elevators, and public washrooms of buildings and structures occupied by two or more tenants, or by the owner and one or more tenants, or any public library or educational institution, or schools of special instruction, or nursery schools, or day care centers or children's camps: PROVIDED, That nothing contained in this definition shall be construed to include or apply to any institute, bona fide club, or place of accommodation, which is by its nature distinctly private, including fraternal organizations, though where public use is permitted that use shall be covered by this chapter; nor shall anything contained in this definition apply to any educational facility, columbar-

ium, crematory, mausoleum, or cemetery operated or maintained by a bona fide religious or sectarian institution.

(3) "Commission" means the Washington state human rights commission.

(4) "Complainant" means the person who files a complaint in a real estate transaction.

(5) "Covered multifamily dwelling" means: (a) Buildings consisting of four or more dwelling units if such buildings have one or more elevators; and (b) ground floor dwelling units in other buildings consisting of four or more dwelling units.

(6) "Credit transaction" includes any open or closed end credit transaction, whether in the nature of a loan, retail installment transaction, credit card issue or charge, or otherwise, and whether for personal or for business purposes, in which a service, finance, or interest charge is imposed, or which provides for repayment in scheduled payments, when such credit is extended in the regular course of any trade or commerce, including but not limited to transactions by banks, savings and loan associations or other financial lending institutions of whatever nature, stock brokers, or by a merchant or mercantile establishment which as part of its ordinary business permits or provides that payment for purchases of property or service therefrom may be deferred.

(7)(a) "Disability" means the presence of a sensory, mental, or physical impairment that:

(i) Is medically cognizable or diagnosable; or

(ii) Exists as a record or history; or

(iii) Is perceived to exist whether or not it exists in fact.

(b) A disability exists whether it is temporary or permanent, common or uncommon, mitigated or unmitigated, or whether or not it limits the ability to work generally or work at a particular job or whether or not it limits any other activity within the scope of this chapter.

(c) For purposes of this definition, "impairment" includes, but is not limited to:

(i) Any physiological disorder, or condition, cosmetic disfigurement, or anatomical loss affecting one or more of the following body systems: Neurological, musculoskeletal, special sense organs, respiratory, including speech organs, cardiovascular, reproductive, digestive, genitor-urinary, hemic and lymphatic, skin, and endocrine; or

(ii) Any mental, developmental, traumatic, or psychological disorder, including but not limited to cognitive limitation, organic brain syndrome, emotional or mental illness, and specific learning disabilities.

(d) Only for the purposes of qualifying for reasonable accommodation in employment, an impairment must be known or shown through an interactive process to exist in fact and:

(i) The impairment must have a substantially limiting effect upon the individual's ability to perform his or her job, the individual's ability to apply or be considered for a job, or the individual's access to equal benefits, privileges, or terms or conditions of employment; or

(ii) The employee must have put the employer on notice of the existence of an impairment, and medical documentation must establish a reasonable likelihood that engaging in job functions without an accommodation would aggravate the impairment to the extent that it would create a substantially limiting effect.

(e) For purposes of (d) of this subsection, a limitation is not substantial if it has only a trivial effect.

(8) "Dog guide" means a dog that is trained for the purpose of guiding blind persons or a dog that is trained for the purpose of assisting hearing impaired persons.

(9) "Dwelling" means any building, structure, or portion thereof that is occupied as, or designed or intended for occupancy as, a residence by one or more families, and any vacant land that is offered for sale or lease for the construction or location thereon of any such building, structure, or portion thereof.

(10) "Employee" does not include any individual employed by his or her parents, spouse, or child, or in the domestic service of any person.

(11) "Employer" includes any person acting in the interest of an employer, directly or indirectly, who employs eight or more persons, and does not include any religious or sectarian organization not organized for private profit.

(12) "Employment agency" includes any person undertaking with or without compensation to recruit, procure, refer, or place employees for an employer.

(13) "Families with children status" means one or more individuals who have not attained the age of eighteen years being domiciled with a parent or another person having legal custody of such individual or individuals, or with the designee of such parent or other person having such legal custody, with the written permission of such parent or other person. Families with children status also applies to any person who is pregnant or is in the process of securing legal custody of any individual who has not attained the age of eighteen years.

(14) "Full enjoyment of" includes the right to purchase any service, commodity, or article of personal property offered or sold on, or by, any establishment to the public, and the admission of any person to accommodations, advantages, facilities, or privileges of any place of public resort, accommodation, assemblage, or amusement, without acts directly or indirectly causing persons of any particular race, creed, color, sex, sexual orientation, national origin, or with any sensory, mental, or physical disability, or the use of a trained dog guide or service animal by a person with a disability, to be treated as not welcome, accepted, desired, or solicited.

(15) "Honorably discharged veteran or military status" means a person who is:

(a) A veteran, as defined in RCW 41.04.007; or

(b) An active or reserve member in any branch of the armed forces of the United States, including the national guard, coast guard, and armed forces reserves.

(16) "Labor organization" includes any organization which exists for the purpose, in whole or in part, of dealing with employers concerning grievances or terms or conditions of employment, or for other mutual aid or protection in connection with employment.

(17) "Marital status" means the legal status of being married, single, separated, divorced, or widowed.

(18) "National origin" includes "ancestry."

(19) "Person" includes one or more individuals, partnerships, associations, organizations, corporations, cooperatives, legal representatives, trustees and receivers, or any group of persons; it includes any owner, lessee, proprietor, manager, agent, or employee, whether one or more natural persons; and further includes any political or civil subdivi-

sions of the state and any agency or instrumentality of the state or of any political or civil subdivision thereof.

(20) "Premises" means the interior or exterior spaces, parts, components, or elements of a building, including individual dwelling units and the public and common use areas of a building.

(21) "Real estate transaction" includes the sale, appraisal, brokering, exchange, purchase, rental, or lease of real property, transacting or applying for a real estate loan, or the provision of brokerage services.

(22) "Real property" includes buildings, structures, dwellings, real estate, lands, tenements, leaseholds, interests in real estate cooperatives, condominiums, and hereditaments, corporeal and incorporeal, or any interest therein.

(23) "Respondent" means any person accused in a complaint or amended complaint of an unfair practice in a real estate transaction.

(24) "Service animal" means an animal that is trained for the purpose of assisting or accommodating a sensory, mental, or physical disability of a person with a disability.

(25) "Sex" means gender.

(26) "Sexual orientation" means heterosexuality, homosexuality, bisexuality, and gender expression or identity. As used in this definition, "gender expression or identity" means having or being perceived as having a gender identity, self-image, appearance, behavior, or expression, whether or not that gender identity, self-image, appearance, behavior, or expression is different from that traditionally associated with the sex assigned to that person at birth. [2009 c 187 § 3. Prior: 2007 c 317 § 2; 2007 c 187 § 4; 2006 c 4 § 4; 1997 c 271 § 3; 1995 c 259 § 2; prior: 1993 c 510 § 4; 1993 c 69 § 3; prior: 1985 c 203 § 2; 1985 c 185 § 2; 1979 c 127 § 3; 1973 c 141 § 4; 1969 ex.s. c 167 § 3; 1961 c 103 § 1; 1957 c 37 § 4; 1949 c 183 § 3; Rem. Supp. 1949 § 7614-22.]

**Reviser's note:** The definitions in this section have been alphabetized pursuant to RCW 1.08.015(2)(k).

**Finding—2007 c 317:** "The legislature finds that the supreme court, in its opinion in *McClarty v. Totem Electric*, 157 Wn.2d 214, 137 P.3d 844 (2006), failed to recognize that the law against discrimination affords to state residents protections that are wholly independent of those afforded by the federal Americans with disabilities act of 1990, and that the law against discrimination has provided such protections for many years prior to passage of the federal act." [2007 c 317 § 1.]

**Retroactive application—2007 c 317:** "This act is remedial and retroactive, and applies to all causes of action occurring before July 6, 2006, and to all causes of action occurring on or after July 22, 2007." [2007 c 317 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.60.050 Commission created.** There is created the "Washington state human rights commission," which shall be composed of five members to be appointed by the governor with the advice and consent of the senate, one of whom shall be designated as chairperson by the governor. [1985 c 185 § 3; 1981 c 338 § 9; 1957 c 37 § 5; 1955 c 270 § 2. Prior: 1949 c 183 § 4, part; Rem. Supp. 1949 § 7614-23, part.]

**49.60.051 Board name changed to Washington State Human Rights Commission.** From and after August 9, 1971 the "Washington State Board Against Discrimination" shall be known and designated as the "Washington State Human Rights Commission". [1971 ex.s. c 52 § 2.]

**49.60.060 Membership of commission.** One of the original members of the commission shall be appointed for a term of one year, one for a term of two years, one for a term of three years, one for a term of four years, one for a term of five years, but their successors shall be appointed for terms of five years each, except that any individual chosen to fill a vacancy shall be appointed only for the unexpired term of the member whom the individual succeeds.

A member shall be eligible for reappointment.

A vacancy in the commission shall be filled within thirty days, the remaining members to exercise all powers of the commission.

Any member of the commission may be removed by the governor for inefficiency, neglect of duty, misconduct or malfeasance in office, after being given a written statement of the charges and an opportunity to be heard thereon. [1985 c 185 § 4; 1955 c 270 § 3. Prior: 1949 c 183 § 4, part; Rem. Supp. 1949 § 7614-23, part.]

**49.60.070 Compensation and reimbursement for travel expenses of commission members.** Each member of the commission shall be compensated in accordance with RCW 43.03.250 and, while in session or on official business, shall receive reimbursement for travel expenses incurred during such time in accordance with RCW 43.03.050 and 43.03.060. [1985 c 185 § 5; 1984 c 287 § 98; 1975-'76 2nd ex.s. c 34 § 145; 1955 c 270 § 4. Prior: 1949 c 183 § 4, part; Rem. Supp. 1949 § 7614-23, part.]

**Legislative findings—Severability—Effective date—1984 c 287:** See notes following RCW 43.03.220.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.60.080 Official seal.** The commission shall adopt an official seal, which shall be judicially noticed. [1985 c 185 § 6; 1955 c 270 § 5. Prior: (i) 1949 c 183 § 4, part; Rem. Supp. 1949 § 7614-23, part. (ii) 1949 c 183 § 6, part; Rem. Supp. 1949 § 7614-25, part.]

**49.60.090 Offices of commission.** The principal office of the commission shall be in the city of Olympia, but it may meet and exercise any or all of its powers at any other place in the state, and may establish such district offices as it deems necessary. [1985 c 185 § 7; 1957 c 37 § 6; 1955 c 270 § 6. Prior: (i) 1949 c 183 § 4, part; Rem. Supp. 1949 § 7614-23, part. (ii) 1949 c 183 § 6, part; Rem. Supp. 1949 § 7614-25, part.]

**49.60.100 Reports of commission.** Subject to RCW 40.07.040, the commission, each biennium, shall report to the governor, describing the investigations, proceedings, and hearings it has conducted and their outcome, the decisions it has rendered, the recommendations it has issued, and the other work performed by it, and shall make such recommendations for further legislation as may appear desirable. The commission may present its reports to the legislature; the commission's reports shall be made available upon request. [1987 c 505 § 55; 1985 c 185 § 8; 1977 c 75 § 74; 1955 c 270 § 7. Prior: 1949 c 183 § 4, part; Rem. Supp. 1949 § 7614-23, part.]

(2010 Ed.)

**49.60.110 Commission to formulate policies.** The commission shall formulate policies to effectuate the purposes of this chapter and may make recommendations to agencies and officers of the state or local subdivisions of government in aid of such policies and purposes. [1985 c 185 § 9; 1949 c 183 § 5; Rem. Supp. 1949 § 7614-24.]

**49.60.120 Certain powers and duties of commission.** The commission shall have the functions, powers, and duties:

(1) To appoint an executive director and chief examiner, and such investigators, examiners, clerks, and other employees and agents as it may deem necessary, fix their compensation within the limitations provided by law, and prescribe their duties.

(2) To obtain upon request and utilize the services of all governmental departments and agencies.

(3) To adopt, amend, and rescind suitable rules to carry out the provisions of this chapter, and the policies and practices of the commission in connection therewith.

(4) To receive, impartially investigate, and pass upon complaints alleging unfair practices as defined in this chapter.

(5) To issue such publications and results of investigations and research as in its judgment will tend to promote good will and minimize or eliminate discrimination because of sex, sexual orientation, race, creed, color, national origin, marital status, age, honorably discharged veteran or military status, or the presence of any sensory, mental, or physical disability, or the use of a trained dog guide or service animal by a person with a disability.

(6) To make such technical studies as are appropriate to effectuate the purposes and policies of this chapter and to publish and distribute the reports of such studies.

(7) To cooperate and act jointly or by division of labor with the United States or other states, with other Washington state agencies, commissions, and other government entities, and with political subdivisions of the state of Washington and their respective human rights agencies to carry out the purposes of this chapter. However, the powers which may be exercised by the commission under this subsection permit investigations and complaint dispositions only if the investigations are designed to reveal, or the complaint deals only with, allegations which, if proven, would constitute unfair practices under this chapter. The commission may perform such services for these agencies and be reimbursed therefor.

(8) To foster good relations between minority and majority population groups of the state through seminars, conferences, educational programs, and other intergroup relations activities. [2007 c 187 § 5; 2006 c 4 § 5; 1997 c 271 § 4. Prior: 1993 c 510 § 6; 1993 c 69 § 4; 1985 c 185 § 10; 1973 1st ex.s. c 214 § 4; 1973 c 141 § 7; 1971 ex.s. c 81 § 1; 1957 c 37 § 7; 1955 c 270 § 8; prior: 1949 c 183 § 6, part; Rem. Supp. 1949 § 7614-25, part.]

*Human rights commission to investigate unlawful use of refueling services for individuals with disabilities: RCW 49.60.360.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.60.130 May create advisory agencies and conciliation councils.** The commission has power to create such advisory agencies and conciliation councils, local, regional, or statewide, as in its judgment will aid in effectuating the

purposes of this chapter. The commission may empower them to study the problems of discrimination in all or specific fields of human relationships or in specific instances of discrimination because of sex, race, creed, color, national origin, marital status, sexual orientation, age, honorably discharged veteran or military status, or the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a person with a disability; to foster through community effort or otherwise good will, cooperation, and conciliation among the groups and elements of the population of the state, and to make recommendations to the commission for the development of policies and procedures in general and in specific instances, and for programs of formal and informal education which the commission may recommend to the appropriate state agency.

Such advisory agencies and conciliation councils shall be composed of representative citizens, serving without pay, but with reimbursement for travel expenses in accordance with RCW 43.03.050 and 43.03.060 as now existing or hereafter amended, and the commission may make provision for technical and clerical assistance to such agencies and councils and for the expenses of such assistance. The commission may use organizations specifically experienced in dealing with questions of discrimination. [2007 c 187 § 6; 2006 c 4 § 6; 1997 c 271 § 5; 1993 c 510 § 7; 1985 c 185 § 11; 1975-'76 2nd ex.s. c 34 § 146; 1973 1st ex.s. c 214 § 5; 1973 c 141 § 8; 1971 ex.s. c 81 § 2; 1955 c 270 § 9. Prior: 1949 c 183 § 6, part; Rem. Supp. 1949 § 7614-25, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.60.140 Commission may hold hearings and subpoena witnesses.** The commission has power to hold hearings, subpoena witnesses, compel their attendance, administer oaths, take the testimony of any person under oath, and in connection therewith, to require the production for examination of any books or papers relating to any matter under investigation or in question before the commission. The commission may make rules as to the issuance of subpoenas by individual members, as to service of complaints, decisions, orders, recommendations and other process or papers of the commission, its member, agent, or agency, either personally or by registered mail, return receipt requested, or by leaving a copy thereof at the principal office or place of business of the person required to be served. The return post office receipt, when service is by registered mail, shall be proof of service of the same. [1985 c 185 § 12; 1955 c 270 § 10. Prior: 1949 c 183 § 6, part; Rem. Supp. 1949 § 7614-25, part.]

**49.60.150 Witnesses compelled to testify.** No person shall be excused from attending and testifying or from producing records, correspondence, documents or other evidence in obedience to the subpoena of the commission or of any individual member, on the ground that the testimony or evidence required of the person may tend to incriminate or subject the person to a penalty or forfeiture, but no person shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter or thing concerning which the person is compelled, after having claimed the privilege against self-incrimination, to testify or produce evidence, except that such person so testifying shall not be

exempt from prosecution and punishment for perjury committed in so testifying. The immunity herein provided shall extend only to natural persons so compelled to testify. [1985 c 185 § 13; 1955 c 270 § 11. Prior: 1949 c 183 § 6, part; Rem. Supp. 1949 § 7614-25, part.]

**49.60.160 Refusals may be punished as contempt of court.** In case of contumacy or refusal to obey a subpoena issued to any person, the superior court of any county within the jurisdiction of which the investigation, proceeding, or hearing is carried on or within the jurisdiction of which the person guilty of contumacy or refusal to obey is found or resides or transacts business, upon application by the commission shall have jurisdiction to issue to such person an order requiring such person to appear before the commission, its member, agent, or agency, there to produce evidence if so ordered, or there to give testimony touching the matter under investigation or in question. Any failure to obey such order of the court may be punished by the court as a contempt thereof. [1985 c 185 § 14; 1955 c 270 § 12. Prior: 1949 c 183 § 6, part; Rem. Supp. 1949 § 7614-25, part.]

**49.60.170 Witness fees—Deposition fees.** Witnesses before the commission, its member, agent, or agency, shall be paid the same fees and mileage that are paid witnesses in the courts of this state. Witnesses whose depositions are taken and the person taking the same shall be entitled to same fees as are paid for like services in the courts of the state. [1985 c 185 § 15; 1955 c 270 § 13. Prior: 1949 c 183 § 6, part; Rem. Supp. 1949 § 7614-25, part.]

*Courts of record—Witnesses: Chapter 2.40 RCW.*

*Discovery and depositions: Title 5 RCW; see also Rules of Court, CR 26 through 37.*

**49.60.172 Unfair practices with respect to HIV or hepatitis C infection.** (1) No person may require an individual to take an HIV test, as defined in chapter 70.24 RCW, or hepatitis C test, as a condition of hiring, promotion, or continued employment unless the absence of HIV or hepatitis C infection is a bona fide occupational qualification for the job in question.

(2) No person may discharge or fail or refuse to hire any individual, or segregate or classify any individual in any way which would deprive or tend to deprive that individual of employment opportunities or adversely affect his or her status as an employee, or otherwise discriminate against any individual with respect to compensation, terms, conditions, or privileges of employment on the basis of the results of an HIV test or hepatitis C test unless the absence of HIV or hepatitis C infection is a bona fide occupational qualification of the job in question.

(3) The absence of HIV or hepatitis C infection as a bona fide occupational qualification exists when performance of a particular job can be shown to present a significant risk, as defined by the board of health by rule, of transmitting HIV or hepatitis C infection to other persons, and there exists no means of eliminating the risk by restructuring the job.

(4) For the purpose of this chapter, any person who is actually infected with HIV or hepatitis C, but is not disabled as a result of the infection, shall not be eligible for any bene-

fits under the affirmative action provisions of chapter 49.74 RCW solely on the basis of such infection.

(5) Employers are immune from civil action for damages arising out of transmission of HIV or hepatitis C to employees or to members of the public unless such transmission occurs as a result of the employer's gross negligence. [2003 c 273 § 2; 1988 c 206 § 903.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.60.174 Evaluation of claim of discrimination—Actual or perceived HIV or hepatitis C infection.** (1) For the purposes of determining whether an unfair practice under this chapter has occurred, claims of discrimination based on actual or perceived HIV or hepatitis C infection shall be evaluated in the same manner as other claims of discrimination based on sensory, mental, or physical disability; or the use of a trained dog guide or service animal by a disabled person.

(2) Subsection (1) of this section shall not apply to transactions with insurance entities, health service contractors, or health maintenance organizations subject to RCW 49.60.030(1)(e) or 49.60.178 to prohibit fair discrimination on the basis of actual HIV or actual hepatitis C infection status when bona fide statistical differences in risk or exposure have been substantiated.

(3) For the purposes of this chapter:

(a) "HIV" means the human immunodeficiency virus, and includes all HIV and HIV-related viruses which damage the cellular branch of the human immune system and leave the infected person immunodeficient; and

(b) "Hepatitis C" means the hepatitis C virus of any genotype. [2003 c 273 § 3; 1997 c 271 § 6; 1993 c 510 § 8; 1988 c 206 § 902.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.60.175 Unfair practices of financial institutions.** It shall be an unfair practice to use the sex, race, creed, color, national origin, marital status, honorably discharged veteran or military status, sexual orientation, or the presence of any sensory, mental, or physical disability of any person, or the use of a trained dog guide or service animal by a person with a disability, concerning an application for credit in any credit transaction to determine the credit worthiness of an applicant. [2007 c 187 § 7; 2006 c 4 § 7; 1997 c 271 § 7; 1993 c 510 § 9; 1979 c 127 § 4; 1977 ex.s. c 301 § 14; 1973 c 141 § 9; 1959 c 68 § 1.]

*Fairness in lending act: RCW 30.04.500 through 30.04.515.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.60.176 Unfair practices with respect to credit transactions.** (1) It is an unfair practice for any person whether acting for himself, herself, or another in connection with any credit transaction because of race, creed, color, national origin, sex, marital status, honorably discharged veteran or military status, sexual orientation, or the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a person with a disability:

(a) To deny credit to any person;

(b) To increase the charges or fees for or collateral required to secure any credit extended to any person;

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(c) To restrict the amount or use of credit extended or to impose different terms or conditions with respect to the credit extended to any person or any item or service related thereto;

(d) To attempt to do any of the unfair practices defined in this section.

(2) Nothing in this section shall prohibit any party to a credit transaction from considering the credit history of any individual applicant.

(3) Further, nothing in this section shall prohibit any party to a credit transaction from considering the application of the community property law to the individual case or from taking reasonable action thereon. [2007 c 187 § 8; 2006 c 4 § 8; 1997 c 271 § 8; 1993 c 510 § 10; 1979 c 127 § 5; 1973 c 141 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.60.178 Unfair practices with respect to insurance transactions.** It is an unfair practice for any person whether acting for himself, herself, or another in connection with an insurance transaction or transaction with a health maintenance organization to cancel or fail or refuse to issue or renew insurance or a health maintenance agreement to any person because of sex, marital status, sexual orientation, race, creed, color, national origin, or the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a disabled person: PROVIDED, That a practice which is not unlawful under RCW 48.30.300, 48.44.220, or 48.46.370 does not constitute an unfair practice for the purposes of this section. For the purposes of this section, "insurance transaction" is defined in RCW 48.01.060, health maintenance agreement is defined in RCW 48.46.020, and "health maintenance organization" is defined in RCW 48.46.020.

The fact that such unfair practice may also be a violation of chapter 48.30, 48.44, or 48.46 RCW does not constitute a defense to an action brought under this section.

The insurance commissioner, under RCW 48.30.300, and the human rights commission, under chapter 49.60 RCW, shall have concurrent jurisdiction under this section and shall enter into a working agreement as to procedure to be followed in complaints under this section. [2006 c 4 § 9; 1997 c 271 § 9; 1993 c 510 § 11; 1984 c 32 § 1; 1979 c 127 § 6; 1974 ex.s. c 32 § 2; 1973 c 141 § 6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.60.180 Unfair practices of employers.** It is an unfair practice for any employer:

(1) To refuse to hire any person because of age, sex, marital status, sexual orientation, race, creed, color, national origin, honorably discharged veteran or military status, or the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a person with a disability, unless based upon a bona fide occupational qualification: PROVIDED, That the prohibition against discrimination because of such disability shall not apply if the particular disability prevents the proper performance of the particular worker involved: PROVIDED, That this section shall not be construed to require an employer to establish employment goals or quotas based on sexual orientation.

(2) To discharge or bar any person from employment because of age, sex, marital status, sexual orientation, race, creed, color, national origin, honorably discharged veteran or military status, or the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a person with a disability.

(3) To discriminate against any person in compensation or in other terms or conditions of employment because of age, sex, marital status, sexual orientation, race, creed, color, national origin, honorably discharged veteran or military status, or the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a person with a disability: PROVIDED, That it shall not be an unfair practice for an employer to segregate washrooms or locker facilities on the basis of sex, or to base other terms and conditions of employment on the sex of employees where the commission by regulation or ruling in a particular instance has found the employment practice to be appropriate for the practical realization of equality of opportunity between the sexes.

(4) To print, or circulate, or cause to be printed or circulated any statement, advertisement, or publication, or to use any form of application for employment, or to make any inquiry in connection with prospective employment, which expresses any limitation, specification, or discrimination as to age, sex, marital status, sexual orientation, race, creed, color, national origin, honorably discharged veteran or military status, or the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a person with a disability, or any intent to make any such limitation, specification, or discrimination, unless based upon a bona fide occupational qualification: PROVIDED, Nothing contained herein shall prohibit advertising in a foreign language. [2007 c 187 § 9; 2006 c 4 § 10; 1997 c 271 § 10; 1993 c 510 § 12; 1985 c 185 § 16; 1973 1st ex.s. c 214 § 6; 1973 c 141 § 10; 1971 ex.s. c 81 § 3; 1961 c 100 § 1; 1957 c 37 § 9. Prior: 1949 c 183 § 7, part; Rem. Supp. 1949 § 7614-26, part.]

*Element of age not to affect apprenticeship agreements: RCW 49.04.910.*

*Employment rights of persons serving in uniformed services: RCW 73.16.032.*

*Labor—Prohibited practices: Chapter 49.44 RCW.*

*Unfair practices in employment because of age of employee or applicant: RCW 49.44.090.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.60.190 Unfair practices of labor unions.** It is an unfair practice for any labor union or labor organization:

(1) To deny membership and full membership rights and privileges to any person because of age, sex, marital status, sexual orientation, race, creed, color, national origin, honorably discharged veteran or military status, or the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a person with a disability.

(2) To expel from membership any person because of age, sex, marital status, sexual orientation, race, creed, color, national origin, honorably discharged veteran or military status, or the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a person with a disability.

(3) To discriminate against any member, employer, employee, or other person to whom a duty of representation is owed because of age, sex, marital status, sexual orientation, race, creed, color, national origin, honorably discharged veteran or military status, or the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a person with a disability. [2007 c 187 § 10; 2006 c 4 § 11; 1997 c 271 § 11; 1993 c 510 § 13; 1985 c 185 § 17; 1973 1st ex.s. c 214 § 8; 1973 c 141 § 11; 1971 ex.s. c 81 § 4; 1961 c 100 § 2; 1957 c 37 § 10. Prior: 1949 c 183 § 7, part; Rem. Supp. 1949 § 7614-26, part.]

*Element of age not to affect apprenticeship agreements: RCW 49.04.910.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.60.200 Unfair practices of employment agencies.**

It is an unfair practice for any employment agency to fail or refuse to classify properly or refer for employment, or otherwise to discriminate against, an individual because of age, sex, marital status, sexual orientation, race, creed, color, national origin, honorably discharged veteran or military status, or the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a person with a disability, or to print or circulate, or cause to be printed or circulated any statement, advertisement, or publication, or to use any form of application for employment, or to make any inquiry in connection with prospective employment, which expresses any limitation, specification or discrimination as to age, sex, race, sexual orientation, creed, color, or national origin, honorably discharged veteran or military status, or the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a person with a disability, or any intent to make any such limitation, specification, or discrimination, unless based upon a bona fide occupational qualification: PROVIDED, Nothing contained herein shall prohibit advertising in a foreign language. [2007 c 187 § 11; 2006 c 4 § 12; 1997 c 271 § 12; 1993 c 510 § 14; 1973 1st ex.s. c 214 § 9; 1973 c 141 § 12; 1971 ex.s. c 81 § 5; 1961 c 100 § 3; 1957 c 37 § 11. Prior: 1949 c 183 § 7, part; Rem. Supp. 1949 § 7614-26, part.]

*Element of age not to affect apprenticeship agreements: RCW 49.04.910.*

*Fraud by employment agent: RCW 49.44.050.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.60.205 Age discrimination—Limitation.** No person shall be considered to have committed an unfair practice on the basis of age discrimination unless the practice violates RCW 49.44.090. It is a defense to any complaint of an unfair practice of age discrimination that the practice does not violate RCW 49.44.090. [1993 c 510 § 15; 1985 c 185 § 28.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.60.210 Unfair practices—Discrimination against person opposing unfair practice—Retaliation against whistleblower.** (1) It is an unfair practice for any employer, employment agency, labor union, or other person to discharge, expel, or otherwise discriminate against any person because he or she has opposed any practices forbidden by this chapter, or because he or she has filed a charge, testified, or assisted in any proceeding under this chapter.

(2) It is an unfair practice for a government agency or government manager or supervisor to retaliate against a whistleblower as defined in chapter 42.40 RCW. [1992 c 118 § 4; 1985 c 185 § 18; 1957 c 37 § 12. Prior: 1949 c 183 § 7, part; Rem. Supp. 1949 § 7614-26, part.]

**49.60.215 Unfair practices of places of public resort, accommodation, assemblage, amusement.** It shall be an unfair practice for any person or the person's agent or employee to commit an act which directly or indirectly results in any distinction, restriction, or discrimination, or the requiring of any person to pay a larger sum than the uniform rates charged other persons, or the refusing or withholding from any person the admission, patronage, custom, presence, frequenting, dwelling, staying, or lodging in any place of public resort, accommodation, assemblage, or amusement, except for conditions and limitations established by law and applicable to all persons, regardless of race, creed, color, national origin, sexual orientation, sex, honorably discharged veteran or military status, status as a mother breastfeeding her child, the presence of any sensory, mental, or physical disability, or the use of a trained dog guide or service animal by a person with a disability: PROVIDED, That this section shall not be construed to require structural changes, modifications, or additions to make any place accessible to a person with a disability except as otherwise required by law: PROVIDED, That behavior or actions constituting a risk to property or other persons can be grounds for refusal and shall not constitute an unfair practice. [2009 c 164 § 2; 2007 c 187 § 12; 2006 c 4 § 13; 1997 c 271 § 13; 1993 c 510 § 16. Prior: 1985 c 203 § 1; 1985 c 90 § 6; 1979 c 127 § 7; 1957 c 37 § 14.]

*Denial of civil rights: RCW 9.91.010.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.60.220 Unfair practice to aid violation.** It is an unfair practice for any person to aid, abet, encourage, or incite the commission of any unfair practice, or to attempt to obstruct or prevent any other person from complying with the provisions of this chapter or any order issued thereunder. [1957 c 37 § 13. Prior: 1949 c 183 § 7, part; Rem. Supp. 1949 § 7614-26, part.]

**49.60.222 Unfair practices with respect to real estate transactions, facilities, or services.** (1) It is an unfair practice for any person, whether acting for himself, herself, or another, because of sex, marital status, sexual orientation, race, creed, color, national origin, families with children status, honorably discharged veteran or military status, the presence of any sensory, mental, or physical disability, or the use of a trained dog guide or service animal by a person with a disability:

- (a) To refuse to engage in a real estate transaction with a person;
- (b) To discriminate against a person in the terms, conditions, or privileges of a real estate transaction or in the furnishing of facilities or services in connection therewith;
- (c) To refuse to receive or to fail to transmit a bona fide offer to engage in a real estate transaction from a person;

(d) To refuse to negotiate for a real estate transaction with a person;

(e) To represent to a person that real property is not available for inspection, sale, rental, or lease when in fact it is so available, or to fail to bring a property listing to his or her attention, or to refuse to permit the person to inspect real property;

(f) To discriminate in the sale or rental, or to otherwise make unavailable or deny a dwelling, to any person; or to a person residing in or intending to reside in that dwelling after it is sold, rented, or made available; or to any person associated with the person buying or renting;

(g) To make, print, circulate, post, or mail, or cause to be so made or published a statement, advertisement, or sign, or to use a form of application for a real estate transaction, or to make a record or inquiry in connection with a prospective real estate transaction, which indicates, directly or indirectly, an intent to make a limitation, specification, or discrimination with respect thereto;

(h) To offer, solicit, accept, use, or retain a listing of real property with the understanding that a person may be discriminated against in a real estate transaction or in the furnishing of facilities or services in connection therewith;

(i) To expel a person from occupancy of real property;

(j) To discriminate in the course of negotiating, executing, or financing a real estate transaction whether by mortgage, deed of trust, contract, or other instrument imposing a lien or other security in real property, or in negotiating or executing any item or service related thereto including issuance of title insurance, mortgage insurance, loan guarantee, or other aspect of the transaction. Nothing in this section shall limit the effect of RCW 49.60.176 relating to unfair practices in credit transactions; or

(k) To attempt to do any of the unfair practices defined in this section.

(2) For the purposes of this chapter discrimination based on the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a person who is blind, deaf, or physically disabled includes:

(a) A refusal to permit, at the expense of the person with a disability, reasonable modifications of existing premises occupied or to be occupied by such person if such modifications may be necessary to afford such person full enjoyment of the dwelling, except that, in the case of a rental, the landlord may, where it is reasonable to do so, condition permission for a modification on the renter agreeing to restore the interior of the dwelling to the condition that existed before the modification, reasonable wear and tear excepted;

(b) To refuse to make reasonable accommodation in rules, policies, practices, or services when such accommodations may be necessary to afford a person with the presence of any sensory, mental, or physical disability and/or the use of a trained dog guide or service animal by a person who is blind, deaf, or physically disabled equal opportunity to use and enjoy a dwelling; or

(c) To fail to design and construct covered multifamily dwellings and premises in conformance with the federal fair housing amendments act of 1988 (42 U.S.C. Sec. 3601 et seq.) and all other applicable laws or regulations pertaining to access by persons with any sensory, mental, or physical disability or use of a trained dog guide or service animal. When-

ever the requirements of applicable laws or regulations differ, the requirements which require greater accessibility for persons with any sensory, mental, or physical disability shall govern.

Nothing in (a) or (b) of this subsection shall apply to: (i) A single-family house rented or leased by the owner if the owner does not own or have an interest in the proceeds of the rental or lease of more than three such single-family houses at one time, the rental or lease occurred without the use of a real estate broker or salesperson, as defined in \*RCW 18.85.010, and the rental or lease occurred without the publication, posting, or mailing of any advertisement, sign, or statement in violation of subsection (1)(g) of this section; or (ii) rooms or units in dwellings containing living quarters occupied or intended to be occupied by no more than four families living independently of each other if the owner maintains and occupies one of the rooms or units as his or her residence.

(3) Notwithstanding any other provision of this chapter, it shall not be an unfair practice or a denial of civil rights for any public or private educational institution to separate the sexes or give preference to or limit use of dormitories, residence halls, or other student housing to persons of one sex or to make distinctions on the basis of marital or families with children status.

(4) Except pursuant to subsection (2)(a) of this section, this section shall not be construed to require structural changes, modifications, or additions to make facilities accessible to a person with a disability except as otherwise required by law. Nothing in this section affects the rights, responsibilities, and remedies of landlords and tenants pursuant to chapter 59.18 or 59.20 RCW, including the right to post and enforce reasonable rules of conduct and safety for all tenants and their guests, provided that chapters 59.18 and 59.20 RCW are only affected to the extent they are inconsistent with the nondiscrimination requirements of this chapter. Nothing in this section limits the applicability of any reasonable federal, state, or local restrictions regarding the maximum number of occupants permitted to occupy a dwelling.

(5) Notwithstanding any other provision of this chapter, it shall not be an unfair practice for any public establishment providing for accommodations offered for the full enjoyment of transient guests as defined by RCW 9.91.010(1)(c) to make distinctions on the basis of families with children status. Nothing in this section shall limit the effect of RCW 49.60.215 relating to unfair practices in places of public accommodation.

(6) Nothing in this chapter prohibiting discrimination based on families with children status applies to housing for older persons as defined by the federal fair housing amendments act of 1988, 42 U.S.C. Sec. 3607(b)(1) through (3), as amended by the housing for older persons act of 1995, P.L. 104-76, as enacted on December 28, 1995. Nothing in this chapter authorizes requirements for housing for older persons different than the requirements in the federal fair housing amendments act of 1988, 42 U.S.C. Sec. 3607(b)(1) through (3), as amended by the housing for older persons act of 1995, P.L. 104-76, as enacted on December 28, 1995.

(7) Nothing in this chapter shall apply to real estate transactions involving the sharing of a dwelling unit, or rental or sublease of a portion of a dwelling unit, when the dwelling unit is to be occupied by the owner or sublessor. For pur-

poses of this section, "dwelling unit" has the same meaning as in RCW 59.18.030. [2007 c 187 § 13; 2006 c 4 § 14. Prior: 1997 c 400 § 3; 1997 c 271 § 14; 1995 c 259 § 3; prior: 1993 c 510 § 17; 1993 c 69 § 5; 1989 c 61 § 1; 1979 c 127 § 8; 1975 1st ex.s. c 145 § 1; 1973 c 141 § 13; 1969 ex.s. c 167 § 4.]

\*Reviser's note: RCW 18.85.010 was recodified as RCW 18.85.011 pursuant to 2008 c 23 § 49; and RCW 18.85.010 was also amended by 2008 c 23 § 1, changing and/or removing the definitions of "real estate broker" and "salesperson," effective July 1, 2010.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.60.223 Unfair practice to induce sale or rental of real property by representations regarding entry into neighborhood of persons of particular race, disability, etc.** It is an unfair practice for any person, for profit, to induce or attempt to induce any person to sell or rent any real property by representations regarding the entry or prospective entry into the neighborhood of a person or persons of a particular race, creed, color, sex, national origin, sexual orientation, families with children status, honorably discharged veteran or military status, or with any sensory, mental, or physical disability and/or the use of a trained dog guide or service animal by a person who is blind, deaf, or physically disabled. [2007 c 187 § 14; 2006 c 4 § 15; 1997 c 271 § 15. Prior: 1993 c 510 § 18; 1993 c 69 § 6; 1979 c 127 § 9; 1969 ex.s. c 167 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.60.2235 Unfair practice to coerce, intimidate, threaten, or interfere regarding secured real estate transaction rights.** It is an unlawful practice to coerce, intimidate, threaten, or interfere with any person in the exercise or enjoyment of, or on account of his or her having exercised or enjoyed, or on account of his or her having aided or encouraged any other person in the exercise or enjoyment of, rights regarding real estate transactions secured by RCW 49.60.030, 49.60.040, and 49.60.222 through 49.60.224. [1993 c 69 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.60.224 Real property contract provisions restricting conveyance, encumbrance, occupancy, or use to persons of particular race, disability, etc., void—Unfair practice.** (1) Every provision in a written instrument relating to real property which purports to forbid or restrict the conveyance, encumbrance, occupancy, or lease thereof to individuals of a specified race, creed, color, sex, national origin, sexual orientation, families with children status, honorably discharged veteran or military status, or with any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a person who is blind, deaf, or physically disabled, and every condition, restriction, or prohibition, including a right of entry or possibility of reverter, which directly or indirectly limits the use or occupancy of real property on the basis of race, creed, color, sex, national origin, sexual orientation, families with children status, honorably discharged veteran or military status, or the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a person who is blind, deaf, or physically disabled is void.

(2) It is an unfair practice to insert in a written instrument relating to real property a provision that is void under this section or to honor or attempt to honor such a provision in the chain of title. [2007 c 187 § 15; 2006 c 4 § 16; 1997 c 271 § 16; 1993 c 69 § 8; 1979 c 127 § 10; 1969 ex.s. c 167 § 6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.60.225 Relief for unfair practice in real estate transaction—Damages—Penalty.** (1) When a reasonable cause determination has been made under RCW 49.60.240 that an unfair practice in a real estate transaction has been committed and a finding has been made that the respondent has engaged in any unfair practice under RCW 49.60.250, the administrative law judge shall promptly issue an order for such relief suffered by the aggrieved person as may be appropriate, which may include actual damages as provided by the federal fair housing amendments act of 1988 (42 U.S.C. Sec. 3601 et seq.), and injunctive or other equitable relief. Such order may, to further the public interest, assess a civil penalty against the respondent:

(a) In an amount up to ten thousand dollars if the respondent has not been determined to have committed any prior unfair practice in a real estate transaction;

(b) In an amount up to twenty-five thousand dollars if the respondent has been determined to have committed one other unfair practice in a real estate transaction during the five-year period ending on the date of the filing of this charge; or

(c) In an amount up to fifty thousand dollars if the respondent has been determined to have committed two or more unfair practices in a real estate transaction during the seven-year period ending on the date of the filing of this charge, for loss of the right secured by RCW 49.60.010, 49.60.030, 49.60.040, and 49.60.222 through 49.60.224, as now or hereafter amended, to be free from discrimination in real property transactions because of sex, marital status, race, creed, color, national origin, sexual orientation, families with children status, honorably discharged veteran or military status, or the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a person who is blind, deaf, or physically disabled. Enforcement of the order and appeal therefrom by the complainant or respondent may be made as provided in RCW 49.60.260 and 49.60.270. If acts constituting the unfair practice in a real estate transaction that is the object of the charge are determined to have been committed by the same natural person who has been previously determined to have committed acts constituting an unfair practice in a real estate transaction, then the civil penalty of up to fifty thousand dollars may be imposed without regard to the period of time within which any subsequent unfair practice in a real estate transaction occurred. All civil penalties assessed under this section shall be paid into the state treasury and credited to the general fund.

(2) Such order shall not affect any contract, sale, conveyance, encumbrance, or lease consummated before the issuance of an order that involves a bona fide purchaser, encumbrancer, or tenant who does not have actual notice of the charge filed under this chapter.

(3) Notwithstanding any other provision of this chapter, persons awarded damages under this section may not receive

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additional damages pursuant to RCW 49.60.250. [2007 c 187 § 16; 2006 c 4 § 17; 1997 c 271 § 17; 1995 c 259 § 4. Prior: 1993 c 510 § 20; 1993 c 69 § 9; 1985 c 185 § 19; 1979 c 127 § 11; 1973 c 141 § 14; 1969 ex.s. c 167 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.60.226 Cooperative agreements between units of government for processing complaints.** The commission and units of local government administering ordinances with provisions similar to the real estate provisions of the law against discrimination are authorized and directed to enter into cooperative agreements or arrangements for receiving and processing complaints so that duplication of functions shall be minimized and multiple hearings avoided. No complainant may secure relief from more than one instrumentality of state, or local government, nor shall any relief be granted by any state or local instrumentality if relief has been granted or proceedings are continuing in any federal agency, court, or instrumentality, unless such proceedings have been deferred pending state action. [1985 c 185 § 20; 1969 ex.s. c 167 § 8.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.60.227 Declaratory judgment action to strike discriminatory provision of real property contract.** If a written instrument contains a provision that is void by reason of RCW 49.60.224, the owner, occupant, or tenant of the property which is subject to the provision or the homeowners' association board may cause the provision to be stricken from the public records by bringing an action in the superior court in the county in which the property is located. The action shall be an in rem, declaratory judgment action whose title shall be the description of the property. The necessary party to the action shall be the owner, occupant, or tenant of the property or any portion thereof. The person bringing the action shall pay a fee set under RCW 36.18.012.

If the court finds that any provisions of the written instrument are void under RCW 49.60.224, it shall enter an order striking the void provisions from the public records and eliminating the void provisions from the title or lease of the property described in the complaint. [2006 c 58 § 3; 1995 c 292 § 18; 1993 c 69 § 10; 1987 c 56 § 2.]

**Finding—Intent—2006 c 58:** See note following RCW 64.38.028.

**Intent—1987 c 56 § 2:** "The legislature finds that some real property deeds and other written instruments contain discriminatory covenants and restrictions that are contrary to public policy and are void. The continued existence of these covenants and restrictions is repugnant to many property owners and diminishes the free enjoyment of their property. It is the intent of RCW 49.60.227 to allow property owners to remove all remnants of discrimination from their deeds." [1987 c 56 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.60.230 Complaint may be filed with commission.**

(1) Who may file a complaint:

(a) Any person claiming to be aggrieved by an alleged unfair practice may, personally or by his or her attorney, make, sign, and file with the commission a complaint in writing under oath or by declaration. The complaint shall state the name of the person alleged to have committed the unfair practice and the particulars thereof, and contain such other information as may be required by the commission.

(b) Whenever it has reason to believe that any person has been engaged or is engaging in an unfair practice, the commission may issue a complaint.

(c) Any employer or principal whose employees, or agents, or any of them, refuse or threaten to refuse to comply with the provisions of this chapter may file with the commission a written complaint under oath or by declaration asking for assistance by conciliation or other remedial action.

(2) Any complaint filed pursuant to this section must be so filed within six months after the alleged act of discrimination except that complaints alleging an unfair practice in a real estate transaction pursuant to RCW 49.60.222 through 49.60.225 must be so filed within one year after the alleged unfair practice in a real estate transaction has occurred or terminated and a complaint alleging whistleblower retaliation must be filed within two years. [2008 c 266 § 7. Prior: 1993 c 510 § 21; 1993 c 69 § 11; 1985 c 185 § 21; 1957 c 37 § 16; 1955 c 270 § 15; prior: 1949 c 183 § 8, part; Rem. Supp. 1949 § 7614-27, part.]

**Findings—Intent—2008 c 266:** See note following RCW 42.40.020.

**Application—Severability—2008 c 266:** See RCW 42.40.910 and 42.40.901.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.60.240 Complaint investigated—Procedure—Conference, conciliation—Agreement, findings—Rules.**

(1)(a) Except as provided for in (c) of this subsection, after the filing of any complaint, the chairperson of the commission shall refer it to the appropriate section of the commission's staff for prompt review and evaluation of the complaint. If the facts as stated in the complaint do not constitute an unfair practice under this chapter, a finding of no reasonable cause may be made without further investigation. If the facts as stated could constitute an unfair practice under this chapter, a full investigation and ascertainment of the facts shall be conducted.

(b) If the complainant has limitations related to language proficiency or cognitive or other disability, as part of the review and evaluation under (a) of this subsection, the commission's staff must contact the complainant directly and make appropriate inquiry of the complainant as to the facts of the complaint.

(c) After the filing of a complaint alleging an unfair practice in a real estate transaction pursuant to RCW 49.60.222 through 49.60.225, the chairperson of the commission shall refer it to the appropriate section of the commission's staff for prompt investigation and ascertainment of the facts alleged in the complaint.

(2) The investigation shall be limited to the alleged facts contained in the complaint. The results of the investigation shall be reduced to written findings of fact, and a finding shall be made that there is or that there is not reasonable cause for believing that an unfair practice has been or is being committed. A copy of the findings shall be provided to the complainant and to the person named in such complaint, hereinafter referred to as the respondent.

(3) If the finding is made that there is reasonable cause for believing that an unfair practice has been or is being committed, the commission's staff shall immediately endeavor to eliminate the unfair practice by conference, conciliation, and persuasion.

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If an agreement is reached for the elimination of such unfair practice as a result of such conference, conciliation, and persuasion, the agreement shall be reduced to writing and signed by the respondent, and an order shall be entered by the commission setting forth the terms of said agreement. No order shall be entered by the commission at this stage of the proceedings except upon such written agreement, except that during the period beginning with the filing of complaints alleging an unfair practice with respect to real estate transactions pursuant to RCW 49.60.222 through 49.60.225, and ending with the filing of a finding of reasonable cause or a dismissal by the commission, the commission staff shall, to the extent feasible, engage in conciliation with respect to such complaint. Any conciliation agreement arising out of conciliation efforts by the commission shall be an agreement between the respondent and the complainant and shall be subject to the approval of the commission. Each conciliation agreement shall be made public unless the complainant and respondent otherwise agree and the commission determines that disclosure is not required to further the purposes of this chapter.

If no such agreement can be reached, a finding to that effect shall be made and reduced to writing, with a copy thereof provided to the complainant and the respondent.

(4) The commission may adopt rules, including procedural time requirements, for processing complaints alleging an unfair practice with respect to real estate transactions pursuant to RCW 49.60.222 through 49.60.225 and which may be consistent with the federal fair housing amendments act of 1988 (42 U.S.C. Sec. 3601 et seq.), but which in no case shall exceed or be more restrictive than the requirements or standards of such act. [2010 c 85 § 1; 1995 c 259 § 5. Prior: 1993 c 510 § 22; 1993 c 69 § 12; 1985 c 185 § 22; 1981 c 259 § 1; 1957 c 37 § 17; 1955 c 270 § 16; prior: 1949 c 183 § 8, part; Rem. Supp. 1949 § 7614-27, part.]

*RCW 49.60.240 through 49.60.280 applicable to complaints concerning unlawful use of refueling services for individuals with disabilities: RCW 49.60.360.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.60.250 Hearing of complaint by administrative law judge—Limitation of relief—Penalties—Order—Arbitration.**

(1) In case of failure to reach an agreement for the elimination of such unfair practice, and upon the entry of findings to that effect, the entire file, including the complaint and any and all findings made, shall be certified to the chairperson of the commission. The chairperson of the commission shall thereupon request the appointment of an administrative law judge under Title 34 RCW to hear the complaint and shall cause to be issued and served in the name of the commission a written notice, together with a copy of the complaint, as the same may have been amended, requiring the respondent to answer the charges of the complaint at a hearing before the administrative law judge, at a time and place to be specified in such notice.

(2) The place of any such hearing may be the office of the commission or another place designated by it. The case in support of the complaint shall be presented at the hearing by counsel for the commission: PROVIDED, That the complainant may retain independent counsel and submit testimony and be fully heard. No member or employee of the

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commission who previously made the investigation or caused the notice to be issued shall participate in the hearing except as a witness, nor shall the member or employee participate in the deliberations of the administrative law judge in such case. Any endeavors or negotiations for conciliation shall not be received in evidence.

(3) The respondent shall file a written answer to the complaint and appear at the hearing in person or otherwise, with or without counsel, and submit testimony and be fully heard. The respondent has the right to cross-examine the complainant.

(4) The administrative law judge conducting any hearing may permit reasonable amendment to any complaint or answer. Testimony taken at the hearing shall be under oath and recorded.

(5) If, upon all the evidence, the administrative law judge finds that the respondent has engaged in any unfair practice, the administrative law judge shall state findings of fact and shall issue and file with the commission and cause to be served on such respondent an order requiring such respondent to cease and desist from such unfair practice and to take such affirmative action, including, (but not limited to) hiring, reinstatement or upgrading of employees, with or without back pay, an admission or restoration to full membership rights in any respondent organization, or to take such other action as, in the judgment of the administrative law judge, will effectuate the purposes of this chapter, including action that could be ordered by a court, except that damages for humiliation and mental suffering shall not exceed twenty thousand dollars, and including a requirement for report of the matter on compliance. Relief available for violations of RCW 49.60.222 through 49.60.224 shall be limited to the relief specified in RCW 49.60.225.

(6) If a determination is made that retaliatory action, as defined in RCW 42.40.050, has been taken against a whistleblower, as defined in RCW 42.40.020, the administrative law judge may, in addition to any other remedy, require restoration of benefits, back pay, and any increases in compensation that would have occurred, with interest; impose a civil penalty upon the retaliator of up to five thousand dollars; and issue an order to the state employer to suspend the retaliator for up to thirty days without pay. At a minimum, the administrative law judge shall require that a letter of reprimand be placed in the retaliator's personnel file. No agency shall issue any nondisclosure order or policy, execute any nondisclosure agreement, or spend any funds requiring information that is public under the public records act, chapter 42.56 RCW, be kept confidential; except that nothing in this section shall affect any state or federal law requiring information be kept confidential. All penalties recovered shall be paid into the state treasury and credited to the general fund.

(7) The final order of the administrative law judge shall include a notice to the parties of the right to obtain judicial review of the order by appeal in accordance with the provisions of RCW 34.05.510 through 34.05.598, and that such appeal must be served and filed within thirty days after the service of the order on the parties.

(8) If, upon all the evidence, the administrative law judge finds that the respondent has not engaged in any alleged unfair practice, the administrative law judge shall state find-

ings of fact and shall similarly issue and file an order dismissing the complaint.

(9) An order dismissing a complaint may include an award of reasonable attorneys' fees in favor of the respondent if the administrative law judge concludes that the complaint was frivolous, unreasonable, or groundless.

(10) The commission shall establish rules of practice to govern, expedite, and effectuate the foregoing procedure.

(11) Instead of filing with the commission, a complainant may pursue arbitration conducted by the American arbitration association or another arbitrator mutually agreed by the parties, with the cost of arbitration shared equally by the complainant and the respondent. [2008 c 266 § 8. Prior: 1993 c 510 § 23; 1993 c 69 § 14; 1992 c 118 § 5; 1989 c 175 § 115; 1985 c 185 § 23; 1983 c 293 § 1; 1981 c 259 § 2; 1957 c 37 § 18; 1955 c 270 § 17; prior: 1949 c 183 § 8, part; Rem. Supp. 1949 § 7614-27, part.]

**Findings—Intent—2008 c 266:** See note following RCW 42.40.020.

**Application—Severability—2008 c 266:** See RCW 42.40.910 and 42.40.901.

*Assignment of administrative law judge for human rights commission proceedings:* RCW 34.12.037.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.60.260 Enforcement of orders of administrative law judge—Appellate review of court order.** (1) The commission or any person entitled to relief of a final order may petition the court within the county wherein any unfair practice occurred or wherein any person charged with an unfair practice resides or transacts business for the enforcement of any final order which is not complied with and is issued by the commission or an administrative law judge under the provisions of this chapter and for appropriate temporary relief or a restraining order, and shall certify and file in court the final order sought to be enforced. Within five days after filing such petition in court, the commission or any person entitled to relief of a final order shall cause a notice of the petition to be sent by certified mail to all parties or their representatives.

(2) If within sixty days after the date the administrative law judge's order concerning an unfair practice in a real estate transaction is entered, no petition has been filed under subsection (1) of this section and the commission has not sought enforcement of the final order under this section, any person entitled to relief under the final order may petition for a decree enforcing the order in the superior courts of the state of Washington for the county in which the unfair practice in a real estate transaction under RCW 49.60.222 through 49.60.224 is alleged to have occurred.

(3) From the time the petition is filed, the court shall have jurisdiction of the proceedings and of the questions determined thereon, and shall have the power to grant such temporary relief or restraining order as it deems just and suitable.

(4) If the petition shows that there is a final order issued by the commission or administrative law judge under RCW 49.60.240 or 49.60.250 and that the order has not been complied with in whole or in part, the court shall issue an order directing the person who is alleged to have not complied with the administrative order to appear in court at a time designated in the order, not less than ten days from the date thereof, and show cause why the administrative order should

not be enforced according to the terms. The commission or any person entitled to relief of any final order shall immediately serve the noncomplying party with a copy of the court order and the petition.

(5) The administrative order shall be enforced by the court if the person does not appear, or if the person appears and the court finds that:

(a) The order is regular on its face;

(b) The order has not been complied with; and

(c) The person's answer discloses no valid reason why the order should not be enforced, or that the reason given in the person's answer could have been raised by review under RCW 34.05.510 through 34.05.598, and the person has given no valid excuse for failing to use that remedy.

(6) The jurisdiction of the court shall be exclusive and its judgment and decree shall be final, except that the same shall be subject to appellate review by the supreme court or the court of appeals, on appeal, by either party, irrespective of the nature of the decree or judgment. The review shall be taken and prosecuted in the same manner and form and with the same effect as is provided in other cases. [1995 c 259 § 6; 1993 c 69 § 15; 1989 c 175 § 116; 1988 c 202 § 47; 1985 c 185 § 24; 1981 c 259 § 3; 1971 c 81 § 118; 1957 c 37 § 21. Prior: 1949 c 183 § 9, part; Rem Supp. 1949 § 7614-27A, part.]

**Rules of court:** Cf. *RAP 2.2, 18.22.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.60.270 Appeal from orders of administrative law judge.** Any respondent or complainant, including the commission, aggrieved by a final order of an administrative law judge may obtain judicial review of such order as provided under the administrative procedure act, chapter 34.05 RCW. From the time a petition for review is filed, the court has jurisdiction to grant to any party such temporary relief or restraining order as it deems just and suitable. If the court affirms the order, it shall enter a judgment and decree enforcing the order as affirmed. [1985 c 185 § 25; 1981 c 259 § 4; 1957 c 37 § 22. Prior: 1949 c 183 § 9, part; Rem. Supp. 1949 § 7614-27A, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.60.280 Court shall expeditiously hear and determine.** Petitions filed under RCW 49.60.260 and 49.60.270 shall be heard expeditiously and determined upon the transcript filed, without requirement of printing. Hearings in the court under this chapter shall take precedence over all other matters, except matters of the same character. [1957 c 37 § 23. Prior: 1949 c 183 § 9, part; Rem. Supp. 1949 § 7614-27A, part.]

**49.60.310 Misdemeanor to interfere with or resist commission.** Any person who wilfully resists, prevents, impedes, or interferes with the commission or any of its members or representatives in the performance of duty under this chapter, or who wilfully violates an order of the commission, is guilty of a misdemeanor; but procedure for the review of the order shall not be deemed to be such wilful conduct. [1985 c 185 § 26; 1961 c 100 § 4; 1957 c 37 § 26; 1949 c 183 § 10; Rem. Supp. 1949 § 7614-28.]

[Title 49 RCW—page 84]

**49.60.320 Governor may act on orders against state or political subdivisions.** In any case in which the commission shall issue an order against any political or civil subdivision of the state, or any agency, or instrumentality of the state or of the foregoing, or any officer or employee thereof, the commission shall transmit a copy of such order to the governor of the state. The governor shall take such action to secure compliance with such order as the governor deems necessary. [1985 c 185 § 27; 1949 c 183 § 11; Rem. Supp. 1949 § 7614-29.]

**49.60.330 First-class cities of over one hundred twenty-five thousand population—Administrative remedies authorized—Superior court jurisdiction.** Any county or any city classified as a first-class city under RCW 35.01.010 with over one hundred twenty five thousand population may enact resolutions or ordinances consistent with this chapter to provide administrative and/or judicial remedies for any form of discrimination proscribed by this chapter. The imposition of such administrative remedies shall be subject to judicial review. The superior courts shall have jurisdiction to hear all matters relating to violation and enforcement of such resolutions or ordinances, including petitions for preliminary relief, the award of such remedies and civil penalties as are consistent with this chapter, and enforcement of any order of a county or city administrative law judge or hearing examiner pursuant to such resolution or ordinance. Any local resolution or ordinance not inconsistent with this chapter may provide, after a finding of reasonable cause to believe that discrimination has occurred, for the filing of an action in, or the removal of the matter to, the superior court. [1993 c 69 § 16; 1983 c 5 § 2; 1981 c 259 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.60.340 Election for civil action in lieu of hearing—Relief.** (1) Any complainant on whose behalf the reasonable cause finding was made, a respondent, or an aggrieved person may, with respect to real estate transactions pursuant to RCW 49.60.222 through 49.60.225, elect to have the claims on which reasonable cause was found decided in a civil action under RCW 49.60.030(2) in lieu of a hearing under RCW 49.60.250. This election must be made not later than twenty days after the service of the reasonable cause finding. The person making such election shall give notice of doing so to the commission and to all other complainants and respondents to whom the charge relates. Any reasonable cause finding issued by the commission pursuant to the procedures contained in this chapter shall become final twenty days after service of the reasonable cause finding unless a written notice of election is received by the commission within the twenty-day period.

(2) If an election is made under subsection (1) of this section, the commission shall authorize not later than thirty days after the election is made, and the attorney general shall commence, a civil action on behalf of the aggrieved person in a superior court of the state of Washington seeking relief under this section.

(3) Any aggrieved person with respect to the issues to be determined in a civil action under this section may intervene as of right in that civil action.

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(4) In a civil action under this section, if the court finds that an unfair practice in a real estate transaction has occurred or is about to occur, the court may grant any relief that a court could grant with respect to such an unfair practice in a real estate transaction in a civil action under RCW 49.60.030(2). If monetary relief is sought for the benefit of an aggrieved person who does not intervene in the civil action, the court shall not award such relief if that aggrieved person has not complied with discovery orders entered by the court.

(5) In any administrative proceeding under this section where the respondent is the prevailing party, a complainant who intervenes by filing a notice of independent appearance may be liable for reasonable attorneys' fees and costs only to the extent that the intervening participation in the administrative proceeding was frivolous or vexatious, or was for the purpose of harassment.

(6) In any administrative proceeding brought under RCW 49.60.225 or any court proceeding arising therefrom, or any civil action under this section, the administrative law judge or the court in its discretion may allow the prevailing party, other than the commission, reasonable attorneys' fees and costs. [1993 c 69 § 13.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.60.350 Temporary or preliminary relief—Superior court jurisdiction—Petition of commission.** (1) The superior courts of the state of Washington shall have jurisdiction upon petition of the commission, through the attorney general, to seek appropriate temporary or preliminary relief to enjoin any unfair practice in violation of RCW 49.60.222 through 49.60.225, from which prompt judicial action is necessary to carry out the purposes of this chapter.

(2) The commencement of a civil action under this section does not preclude the initiation or continuation of administrative proceedings under this chapter. [1993 c 69 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.60.360 Refueling services for disabled drivers—Violation—Investigation—Intentional display of plate or placard invalid or not legally issued prohibited—Fine—Notice to disabled persons.** (1) Every person, firm, partnership, association, trustee, or corporation which operates a gasoline service station, or other facility which offers gasoline or other motor vehicle fuel for sale to the public from such a facility, shall provide, upon request, refueling service to disabled drivers, unaccompanied by passengers capable of safely providing refueling service, of vehicles which display a disabled person's license plate or placard issued by the department of licensing. The price charged for the motor vehicle fuel in such a case shall be no greater than that which the facility otherwise would charge the public generally to purchase motor vehicle fuel without refueling service. This section does not require a facility to provide disabled drivers with services, including but not limited to checking oil or cleaning windshields, other than refueling services.

(2) This section does not apply to:

(a) Exclusive self-service gas stations which have remotely controlled gas pumps and which never provide pump island service; and

(b) Convenience stores which sell gasoline, which have remotely controlled gas pumps and which never provide pump island service.

(3) Any person who, as a responsible managing individual setting service policy of a station or facility or as an employee acting independently against set service policy, acts in violation of this section is guilty of a misdemeanor. This subsection shall be enforced by the prosecuting attorney.

(4) The human rights commission shall, upon the filing of a verified written complaint by any person, investigate the actions of any person, firm, partnership, association, trustee, or corporation alleged to have violated this section. The complaint shall be in the form prescribed by the commission. The commission may, upon its own motion, issue complaints and conduct investigations of alleged violations of this section.

RCW 49.60.240 through 49.60.280 shall apply to complaints under this section.

(5) In addition to those matters referred pursuant to subsection (3) of this section, the prosecuting attorney may investigate and prosecute alleged violations of this section.

(6) Any person who intentionally displays a license plate or placard which is invalid, or which was not lawfully issued to that person, for the purpose of obtaining refueling service under subsection (1) of this section shall be subject to a civil fine of one hundred dollars for each such violation.

(7) A notice setting forth the provisions of this section shall be provided by the department of licensing to every person, firm, partnership, association, trustee, or corporation which operates a gasoline service station, or other facility which offers gasoline or other motor vehicle fuel for sale to the public from such a facility.

(8) A notice setting forth the provisions of this section shall be provided by the department of licensing to every person who is issued a disabled person's license plate or placard.

(9) For the purposes of this section, "refueling service" means the service of pumping motor vehicle fuel into the fuel tank of a motor vehicle.

(10) Nothing in this section limits or restricts the rights or remedies provided under chapter 49.60 RCW. [1994 c 262 § 17; 1985 c 309 § 1. Formerly RCW 70.84.090.]

**49.60.370 Liability for killing or injuring dog guide or service animal—Penalty in addition to other remedies or penalties—Recovery of attorneys' fees and costs—No duty to investigate.** (1) A person who negligently or maliciously kills or injures a dog guide or service animal is liable for a penalty of one thousand dollars, to be paid to the user of the animal. The penalty shall be in addition to and not in lieu of any other remedies or penalties, civil or criminal, provided by law.

(2) A user or owner of a dog guide or service animal, whose animal is negligently or maliciously injured or killed, is entitled to recover reasonable attorneys' fees and costs incurred in pursuing any civil remedy.

(3) The commission has no duty to investigate any negligent or malicious acts referred to under this section. [1997 c 271 § 23; 1988 c 89 § 1. Formerly RCW 70.84.100.]

**49.60.380 License waiver for dog guide and service animals.** A county, city, or town shall honor a request by a

blind person or hearing impaired person not to be charged a fee to license his or her dog guide, or a request by a physically disabled person not to be charged a fee to license his or her service animal. [1997 c 271 § 24; 1989 c 41 § 1. Formerly RCW 70.84.120.]

**49.60.390 Rule-making authority—Deadline—1997 c 271.** The Washington state human rights commission shall adopt rules implementing chapter 271, Laws of 1997 no later than March 1, 1998. [1997 c 271 § 25.]

**49.60.400 Discrimination, preferential treatment prohibited.** (1) The state shall not discriminate against, or grant preferential treatment to, any individual or group on the basis of race, sex, color, ethnicity, or national origin in the operation of public employment, public education, or public contracting.

(2) This section applies only to action taken after December 3, 1998.

(3) This section does not affect any law or governmental action that does not discriminate against, or grant preferential treatment to, any individual or group on the basis of race, sex, color, ethnicity, or national origin.

(4) This section does not affect any otherwise lawful classification that:

(a) Is based on sex and is necessary for sexual privacy or medical or psychological treatment; or

(b) Is necessary for undercover law enforcement or for film, video, audio, or theatrical casting; or

(c) Provides for separate athletic teams for each sex.

(5) This section does not invalidate any court order or consent decree that is in force as of December 3, 1998.

(6) This section does not prohibit action that must be taken to establish or maintain eligibility for any federal program, if ineligibility would result in a loss of federal funds to the state.

(7) For the purposes of this section, "state" includes, but is not necessarily limited to, the state itself, any city, county, public college or university, community college, school district, special district, or other political subdivision or governmental instrumentality of or within the state.

(8) The remedies available for violations of this section shall be the same, regardless of the injured party's race, sex, color, ethnicity, or national origin, as are otherwise available for violations of Washington antidiscrimination law.

(9) This section shall be self-executing. If any part or parts of this section are found to be in conflict with federal law, the United States Constitution, or the Washington state Constitution, the section shall be implemented to the maximum extent that federal law, the United States Constitution, and the Washington state Constitution permit. Any provision held invalid shall be severable from the remaining portions of this section. [1999 c 3 § 1 (Initiative Measure No. 200, approved November 3, 1998).]

**49.60.401 Short title—1999 c 3.** RCW 49.60.400 shall be known and cited as the Washington State Civil Rights Act. [1999 c 3 § 2 (Initiative Measure No. 200, approved November 3, 1998).]

**49.60.500 Community athletics programs—Sex discrimination prohibited—Definitions.** (1) No city, town, county, or district may discriminate against any person on the basis of sex in the operation, conduct, or administration of community athletics programs for youth or adults. A third party receiving a lease or permit from a city, town, county, district, or a school district, for a community athletics program also may not discriminate against any person on the basis of sex in the operation, conduct, or administration of community athletics programs for youth or adults.

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

(a) "Community athletics program" means any athletic program that is organized for the purposes of training for and engaging in athletic activity and competition and that is in any way operated, conducted, administered, or supported by a city, town, county, district, or school district other than those offered by the school and created solely for the students by the school.

(b) "District" means any metropolitan park district, park and recreation service area, or park and recreation district. [2009 c 467 § 2.]

**Findings—Declarations—2009 c 467:** "The legislature finds and declares:

On June 23, 1972, President Richard Nixon signed into law Title IX of the Education Amendments of 1972 to the 1964 Civil Rights Act. This landmark legislation provides that: "No person in the United States shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any education program or activity receiving Federal financial assistance...." Title IX has expanded opportunities for males as well as females in educational programs and activities, including ensuring access to athletic opportunities for girls and women in educational institutions and to male and female staff to coaching and athletics administrative positions in educational institutions. The dramatic increases in participation rates at both the high school and college levels since Title IX was passed show that when doors are opened to women and girls, they will participate.

Further, ensuring equality in the state of Washington, the legislature passed an amendment to the state Constitution, ratified by the voters in November 1972, providing "Equality of rights and responsibilities under the law shall not be denied or abridged on account of sex." In 1975, Washington continued to be at the forefront of this issue by adopting legislation that established our own statutory version of the federal Title IX law that prohibited "inequality in the educational opportunities afforded women and girls at all levels of the public schools in Washington state."

Athletic opportunities provide innumerable benefits to participants, including greater academic success, better physical and psychological health, responsible social behaviors, and enhanced interpersonal skills. Athletic scholarships make it possible for some young people to attend college. The Washington state legislature, recognizing the importance of full participation in athletics, has passed numerous bills directed at achieving equity and eliminating discrimination in intercollegiate athletics in the state's institutions of higher education.

Despite advances in educational settings and efforts by some local agencies to expand opportunities in community athletics programs, discrimination still exists that limits these opportunities. It is the intent of the legislature to expand and support equal participation in athletics programs, and provide all sports programs equal access to facilities administered by cities, towns, counties, metropolitan park districts, park and recreation service areas, or park and recreation districts.

Nothing in this act is intended to affect the holding in the Washington state supreme court's ruling in *Darrin v. Gould*, 85 Wn.2d 859, 540 P.2d 882 (1975) and its progeny that held it is not acceptable to discriminate in contact sports on the basis of sex." [2009 c 467 § 1.]

**49.60.505 Community athletics programs—Nondiscrimination policy required.** (1) By January 1, 2010, each city, town, county, or district operating a community athletics program or issuing permission to a third party for the opera-

tion of such program on its facilities shall adopt a policy that specifically prohibits discrimination against any person on the basis of sex in the operation, conduct, or administration of community athletics programs for youth or adults.

(2) It is the responsibility of each city, town, county, or district operating a community athletics program or issuing permission to a third party for the operation of such program on its facilities to publish and disseminate this policy. At a minimum, the nondiscrimination policy should be included in any publication that includes information about the entity's own athletics programs, or about obtaining a permit for operating athletics programs and on the appropriate city, town, county, or district web site.

(3) School districts issuing permission to a third party for the operation of a community athletics program on its facilities shall also follow the provisions of this section but may modify and use existing school district policies and procedures to the extent that is possible. Nothing in this section may be construed to require school districts to monitor compliance, investigate complaints, or otherwise enforce school district policies as to third parties using school district facilities.

(4) Every city, town, county, or district covered by this section should also publish the name, office address, and office telephone number of the employee or employees responsible for its efforts to comply with and carry out its responsibilities under chapter 467, Laws of 2009. [2009 c 467 § 3.]

**Findings—Declarations—2009 c 467:** See note following RCW 49.60.500.

## Chapter 49.64 RCW EMPLOYEE BENEFIT PLANS

### Sections

49.64.010	Duration of trusts for employee benefits.
49.64.020	Trusts exempted from limitation as to duration.
49.64.030	Employee benefit plans—Payment or refund as discharge—Adverse claims.
49.64.040	Dental care assistance plans—Options required.

*Health care savings accounts authorized: Chapter 48.68 RCW.*

**49.64.010 Duration of trusts for employee benefits.** Any trust heretofore or hereafter created for the purposes and of the type enumerated in RCW 49.64.020, whether in real or personal property or in real and personal property, may continue for such time as may be necessary to accomplish the purposes of the trust and shall not be invalid as violating any statute or rule of law against perpetuities, or against accumulations of earnings, or concerning the suspension of the power of alienation of the title to property, or otherwise limiting the duration of trusts. [1955 c 158 § 1.]

**49.64.020 Trusts exempted from limitation as to duration.** Trusts which are entitled to the exemption from limitation as to their duration provided for in RCW 49.64.010 must be:

(1) Created by an employer primarily for the benefit of some or all of the employees of such employer or the families or appointees of such employees, under any pension, profit-

sharing, stock bonus, retirement, disability, death benefit or other similar types of employee-benefit plans; and

(2) Contributed to by the employer or employees or both; and

(3) Existing for the purpose of distributing to or for the benefit of some or all of such employees (either before or after their employment ceases), their families or appointees, the earnings or principal, or earnings and principal, of the trust. [1955 c 158 § 2.]

**49.64.030 Employee benefit plans—Payment or refund as discharge—Adverse claims.** Notwithstanding the provisions of RCW 26.16.030, whenever payment or refund is made to an employee, former employee, or his or her beneficiary or estate pursuant to and in full compliance with a written retirement, death, or other employee benefit plan or savings plan, such payment or refund shall fully discharge the employer and any trustee or insurance company making such payment or refund from all adverse claims thereto unless, before such payment or refund is made, the employer or former employer, where the payment is made by the employer or former employer, has received at its principal place of business within this state, written notice by or on behalf of some other person that such other person claims to be entitled to such payment or refund or some part thereof, or where a trustee or insurance company is making the payment, such notice has been received by the trustee or insurance company at its home office or its principal place of business within this state, and if none, such notice may be made on the secretary of state: PROVIDED, HOWEVER, That nothing contained in this section shall affect any claim or right to any such payment or refund or part thereof as between all persons other than employer and the trustee or insurance company making such payment or refund. [2010 c 8 § 12061; 1953 c 45 § 1. Formerly RCW 49.52.065.]

*Employees' benefit deductions are trust funds: RCW 49.52.010.*

**49.64.040 Dental care assistance plans—Options required.** (1) Unless the context clearly requires otherwise, in this section "dental care assistance plan" means any plan of dental insurance offered by an insurer as defined by chapter 48.01 RCW and any agreement for dental care benefits entered into or renewed after January 1, 1989, provided by a health care service contractor as defined by chapter 48.44 RCW.

(2) Each employer, public or private, that offers its employees a dental care assistance plan and each employee benefits fund that offers its members a dental care assistance plan limiting the provider of dental care to designated providers or group of providers, shall make available to and inform its employees or members of the option of enrolling in an alternative dental care assistance plan that permits the employees or members to obtain dental care services from any licensed dental care provider of their choice. The portion of the premium paid by the employer for the limiting plan shall be comparable to, but in no case greater than, the portion of the premium paid by the employer for the other plan. If employees are members of a bona fide bargaining unit covered by a labor-management collective bargaining agreement, the selection of the options required by this section

may be specified in the agreement. The provisions of this section are not mandatory if the employees are covered by Taft-Hartley health care trust, except that the labor-management trustees may contract with a dental care assistance plan if a feasibility study determines it is to the advantage of the members: PROVIDED, That this section shall only apply to employers with greater than twenty-five employees under coverage. [1988 c 259 § 1.]

### Chapter 49.66 RCW HEALTH CARE ACTIVITIES

#### Sections

49.66.010	Purpose—Policy—Declaration.
49.66.020	Definitions.
49.66.030	Bargaining unit.
49.66.040	Unfair labor practice by health care activity.
49.66.050	Unfair labor practice by employee organization or agent.
49.66.060	Strike and picketing.
49.66.070	Relief from unfair labor practice—Actions—Remedial orders.
49.66.080	Rules and regulations—Procedures.
49.66.090	Board of arbitration—Members—Selection—Chair.
49.66.100	Board of arbitration—Hearings—Findings.
49.66.110	Board of arbitration—Standards or guidelines.
49.66.120	Arbitrator—Compensation—Expenses.
49.66.900	Severability—1972 ex.s. c 156.

**49.66.010 Purpose—Policy—Declaration.** It is the public policy of the state to expedite the settlement of labor disputes arising in connection with health care activities, in order that there may be no lessening, however temporary, in the quality of the care given to patients. It is the legislative purpose by this chapter to promote collective bargaining between health care activities and their employees, to protect the right of employees of health care activities to organize and select collective bargaining units of their own choosing.

It is further determined that any agreements involving union security including an all-union agreement or agency agreement must safeguard the rights of nonassociation of employees, based on bona fide religious tenets or teachings of a church or religious body of which such employee is a member. Such employee must pay an amount of money equivalent to regular union dues and initiation fees and assessments, if any, to a nonreligious charity or to another charitable organization mutually agreed upon by the employee affected and the representative of the labor organization to which such employee would otherwise pay dues. The employee shall furnish written proof that this has been done. If the employee and representative of the labor organization do not reach agreement on the matter, the department shall designate such organization. [1973 2nd ex.s. c 3 § 1; 1972 ex.s. c 156 § 1.]

**49.66.020 Definitions.** As used in this chapter:

(1) "Health care activity" includes any hospital, nursing home, institution, agency or establishment, exclusive of those operated by the state, its municipalities, or political subdivisions, having for one of its principal purposes the preservation of health or the care of sick, aged or infirm persons.

(2) "Bargaining unit" includes any group of employees of a health care activity having substantially common interests with respect to working conditions. The composition of a bargaining unit may be determined by common consent

between an employer and its employees, or, in the event either party shall apply to the director of labor and industries for a determination of the composition of a bargaining unit, it shall be determined by the director of labor and industries or his delegated representative. No bargaining unit shall be found appropriate if it includes guards together with other employees.

(3) "Employee" includes any registered nurse or licensed practical nurse or service personnel performing services for wages for a health care activity. The term shall not apply to a member of a religious order assigned to a health care activity by the order as a part of his obligations to it; nor shall it apply to persons performing services in connection with healing by prayer or spiritual means alone in accordance with the tenets and practices of recognized church or religious denominations by adherents thereof; nor shall it apply to supervisors.

(4) "Employer" includes any person, agency, corporation, company or other organization engaged in the operation of a health care activity, whether for profitable or charitable purposes.

(5) "Supervisor" means any individual having authority, in the interest of the employer, to hire, transfer, suspend, lay off, recall, promote, discharge, assign, reward, or discipline other employees, or responsibly to direct them, or to adjust their grievances, or effectively to recommend such action, if in connection with the foregoing the exercise of such authority is not of a merely routine or clerical nature, but requires the use of independent judgment. Supervisor includes registered nurses only if administrative supervision is his or her primary duty and activity.

(6) "Guard" means any individual employed as a guard to enforce against employees and other persons rules to protect property of the employer or to protect the safety of persons on the employer's premises.

(7) "Director" means the director of the department of labor and industries.

(8) "Department" means the department of labor and industries. [1973 2nd ex.s. c 3 § 2; 1972 ex.s. c 156 § 2.]

**49.66.030 Bargaining unit.** An employee association shall be deemed the properly designated representative of a bargaining unit when it can show evidence that bargaining rights have been assigned to it by a majority of the employees in the bargaining unit. Should questions arise concerning the representative status of any employee organization claiming to represent a bargaining unit of employees, upon petition by such an organization, it shall be the duty of the director, acting by himself or herself or through a designee to investigate and determine the composition of the organization. Any organization found authorized by not less than thirty percent of the employees of a bargaining unit shall be eligible to apply for an election to determine its rights to represent the unit. If more than one organization shall claim to represent any unit, the director, or his or her designee, may conduct an election by secret ballot to determine which organization shall be authorized to represent the unit. In order to be certified as a bargaining representative, an employee organization must receive, in a secret ballot election, votes from a majority of the employees who vote in the election, except that nothing in this section shall prohibit the voluntary recognition of a labor organization as a bargaining representative by an

employer upon a showing of reasonable proof of majority. In any election held pursuant to this section, there shall be a choice on the ballot for employees to designate that they do not wish to be represented by any bargaining representative. No representation election shall be directed in any bargaining unit or any subdivision thereof within which, in the preceding twelve-month period, a valid election has been held. Thirty percent of the employees of an employer may file a petition for a secret ballot election to ascertain whether the employee organization which has been certified or is currently recognized by their employer as their bargaining representative is no longer their bargaining representative.

No employee organization shall be certified as the representative of employees in a bargaining unit of guards, if such organization admits to membership, or is affiliated directly or indirectly with an organization which admits to membership, employees other than guards. The determination shall be based upon a plurality of votes cast in such election, and shall remain in effect for a period of not less than one year. In determining appropriate bargaining units, the director shall limit such units to groups consisting of registered nurses, licensed practical nurses or service personnel: PROVIDED, HOWEVER, That if a majority of each such classification desires inclusion within a single bargaining unit, they may combine into a single unit. [2010 c 8 § 12062; 1973 2nd ex.s. c 3 § 3; 1972 ex.s. c 156 § 3.]

**49.66.040 Unfair labor practice by health care activity.** It shall be deemed an unfair labor practice, and unlawful, for any health care activity to:

(1) Interfere with, restrain or coerce employees in any manner in the exercise of their right of self-organization: PROVIDED, That the expressing of any views, argument, or opinion, or the dissemination thereof, whether in written, printed, graphic or visual form, shall not constitute or be evidence of an unfair labor practice under any of the provisions of this chapter, if such expression contains no threat of reprisal or force or promise of benefit;

(2) Initiate, create, dominate, contribute to or interfere with the formation or administration of any employee organization having bargaining as one of its functions;

(3) Discriminate in regard to hire, terms, or conditions of employment in order to discourage membership in any employee organization having collective bargaining as one of its functions;

(4) Refuse to meet and bargain in good faith with the duly designated representatives of an appropriate bargaining unit of employees; and it shall be a requirement of good faith bargaining that the parties be willing to reduce to writing, and have their representatives sign, any agreement arrived at through negotiation and discussion. [1972 ex.s. c 156 § 4.]

**49.66.050 Unfair labor practice by employee organization or agent.** It shall be an unfair labor practice and unlawful, for any employee organization or its agent to:

(1) Restrain or coerce (a) employees in the exercise of their right to refrain from self-organization, or (b) an employer in the selection of its representatives for purposes of collective bargaining or the adjustment of grievances;

(2) Cause or attempt to cause an employer to discriminate against an employee in violation of RCW 49.66.040(3) or to discriminate against an employee with respect to whom membership in such organization has been denied or terminated on some ground other than his or her failure to tender the periodic dues and initiation fees uniformly required as a condition of acquiring or retaining membership;

(3) Refuse to meet and bargain in good faith with an employer, provided it is the duly designated representative of the employer's employees for purposes of collective bargaining;

(4) Require of employees covered by a union security agreement the payment, as a condition precedent to becoming a member of such organization, of a fee in an amount which the director finds excessive or discriminatory under all the circumstances. In making such a finding, the director shall consider, among other relevant factors, the practices and customs of labor organizations in the particular industry, and the wages currently paid to the employees affected;

(5) Cause or attempt to cause an employer to pay or deliver or agree to pay or deliver any money or other thing of value, in the nature of an exaction, for services which are not performed or not to be performed;

(6) Enter into any contract or agreement, express or implied, whereby an employer or other person ceases or refrains, or agrees to cease or refrain, from handling, using, selling, transporting, or otherwise dealing in any of the products or services of any other employer or person, or to cease doing business with any other employer or person, and any such contract or agreement shall be unenforceable and void; or

(7) Engage in, or induce or encourage any individual employed by any employer or to engage in, an activity prohibited by RCW 49.66.060. [2010 c 8 § 12063; 1973 2nd ex.s. c 3 § 4; 1972 ex.s. c 156 § 5.]

**49.66.060 Strike and picketing.** No employee organization, bargaining representative, person, or employee shall authorize, sanction, engage in, or participate in a strike (including but not limited to a concerted work stoppage of any kind, concerted slowdown or concerted refusal or failure to report for work or perform work) or picketing against an employer under any circumstances, whether arising out of a recognition dispute, bargaining impasse, or otherwise: PROVIDED, That nothing in this section shall prohibit picketing or other publicity for the sole purpose of truthfully advising the public of the existence of a dispute with the employer, unless an effect of such picketing or other publicity is (a) to induce any employee of the employer or any other individual, in the course of his or her employment, not to pick up, deliver, or transfer goods, not to enter the employer's premises, or not to perform services; or (b) to induce such an employee or individual to engage in a strike. [2010 c 8 § 12064; 1972 ex.s. c 156 § 6.]

**49.66.070 Relief from unfair labor practice—Actions—Remedial orders.** The director or any employee organization qualified to apply for an election under RCW 49.66.030 as now or hereafter amended or any employer may maintain in its name or in the name of its members legal

action in any county in which jurisdiction of the employer or employee organization may be obtained, to seek relief from the commission of an unfair labor practice: PROVIDED, That such employer or employee organization exhausts the administrative remedies under rules and regulations promulgated by the department prior to seeking such court action.

The department is empowered and directed to prevent any unfair labor practice and to issue appropriate remedial orders. Any party aggrieved by any remedial order is entitled to the judicial review thereof in accordance with the provisions of chapter 34.05 RCW. [1973 2nd ex.s. c 3 § 5; 1972 ex.s. c 156 § 7.]

**49.66.080 Rules and regulations—Procedures.** The director shall have the power to make such rules and regulations not inconsistent with this chapter, including the establishment of procedures for the hearing and determination of charges alleging unfair labor practices, and for a determination on application by either party when an impasse has arisen, and as he or she shall determine are necessary to effectuate its purpose and to enable him or her to carry out its provisions. [2010 c 8 § 12065; 1973 2nd ex.s. c 3 § 6; 1972 ex.s. c 156 § 8.]

**49.66.090 Board of arbitration—Members—Selection—Chair.** In the event that a health care activity and an employees' bargaining unit shall reach an impasse, the matters in dispute shall be submitted to a board of arbitration composed of three arbitrators for final and binding resolution. The board shall be selected in the following manner: Within ten days, the employer shall appoint one arbitrator and the employees shall appoint one arbitrator. The two arbitrators so selected and named shall within ten days agree upon and select the name of a third arbitrator who shall act as chair. If, upon the expiration of the period allowed therefor the arbitrators are unable to agree on the selection of a third arbitrator, such arbitrator shall be appointed at the request of either party in accordance with RCW 7.04A.110, and that person shall act as chair of the arbitration board. [2010 c 8 § 12066; 2005 c 433 § 44; 1973 2nd ex.s. c 3 § 7; 1972 ex.s. c 156 § 9.]

**Application—Captions not law—Savings—Effective date—2005 c 433:** See RCW 7.04A.290 through 7.04A.310 and 7.04A.900.

**49.66.100 Board of arbitration—Hearings—Findings.** The arbitration board, acting through its chair, shall call a hearing to be held within ten days after the date of the appointment of the chair. The board shall conduct public or private hearings. Reasonable notice of such hearings shall be given to the parties who shall appear and be heard either in person or by counsel or other representative. Hearings shall be informal and the rules of evidence prevailing in judicial proceedings shall not be binding. A recording of the proceedings shall be taken. Any oral or documentary evidence and other data deemed relevant by the board may be received in evidence. The board shall have the power to administer oaths, require the attendance of witnesses, and the production of such books, papers, contracts, agreements, and documents as may be deemed by the board material to a just determination of the issues in dispute and to issue subpoenas. If any person refuses to obey such subpoena or refuses to be sworn

to testify, or any witness, party, or attorney is guilty of any contempt while in attendance at any hearing held hereunder, the board may invoke the jurisdiction of any superior court and such court shall have jurisdiction to issue an appropriate order. A failure to obey such order may be punished by the court as a contempt thereof. The hearing conducted by the arbitrators shall be concluded within twenty days of the time of commencement and, within ten days after conclusion of the hearings, the arbitrator shall make written findings and a written opinion upon the issues presented, a copy of which shall be mailed or otherwise delivered to the employees' negotiating agent or its attorney or other designated representative and to the employer or the employer's attorney or designated representative. The determination of the dispute made by the board shall be final and binding upon both parties. [2010 c 8 § 12067; 1972 ex.s. c 156 § 10.]

**49.66.110 Board of arbitration—Standards or guidelines.** In making its determination, the board of arbitrators shall be mindful of the legislative purpose enumerated in RCW 49.66.010 and as additional standards or guidelines to aid it in reaching a decision, it shall take into consideration the following factors:

(1) Wage rates or other conditions of employment of the health care activity in question as compared with prevailing wage rates or other conditions of employment in the local operating area involved.

(2) Wage rates or other working conditions as compared with wage rates or other working conditions maintained for the same or similar work of workers in the local area.

(3) The overall compensation of employees having regard not only to wages for time actually worked but also for time not actually worked, including vacations, holidays and other excused time and for all fringe benefits received.

(4) Interest and welfare of the public.

(5) Comparison of peculiarities of employment in regard to other comparable trades or professions, specifically:

(a) Physical qualifications.

(b) Educational qualifications.

(c) Job training and skills.

(6) Efficiency of operation of the health care activity. [1972 ex.s. c 156 § 11.]

**49.66.120 Arbitrator—Compensation—Expenses.** The arbitrator so selected by the parties shall be paid at the daily rate or rates not to exceed the usual or customary rates paid to arbitrators in addition to travel expenses at the rates provided in RCW 43.03.050 and 43.03.060 as now existing or hereafter amended. Such sums together with all expenses of the hearing shall be borne equally by the parties to the arbitration proceedings. [1975-'76 2nd ex.s. c 34 § 147; 1973 2nd ex.s. c 3 § 8; 1972 ex.s. c 156 § 12.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.66.900 Severability—1972 ex.s. c 156.** If any portion of this chapter, or its application to any particular health care activity or class of health care activity, should be held invalid, the remainder of the chapter, or its application to other health care activities, or other classes thereof, shall not be affected. [1972 ex.s. c 156 § 13.]

**Chapter 49.70 RCW**  
**WORKER AND COMMUNITY**  
**RIGHT TO KNOW ACT**

## Sections

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**49.70.010 Legislative findings.** The legislature finds and declares that the proliferation of hazardous substances in the environment poses a growing threat to the public health, safety, and welfare; that the constantly increasing number and variety of hazardous substances, and the many routes of exposure to them make it difficult and expensive to monitor adequately and detect any adverse health effects attributable thereto; that individuals themselves are often able to detect and thus minimize effects of exposure to hazardous substances if they are aware of the identity of the substances and the early symptoms of unsafe exposure; and that individuals have an inherent right to know the full range of the risks they face so that they can make reasoned decisions and take informed action concerning their employment and their living conditions.

The legislature further declares that local health, fire, police, safety, and other government officials require detailed information about the identity, characteristics, and quantities of hazardous substances used and stored in communities within their jurisdictions, in order to plan adequately for, and respond to, emergencies, enforce compliance with applicable laws and regulations concerning these substances, and to compile records of exposures to hazardous substances over a period of time that will facilitate the diagnosis, treatment, and prevention of disease.

The legislature further declares that the extent of the toxic contamination of the air, water, and land in this state has caused a high degree of concern among its residents and that much of this concern is needlessly aggravated by the unfamiliarity of these substances to residents.

The legislature therefore determines that while these substances have contributed to the high quality of life we enjoy in our state, it is in the public interest to establish a comprehensive program for the disclosure of information about hazardous substances in the workplace and the commu-

nity, and to provide a procedure whereby residents of this state may gain access to this information. [1984 c 289 § 2.]

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

(1) "Department" means the department of labor and industries.

(2) "Employee" means an employee of an employer who is employed in the business of his or her employer whether by way of manual labor or otherwise and every person in this state who is engaged in the employment of or who is working under an independent contract the essence of which is personal labor for an employer under this chapter whether by way of manual labor or otherwise. However, for the purposes of this chapter, employee shall not mean immediate family members of the officers of any corporation, partnership, sole proprietorship or other business entity or officers of any closely held corporation engaged in agricultural production of crops or livestock.

(3) "Employer" means any person, firm, corporation, partnership, business trust, legal representative, or other business entity that engages in any business, industry, profession, or activity in this state and employs one or more employees or who contract with one or more persons, the essence of which is the personal labor of such person or persons and includes the state, counties, cities, and all municipal corporations, public corporations, political subdivisions of the state, and charitable organizations. [1985 c 409 § 1.]

**49.70.100 Employee may request workplace survey or material safety data sheet.** An employee or employee representative may request, in writing, from the employer, a copy of a workplace survey or a material safety data sheet, filed pursuant to this chapter for the employee's work area. The employer shall supply this material within three working days of the request. This section shall not apply to employees of vessels while the employees are on the water. [1989 c 11 § 22; 1984 c 289 § 15.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.70.105 Foreign language translation of written materials.** (1) The department shall prepare and make available to employers or the public, upon request, a translation in any of the five most common foreign languages used in the workplace, of a written hazard communication program, a material safety data sheet, or written materials prepared by the department to inform employees of their rights relating to hazard communication standards under this chapter and chapter 49.17 RCW.

(2) An employer employing employees who have trouble communicating in English shall make reasonable efforts to post any notices in the employees' native languages as provided by the department. [1985 c 409 § 2.]

**49.70.110 Discharge or discipline of employee prohibited—Application of discrimination statutes.** No employer may discharge, cause to be discharged, or otherwise discipline, penalize, or discriminate against any employee because the employee or the employee's represen-

tative has exercised any right established in this chapter. The discrimination provisions of chapter 49.17 RCW apply to this chapter. [1984 c 289 § 16.]

**49.70.115 Agricultural employees—Information and training on hazardous chemicals.** (1) An employer shall provide employees engaged in agricultural production of crops or livestock or agricultural services with information and training on hazardous chemicals in their workplace at the time of their initial assignment, and whenever a new hazard is introduced into their work area, such instruction shall be tailored to the types of hazards to which the employees will be exposed. Seasonal and temporary employees who are not exposed to hazardous chemicals in their work area need not be trained.

(2) Employers shall maintain any material safety data sheets that are received with incoming shipments of hazardous chemicals, and ensure that they are accessible to agricultural employees upon request.

(3) Employers shall ensure that labels on incoming containers of hazardous chemicals are not removed or defaced. [1985 c 409 § 3.]

**49.70.119 Agricultural employees—Pesticides—Records.** (1) An employer who applies pesticides in connection with the production of an agricultural crop, or who causes pesticides to be applied in connection with such production, shall keep records for each application, which shall include the following information:

(a) The location of the land where the pesticide was applied or site where the pesticide was stored;

(b) The year, month, day, and time the pesticide was applied;

(c) The product name used on the registered label and the United States environmental protection agency registration number, if applicable, of the pesticide that was applied or stored;

(d) The crop or site to which the pesticide was applied;

(e) The amount of pesticide applied per acre, or other appropriate measure;

(f) The concentration of pesticide that was applied;

(g) The number of acres, or other appropriate measure, to which pesticide was applied;

(h) If applicable, the licensed applicator's name, address, and telephone number and the name of the individual or individuals making the application;

(i) The direction and estimated velocity of the wind at the time the pesticide was applied: PROVIDED, That this subsection (i) shall not apply to applications of baits in bait stations and pesticide applications within structures; and

(j) Any other reasonable information required by the director.

(2) The records shall be updated on the same day that a pesticide is applied. If the employer has been provided a copy of a pesticide application record under RCW 17.21.100(2)(b), the copy may be used as the record of the pesticide application required under this section. The employer shall maintain and preserve the pesticide application records for no less than seven years from the date of the application of the pesticide to which the records refer.

(3) The pesticide application records shall be readily accessible to the employer's employees and their designated representatives in a central location in the workplace beginning on the day the application is made and for at least thirty days following the application. The employee or representative shall be entitled to view the pesticide application records and make his or her own record from the information contained in the application records. New or newly assigned employees shall be made aware of the accessibility of the application records before working with pesticides or in a work area containing pesticides.

(4)(a) An employer subject to this section who stores pesticides shall at least once in each calendar year perform an inventory of the pesticides stored in any work area. The pesticide inventory records shall include the following information:

(i) The location of the site where the pesticide is stored;

(ii) The year, month, day, and time the pesticide was first stored;

(iii) The product name used on the registered label and the United States environmental protection agency registration number, if applicable, of the pesticide that is stored; and

(iv) The amount of pesticide in storage at the time of the inventory.

The inventory records shall be maintained and preserved for no less than seven years.

(b) In addition to performing the annual pesticide inventory required under this subsection, an employer shall maintain a record of pesticide purchases made between the annual inventory dates. In lieu of this purchase record, an employer may obtain from distributors from whom pesticides are purchased a statement obligating the distributor to maintain the purchase records on behalf of the employer and in satisfaction of the employer's obligations under this subsection. The director may require the submission of all purchase records from employers or distributors, covering the purchases during a specified period of time or in a specified geographical area.

(5) If activities for which the records are maintained cease, the records shall be filed with the department. If an employer subject to this section is succeeded or replaced in that function by another person, the person who succeeds or replaces the employer shall retain the records as required by this section but is not liable for violations committed by the former employer under this chapter or rules adopted under this chapter, including violations relating to the retention and preservation of records.

(6)(a) The records required under this section shall be readily accessible to the department for inspection. Copies of the records shall be provided, on request, to: An employee or the employee's designated representative in the case of an industrial insurance claim filed under Title 51 RCW with the department of labor and industries, treating health care personnel, the \*pesticide incident reporting and tracking review panel, or department representative. The designated representative or treating health care personnel are not required to identify the employee represented or treated. The department shall keep the name of any affected employee confidential in accordance with RCW 49.17.080(1). When a request for records is made under this subsection by treating health care personnel and the record is required for determining treat-

ment, copies of the record shall be provided immediately. For all other requests, copies of the records shall be provided within seventy-two hours.

(b) Copies of records provided to any person or entity under this subsection (6) shall, if so requested, be provided or made available on a form adopted under subsection (10) of this section. Information for treating health care personnel shall be made immediately available by telephone, if requested, with a copy of the records provided within twenty-four hours.

(c) If an employer has reason to suspect that an employee is ill or injured because of an exposure to one or more pesticides, the employer shall immediately provide the employee a copy of the relevant pesticide application records.

(7) If a request for a copy of a record is made under this section and the employer refuses to provide a copy, the requester may notify the department of the request and the employer's refusal. Within seven working days, the department shall request that the employer provide the department with all pertinent copies of the records, except that in a medical emergency the request shall be made within two working days. The employer shall provide copies of the records to the department within twenty-four hours after the department's request.

(8) The department shall include inspection of the records required under this section as part of any on-site inspection of a workplace conducted under this chapter or chapter 49.17 RCW. The inspection shall determine whether the records are readily transferable to a form adopted by the department, and readily accessible to employees. However, no employer subject to a department inspection may be inspected under this subsection (8) more than once in any calendar year, unless a previous inspection has found record-keeping violations. If recordkeeping violations are found, the department may conduct reasonable multiple inspections, pursuant to rules adopted by the department. Nothing in this subsection (8) limits the department's inspection of records pertaining to pesticide-related injuries, illnesses, fatalities, accidents, or complaints.

(9) If an employer has failed to maintain and preserve the records or provide access to or copies of the records as required under this section, the employer shall be subject to penalties authorized under RCW 49.17.180.

(10) The department of labor and industries and the department of agriculture shall jointly adopt, by rule, forms that satisfy the information requirements of this section and RCW 17.21.100. [1992 c 173 § 3; 1989 c 380 § 77.]

**\*Reviser's note:** The "pesticide incident reporting and tracking review panel" was eliminated pursuant to 2010 1st sp.s. c 7 § 132.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.70.140 Educational brochures and public service announcements.** The department shall produce educational brochures and public service announcements detailing information available to citizens under this chapter. These educational materials shall be sent to each county health department. As necessary, the department shall provide information needed to update these educational materials. [1984 c 289 § 20.]

**49.70.150 Civil action authorized.** A person may bring a civil action on his or her own behalf against a manufacturer, supplier, employer, or user to compel compliance with the provisions of this chapter or any rule promulgated under this chapter subject to the provisions of Title 51 RCW. The superior court shall have jurisdiction over these actions. The court may award costs of litigation to the prevailing party, including reasonable attorney and expert witness fees. [1984 c 289 § 21.]

**49.70.160 Request for additional information—Confidentiality.** The department may request from an employer submitting surveys to it further information concerning the surveys, and the employer shall provide the additional information upon the request. The employer may require the department to provide reasons why further information is needed and to sign an agreement protecting the confidentiality of any additional information provided under this section. [1984 c 289 § 23.]

**49.70.165 Trade secret exemptions.** (1) The department shall adopt rules in accordance with chapter 34.05 RCW establishing criteria for evaluating the validity of trade secret claims and procedures for issuing a trade secret exemption. Manufacturers or importers that make a trade secret claim to the department must notify direct purchasers if a trade secret claim has been made on a product being offered for sale.

(2) If a trade secret claim exists, a manufacturer, importer, or employer may require a written statement of need or confidentiality agreement before the specific chemical identity of a hazardous substance is released. However, if a treating physician or nurse determines that a medical emergency exists and the specific chemical identity of a hazardous substance is necessary for emergency or first aid treatment, the manufacturer, importer, or employer shall immediately disclose the specific chemical identity to that treating physician or nurse, regardless of the existence of a written statement of need or a confidentiality agreement. The chemical manufacturer, importer, or employer may require a written statement of need and confidentiality agreement, as defined by rule, as soon as circumstances permit.

(3) Any challenge to the denial of a trade secret claim shall be heard by an administrative law judge in accordance with chapter 34.05 RCW. [1985 c 409 § 4.]

**49.70.170 Worker and community right to know fund—Employer assessments—Audits—Appeal of assessment.** (1) The worker and community right to know fund is hereby established in the custody of the state treasurer. The department shall deposit all moneys received under this chapter in the fund. Moneys in the fund may be spent only for the purposes of this chapter following legislative appropriation. Disbursements from the fund shall be on authorization of the director or the director's designee. During the 2003-2005 fiscal biennium, moneys in the fund may also be used by the military department for the purpose of assisting the state emergency response commission and coordinating local emergency planning activities. The fund is subject to the allotment procedure provided under chapter 43.88 RCW.

(2) The department shall assess each employer who reported ten thousand four hundred or more worker hours in the prior calendar year an annual fee to provide for the implementation of this chapter. The department shall promulgate rules establishing a fee schedule for all employers who reported ten thousand four hundred or more worker hours in the prior calendar year and are engaged in business operations having a standard industrial classification, as designated in the standard industrial classification manual prepared by the federal office of management and budget, within major group numbers 01 through 08 (agriculture and forestry industries), numbers 10 through 14 (mining industries), numbers 15 through 17 (construction industries), numbers 20 through 39 (manufacturing industries), numbers 41, 42, and 44 through 49 (transportation, communications, electric, gas, and sanitary services), number 75 (automotive repair, services, and garages), number 76 (miscellaneous repair services), number 80 (health services), and number 82 (educational services). The department shall establish the annual fee for each employer who reported ten thousand four hundred or more worker hours in the prior calendar year in industries identified by this section, provided that fees assessed shall not be more than two dollars and fifty cents per full time equivalent employee. The annual fee shall not exceed fifty thousand dollars. The fees shall be collected solely from employers whose industries have been identified by rule under this chapter. The department shall promulgate rules allowing employers who do not have hazardous substances at their workplace to request an exemption from the assessment and shall establish penalties for fraudulent exemption requests. All fees collected by the department pursuant to this section shall be collected in a cost-efficient manner and shall be deposited in the fund.

(3) Records required by this chapter shall at all times be open to the inspection of the director, or his or her designee including, the traveling auditors, agents, or assistants of the department provided for in RCW 51.16.070 and 51.48.040. The information obtained from employer records under the provisions of this section shall be subject to the same confidentiality requirements as set forth in RCW 51.16.070.

(4) An employer may appeal the assessment of the fee or penalties pursuant to the procedures set forth in Title 51 RCW and accompanying rules except that the employer shall not have the right of appeal to superior court as provided in Title 51 RCW. The employer from whom the fee or penalty is demanded or enforced, may however, within thirty days of the board of industrial insurance appeal's final order, pay the fee or penalty under written protest setting forth all the grounds upon which such fee or penalty is claimed to be unlawful, excessive, or otherwise improper and thereafter bring an action in superior court against the department to recover such fee or penalty or any portion of the fee or penalty which was paid under protest.

(5) Repayment shall be made to the general fund of any moneys appropriated by law in order to implement this chapter. [2010 c 8 § 12068; 2004 c 276 § 911; 2001 2nd sp.s. c 7 § 913; 1999 c 309 § 917; 1986 c 310 § 1; 1984 c 289 § 24.]

**Severability—Effective date—2004 c 276:** See notes following RCW 43.330.167.

**Severability—Effective date—2001 2nd sp.s. c 7:** See notes following RCW 43.320.110.

**49.70.175 Worker and community right to know fund—Expenditure—Disbursements.** Funds in the worker and community right to know fund established under RCW 49.70.170 may be spent by the department of ecology to implement RCW 70.102.020 (1) through (3) following legislative appropriation. Disbursements from the fund shall be on authorization of the director of the department of ecology. [1985 c 410 § 5.]

**49.70.177 Penalties for late payment of fees—Collection of fees and penalties.** If payment of any fee assessed under RCW 49.70.170 is not received by the department by the due date, there shall be assessed a penalty of five percent of the amount of the fee. If the fee is not received within thirty days after the due date, there shall be assessed a total penalty of ten percent of the amount of the fee. If the fee is not received within sixty days after the due date, there shall be assessed a total penalty of twenty percent of the amount of the fee. No penalty added may be less than ten dollars. If a warrant is issued by the department for the collection of fees, penalties, and interest, there shall be an additional penalty of five percent of the amount of the fee, but not less than five dollars nor more than one hundred dollars. Warrants shall earn interest at the rate of one percent per month, or fraction thereof, from and after the date of entry of the warrant. The department may utilize the procedures for collection of fees, penalties, and interest set forth in Title 51 RCW. [1986 c 310 § 2.]

**49.70.180 Application of enforcement and administrative procedures of Washington industrial safety and health act.** Unless reference is specifically made to another chapter, this chapter shall be implemented and enforced including penalties, violations, citations, and other administrative procedures pursuant to chapter 49.17 RCW. [1984 c 289 § 25.]

**49.70.190 Compliance with chapter—Notice—Fines—Injunctive relief.** If a manufacturer, supplier, employer, or user refuses or fails to provide the department with any data sheets, workplace surveys, or other papers, documents, or information required by this chapter, the department may give written notice to the manufacturer, supplier, employer, or user demanding immediate compliance. If the manufacturer, supplier, employer, or user fails to begin to comply with the terms of the notice within fourteen days of receipt, the department may levy a fine of up to fifty dollars per affected employee per day, not to exceed five thousand dollars per day from the final date for compliance allowed by this section or by the department. In any case where the non-compliance continues for more than fifteen days or where the department determines the failure to comply creates a potential health or safety hazard to employees or hinders the department's performance of its duties under this chapter, the department may, in lieu of levying a fine or further fines, petition the superior court of Thurston county or the county where the manufacturer, supplier, employer, or user is located for an order enjoining the manufacturer, employer,

supplier, or user from further noncompliance and granting any other remedies that may be appropriate. The court may award the department costs of litigation, including attorney's fees, if the department is the prevailing party. [1984 c 289 § 26.]

**49.70.200 Adoption of rules.** Except as otherwise provided in this chapter, the department, after consultation with the department of agriculture, shall adopt any rules necessary to carry out its responsibilities under this chapter. [1984 c 289 § 27.]

**49.70.210 Application of chapter to consumer products.** (1) It is the intent of the legislature that this chapter shall not apply to products that are generally made available to the noncommercial consumer: PROVIDED, That such "consumer" products used by employees in the workplace are used in substantially the same manner, form, and concentration as they are used by noncommercial consumers, and that the product exposure is not substantially greater to the employee than to the noncommercial consumer during normal and accepted use of that product.

(2) The department shall adopt rules in accordance with chapter 34.05 RCW to implement this section. This section shall not affect the department's authority to implement and enforce the Washington industrial safety and health act, chapter 49.17 RCW, at least as effectively as the federal occupational safety and health act. [1987 c 365 § 1.]

**49.70.900 Short title.** This chapter shall be known and may be cited as the "worker and community right to know act." [1984 c 289 § 1.]

**49.70.905 Severability—1984 c 289.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1984 c 289 § 30.]

## Chapter 49.74 RCW AFFIRMATIVE ACTION

### Sections

49.74.005	Legislative findings—Purpose.
49.74.010	Commission.
49.74.020	Affirmative action rules—Noncompliance—Notification—Hearing.
49.74.030	Noncompliance—Conciliation—Order.
49.74.040	Failure to reach conciliation agreement—Administrative hearing—Appeal.
49.74.050	Superior court—Remedies.
49.74.900	Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.

**49.74.005 Legislative findings—Purpose.** Discrimination because of race, creed, color, national origin, age, sex, marital status, or the presence of any sensory, mental, or physical handicap is contrary to the findings of the legislature and public policy. The legislature finds and declares that racial minorities, women, persons in protected age groups, persons with disabilities, Vietnam-era veterans, and disabled

veterans are underrepresented in Washington state government employment.

The purpose of this chapter is to provide for enforcement measures for affirmative action within Washington state government employment and institutions of higher education in order to eliminate such underrepresentation. [1985 c 365 § 7.]

**49.74.010 Commission.** As used in this chapter, "commission" means the Washington state human rights commission. [1985 c 365 § 8.]

**49.74.020 Affirmative action rules—Noncompliance—Notification—Hearing.** If the commission reasonably believes that a state agency, an institution of higher education, or the state patrol has failed to comply with an affirmative action rule adopted under RCW 41.06.150 or 43.43.340, the commission shall notify the director of the state agency, president of the institution of higher education, or chief of the Washington state patrol of the noncompliance, as well as the director of personnel. The commission shall give the director of the state agency, president of the institution of higher education, or chief of the Washington state patrol an opportunity to be heard on the failure to comply. [1993 c 281 § 57; 1985 c 365 § 9.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.74.030 Noncompliance—Conciliation—Order.** The commission in conjunction with the department of personnel or the state patrol, whichever is appropriate, shall attempt to resolve the noncompliance through conciliation. If an agreement is reached for the elimination of noncompliance, the agreement shall be reduced to writing and an order shall be issued by the commission setting forth the terms of the agreement. The noncomplying state agency, institution of higher education, or state patrol shall make a good faith effort to conciliate and make a full commitment to correct the noncompliance with any action that may be necessary to achieve compliance, provided such action is not inconsistent with the rules adopted under RCW 41.06.150(6) and 43.43.340(5), whichever is appropriate. [2002 c 354 § 246; 2002 c 354 § 245; 1993 c 281 § 58; 1985 c 365 § 10.]

**Short title—Headings, captions not law—Severability—Effective dates—2002 c 354:** See RCW 41.80.907 through 41.80.910.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.74.040 Failure to reach conciliation agreement—Administrative hearing—Appeal.** If no agreement can be reached under RCW 49.74.030, the commission may refer the matter to the administrative law judge for hearing pursuant to RCW 49.60.250. If the administrative law judge finds that the state agency, institution of higher education, or state patrol has not made a good faith effort to correct the noncompliance, the administrative law judge shall order the state agency, institution of higher education, or state patrol to comply with this chapter. The administrative law judge may order any action that may be necessary to achieve compliance, provided such action is not inconsistent with the rules adopted under RCW 41.06.150(6) and 43.43.340(5), whichever is appropriate.

An order by the administrative law judge may be appealed to superior court. [2002 c 354 § 248; 2002 c 354 § 247; 1985 c 365 § 11.]

**Short title—Headings, captions not law—Severability—Effective dates—2002 c 354:** See RCW 41.80.907 through 41.80.910.

**49.74.050 Superior court—Remedies.** If the superior court finds that the state agency, institution of higher education, or state patrol has not made a good faith effort to correct the noncompliance, the court, in addition to any other penalties and sanctions prescribed by law, shall order the state agency, institution of higher education, or state patrol to comply with this chapter. The court may require any action deemed appropriate by the court which is consistent with the intent of this chapter. [1985 c 365 § 12.]

**49.74.900 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.** For the purposes of this chapter, the terms spouse, marriage, marital, husband, wife, widow, widower, next of kin, and family shall be interpreted as applying equally to state registered domestic partnerships or individuals in state registered domestic partnerships as well as to marital relationships and married persons, and references to dissolution of marriage shall apply equally to state registered domestic partnerships that have been terminated, dissolved, or invalidated, to the extent that such interpretation does not conflict with federal law. Where necessary to implement chapter 521, Laws of 2009, gender-specific terms such as husband and wife used in any statute, rule, or other law shall be construed to be gender neutral, and applicable to individuals in state registered domestic partnerships. [2009 c 521 § 132.]

### Chapter 49.76 RCW

#### DOMESTIC VIOLENCE LEAVE

##### Sections

49.76.010	Legislative findings.
49.76.020	Definitions.
49.76.030	Domestic violence leave—Victims and family members—Purpose.
49.76.040	Documentation of leave—Notice of purpose—Confidentiality.
49.76.050	Retention of pay or benefits—Exceptions—Health coverage.
49.76.060	Scope—Application—Expansion of rights.
49.76.070	Enforcement—Complaint—Investigation—Notice of infraction.
49.76.080	Enforcement—Penalty for infraction.
49.76.090	Enforcement—Record confidentiality—Exceptions.
49.76.100	Enforcement—Remedies—Civil actions.
49.76.110	Effect of administrative findings and conclusions on civil action.
49.76.120	Retaliation against employee.
49.76.130	Notice to employees—Department of labor and industries.
49.76.140	Notice to employees—Prosecutors—Victims' advocates.
49.76.150	Authority to adopt rules.
49.76.900	Effective date—2008 c 286.

**49.76.010 Legislative findings.** (1) It is in the public interest to reduce domestic violence, sexual assault, and stalking by enabling victims to maintain the financial independence necessary to leave abusive situations, achieve safety, and minimize physical and emotional injuries, and to reduce the devastating economic consequences of domestic violence, sexual assault, and stalking to employers and

employees. Victims of domestic violence, sexual assault, and stalking should be able to recover from and cope with the effects of such violence and participate in criminal and civil justice processes without fear of adverse economic consequences.

(2) One of the best predictors of whether a victim of domestic violence, sexual assault, or stalking will be able to stay away from an abuser is his or her degree of economic independence. However, domestic violence, sexual assault, and stalking often negatively impact victims' ability to maintain employment.

(3) An employee who is a victim of domestic violence, sexual assault, or stalking, or an employee whose family member is a victim, must often take leave from work due to injuries, court proceedings, or safety concerns requiring legal protection.

(4) Thus, it is in the public interest to provide reasonable leave from employment for employees who are victims of domestic violence, sexual assault, or stalking, or for employees whose family members are victims, to participate in legal proceedings, receive medical treatment, or obtain other necessary services. [2008 c 286 § 1.]

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

(1) "Child," "spouse," "parent," "parent-in-law," "grandparent," and "sick leave and other paid time off" have the same meanings as in RCW 49.12.265.

(2) "Dating relationship" has the same meaning as in RCW 26.50.010.

(3) "Department," "director," "employer," and "employee" have the same meanings as in RCW 49.12.005.

(4) "Domestic violence" has the same meaning as in RCW 26.50.010.

(5) "Family member" means any individual whose relationship to the employee can be classified as a child, spouse, parent, parent-in-law, grandparent, or person with whom the employee has a dating relationship.

(6) "Intermittent leave" and "reduced leave schedule" have the same meanings as in RCW 49.78.020.

(7) "Sexual assault" has the same meaning as in RCW 70.125.030.

(8) "Stalking" has the same meaning as in RCW 9A.46.110. [2008 c 286 § 2.]

**49.76.030 Domestic violence leave—Victims and family members—Purpose.** An employee may take reasonable leave from work, intermittent leave, or leave on a reduced leave schedule, with or without pay, to:

(1) Seek legal or law enforcement assistance or remedies to ensure the health and safety of the employee or employee's family members including, but not limited to, preparing for, or participating in, any civil or criminal legal proceeding related to or derived from domestic violence, sexual assault, or stalking;

(2) Seek treatment by a health care provider for physical or mental injuries caused by domestic violence, sexual assault, or stalking, or to attend to health care treatment for a victim who is the employee's family member;

(3) Obtain, or assist a family member in obtaining, services from a domestic violence shelter, rape crisis center, or other social services program for relief from domestic violence, sexual assault, or stalking;

(4) Obtain, or assist a family member in obtaining, mental health counseling related to an incident of domestic violence, sexual assault, or stalking, in which the employee or the employee's family member was a victim of domestic violence, sexual assault, or stalking; or

(5) Participate in safety planning, temporarily or permanently relocate, or take other actions to increase the safety of the employee or employee's family members from future domestic violence, sexual assault, or stalking. [2008 c 286 § 3.]

**49.76.040 Documentation of leave—Notice of purpose—Confidentiality.** (1) As a condition of taking leave for any purpose described in RCW 49.76.030, an employee shall give an employer advance notice of the employee's intention to take leave. The timing of the notice shall be consistent with the employer's stated policy for requesting such leave, if the employer has such a policy. When advance notice cannot be given because of an emergency or unforeseen circumstances due to domestic violence, sexual assault, or stalking, the employee or his or her designee must give notice to the employer no later than the end of the first day that the employee takes such leave.

(2) When an employee requests leave under RCW 49.76.030 the employer may require that the request be supported by verification that:

(a) The employee or employee's family member is a victim of domestic violence, sexual assault, or stalking; and

(b) The leave taken was for one of the purposes described in RCW 49.76.030.

(3) If an employer requires verification, verification must be provided in a timely manner. In the event that advance notice of the leave cannot be given because of an emergency or unforeseen circumstances due to domestic violence, sexual assault, or stalking, and the employer requires verification, verification must be provided to the employer within a reasonable time period during or after the leave.

(4) An employee may satisfy the verification requirement of this section by providing the employer with one or more of the following:

(a) A police report indicating that the employee or employee's family member was a victim of domestic violence, sexual assault, or stalking;

(b) A court order protecting or separating the employee or employee's family member from the perpetrator of the act of domestic violence, sexual assault, or stalking, or other evidence from the court or the prosecuting attorney that the employee or employee's family member appeared, or is scheduled to appear, in court in connection with an incident of domestic violence, sexual assault, or stalking;

(c) Documentation that the employee or the employee's family member is a victim of domestic violence, sexual assault, or stalking, from any of the following persons from whom the employee or employee's family member sought assistance in addressing the domestic violence, sexual assault, or stalking: An advocate for victims of domestic violence, sexual assault, or stalking; an attorney; a member of

the clergy; or a medical or other professional. The provision of documentation under this section does not waive or diminish the confidential or privileged nature of communications between a victim of domestic violence, sexual assault, or stalking with one or more of the individuals named in this subsection (4)(c) pursuant to RCW 5.60.060, 70.123.075, 70.123.076, or 70.125.065; or

(d) An employee's written statement that the employee or the employee's family member is a victim of domestic violence, sexual assault, or stalking and that the leave taken was for one of the purposes described in RCW 49.76.030.

(5) If the victim of domestic violence, sexual assault, or stalking is the employee's family member, verification of the familial relationship between the employee and the victim may include, but is not limited to, a statement from the employee, a birth certificate, a court document, or other similar documentation.

(6) An employee who is absent from work pursuant to RCW 49.76.030 may elect to use the employee's sick leave and other paid time off, compensatory time, or unpaid leave time.

(7) An employee is required to provide only the information enumerated in subsection (2) of this section to establish that the employee's leave is protected under this chapter. An employee is not required to produce or discuss any information with the employer that is beyond the scope of subsection (2) of this section, or that would compromise the employee's safety or the safety of the employee's family member in any way, and an employer is prohibited from requiring any such disclosure.

(8)(a) Except as provided in (b) of this subsection, an employer shall maintain the confidentiality of all information provided by the employee under this section, including the fact that the employee or employee's family member is a victim of domestic violence, sexual assault, or stalking, that the employee has requested or obtained leave under this chapter, and any written or oral statement, documentation, record, or corroborating evidence provided by the employee.

(b) Information given by an employee may be disclosed by an employer only if:

(i) Requested or consented to by the employee;

(ii) Ordered by a court or administrative agency; or

(iii) Otherwise required by applicable federal or state law. [2008 c 286 § 4.]

**49.76.050 Retention of pay or benefits—Exceptions—Health coverage.** (1) The taking of leave under RCW 49.76.030 may not result in the loss of any pay or benefits to the employee that accrued before the date on which the leave commenced.

(2) Upon an employee's return, an employer shall either:

(a) Restore the employee to the position of employment held by the employee when the leave commenced; or

(b) Restore the employee to an equivalent position with equivalent employment benefits, pay, and other terms and conditions of employment.

(3)(a) This section does not apply if the employment from which the individual takes leave is with a staffing company and the individual is assigned on a temporary basis to perform work at or services for another organization to support or supplement the other organization's workforces, or to

provide assistance in special work situations such as, but not limited to, employee absences, skill shortages, seasonal workloads, or to perform special assignments or projects, all under the direction and supervision of the organization to which the individual is assigned.

(b) This section does not apply if an employee was hired for a specific term or only to perform work on a discrete project, the employment term or project is over, and the employer would not otherwise have continued to employ the employee.

(4) To the extent allowed by law, an employer shall maintain coverage under any health insurance plan for an employee who takes leave under RCW 49.76.030. The coverage must be maintained for the duration of the leave at the level and under the conditions coverage would have been provided if the employee had not taken the leave. [2008 c 286 § 5.]

**49.76.060 Scope—Application—Expansion of rights.**

(1) The rights provided in chapter 286, Laws of 2008 are in addition to any other rights provided by state and federal law.

(2) Nothing in this chapter shall be construed to discourage employers from adopting policies that provide greater leave rights to employees who are victims of domestic violence, sexual assault, or stalking than those required by chapter 286, Laws of 2008.

(3) Nothing in chapter 286, Laws of 2008 shall be construed to diminish an employer's obligation to comply with any collective bargaining agreement, or any employment benefit program or plan, that provides greater leave rights to employees than the rights provided by chapter 286, Laws of 2008. [2008 c 286 § 6.]

**49.76.070 Enforcement—Complaint—Investigation—Notice of infraction.** Upon complaint by an employee, the director shall investigate to determine if there has been compliance with this chapter and the rules adopted under this chapter. If the investigation indicates that a violation has occurred, the director shall issue a notice of infraction. Appeal from the director's decision is governed by chapter 34.05 RCW. [2008 c 286 § 7.]

**49.76.080 Enforcement—Penalty for infraction.** (1) If an employer is found to have committed an infraction under RCW 49.76.070, the director may impose upon the employer a fine of up to five hundred dollars for the first infraction and a fine of up to one thousand dollars for each subsequent infraction committed within three years of a previous infraction.

(2) The director may also order an employer found to have committed an infraction under RCW 49.76.070 to comply with RCW 49.76.050(2). [2008 c 286 § 9.]

**49.76.090 Enforcement—Record confidentiality—Exceptions.** (1) Except as provided in subsection (2) of this section, information contained in the department's complaint files and records of employees under this chapter is confidential and shall not be open to public inspection.

(2) Except as limited by state or federal statute or regulations:

(a) The information in subsection (1) of this section may be provided to public employees in the performance of their official duties; and

(b) A complainant or a representative of a complainant, be it an individual or an organization, may review a complaint file or receive specific information therefrom upon the presentation of the signed authorization of the complainant. [2008 c 286 § 10.]

**49.76.100 Enforcement—Remedies—Civil actions.**

(1) Any employee deeming herself or himself injured by any act in violation of this chapter shall have a civil action in a court of competent jurisdiction to enjoin further violations, or to recover the actual damages sustained by the person, or both, together with the cost of suit including reasonable attorneys' fees.

(2) The remedy provided by this section is in addition to any common law remedy or other remedy that may be available to an employee.

(3) An employee is not required to exhaust administrative remedies before filing a civil action to enforce this chapter. [2008 c 286 § 12.]

**49.76.110 Effect of administrative findings and conclusions on civil action.** Any finding, determination, conclusion, declaration, or notice of infraction made for the purposes of enforcing this chapter by the director or by an appeal tribunal, administrative law judge, or reviewing officer is neither conclusive nor binding in any civil action filed pursuant to RCW 49.76.100 or in any other common law or civil action, regardless of whether the prior action was between the same or related parties or involved the same facts. [2008 c 286 § 8.]

**49.76.120 Retaliation against employee.** No employer may discharge, threaten to discharge, demote, deny a promotion to, sanction, discipline, retaliate against, harass, or otherwise discriminate against an employee with respect to compensation, terms, conditions, or privileges of employment because the employee:

(1) Exercised rights under RCW 49.76.030;

(2) Filed or communicated to the employer an intent to file a complaint under RCW 49.76.070 or 49.76.100; or

(3) Participated or assisted, as a witness or otherwise, in another employee's attempt to exercise rights under RCW 49.76.030, 49.76.070, or 49.76.100. [2008 c 286 § 11.]

**49.76.130 Notice to employees—Department of labor and industries.** The department shall include notice of the provisions of this chapter in the next reprinting of employment posters printed under RCW 49.78.340. Employers shall post this notice as required in RCW 49.78.340. [2008 c 286 § 13.]

**49.76.140 Notice to employees—Prosecutors—Victims' advocates.** Prosecuting attorney and victim/witness offices are encouraged to make information regarding this chapter available for distribution at their offices. [2008 c 286 § 14.]

**49.76.150 Authority to adopt rules.** The director shall adopt rules as necessary to implement this chapter. [2008 c 286 § 15.]

**49.76.900 Effective date—2008 c 286.** This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [April 1, 2008]. [2008 c 286 § 18.]

**Chapter 49.77 RCW**

**MILITARY FAMILY LEAVE ACT**

Sections

49.77.010	Military family leave.
49.77.020	Definitions.
49.77.030	Entitlement to leave—Notice requirement—Prohibited acts—Administration—Enforcement.
49.77.900	Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.

**49.77.010 Military family leave.** In order to support the families of military personnel serving in military conflicts, and to assure that these families are able to spend time together after being notified of an impending call or order to active duty and before deployment and during a military member's leave from deployment, the legislature hereby creates the military family leave act. [2008 c 71 § 1.]

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

(1) "Department" and "spouse" have the same meanings as in RCW 49.78.020.

(2) "Employee" means a person who performs service for hire for an employer, for an average of twenty or more hours per week, and includes all individuals employed at any site owned or operated by an employer, but does not include an independent contractor.

(3) "Employer" means: (a) Any person, firm, corporation, partnership, business trust, legal representative, or other business entity which engages in any business, industry, profession, or activity in this state; (b) the state, state institutions, and state agencies; and (c) any unit of local government including, but not limited to, a county, city, town, municipal corporation, quasi-municipal corporation, or political subdivision.

(4) "Period of military conflict" means a period of war declared by the United States Congress, declared by executive order of the president, or in which a member of a reserve component of the armed forces is ordered to active duty pursuant to either sections 12301 and 12302 of Title 10 of the United States Code or Title 32 of the United States Code. [2008 c 71 § 2.]

**49.77.030 Entitlement to leave—Notice requirement—Prohibited acts—Administration—Enforcement.**

(1) During a period of military conflict, an employee who is the spouse of a member of the armed forces of the United States, national guard, or reserves who has been notified of an impending call or order to active duty or has been deployed is

entitled to a total of fifteen days of unpaid leave per deployment after the military spouse has been notified of an impending call or order to active duty and before deployment or when the military spouse is on leave from deployment.

(2) An employee who takes leave under this chapter is entitled: (a) To be restored to a position of employment in the same manner as an employee entitled to leave under chapter 49.78 RCW is restored to a position of employment, as specified in RCW 49.78.280; and (b) to continue benefits in the same manner as an employee entitled to leave under chapter 49.78 RCW continues benefits, as specified in RCW 49.78.290.

(3) An employee who seeks to take leave under this chapter must provide the employer with notice, within five business days of receiving official notice of an impending call or order to active duty or of a leave from deployment, of the employee's intention to take leave under this chapter.

(4) An employer from which an employee seeks to take leave or takes leave under this chapter shall not engage in prohibited acts as specified in RCW 49.78.300.

(5) An employee who takes leave under this chapter may elect to substitute any of the accrued leave to which the employee may be entitled for any part of the leave provided under this chapter.

(6) The department shall administer the provisions of this chapter, and may adopt rules as necessary to implement this chapter.

(7) This chapter shall be enforced as provided in chapter 49.78 RCW. [2008 c 71 § 3.]

**49.77.900 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.** For the purposes of this chapter, the terms spouse, marriage, marital, husband, wife, widow, widower, next of kin, and family shall be interpreted as applying equally to state registered domestic partnerships or individuals in state registered domestic partnerships as well as to marital relationships and married persons, and references to dissolution of marriage shall apply equally to state registered domestic partnerships that have been terminated, dissolved, or invalidated, to the extent that such interpretation does not conflict with federal law. Where necessary to implement chapter 521, Laws of 2009, gender-specific terms such as husband and wife used in any statute, rule, or other law shall be construed to be gender neutral, and applicable to individuals in state registered domestic partnerships. [2009 c 521 § 133.]

**Chapter 49.78 RCW**  
**FAMILY LEAVE**

Sections

49.78.010	Legislative findings.
49.78.020	Definitions.
49.78.090	Administration.
49.78.220	Entitlement to leave.
49.78.230	Leave taken intermittently or on reduced leave schedule.
49.78.240	Unpaid leave permitted—Relationship to paid leave.
49.78.250	Foreseeable leave.
49.78.260	Spouses employed by same employer.
49.78.270	Certification.
49.78.280	Employment protection.
49.78.290	Employment benefits.
49.78.300	Prohibited acts.
49.78.310	Complaint investigations by director.

49.78.320	Civil penalty.
49.78.330	Civil action by employees.
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49.78.360	Effect on other laws.
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49.78.380	Encouragement of more generous leave policies.
49.78.390	Relationship to federal family and medical leave act.
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49.78.410	Construction.
49.78.900	Severability—1989 1st ex.s. c 11.
49.78.901	Effective date—1989 1st ex.s. c 11.
49.78.902	Severability—2006 c 59.
49.78.903	Captions not law—2006 c 59.
49.78.904	Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.

*Military family leave act: Chapter 49.77 RCW.*

**49.78.010 Legislative findings.** The legislature finds that the demands of the workplace and of families need to be balanced to promote family stability and economic security. Workplace leave policies are desirable to accommodate changes in the workforce such as rising numbers of dual-career couples, working single parents, and an aging population. In addition, given the mobility of American society, many people no longer have available community or family support networks and therefore need additional flexibility in the workplace. The legislature declares it to be in the public interest to provide reasonable leave for medical reasons, for the birth or placement of a child, and for the care of a family member who has a serious health condition. [2006 c 59 § 1; 1989 1st ex.s. c 11 § 1.]

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

(1) "Child" means a biological, adopted, or foster child, a stepchild, a legal ward, or a child of a person standing in loco parentis, who is: (a) Under eighteen years of age; or (b) eighteen years of age or older and incapable of self-care because of a mental or physical disability.

(2) "Department" means the department of labor and industries.

(3) "Director" means the director of the department.

(4)(a) "Employee" means a person who has been employed: (i) For at least twelve months by the employer with respect to whom leave is requested under RCW 49.78.220; and (ii) for at least one thousand two hundred fifty hours of service with the employer during the previous twelve-month period.

(b) "Employee" does not mean a person who is employed at a worksite at which the employer as defined in (a) of this subsection employs less than fifty employees if the total number of employees employed by that employer within seventy-five miles of that worksite is less than fifty.

(5) "Employer" means: (a) Any person, firm, corporation, partnership, business trust, legal representative, or other business entity which engages in any business, industry, profession, or activity in this state and includes any unit of local government including, but not limited to, a county, city, town, municipal corporation, quasi-municipal corporation, or political subdivision, which employs fifty or more employees for each working day during each of twenty or more calendar workweeks in the current or preceding calendar year; (b) the state, state institutions, and state agencies; and (c) any unit of

local government including, but not limited to, a county, city, town, municipal corporation, quasi-municipal corporation, or political subdivision.

(6) "Employment benefits" means all benefits provided or made available to employees by an employer, including group life insurance, health insurance, disability insurance, sick leave, annual leave, educational benefits, and pensions except benefits that are provided by a practice or written policy of an employer or through an employee benefit plan as defined in 29 U.S.C. Sec. 1002(3).

(7) "Family member" means a child, parent, spouse, or state registered domestic partner of an employee.

(8) "Health care provider" means: (a) A person licensed as a physician under chapter 18.71 RCW or an osteopathic physician and surgeon under chapter 18.57 RCW; (b) a person licensed as an advanced registered nurse practitioner under chapter 18.79 RCW; or (c) any other person determined by the director to be capable of providing health care services.

(9) "Intermittent leave" is leave taken in separate blocks of time due to a single qualifying reason.

(10) "Leave for a family member's serious health condition" means leave as described in RCW 49.78.220(1)(c).

(11) "Leave for the birth or placement of a child" means leave as described in RCW 49.78.220(1) (a) or (b).

(12) "Leave for the employee's serious health condition" means leave as described in RCW 49.78.220(1)(d).

(13) "Parent" means the biological or adoptive parent of an employee or an individual who stood in loco parentis to an employee when the employee was a child.

(14) "Period of incapacity" means an inability to work, attend school, or perform other regular daily activities because of the serious health condition, treatment of that condition or recovery from it, or subsequent treatment in connection with such inpatient care.

(15) "Reduced leave schedule" means a leave schedule that reduces the usual number of hours per workweek, or hours per workday, of an employee.

(16)(a) "Serious health condition" means an illness, injury, impairment, or physical or mental condition that involves:

(i) Inpatient care in a hospital, hospice, or residential medical care facility, including any period of incapacity; or

(ii) Continuing treatment by a health care provider. A serious health condition involving continuing treatment by a health care provider includes any one or more of the following:

(A) A period of incapacity of more than three consecutive calendar days, and any subsequent treatment or period of incapacity relating to the same condition, that also involves:

(I) Treatment two or more times by a health care provider, by a nurse or physician's assistant under direct supervision of a health care provider, or by a provider of health care services under orders of, or on referral by, a health care provider; or

(II) Treatment by a health care provider on at least one occasion which results in a regimen of continuing treatment under the supervision of the health care provider;

(B) Any period of incapacity due to pregnancy, or for prenatal care;

(C) Any period of incapacity or treatment for such incapacity due to a chronic serious health condition. A chronic serious health condition is one which:

(I) Requires periodic visits for treatment by a health care provider, or by a nurse or physician's assistant under direct supervision of a health care provider;

(II) Continues over an extended period of time, including recurring episodes of a single underlying condition; and

(III) May cause episodic rather than a continuing period of incapacity;

(D) A period of incapacity which is permanent or long-term due to a condition for which treatment may not be effective. The employee or family member must be under the continuing supervision of, but need not be receiving active treatment by, a health care provider; or

(E) Any period of absence to receive multiple treatments, including any period of recovery from the treatments, by a health care provider or by a provider of health care services under orders of, or on referral by, a health care provider, either for restorative surgery after an accident or other injury, or for a condition that would likely result in a period of incapacity of more than three consecutive calendar days in the absence of medical intervention or treatment, such as cancer, severe arthritis, or kidney disease.

(b) Treatment for purposes of (a) of this subsection includes, but is not limited to, examinations to determine if a serious health condition exists and evaluations of the condition. Treatment does not include routine physical examinations, eye examinations, or dental examinations. Under (a)(ii)(A)(II) of this subsection, a regimen of continuing treatment includes, but is not limited to, a course of prescription medication or therapy requiring special equipment to resolve or alleviate the health condition. A regimen of continuing treatment that includes taking over-the-counter medications, such as aspirin, antihistamines, or salves, or bed-rest, drinking fluids, exercise, and other similar activities that can be initiated without a visit to a health care provider, is not, by itself, sufficient to constitute a regimen of continuing treatment for purposes of this chapter.

(c) Conditions for which cosmetic treatments are administered are not "serious health conditions" unless inpatient hospital care is required or unless complications develop. Unless complications arise, the common cold, the flu, ear aches, upset stomach, minor ulcers, headaches other than migraine, routine dental or orthodontia problems, and periodontal disease are examples of conditions that do not meet the definition of a "serious health condition" and do not qualify for leave under this chapter. Restorative dental or plastic surgery after an injury or removal of cancerous growths are serious health conditions provided all the other conditions of this section are met. Mental illness resulting from stress or allergies may be serious health conditions provided all the other conditions of this section are met.

(d) Substance abuse may be a serious health condition if the conditions of this section are met. However, leave may only be taken for treatment for substance abuse by a health care provider or by a provider of health care services upon referral by a health care provider. Absence from work because of the employee's use of the substance, rather than for treatment, does not qualify for leave under this chapter.

(e) Absences attributable to incapacity under (a)(ii)(B) or (C) of this subsection qualify for leave under this chapter even though the employee or the immediate family member does not receive treatment from a health care provider during the absence, and even if the absence does not last more than three days.

(17) "Spouse" means a husband or wife, as the case may be, or state registered domestic partner. [2009 c 521 § 135; 2006 c 59 § 2; 1996 c 178 § 14; 1989 1st ex.s. c 11 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**49.78.090 Administration.** The department of labor and industries shall administer the provisions of this chapter. [1989 1st ex.s. c 11 § 9.]

**49.78.220 Entitlement to leave.** (1) Subject to RCW 49.78.260, an employee is entitled to a total of twelve workweeks of leave during any twelve-month period for one or more of the following:

(a) Because of the birth of a child of the employee and in order to care for the child;

(b) Because of the placement of a child with the employee for adoption or foster care;

(c) In order to care for a family member of the employee, if the family member has a serious health condition; or

(d) Because of a serious health condition that makes the employee unable to perform the functions of the position of the employee.

(2) The entitlement to leave for the birth or placement of a child expires at the end of the twelve-month period beginning on the date of such birth or placement. [2006 c 59 § 3.]

**49.78.230 Leave taken intermittently or on reduced leave schedule.** (1)(a) When leave is taken after the birth or placement of a child for adoption or foster care, an employee may take leave intermittently or on a reduced leave schedule with the employer's agreement. The employer's agreement is not required, however, for leave during which the employee has a serious health condition in connection with the birth of a child or if the newborn child has a serious health condition.

(b) Leave may be taken intermittently or on a reduced leave schedule when medically necessary for medical treatment of a serious health condition by or under the supervision of a health care provider, or for recovery from treatment or recovery from a serious health condition. It may also be taken to provide care or psychological comfort to an immediate family member with a serious health condition.

(i) Intermittent leave may be taken for a serious health condition that requires treatment by a health care provider periodically, rather than for one continuous period of time, and may include leave of periods from an hour or more to several weeks.

(ii) Intermittent or reduced schedule leave may be taken for absences where the employee or family member is incapacitated or unable to perform the essential functions of the position because of a chronic serious health condition even if he or she does not receive treatment by a health care provider.

(c) There is no limit on the size of an increment of leave when an employee takes intermittent leave or leave on a

reduced leave schedule. However, an employer may limit leave increments to the shortest period of time that the employer's payroll system uses to account for absences or use of leave, provided it is one hour or less.

(d) The taking of leave intermittently or on a reduced leave schedule under this section may not result in a reduction in the total amount of leave to which the employee is entitled under RCW 49.78.220 beyond the amount of leave actually taken.

(2) If an employee requests intermittent leave, or leave on a reduced leave schedule, for a family member's serious health condition or the employee's serious health condition when the condition is foreseeable based on planned medical treatment, the employer may require such employee to transfer temporarily to an available alternative position offered by the employer for which the employee is qualified and that:

(a) Has equivalent pay and benefits; and

(b) Better accommodates recurring periods of leave than the regular employment position of the employee. [2006 c 59 § 4.]

**49.78.240 Unpaid leave permitted—Relationship to paid leave.** (1) Except as provided in subsection (2) of this section, leave granted under RCW 49.78.220 may consist of unpaid leave.

(2) If an employer provides paid leave for fewer than twelve workweeks, the additional weeks of leave necessary to attain the twelve workweeks of leave required under this chapter may be provided without compensation. [2006 c 59 § 5.]

**49.78.250 Foreseeable leave.** (1) If the necessity for leave for the birth or placement of a child is foreseeable based on an expected birth or placement, the employee shall provide the employer with not less than thirty days' notice, before the date the leave is to begin, of the employee's intention to take leave for the birth or placement of a child, except that if the date of the birth or placement requires leave to begin in less than thirty days, the employee shall provide such notice as is practicable.

(2) If the necessity for leave for a family member's serious health condition or the employee's serious health condition is foreseeable based on planned medical treatment, the employee:

(a) Must make a reasonable effort to schedule the treatment so as not to disrupt unduly the operations of the employer, subject to the approval of the health care provider of the employee or the health care provider of the family member, as appropriate; and

(b) Must provide the employer with not less than thirty days' notice, before the date the leave is to begin, of the employee's intention to take leave for a family member's serious health condition or the employee's serious health condition, except that if the date of the treatment requires leave to begin in less than thirty days, the employee must provide such notice as is practicable. [2006 c 59 § 6.]

**49.78.260 Spouses employed by same employer.** If spouses entitled to leave under this chapter are employed by the same employer, the aggregate number of workweeks of

leave to which both may be entitled may be limited to twelve workweeks during any twelve-month period, if such leave is taken: (1) For the birth or placement of a child; or (2) for a parent's serious health condition. [2006 c 59 § 7.]

**49.78.270 Certification.** (1) An employer may require that a request for leave for a family member's serious health condition or the employee's serious health condition be supported by a certification issued by the health care provider of the employee or of the family member, as appropriate. The employee must provide, in a timely manner, a copy of the certification to the employer.

(2) Certification provided under subsection (1) of this section is sufficient if it states:

(a) The date on which the serious health condition commenced;

(b) The probable duration of the condition;

(c) The appropriate medical facts within the knowledge of the health care provider regarding the condition;

(d)(i) For purposes of leave for a family member's serious health condition, a statement that the employee is needed to care for the family member and an estimate of the amount of time that such employee is needed to care for the family member; and

(ii) For purposes of leave for the employee's serious health condition, a statement that the employee is unable to perform the functions of the position of the employee;

(e) In the case of certification for intermittent leave, or leave on a reduced leave schedule, for planned medical treatment, the dates on which the treatment is expected to be given and the duration of the treatment;

(f) In the case of certification for intermittent leave, or leave on a reduced leave schedule, for the employee's serious health condition, a statement of the medical necessity for the intermittent leave or leave on a reduced leave schedule, and the expected duration of the intermittent leave or reduced leave schedule; and

(g) In the case of certification for intermittent leave, or leave on a reduced leave schedule, for a family member's serious health condition, a statement that the employee's intermittent leave or leave on a reduced leave schedule is necessary for the care of the family member who has a serious health condition, or will assist in their recovery, and the expected duration and schedule of the intermittent leave or reduced leave schedule.

(3) If the employer has reason to doubt the validity of the certification provided under subsection (1) of this section for leave for a family member's serious health condition or the employee's serious health condition, the employer may require, at the expense of the employer, that the employee obtain the opinion of a second health care provider designated or approved by the employer concerning any information certified under subsection (2) of this section for the leave. The second health care provider may not be employed on a regular basis by the employer.

(4) If the second opinion described in subsection (3) of this section differs from the opinion in the original certification provided under subsection (1) of this section, the employer may require, at the expense of the employer, that the employee obtain the opinion of a third health care provider designated or approved jointly by the employer and the

employee concerning the information certified under subsection (2) of this section. The opinion of the third health care provider concerning the information certified under subsection (2) of this section is considered to be final and is binding on the employer and the employee.

(5) The employer may require that the employee obtain subsequent recertifications on a reasonable basis. [2006 c 59 § 8.]

**49.78.280 Employment protection.** (1)(a) Except as provided in (b) of this subsection, any employee who takes leave under RCW 49.78.220 for the intended purpose of the leave is entitled, on return from the leave:

(i) To be restored by the employer to the position of employment held by the employee when the leave commenced; or

(ii) To be restored to an equivalent position with equivalent employment benefits, pay, and other terms and conditions of employment at a workplace within twenty miles of the employee's workplace when leave commenced.

(b) The taking of leave under RCW 49.78.220 may not result in the loss of any employment benefits accrued before the date on which the leave commenced.

(c) Nothing in this section entitles any restored employee to:

(i) The accrual of any seniority or employment benefits during any period of leave; or

(ii) Any right, benefit, or position of employment other than any right, benefit, or position to which the employee would have been entitled had the employee not taken the leave.

(d) As a condition of restoration under (a) of this subsection for an employee who has taken leave for the employee's serious health condition, the employer may have a uniformly applied practice or policy that requires each such employee to receive certification from the health care provider of the employee that the employee is able to resume work, except that nothing in this subsection (1)(d) supersedes a valid local law or a collective bargaining agreement that governs the return to work of such employees.

(e) Nothing in this subsection (1) prohibits an employer from requiring an employee on leave to report periodically to the employer on the status and intention of the employee to return to work.

(2) An employer may deny restoration under subsection (1) of this section to any salaried employee who is among the highest paid ten percent of the employees employed by the employer within seventy-five miles of the facility at which the employee is employed if:

(a) Denial is necessary to prevent substantial and grievous economic injury to the operations of the employer;

(b) The employer notifies the employee of the intent of the employer to deny restoration on such basis at the time the employer determines that the injury would occur; and

(c) The leave has commenced and the employee elects not to return to employment after receiving the notice. [2006 c 59 § 9.]

**49.78.290 Employment benefits.** During any period of leave taken under RCW 49.78.220, if the employee is not eli-

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gible for any employer contribution to medical or dental benefits under an applicable collective bargaining agreement or employer policy during any period of leave, an employer shall allow the employee to continue, at the employee's expense, medical or dental insurance coverage, including any spouse and dependent coverage, in accordance with state or federal law. The premium to be paid by the employee shall not exceed one hundred two percent of the applicable premium for the leave period. [2006 c 59 § 10.]

**49.78.300 Prohibited acts.** (1) It is unlawful for any employer to:

(a) Interfere with, restrain, or deny the exercise of, or the attempt to exercise, any right provided under this chapter; or

(b) Discharge or in any other manner discriminate against any individual for opposing any practice made unlawful by this chapter.

(2) It is unlawful for any person to discharge or in any other manner discriminate against any individual because the individual has:

(a) Filed any charge, or has instituted or caused to be instituted any proceeding, under or related to this chapter;

(b) Given, or is about to give, any information in connection with any inquiry or proceeding relating to any right provided under this chapter; or

(c) Testified, or is about to testify, in any inquiry or proceeding relating to any right provided under this chapter. [2006 c 59 § 11.]

**49.78.310 Complaint investigations by director.** Upon complaint by an employee, the director shall investigate to determine if there has been compliance with this chapter and the rules adopted under this chapter. If the investigation indicates that a violation may have occurred, a hearing must be held in accordance with chapter 34.05 RCW. The director must issue a written determination including his or her findings after the hearing. A judicial appeal from the director's determination may be taken in accordance with chapter 34.05 RCW, with the prevailing party entitled to recover reasonable costs and attorneys' fees. [2006 c 59 § 12.]

**49.78.320 Civil penalty.** An employer who is found, in accordance with RCW 49.78.310, to have violated a requirement of this chapter and the rules adopted under this chapter, is subject to a civil penalty of not less than one thousand dollars for each violation. Civil penalties must be collected by the department and deposited into the family and medical leave enforcement account. [2006 c 59 § 13.]

**49.78.330 Civil action by employees.** (1) Any employer who violates RCW 49.78.300 is liable:

(a) For damages equal to:

(i) The amount of:

(A) Any wages, salary, employment benefits, or other compensation denied or lost to such employee by reason of the violation; or

(B) In a case in which wages, salary, employment benefits, or other compensation have not been denied or lost to the employee, any actual monetary losses sustained by the

employee as a direct result of the violation, such as the cost of providing care, up to a sum equal to twelve weeks of wages or salary for the employee;

(ii) The interest on the amount described in (a)(i) of this subsection calculated at the prevailing rate; and

(iii) An additional amount as liquidated damages equal to the sum of the amount described in (a)(i) of this subsection and the interest described in (a)(ii) of this subsection, except that if an employer who has violated RCW 49.78.300 proves to the satisfaction of the court that the act or omission which violated RCW 49.78.300 was in good faith and that the employer had reasonable grounds for believing that the act or omission was not a violation of RCW 49.78.300, the court may, in the discretion of the court, reduce the amount of the liability to the amount and interest determined under (a)(i) and (ii) of this subsection, respectively; and

(b) For such equitable relief as may be appropriate, including employment, reinstatement, and promotion.

(2) An action to recover the damages or equitable relief prescribed in subsection (1) of this section may be maintained against any employer in any court of competent jurisdiction by any one or more employees for and on behalf of:

(a) The employees; or

(b) The employees and other employees similarly situated.

(3) The court in such an action shall, in addition to any judgment awarded to the plaintiff, allow reasonable attorneys' fees, reasonable expert witness fees, and other costs of the action to be paid by the defendant. [2006 c 59 § 14.]

**49.78.340 Notice—Penalties.** Each employer shall post and keep posted, in conspicuous places on the premises of the employer where notices to employees and applicants for employment are customarily posted, a notice, to be prepared or approved by the director, setting forth excerpts from, or summaries of, the pertinent provisions of this chapter and information pertaining to the filing of a charge. Any employer that willfully violates this section may be subject to a civil penalty of not more than one hundred dollars for each separate offense. Any penalties collected by the department under the [this] section shall be deposited into the family and medical leave enforcement account. [2006 c 59 § 15.]

**49.78.350 Family and medical leave enforcement account.** The family and medical leave enforcement account is created in the custody of the state treasurer. Any penalties collected under RCW 49.78.320 or 49.78.340 shall be deposited into the account and shall be used only for the purposes of administering and enforcing this chapter. Only the director or the director's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures. [2006 c 59 § 16.]

**49.78.360 Effect on other laws.** Nothing in this chapter shall be construed: (1) To modify or affect any state or local law prohibiting discrimination on the basis of race, religion, color, national origin, sex, age, or disability; or (2) to supersede any provision of any local law that provides greater fam-

ily or medical leave rights than the rights established under this chapter. [2006 c 59 § 17.]

**49.78.370 Effect on existing employment benefits.** Nothing in this chapter diminishes the obligation of an employer to comply with any collective bargaining agreement or any employment benefit program or plan that provides greater family or medical leave rights to employees than the rights established under this chapter. The rights established for employees under this chapter may not be diminished by any collective bargaining agreement or any employment benefit program or plan. [2006 c 59 § 18.]

**49.78.380 Encouragement of more generous leave policies.** Nothing in this chapter shall be construed to discourage employers from adopting or retaining leave policies more generous than any policies that comply with the requirements under this chapter. [2006 c 59 § 19.]

**49.78.390 Relationship to federal family and medical leave act.** (1) Leave under this chapter and leave under the federal family and medical leave act of 1993 (Act Feb. 5, 1993, P.L. 103-3, 107 Stat. 6) is in addition to any leave for sickness or temporary disability because of pregnancy or childbirth.

(2) Leave taken under this chapter must be taken concurrently with any leave taken under the federal family and medical leave act of 1993 (Act Feb. 5, 1993, P.L. 103-3, 107 Stat. 6). [2006 c 59 § 20.]

**49.78.400 Rules.** The director shall adopt rules as necessary to implement this chapter. [2006 c 59 § 21.]

**49.78.410 Construction.** This chapter must be construed to the extent possible in a manner that is consistent with similar provisions, if any, of the federal family and medical leave act of 1993 (Act Feb. 5, 1993, P.L. 103-3, 107 Stat. 6), and that gives consideration to the rules, precedents, and practices of the federal department of labor relevant to the federal act. [2006 c 59 § 22.]

**49.78.900 Severability—1989 1st ex.s. c 11.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1989 1st ex.s. c 11 § 25.]

**49.78.901 Effective date—1989 1st ex.s. c 11.** This act shall take effect September 1, 1989. [1989 1st ex.s. c 11 § 27.]

**49.78.902 Severability—2006 c 59.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [2006 c 59 § 24.]

**49.78.903 Captions not law—2006 c 59.** Captions used in this act are not any part of the law. [2006 c 59 § 25.]

**49.78.904 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.** For the purposes of this chapter, the terms spouse, marriage, marital, husband, wife, widow, widower, next of kin, and family shall be interpreted as applying equally to state registered domestic partnerships or individuals in state registered domestic partnerships as well as to marital relationships and married persons, and references to dissolution of marriage shall apply equally to state registered domestic partnerships that have been terminated, dissolved, or invalidated, to the extent that such interpretation does not conflict with federal law. Where necessary to implement chapter 521, Laws of 2009, gender-specific terms such as husband and wife used in any statute, rule, or other law shall be construed to be gender neutral, and applicable to individuals in state registered domestic partnerships. [2009 c 521 § 134.]

### Chapter 49.86 RCW

#### FAMILY LEAVE INSURANCE

##### Sections

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49.86.902	Effective dates—2007 c 357.
49.86.903	Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.

**49.86.005 Findings.** The legislature finds that, although family leave laws have assisted individuals to balance the demands of the workplace with their family responsibilities, more needs to be done to achieve the goals of parent and child bonding, workforce stability, and economic security. In particular, the legislature finds that many individuals do not have access to family leave laws, and those who do may not be in a financial position to take family leave that is unpaid, and that employer-paid benefits meet only a relatively small part of this need. The legislature declares it to be in the public interest to establish a program that: (1) Allows parents to bond with a newborn or newly placed child; (2) provides limited and additional income support for a reasonable period while an individual is away from work on family leave; (3) reduces the impact on state income support programs by increasing an individual's ability to provide caregiving services for a child while maintaining an employment relationship; and (4) establishes a wage replacement benefit to be

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coordinated with current existing state and federal family leave laws. [2007 c 357 § 1.]

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

(1) "Application year" means the twelve-month period beginning on the first day of the calendar week in which an individual files an application for family leave insurance benefits and, thereafter, the twelve-month period beginning with the first day of the calendar week in which the individual next files an application for family leave insurance benefits after the expiration of the individual's last preceding application year.

(2) "Calendar quarter" means the same as in RCW 50.04.050.

(3) "Child" means a biological or an adopted child.

(4) "Department" means the state agency to be directed to administer the family leave insurance program.

(5) "Director" means the director of the department.

(6) "Employer" means: (a) The same as in RCW 50.04.080; and (b) the state and its political subdivisions.

(7) "Employment" has the meaning provided in RCW 50.04.100.

(8) "Family leave" means leave: (a) Because of the birth of a child of the employee and in order to care for the child; or (b) because of the placement of a child with the employee for adoption.

(9) "Family leave insurance benefits" means the benefits payable under RCW 49.86.050 and 49.86.060.

(10) "Federal family and medical leave act" means the federal family and medical leave act of 1993 (Act Feb. 5, 1993, P.L. 103-3, 107 Stat. 6).

(11) "Qualifying year" means the first four of the last five completed calendar quarters or the last four completed calendar quarters immediately preceding the first day of the individual's application year.

(12) "Regularly working" means the average number of hours per workweek that an individual worked in the two quarters of the individual's qualifying year in which total wages were highest. [2007 c 357 § 3.]

**49.86.020 Family leave insurance program.** (1) The department shall establish and administer a family leave insurance program and pay family leave insurance benefits as specified in this chapter.

(2) The department shall establish procedures and forms for filing claims for benefits under this chapter. The department shall notify the employer within five business days of a claim being filed under RCW 49.86.030.

(3) The department shall use information sharing and integration technology to facilitate the disclosure of relevant information or records by the employment security department, so long as an individual consents to the disclosure as required under RCW 49.86.030(4).

(4) Information contained in the files and records pertaining to an individual under this chapter are confidential and not open to public inspection, other than to public employees in the performance of their official duties. However, the individual or an authorized representative of an indi-

vidual may review the records or receive specific information from the records on the presentation of the signed authorization of the individual. An employer or the employer's duly authorized representative may review the records of an individual employed by the employer in connection with a pending claim. At the department's discretion, other persons may review records when such persons are rendering assistance to the department at any stage of the proceedings on any matter pertaining to the administration of this chapter.

(5) The department shall develop and implement an outreach program to ensure that individuals who may be eligible to receive family leave insurance benefits under this chapter are made aware of these benefits. Outreach information shall explain, in an easy to understand format, eligibility requirements, the claims process, weekly benefit amounts, maximum benefits payable, notice requirements, reinstatement and nondiscrimination rights, confidentiality, and coordination of leave under this chapter and other laws, collective bargaining agreements, and employer policies. Outreach information shall be available in English and other primary languages as defined in RCW 74.04.025. [2007 c 357 § 4.]

**49.86.030 Eligibility for benefits.** Beginning October 1, 2012, family leave insurance benefits are payable to an individual during a period in which the individual is unable to perform his or her regular or customary work because he or she is on family leave if the individual:

(1) Files a claim for benefits in each week in which the individual is on family leave, and as required by rules adopted by the director;

(2) Has been employed for at least six hundred eighty hours in employment during the individual's qualifying year;

(3) Establishes an application year. An application year may not be established if the qualifying year includes hours worked before establishment of a previous application year;

(4) Consents to the disclosure of information or records deemed private and confidential under chapter 50.13 RCW. Initial disclosure of this information and these records by the employment security department to the department is solely for purposes related to the administration of this chapter. Further disclosure of this information or these records is subject to RCW 49.86.020(3);

(5) Discloses whether or not he or she owes child support obligations as defined in RCW 50.40.050; and

(6) Documents that he or she has provided the employer from whom family leave is to be taken with written notice of the individual's intention to take family leave in the same manner as an employee is required to provide notice in RCW 49.78.250. [2009 c 544 § 1; 2007 c 357 § 5.]

**49.86.040 Disqualification from benefits.** An individual is disqualified from family leave insurance benefits beginning with the first day of the calendar week, and continuing for the next fifty-two consecutive weeks, in which the individual willfully made a false statement or misrepresentation regarding a material fact, or willfully failed to report a material fact, to obtain benefits under this chapter. [2007 c 357 § 6.]

**49.86.050 Duration of benefits—Payment of benefits.**

(1) The maximum number of weeks during which family leave insurance benefits are payable in an application year is five weeks. However, benefits are not payable during a waiting period consisting of the first seven calendar days of family leave taken in an application year, whether the first seven calendar days of family leave are employer paid or unpaid.

(2)(a) The first payment of benefits must be made to an individual within two weeks after the claim is filed or the family leave began, whichever is later, and subsequent payments must be made semimonthly thereafter.

(b) The payment of benefits under this chapter shall not be considered a binding determination of the obligations of the department under this chapter. The acceptance of compensation by the individual shall likewise not be considered a binding determination of his or her rights under this chapter. Whenever any payment of benefits under this chapter has been made and timely appeal therefrom has been made where the final decision is that the payment was improper, the individual shall repay it and recoupment may be made from any future payment due to the individual on any claim under this chapter. The director may exercise his or her discretion to waive, in whole or in part, the amount of any such payments where the recovery would be against equity and good conscience.

(c) If an individual dies before he or she receives a payment of benefits, the payment shall be made by the department and distributed consistent with the terms of the decedent's will or, if the decedent dies intestate, consistent with the terms of RCW 11.04.015. [2007 c 357 § 7.]

**49.86.060 Amount of benefits.** The amount of family leave insurance benefits shall be determined as follows:

(1) The weekly benefit shall be two hundred fifty dollars per week for an individual who at the time of beginning family leave was regularly working thirty-five hours or more per week.

(2) If an individual who at the time of beginning family leave was regularly working thirty-five hours or more per week is on family leave for less than thirty-five hours but at least eight hours in a week, the individual's weekly benefit shall be .025 times the maximum weekly benefit times the number of hours of family leave taken in the week. Benefits are not payable for less than eight hours of family leave taken in a week.

(3) For an individual who at the time of beginning family leave was regularly working less than thirty-five hours per week, the department shall calculate a prorated schedule for a weekly benefit amount and a minimum number of hours of family leave that must be taken in a week for benefits to be payable, with the prorated schedule based on the amounts and the calculations specified under subsections (1) and (2) of this section.

(4) If an individual discloses that he or she owes child support obligations under RCW 49.86.030 and the department determines that the individual is eligible for benefits, the department shall notify the applicable state or local child support enforcement agency and deduct and withhold an amount from benefits in a manner consistent with RCW 50.40.050.

(5) If the internal revenue service determines that family leave insurance benefits under this chapter are subject to federal income tax and an individual elects to have federal income tax deducted and withheld from benefits, the department shall deduct and withhold the amount specified in the federal internal revenue code in a manner consistent with RCW 49.86.070. [2007 c 357 § 8.]

**49.86.070 Federal income tax.** (1) If the internal revenue service determines that family leave insurance benefits under this chapter are subject to federal income tax, the department must advise an individual filing a new claim for family leave insurance benefits, at the time of filing such claim, that:

(a) The internal revenue service has determined that benefits are subject to federal income tax;

(b) Requirements exist pertaining to estimated tax payments;

(c) The individual may elect to have federal income tax deducted and withheld from the individual's payment of benefits at the amount specified in the federal internal revenue code; and

(d) The individual is permitted to change a previously elected withholding status.

(2) Amounts deducted and withheld from benefits must remain in the family leave insurance account until transferred to the federal taxing authority as a payment of income tax.

(3) The director shall follow all procedures specified by the federal internal revenue service pertaining to the deducting and withholding of income tax. [2007 c 357 § 9.]

**49.86.080 Erroneous payments—Payments induced by willful misrepresentation—Claim rejected after payments.** If family leave insurance benefits are paid erroneously or as a result of willful misrepresentation, or if a claim for family leave benefits is rejected after benefits are paid, RCW 51.32.240 shall apply, except that appeals are governed by RCW 49.86.120, penalties are paid into the family leave insurance account, and the department shall seek repayment of benefits from the recipient. [2007 c 357 § 10.]

**49.86.090 Leave and employment protection.** (1) During a period in which an individual receives family leave insurance benefits or earns waiting period credits under this chapter, the individual is entitled to family leave and, at the established ending date of leave, to be restored to a position of employment with the employer from whom leave was taken.

(2) The individual entitled to leave under this section shall be restored to a position of employment in the same manner as an employee entitled to leave under chapter 49.78 RCW is restored to a position of employment, as specified in RCW 49.78.280.

(3) This section applies only to an individual if:

(a) The employer from whom the individual takes family leave employs more than twenty-five employees; and

(b) The individual has been employed for at least twelve months by that employer, and for at least one thousand two hundred fifty hours of service with that employer during the previous twelve-month period.

(4) This section shall be enforced as provided in chapter 49.78 RCW. [2007 c 357 § 11.]

**49.86.100 Employment by same employer.** If spouses or people involved in a legal relationship established under chapter 26.60 RCW who are entitled to leave under this chapter are employed by the same employer, the employer may require that spouses or people involved in such a relationship governed by Title 26 RCW not take such leave concurrently. [2007 c 357 § 12.]

**49.86.110 Elective coverage.** (1) An employer of individuals not covered by this chapter or a self-employed person, including a sole proprietor, partner, or joint venturer, may elect coverage under this chapter for all individuals in its employ for an initial period of not less than three years or a subsequent period of not less than one year immediately following another period of coverage. The employer or self-employed person must file a notice of election in writing with the director, as required by the department. The election becomes effective on the date of filing the notice.

(2) An employer or self-employed person who has elected coverage may withdraw from coverage within thirty days after the end of the three-year period of coverage, or at such other times as the director may prescribe by rule, by filing written notice with the director, such withdrawal to take effect not sooner than thirty days after filing the notice. Within five days of filing written notice of the withdrawal with the director, an employer must provide written notice of the withdrawal to all individuals in the employer's employ. [2007 c 357 § 13.]

**49.86.120 Appeals.** (1) A person aggrieved by a decision of the department under this chapter must file a notice of appeal with the director, by mail or personally, within thirty days after the date on which a copy of the department's decision was communicated to the person. Upon receipt of the notice of appeal, the director shall request the assignment of an administrative law judge in accordance with chapter 34.05 RCW to conduct a hearing and issue a proposed decision and order. The hearing shall be conducted in accordance with chapter 34.05 RCW.

(2) The administrative law judge's proposed decision and order shall be final and not subject to further appeal unless, within thirty days after the decision is communicated to the interested parties, a party petitions for review by the director. If the director's review is timely requested, the director may order additional evidence by the administrative law judge. On the basis of the evidence before the administrative law judge and such additional evidence as the director may order to be taken, the director shall render a decision affirming, modifying, or setting aside the administrative law judge's decision. The director's decision becomes final and not subject to further appeal unless, within thirty days after the decision is communicated to the interested parties, a party files a petition for judicial review as provided in chapter 34.05 RCW. The director is a party to any judicial action involving the director's decision and shall be represented in the action by the attorney general.

(3) If, upon administrative or judicial review, the final decision of the department is reversed or modified, the administrative law judge or the court in its discretion may award reasonable attorneys' fees and costs to the prevailing party. Attorneys' fees and costs owed by the department, if any, are payable from the family leave insurance account. [2007 c 357 § 14.]

**49.86.130 Prohibited acts—Discrimination—Enforcement.** An employer, temporary help company, employment agency, employee organization, or other person may not discharge, expel, or otherwise discriminate against a person because he or she has filed or communicated to the employer an intent to file a claim, a complaint, or an appeal, or has testified or is about to testify or has assisted in any proceeding, under this chapter, at any time, including during the waiting period described in RCW 49.86.050 and the period in which the person receives family leave insurance benefits under this chapter. This section shall be enforced as provided in RCW 51.48.025. [2007 c 357 § 15.]

**49.86.140 Coordination of leave.** (1)(a) Leave taken under this chapter must be taken concurrently with any leave taken under the federal family and medical leave act of 1993 (Act Feb. 5, 1993, P.L. 103-3, 107 Stat. 6) or under chapter 49.78 RCW.

(b) An employer may require that leave taken under this chapter be taken concurrently or otherwise coordinated with leave allowed under the terms of a collective bargaining agreement or employer policy, as applicable, for the birth or placement of a child. The employer must give individuals in its employ written notice of this requirement.

(2)(a) This chapter does not diminish an employer's obligation to comply with a collective bargaining agreement or employer policy, as applicable, that provides greater leave for the birth or placement of a child.

(b) An individual's right to leave under this chapter may not be diminished by a collective bargaining agreement entered into or renewed or an employer policy adopted or retained after July 1, 2008. Any agreement by an individual to waive his or her rights under this chapter is void as against public policy. [2007 c 357 § 16.]

**49.86.150 Continuing entitlement or contractual rights—Not created.** This chapter does not create a continuing entitlement or contractual right. The legislature reserves the right to amend or repeal all or part of this chapter at any time, and a benefit or other right granted under this chapter exists subject to the legislature's power to amend or repeal this chapter. There is no vested private right of any kind against such amendment or repeal. [2007 c 357 § 17.]

**49.86.160 Rules.** The director may adopt rules as necessary to implement this chapter. In adopting rules, the director shall maintain consistency with the rules adopted to implement the federal family and medical leave act, and chapter 49.78 RCW, to the extent such rules are not in conflict with this chapter. [2007 c 357 § 18.]

**49.86.170 Family leave insurance account.** The family leave insurance account is created in the custody of the state treasurer. Expenditures from the account may be used only for the purposes of the family leave insurance program. Only the director of the department of labor and industries or the director's designee may authorize expenditures from the account. The account is subject to the allotment procedures under chapter 43.88 RCW. An appropriation is required for administrative expenses, but not for benefit payments. During the 2007-2009 fiscal biennium, the legislature may transfer from the family leave insurance account to the state general fund such amounts as reflect the excess fund balance of the account. [2009 c 4 § 905; 2007 c 357 § 19.]

**Effective date—2009 c 4:** See note following RCW 28A.505.220.

**49.86.180 Family leave insurance account funds—Investment.** Whenever, in the judgment of the state investment board, there shall be in the family leave insurance account funds in excess of that amount deemed by the state investment board to be sufficient to meet the current expenditures properly payable therefrom, the state investment board shall have full power to invest, reinvest, manage, contract, or sell or exchange investments acquired with such excess funds in the manner prescribed by RCW 43.84.150, and not otherwise. [2007 c 357 § 20.]

**49.86.190 Initial program administration—Loans. (Expires October 1, 2011.)** If necessary to ensure that money is available in the family leave insurance account for the initial administration of the family leave insurance program, the director of labor and industries may, from time to time before July 1, 2009, lend funds from the supplemental pension fund to the family leave insurance account. These loaned funds may be expended solely for the initial administration of the program under this chapter. The director of labor and industries shall repay the supplemental pension fund, plus its proportionate share of earnings from investment of moneys in the supplemental pension fund during the loan period, from the family leave insurance account within two years of the date of the loan. This section expires October 1, 2011. [2007 c 357 § 22.]

**49.86.200 Authority to contract. (Expires October 1, 2011.)** (1) The department of labor and industries may contract or enter into interagency agreements with other state agencies for the initial administration of the family leave insurance program.

(2) This section expires October 1, 2011. [2007 c 357 § 24.]

**49.86.210 Reports.** Beginning September 1, 2013, the department shall report to the legislature by September 1st of each year on projected and actual program participation, premium rates, fund balances, and outreach efforts. [2009 c 544 § 2; 2007 c 357 § 26.]

**49.86.900 Severability—2007 c 357.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the

provision to other persons or circumstances is not affected. [2007 c 357 § 27.]

**49.86.901 Captions not law—2007 c 357.** Captions used in this act are not any part of the law. [2007 c 357 § 28.]

**49.86.902 Effective dates—2007 c 357.** (1) Sections 3 through 18 and 26 of this act take effect July 1, 2008.

(2) Sections 2 and 19 through 25 of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and take effect immediately [May 8, 2007]. [2007 c 357 § 30.]

**49.86.903 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.** For the purposes of this chapter, the terms spouse, marriage, marital, husband, wife, widow, widower, next of kin, and family shall be interpreted as applying equally to state registered domestic partnerships or individuals in state registered domestic partnerships as well as to marital relationships and married persons, and references to dissolution of marriage shall apply equally to state registered domestic partnerships that have been terminated, dissolved, or invalidated, to the extent that such interpretation does not conflict with federal law. Where necessary to implement chapter 521, Laws of 2009, gender-specific terms such as husband and wife used in any statute, rule, or other law shall be construed to be gender neutral, and applicable to individuals in state registered domestic partnerships. [2009 c 521 § 136.]

## Chapter 49.90 RCW

### SENSORY DISABILITIES

#### Sections

49.90.010 Sensory disabilities—State agencies—Need for service animal training—Definition.

**49.90.010 Sensory disabilities—State agencies—Need for service animal training—Definition.** (1) Within this section, "sensory disability" means a sensory condition that materially limits, contributes to limiting, or, if not corrected or accommodated, will probably result in limiting an individual's activities or functioning.

(2) The department of personnel shall adopt rules that authorize state agencies to provide allowances to employees with sensory disabilities who must attend training necessary to attain a new service animal. The employee's absence must be treated in the same manner as that granted to employees who are absent to attend training that supports or improves their job performance, except that the employee shall not be eligible for reimbursement under RCW 43.03.050 or 43.03.060. The department of personnel shall adopt rules as necessary to implement this chapter.

(3) If the necessity to attend training for a new service animal is foreseeable and the training will cause the employee to miss work, the employee shall provide the employer with not less than thirty days' notice, before the date the absence is to begin, of the employee's impending absence. If the date of the training requires the absence to

begin in less than thirty days, the employee shall provide notice as is practicable.

(4) An agency may require that a request to attend service animal training be supported by a certification issued by the relevant training organization. The employee must provide, in a timely manner, a copy of the certification to the agency. Certification provided under this section is sufficient if it states: (a) The date on which the service animal training session is scheduled to commence; and (b) the session's duration. [2009 c 294 § 5.]

**Effective date—2009 c 294:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [April 30, 2009]." [2009 c 294 § 11.]



# Title 50

## UNEMPLOYMENT COMPENSATION

### Chapters

- 50.01 General provisions.
- 50.04 Definitions.
- 50.06 Temporary total disability.
- 50.08 Establishment of department.
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- 50.50 Indian tribes.
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- 50.65 Washington service corps.
- 50.70 Programs for dislocated forest products workers.
- 50.72 Youthbuild program.
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*Bringing in out-of-state persons to replace employees involved in labor dispute—Penalty: RCW 49.44.100.*

*Displaced homemaker act: Chapter 28B.04 RCW.*

*Industrial insurance: Title 51 RCW.*

*Job skills training program: RCW 28C.04.400 through 28C.04.420.*

*Unfair practices of employment agencies: RCW 49.60.200.*

### Chapter 50.01 RCW GENERAL PROVISIONS

#### Sections

- 50.01.005 Short title.
- 50.01.010 Preamble.

**50.01.005 Short title.** This title shall be known and may be cited as the "Employment Security Act." [1953 ex.s. c 8 § 24; 1945 c 35 § 1; Rem. Supp. 1945 § 9998-140.]

**50.01.010 Preamble.** Whereas, economic insecurity due to unemployment is a serious menace to the health, morals, and welfare of the people of this state; involuntary unemployment is, therefore, a subject of general interest and concern which requires appropriate action by the legislature to prevent its spread and to lighten its burden which now so often falls with crushing force upon the unemployed worker and his or her family. Social security requires protection against this greatest hazard of our economic life. This can be provided only by application of the insurance principle of

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sharing the risks, and by the systematic accumulation of funds during periods of employment to provide benefits for periods of unemployment, thus maintaining purchasing powers and limiting the serious social consequences of relief assistance. The state of Washington, therefore, exercising herein its police and sovereign power endeavors by this title to remedy any widespread unemployment situation which may occur and to set up safeguards to prevent its recurrence in the years to come. The legislature, therefore, declares that in its considered judgment the public good, and the general welfare of the citizens of this state require the enactment of this measure, under the police powers of the state, for the compulsory setting aside of unemployment reserves to be used for the benefit of persons unemployed through no fault of their own, and that this title shall be liberally construed for the purpose of reducing involuntary unemployment and the suffering caused thereby to the minimum. [2010 c 8 § 13001; 2005 c 133 § 2; 2003 2nd sp.s. c 4 § 1; 1945 c 35 § 2; Rem. Supp. 1945 § 9998-141. Prior: 1937 c 162 § 2.]

**Findings—Intent—Conflict with federal requirements—Effective date—2005 c 133:** See notes following RCW 50.20.120.

**Additional employees authorized—2005 c 133:** "To establish additional capacity within the employment security department, the department is authorized to add two full-time equivalent employees to develop economic models for estimating the impacts of policy changes on the unemployment insurance system and the unemployment trust fund." [2005 c 133 § 8.]

**Conflict with federal requirements—2003 2nd sp.s. c 4:** "If any part of this act is found to be in conflict with federal requirements that are a prescribed condition to the allocation of federal funds to the state or the eligibility of employers in this state for federal unemployment tax credits, the conflicting part of this act is inoperative solely to the extent of the conflict, and the finding or determination does not affect the operation of the remainder of this act. Rules adopted under this act must meet federal requirements that are a necessary condition to the receipt of federal funds by the state or the granting of federal unemployment tax credits to employers in this state." [2003 2nd sp.s. c 4 § 36.]

**Severability—2003 2nd sp.s. c 4:** "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [2003 2nd sp.s. c 4 § 37.]

**Effective date—2003 2nd sp.s. c 4:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [June 20, 2003]." [2003 2nd sp.s. c 4 § 39.]

### Chapter 50.04 RCW DEFINITIONS

#### Sections

- 50.04.020 Base year—Alternative base year.
- 50.04.030 Benefit year.
- 50.04.040 Benefits.
- 50.04.050 Calendar quarter.
- 50.04.060 Commissioner.
- 50.04.065 Common paymaster or pay agent.
- 50.04.070 Contributions.
- 50.04.072 Contributions—"Contributions" and "payments in lieu of contributions" as money payments and taxes due state.

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50.04.900	Construction—Title applicable to state registered domestic partnerships—2009 c 521.

"Application for initial determination" defined: RCW 50.20.140.

"Claim for benefits" defined: RCW 50.20.140.

"Claim for waiting period" defined: RCW 50.20.140.

**50.04.020 Base year—Alternative base year.** "Base year" with respect to each individual, shall mean either the first four of the last five completed calendar quarters or the last four completed calendar quarters immediately preceding the first day of the individual's benefit year.

For the purposes of establishing a benefit year, the department shall initially use the first four of the last five completed calendar quarters as the base year. If a benefit year is not established using the first four of the last five calendar quarters as the base year, the department shall use the last four completed calendar quarters as the base year.

Computations using the last four completed calendar quarters shall be based on available wage items processed as of the close of business on the day preceding the date of application. The department shall promptly contact employers to request assistance in obtaining wage information for the last completed calendar quarter if it has not been reported at the time of initial application. [1994 c 3 § 1; 1987 c 278 § 1; 1970 ex.s. c 2 § 1; 1945 c 35 § 3; Rem. Supp. 1945 § 9998-142. Prior: 1943 c 127 § 13; 1939 c 214 § 19; 1937 c 162 § 19.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.030 Benefit year.** "Benefit year" with respect to each individual, means the fifty-two consecutive week period beginning with the first day of the calendar week in which the individual files an application for an initial determination and thereafter the fifty-two consecutive week period beginning with the first day of the calendar week in which the individual next files an application for an initial determination after the expiration of the individual's last preceding benefit year: PROVIDED, HOWEVER, That the foregoing limitation shall not be deemed to preclude the establishment of a new benefit year under the laws of another state pursuant to any agreement providing for the interstate combining of employment and wages and the interstate payment of benefits nor shall this limitation be deemed to preclude the commissioner from backdating an initial application at the request of the claimant either for the convenience of the department of employment security or for any other reason deemed by the commissioner to be good cause.

An individual's benefit year shall be extended to be fifty-three weeks when at the expiration of fifty-two weeks the establishment of a new benefit year would result in the use of a quarter of wages in the new base year that had been included in the individual's prior base year.

No benefit year will be established unless it is determined that the individual earned wages in "employment" in not less than six hundred eighty hours of the individual's base year: PROVIDED, HOWEVER, That a benefit year cannot be established if the base year wages include wages earned prior to the establishment of a prior benefit year unless the individual worked and earned wages since the last separation from employment immediately before the application for initial determination in the previous benefit year if the applicant was an unemployed individual at the time of application, or since the initial separation in the previous benefit year if the applicant was not an unemployed individual at the time of filing an application for initial determination for the previous benefit year, of not less than six times the weekly benefit amount computed for the individual's new benefit year.

If an individual's prior benefit year was based on the last four completed calendar quarters, a new benefit year shall not be established until the new base year does not include any hours used in the establishment of the prior benefit year.

If the wages of an individual are not based upon a fixed duration of time or if the individual's wages are paid at irregular intervals or in such manner as not to extend regularly over the period of employment, the wages for any week shall be determined in such manner as the commissioner may by regulation prescribe. Such regulation shall, so far as possible, secure results reasonably similar to those which would prevail if the individual were paid his or her wages at regular intervals. [1991 c 117 § 1; 1990 c 245 § 1. Prior: 1987 c 278 § 2; 1987 c 256 § 1; 1977 ex.s. c 33 § 1; 1973 c 73 § 1; 1970 ex.s. c 2 § 2; 1949 c 214 § 1; 1945 c 35 § 4; Rem. Supp. 1949 § 9998-143; prior: 1943 c 127 § 13; 1939 c 214 § 19; 1937 c 162 § 19.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.040 Benefits.** "Benefits" means the compensation payable to an individual, as provided in this title, with respect to his or her unemployment. [2010 c 8 § 13002; 1945 c 35 § 5; Rem. Supp. 1945 § 9998-144. Prior: 1943 c 127 § 13; 1941 c 253 § 14; 1939 c 219 § 19; 1937 c 162 § 19.]

**50.04.050 Calendar quarter.** "Calendar quarter" means the period of three consecutive calendar months ending on March 31st, June 30th, September 30th, or December 31st. [1945 c 35 § 6; Rem. Supp. 1945 § 9998-145. Prior: 1943 c 127 § 13; 1939 c 214 § 19; 1937 c 162 § 19.]

**50.04.060 Commissioner.** "Commissioner" means the administrative head of the state employment security department referred to in this title. [1947 c 215 § 1; 1945 c 35 § 7; Rem. Supp. 1947 § 9998-146. Prior: 1943 c 127 § 13; 1941 c 253 § 14; 1939 c 214 § 19; 1937 c 162 § 19.]

**50.04.065 Common paymaster or pay agent.** (1) For purposes of this title, "common paymaster" or "common pay agent" means an independent third party who contracts with, and represents, two or more employers, and who files a combined tax report for those employers.

(2) Common paymaster combined tax reporting is prohibited. "Common paymaster" does not meet the definition of a joint account under RCW 50.24.170.

(3) A common pay agent or common paymaster is not an employer as defined in RCW 50.04.080 or an employing unit as defined in RCW 50.04.090. [2007 c 146 § 16.]

**Conflict with federal requirements—Severability—2007 c 146:** See notes following RCW 50.04.080.

**50.04.070 Contributions.** "Contributions" means the money payments due to the state unemployment compensation fund as provided in RCW 50.24.010, to the federal interest payment fund under RCW 50.16.070, or to the special account in the administrative contingency fund under RCW 50.24.014. [1985 ex.s. c 5 § 4; 1983 1st ex.s. c 13 § 9; 1971 c 3 § 1; 1951 c 215 § 1; 1945 c 35 § 8; Rem. Supp. 1945 § 9998-147. Prior: 1943 c 127 § 13; 1941 c 253 § 14; 1939 c 214 § 19; 1937 c 162 § 19.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.072 Contributions—"Contributions" and "payments in lieu of contributions" as money payments**

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**and taxes due state.** The terms "contributions" and "payments in lieu of contributions" used in this title, whether singular or plural, designate the money payments to be made to the state unemployment compensation fund, to the federal interest payment fund under RCW 50.16.070, or to the special account in the administrative contingency fund under RCW 50.24.014 and are deemed to be taxes due to the state of Washington. [1985 ex.s. c 5 § 5; 1983 1st ex.s. c 13 § 10; 1971 c 3 § 3; 1959 c 266 § 8.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.073 Contributions—As including "payments in lieu of contributions"—Scope.** The term "contributions" as used in this title shall be deemed to include "payments in lieu of contributions" to the extent that such usage is consistent with the purposes of this title. Such construction shall include but not be limited to those portions of this title dealing with assessments, interest, penalties, liens, collection procedures and remedies, administrative and judicial review, and the imposition of administrative, civil and criminal sanctions. [1983 1st ex.s. c 23 § 1; 1971 c 3 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.075 Dislocated worker.** "Dislocated worker" means any individual who:

- (1) Has been terminated or received a notice of termination from employment;
- (2) Is eligible for or has exhausted entitlement to unemployment compensation benefits; and
- (3) Is unlikely to return to employment in the individual's principal occupation or previous industry because of a diminishing demand for their skills in that occupation or industry. [1984 c 181 § 1.]

*Dislocated worker's eligibility for benefits: RCW 50.20.043.*

**50.04.080 Employer.** (1) "Employer" means any individual or type of organization, including any partnership, association, trust, estate, joint stock company, insurance company, limited liability company, or corporation, whether domestic or foreign, or the receiver, trustee in bankruptcy, trustee, or the legal representative of a deceased person, having any person in employment or, having become an employer, has not ceased to be an employer as provided in this title.

(2) For the purposes of collection remedies available under chapter 50.24 RCW, "employer," in the case of a corporation or limited liability company, includes persons found personally liable for any unpaid contributions and interest and penalties on those contributions under RCW 50.24.230.

(3) Except for corporations covered by chapters 50.44 and 50.50 RCW, "employer" does not include a corporation when all personal services are performed only by bona fide corporate officers, unless the corporation registers with the department as required in RCW 50.12.070 and elects to provide coverage for its corporate officers under RCW 50.24.160. [2007 c 146 § 19; 1985 c 41 § 1; 1971 c 3 § 5; 1949 c 214 § 2; 1945 c 35 § 9; Rem. Supp. 1949 § 9998-148. Prior: 1943 c 127 § 13; 1941 c 253 § 14; 1939 c 214 § 19; 1937 c 162 § 19.]

**Conflict with federal requirements—2007 c 146:** "If any part of this act is found to be in conflict with federal requirements that are a prescribed condition to the allocation of federal funds to the state or the eligibility of employers in this state for federal unemployment tax credits, the conflicting part of this act is inoperative solely to the extent of the conflict, and the finding or determination does not affect the operation of the remainder of this act. Rules adopted under this act must meet federal requirements that are a necessary condition to the receipt of federal funds by the state or the granting of federal unemployment tax credits to employers in this state." [2007 c 146 § 21.]

**Severability—2007 c 146:** "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [2007 c 146 § 22.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.090 Employing unit.** (1) "Employing unit" means any individual or any type of organization, including any partnership, association, trust, estate, joint stock company, insurance company, or corporation, whether domestic or foreign, or the receiver, trustee in bankruptcy, trustee or successor thereof, or the legal representative of a deceased person, which has or subsequent to January 1, 1937, had in its employ or in its "employment" one or more individuals performing services within this state. The state and its political subdivisions shall be deemed employing units as to any transactions occurring on or after September 21, 1977, which would render an employing unit liable for contributions, interest, or penalties under RCW 50.24.130. "Employing unit" includes Indian tribes as defined in RCW 50.50.010.

(2) Except for corporations covered by chapters 50.44 and 50.50 RCW, "employing unit" does not include a corporation when all personal services are performed only by bona fide corporate officers, unless the corporation registers with the department as required in RCW 50.12.070 and elects to provide coverage for its corporate officers under RCW 50.24.160. [2007 c 146 § 20; 2001 1st sp.s. c 11 § 1; 1983 1st ex.s. c 23 § 2; 1977 ex.s. c 73 § 1; 1947 c 215 § 2; 1945 c 35 § 10; Rem. Supp. 1947 § 9998-149. Prior: 1943 c 127 § 13; 1941 c 253 § 14; 1939 c 214 § 19; 1937 c 162 § 19.]

**Conflict with federal requirements—Severability—2007 c 146:** See notes following RCW 50.04.080.

**Conflict with federal requirements—Severability—Effective date—Retroactive application—2001 1st sp.s. c 11:** See RCW 50.50.900 through 50.50.903.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.100 Employment.** "Employment", subject only to the other provisions of this title, means personal service, of whatever nature, unlimited by the relationship of master and servant as known to the common law or any other legal relationship, including service in interstate commerce, performed for wages or under any contract calling for the performance of personal services, written or oral, express or implied.

Except as provided by RCW 50.04.145, personal services performed for an employing unit by one or more contractors or subcontractors acting individually or as a partnership, which do not meet the provisions of RCW 50.04.140, shall be considered employment of the employing unit: PROVIDED, HOWEVER, That such contractor or subcontractor shall be an employer under the provisions of this title in respect to personal services performed by individuals for such contractor or subcontractor. [1982 1st ex.s. c 18 § 14;

1945 c 35 § 11; Rem. Supp. 1945 § 9998-150. Prior: 1943 c 127 § 13; 1941 c 253 § 14; 1939 c 214 § 19; 1937 c 162 § 19.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.110 Employment—Situs of service.** The term "employment" shall include an individual's entire service performed within or without or both within and without this state, if

(1) The service is localized in this state; or

(2) The service is not localized in any state, but some of the service is performed in this state, and

(a) the base of operations, or if there is no base of operations, then the place from which such service is directed or controlled is in this state; or

(b) the base of operations or place from which such service is directed or controlled is not in any state in which some part of the service is performed, but the individual's residence is in this state; or

(3) The service is performed within the United States, the Virgin Islands or Canada, if

(a) such service is not covered under the unemployment compensation law of any other state, the Virgin Islands or Canada, and

(b) the place from which the service is directed or controlled is in this state. [1971 c 3 § 6; 1945 c 35 § 12; Rem. Supp. 1945 § 9998-151. Prior: 1943 c 127 § 13; 1941 c 253 § 14; 1939 c 214 § 19; 1937 c 162 § 19.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.115 Employment—Out-of-state service, election.** Services not covered under RCW 50.04.110 or 50.04.116 which are performed entirely without this state, with respect to no part of which contributions, interest, or penalties are required and paid under an unemployment compensation law of any other state or of the federal government, shall be deemed to be employment subject to this title if the individual performing such services is a resident of this state and the commissioner approves the election of the employing unit for whom such services are performed that the entire service of such individual shall be deemed to be employment subject to this title. [1983 1st ex.s. c 23 § 3; 1971 c 3 § 8; 1945 c 35 § 13; Rem. Supp. 1945 § 9998-152. Prior: 1943 c 127 § 13; 1941 c 253 § 14; 1937 c 162 § 19. Formerly RCW 50.04.130.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.116 Employment—Out-of-state service, when included—"American employer" defined.** The term "employment" shall include the service of an individual who is a citizen of the United States, performed outside the United States (except in Canada, and in the case of the Virgin Islands after December 31, 1971 and prior to January 1 of the year following the year in which the United States secretary of labor approves the unemployment compensation law of the Virgin Islands under section 3304(a) of the Internal Revenue Code of 1954) in the employ of an American employer (other than service which is deemed "employment" under the provisions of RCW 50.04.110 or 50.04.120 or the parallel provisions of another state's law), if:

(1) The employer's principal place of business in the United States is located in this state; or

(2) The employer has no place of business in the United States but:

(a) The employer is an individual who is a resident of this state; or

(b) The employer is a corporation which is organized under the laws of this state; or

(c) The employer is a partnership or a trust and the number of the partners or trustees who are residents of this state is greater than the number who are residents of any one other state; or

(3) None of the criteria in subsections (1) and (2) of this section is met but the employer has elected coverage in this state, or the employer having failed to elect coverage in any state, the individual has filed a claim for benefits, based on such service, under the laws of this state.

(4) An "American employer", for the purposes of this section, means a person who is:

(a) An individual who is a resident of the United States; or

(b) A partnership if two-thirds or more of the partners are residents of the United States; or

(c) A trust, if all of the trustees are residents of the United States; or

(d) A corporation organized under the laws of the United States or of any state. [1977 ex.s. c 292 § 1; 1971 c 3 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.120 Employment—Localized service.** Service shall be deemed to be localized within a state, if

(1) the service is performed entirely within the state; or

(2) the service is performed both within and without the state, but the service performed without the state is incidental to the individual's service within the state; for example, is temporary or transitory in nature or consists of isolated transactions. [1945 c 35 § 14; Rem. Supp. 1945 § 9998-153. Prior: 1943 c 127 § 13; 1941 c 253 § 14; 1939 c 214 § 16; 1937 c 162 § 19.]

**50.04.125 Employment—Foreign degree-granting institutions—Employee services localized in country of domicile.** The services of employees of a foreign degree-granting institution who are nonimmigrant aliens under the immigration laws of the United States, shall, for the purposes of RCW 50.04.120, be considered to be localized or principally localized, in the country of domicile of the foreign degree-granting institution as defined in RCW 28B.90.010 in those instances where the income of those employees would be exempt from taxation by virtue of the terms and provisions of any treaty between the United States and the country of domicile of the foreign degree-granting institution. However, a foreign degree-granting institution is not precluded from otherwise establishing that a nonimmigrant employee's services are, for the purpose of such statutes, principally located in its country of domicile. [1993 c 181 § 8.]

**50.04.140 Employment—Exception tests.** Services performed by an individual for remuneration shall be deemed

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to be employment subject to this title unless and until it is shown to the satisfaction of the commissioner that:

(1)(a) Such individual has been and will continue to be free from control or direction over the performance of such service, both under his or her contract of service and in fact; and

(b) Such service is either outside the usual course of business for which such service is performed, or that such service is performed outside of all the places of business of the enterprises for which such service is performed; and

(c) Such individual is customarily engaged in an independently established trade, occupation, profession, or business, of the same nature as that involved in the contract of service.

(2) Or as a separate alternative, it shall not constitute employment subject to this title if it is shown that:

(a) Such individual has been and will continue to be free from control or direction over the performance of such service, both under his or her contract of service and in fact; and

(b) Such service is either outside the usual course of business for which such service is performed, or that such service is performed outside of all the places of business of the enterprises for which such service is performed, or the individual is responsible, both under the contract and in fact, for the costs of the principal place of business from which the service is performed; and

(c) Such individual is customarily engaged in an independently established trade, occupation, profession, or business, of the same nature as that involved in the contract of service, or such individual has a principal place of business for the work the individual is conducting that is eligible for a business deduction for federal income tax purposes; and

(d) On the effective date of the contract of service, such individual is responsible for filing at the next applicable filing period, both under the contract of service and in fact, a schedule of expenses with the internal revenue service for the type of business the individual is conducting; and

(e) On the effective date of the contract of service, or within a reasonable period after the effective date of the contract, such individual has established an account with the department of revenue, and other state agencies as required by the particular case, for the business the individual is conducting for the payment of all state taxes normally paid by employers and businesses and has registered for and received a unified business identifier number from the state of Washington; and

(f) On the effective date of the contract of service, such individual is maintaining a separate set of books or records that reflect all items of income and expenses of the business which the individual is conducting. [1991 c 246 § 6; 1945 c 35 § 15; Rem. Supp. 1945 § 9998-154. Prior: 1943 c 127 § 13; 1941 c 253 § 14; 1939 c 214 § 16; 1937 c 162 § 19.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.145 Employment—Exclusions.** The term "employment" shall not include services which require registration under chapter 18.27 RCW or licensing under chapter 19.28 RCW rendered by an individual when:

(1) The individual has been and will continue to be free from control or direction over the performance of the service, both under the contract of service and in fact;

(2) The service is either outside the usual course of business for which the service is performed, or the service is performed outside of all the places of business of the enterprise for which the service is performed, or the individual is responsible, both under the contract and in fact, for the costs of the principal place of business from which the service is performed;

(3) The individual is customarily engaged in an independently established trade, occupation, profession, or business, of the same nature as that involved in the contract of service, or the individual has a principal place of business for the business the individual is conducting that is eligible for a business deduction for federal income tax purposes, other than that furnished by the employer for which the business has contracted to furnish services;

(4) On the effective date of the contract of service, the individual is responsible for filing at the next applicable filing period, both under the contract of service and in fact, a schedule of expenses with the internal revenue service for the type of business the individual is conducting;

(5) On the effective date of the contract of service, or within a reasonable period after the effective date of the contract, the individual has an active and valid certificate of registration with the department of revenue, and an active and valid account with any other state agencies as required by the particular case, for the business the individual is conducting for the payment of all state taxes normally paid by employers and businesses and has registered for and received a unified business identifier number from the state of Washington;

(6) On the effective date of the contract of service, the individual is maintaining a separate set of books or records that reflect all items of income and expenses of the business that the individual is conducting; and

(7) On the effective date of the contract of service, the individual has a valid contractor registration pursuant to chapter 18.27 RCW or an electrical contractor license pursuant to chapter 19.28 RCW. [2008 c 102 § 1; 1983 1st ex.s. c 23 § 25; 1982 1st ex.s. c 18 § 13.]

**Conflict with federal requirements—Severability—2008 c 102:** See notes following RCW 51.08.070.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.148 Employment—Services performed by musician or entertainer.** (1) The term "employment" shall not include services performed by a musician or entertainer under a written contract with a purchaser of the services for a specific engagement or engagements when such musician or entertainer performs no other duties for the purchaser and is not regularly and continuously employed by the purchaser. The contract shall designate the leader of the music or entertainment group. A music or entertainment business or a leader of a music or entertainment group shall be considered an employer and not a purchaser of music or entertainment services.

(2) Any musician or entertainer who performs for a music or entertainment business or as a member of a music or entertainment group is deemed an employee of the business

or group and the business or the leader of the group shall be required to register as an employer with the department.

(3) Purchasers of services under subsection (1) of this section shall not be subject to RCW 50.24.130 relating to a principal's liability for unpaid contributions if the services are purchased from a business or group registered as an employer with the department.

(4) The term "music or entertainment business" or "group" as used in this section means an employer whose principal business activity is music or entertainment. The term does not include those entities who provide music or entertainment for members or patrons incidental to their principal business activity, and does not include an individual employing musicians or entertainers on a casual basis. [1985 c 47 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.150 Employment—Agricultural labor.** Except as otherwise provided in RCW 50.04.155, the term "employment" shall not include service performed in agricultural labor by individuals who are enrolled as students and regularly attending classes, or are between two successive academic years or terms, at an elementary school, a secondary school, or an institution of higher education as defined in RCW 50.44.037 and in the case of corporate farms not covered under RCW 50.04.155, the provisions regarding family employment in RCW 50.04.180 shall apply.

Agricultural labor is defined as services performed:

(1) On a farm, in the employ of any person, in connection with the cultivation of the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and furbearing animals and wild life, or in the employ of the owner or tenant or other operator of a farm in connection with the operation, management, conservation, improvement, or maintenance of such farm and its tools and equipment; or

(2) In packing, packaging, grading, storing, or delivering to storage, or to market or to a carrier for transportation to market, any agricultural or horticultural commodity; but only if such service is performed as an incident to ordinary farming operations. The exclusions from the term "employment" provided in this paragraph shall not be deemed to be applicable with respect to commercial packing houses, commercial storage establishments, commercial canning, commercial freezing, or any other commercial processing or with respect to services performed in connection with the cultivation, raising, harvesting and processing of oysters or raising and harvesting of mushrooms or in connection with any agricultural or horticultural commodity after its delivery to a terminal market for distribution for consumption. [1989 c 380 § 78; 1977 ex.s. c 292 § 2; 1957 c 264 § 1; 1947 c 215 § 3; 1945 c 35 § 16; Rem. Supp. 1945 § 9998-155. Prior: 1943 c 127 § 13; 1941 c 253 § 14; 1939 c 214 § 16; 1937 c 162 § 19.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.155 Service performed in agricultural labor for farm operator or crew leader.** (1) Service performed in agricultural labor on and after January 1, 1978, for a farm

operator or crew leader will be deemed services in employment if the farm operator or crew leader:

(a) Paid twenty thousand dollars or more as remuneration to individuals employed in agricultural labor during any calendar quarter in the current or preceding calendar year; or

(b) Employed ten or more individuals in agricultural labor for some portion of the day in each of twenty different calendar weeks in either the current or preceding calendar year regardless of whether they were employed at the same moment of time or whether or not the weeks were consecutive.

(2) A farm operator is the owner or tenant of the farmlands who stands to gain or lose economically from the operations of the farm. Employment will be considered employment by the farm operator unless it is established to the satisfaction of the commissioner that the services were performed in the employ of a crew leader. The risk of nonpersuasion is upon the farm operator. The operator will nonetheless be liable for contributions under RCW 50.24.130 even though services performed on the operator's farmlands would not be sufficient to bring the services under the term employment if services performed on the operator's land in the employ of a crew leader would be covered and the crew leader has failed to pay contributions on the services. For the purposes of the preceding sentence and RCW 50.24.130, all moneys paid or payable to the crew leader by the farm operator shall be deemed paid for services unless there is a written contract clearly specifying the amounts of money to be attributed to items other than services of the crew leader or the crew leader's employees.

(3) For the purposes of this section, a crew leader is a person who furnishes individuals to perform services in agricultural labor for the benefit of any other person, who pays for the services performed in agricultural labor (either on his or her own behalf or on behalf of the other person), and who has not made a written agreement making himself or herself an employee of the other person: PROVIDED, That no person shall be deemed a crew leader unless he or she is established independently of the person for whom the services are performed and either has a valid certificate of registration under the farm labor contractor registration act of 1963 or substantially all the members of his or her crew operate or maintain tractors, mechanized harvesting or crop dusting equipment, or any other mechanized equipment which is provided by the crew leader. [1977 ex.s. c 292 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.160 Employment—Domestic service.** Services performed in domestic service in a private home, local college club, or local chapter of a college fraternity or sorority shall not be considered services in employment unless the services are performed after December 31, 1977, for a person who paid remuneration of one thousand dollars or more to individuals employed in this domestic service in any calendar quarter in the current or the preceding calendar year. The terms local college club and local chapter of a college fraternity or sorority shall not be deemed to include alumni clubs or chapters. [1977 ex.s. c 292 § 4; 1947 c 215 § 4; 1945 c 35 § 17; Rem. Supp. 1947 § 9998-156. Prior: 1943 c 127 § 13; 1941 c 253 § 14; 1939 c 214 § 16; 1937 c 162 § 19.]

(2010 Ed.)

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.165 Employment—Corporate officers—Election of coverage—Notification—Reinstatement of coverage.** (1)(a) Services performed by a person appointed as an officer of a corporation under RCW 23B.08.400 are considered services in employment. However, a corporation, other than those covered by chapters 50.44 and 50.50 RCW, may elect to exempt from coverage under this title as provided in subsection (2) of this section, any bona fide officer of a public company as defined in RCW 23B.01.400 who:

(i) Is voluntarily elected or voluntarily appointed in accordance with the articles of incorporation or bylaws of the corporation;

(ii) Is a shareholder of the corporation;

(iii) Exercises substantial control in the daily management of the corporation; and

(iv) Whose primary responsibilities do not include the performance of manual labor.

(b) A corporation, other than those covered by chapters 50.44 and 50.50 RCW, that is not a public company as defined in RCW 23B.01.400 may exempt from coverage under this title as provided in subsection (2) of this section:

(i) Eight or fewer bona fide officers who: Voluntarily agree to be exempted from coverage; are voluntarily elected or voluntarily appointed in accordance with the articles of incorporation or bylaws of the corporation; and who exercise substantial control in the daily management of the corporation, from coverage under this title without regard to the officers' performance of manual labor if the exempted officer is a shareholder of the corporation; and

(ii) Any number of officers if all the exempted officers are related by blood within the third degree or marriage.

(c) Determinations with respect to the status of persons performing services for a corporation must be made, in part, by reference to Title 23B RCW and to compliance by the corporation with its own articles of incorporation and bylaws. For the purpose of determining coverage under this title, substance controls over form, and mandatory coverage under this title extends to all workers of this state, regardless of honorary titles conferred upon those actually serving as workers.

(2)(a) The corporation must notify the department when it elects to exempt one or more corporate officers from coverage. The notice must be in a format prescribed by the department and signed by the officer or officers being exempted and by another corporate officer verifying the decision to be exempt from coverage.

(b) The election to exempt one or more corporate officers from coverage under this title may be made when the corporation registers as required under RCW 50.12.070. The corporation may also elect exemption at any time following registration; however, an exemption will be effective only as of the first day of a calendar year. A written notice from the corporation must be sent to the department by January 15th following the end of the last calendar year of coverage. Exemption from coverage will not be retroactive, and the corporation is not eligible for a refund or credit for contributions paid for corporate officers for periods before the effective date of the exemption.

(3) A corporation may elect to reinstate coverage for one or more officers previously exempted under this section, subject to the following:

(a) Coverage may be reinstated only at set intervals of five years beginning with the calendar year that begins five years after January 1, 2009.

(b) Coverage may only be reinstated effective the first day of the calendar year. A written notice from the corporation must be sent to the department by January 15th following the end of the last calendar year the exemption from coverage will apply.

(c) Coverage will not be reinstated if the corporation: Has committed fraud related to the payment of contributions within the previous five years; is delinquent in the payment of contributions; or is assigned the array calculation factor rate for nonqualified employers because of a failure to pay contributions when due as provided in RCW 50.29.025, or for related reasons as determined by the commissioner.

(d) Coverage will not be reinstated retroactively.

(4) Except for corporations covered by chapters 50.44 and 50.50 RCW, personal services performed by bona fide corporate officers for corporations described under RCW 50.04.080(3) and 50.04.090(2) are not considered services in employment, unless the corporation registers with the department as required in RCW 50.12.070 and elects to provide coverage for its corporate officers under RCW 50.24.160. [2007 c 146 § 4; 1993 c 290 § 2; 1993 c 58 § 1; 1991 c 72 § 57; 1986 c 110 § 1; 1983 1st ex.s. c 23 § 4; 1981 c 35 § 13.]

**Effective date—2007 c 146 § 4:** "Section 4 of this act takes effect January 1, 2009." [2007 c 146 § 24.]

**Conflict with federal requirements—Severability—2007 c 146:** See notes following RCW 50.04.080.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.170 Employment—Maritime service.** The term "employment" shall include an individual's entire service as an officer or member of a crew of an American vessel wherever performed and whether in intrastate or interstate or foreign commerce, if the employer maintains within this state at the beginning of the pay period an operating office from which the operations of the vessel are ordinarily and regularly supervised, managed, directed and controlled. The term "employment" shall not include services performed as an officer or member of the crew of a vessel not an American vessel and services on or in connection with an American vessel under a contract of service which is not entered into within the United States and during the performance of which the vessel does not touch at a port of the United States.

"American vessel", means any vessel documented or numbered under the laws of the United States; and includes any vessel which is neither documented or numbered under the laws of the United States nor documented under the laws of any foreign country if its crew is employed solely by one or more citizens or residents of the United States or corporations organized under the laws of the United States or of any state. [1949 c 214 § 3; 1947 c 215 § 5; 1945 c 35 § 18; Rem. Supp. 1949 § 9998-157. Prior: 1943 c 127 § 13; 1941 c 253 § 14; 1939 c 214 § 16; 1937 c 162 § 19.]

**50.04.180 Family employment.** The term "employment" shall not include service performed by an individual in

the employ of his or her spouse, nor shall it include service performed by an unmarried individual under the age of eighteen years in the employ of his or her parent or step-parent. [1973 c 73 § 2; 1951 c 265 § 6; 1945 c 35 § 19; Rem. Supp. 1945 § 9998-158. Prior: 1943 c 127 § 13; 1941 c 253 § 14; 1939 c 214 § 16; 1937 c 162 § 19.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.205 Services performed by aliens.** Except as provided in RCW 50.04.206, services performed by aliens legally or illegally admitted to the United States shall be considered services in employment subject to the payment of contributions to the extent that services by citizens are covered. [1990 c 245 § 2; 1977 ex.s. c 292 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.206 Employment—Nonresident alien.** The term "employment" shall not include service that is performed by a nonresident alien for the period he or she is temporarily present in the United States as a nonimmigrant under subparagraph (F), (H)(ii), (H)(iii), or (J) of section 101(a)(15) of the federal immigration and naturalization act, as amended, and that is performed to carry out the purpose specified in the applicable subparagraph of the federal immigration and naturalization act. [2006 c 13 § 22. Prior: 2003 2nd sp.s. c 4 § 27; 1990 c 245 § 3.]

**Retroactive application—2006 c 13 §§ 8-22:** See note following RCW 50.04.293.

**Conflict with federal requirements—Part headings not law—Severability—2006 c 13:** See notes following RCW 50.20.120.

**Conflict with federal requirements—Severability—Effective date—2003 2nd sp.s. c 4:** See notes following RCW 50.01.010.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.210 Employment—Foreign governmental service.** The term "employment" shall not include service performed in the employ of any other state or its political subdivisions, or of the United States government, or of any instrumentality of any other state or states or their political subdivisions, or the United States; except that if the congress of the United States shall permit states to require any instrumentality of the United States to make payments into an unemployment fund under a state unemployment compensation act, then, to the extent permitted by congress, and from and after the date when such permission becomes effective all the provisions of this title shall be applicable to such instrumentalities and to services performed for such instrumentalities in the same manner, to the same extent and on the same terms as to all other employers, employing units, individuals and services: PROVIDED, That if this state should not be certified by the social security board under section 903 of the social security act, as amended, for any year, then the payment required of such instrumentalities with respect to such year shall be deemed to be erroneously collected and shall be refunded by the commissioner from the fund in accordance with the provisions of this title relating to adjustments and refunds of contributions, interest, or penalties which have been paid. [1983 1st ex.s. c 23 § 5; 1945 c 35 § 22; Rem. Supp. 1945 § 9998-161. Prior: 1943 c 127 § 13; 1941 c 253 § 14; 1939 c 214 § 16; 1937 c 162 § 19.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.220 Employment—Service covered by federal act.** The term "employment" shall not include service with respect to which unemployment compensation is payable under an unemployment compensation system established by an act of congress: PROVIDED, That the commissioner is hereby authorized to enter into agreements with the proper agencies under such act of congress, which agreements shall become effective ten days after publication thereof in the manner provided in this title for publication of general rules, to provide reciprocal treatment to individuals who have, after acquiring potential rights to benefits under this title, acquired right to unemployment compensation under such act of congress, or who have, after acquiring potential rights to unemployment compensation under such act of congress, acquired rights to benefits under this title. [1945 c 35 § 23; Rem. Supp. 1945 § 9998-162. Prior: 1943 c 127 § 13; 1941 c 253 § 14; 1939 c 214 § 16; 1937 c 162 § 19.]

**50.04.223 Employment—Massage practitioner.** The term "employment" does not include services performed by a massage practitioner licensed under chapter 18.108 RCW in a massage business if the use of the business facilities is contingent upon compensation to the owner of the business facilities and the person receives no compensation from the owner for the services performed.

This exemption does not include services performed by a massage practitioner for an employer under chapter 50.44 RCW. [1994 c 3 § 2; 1993 c 167 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.225 Employment—Barber and cosmetology services.** The term "employment" does not include services performed in a barber shop or cosmetology shop by persons licensed under chapter 18.16 RCW if the person is a booth renter as defined in \*RCW 18.16.020. [1991 c 324 § 17; 1985 c 7 § 117; 1982 1st ex.s. c 18 § 20.]

\*Reviser's note: RCW 18.16.020 was amended by 2002 c 111 § 2, deleting the definition of "booth renter."

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.230 Employment—Services of insurance agent, broker, or solicitor, real estate broker or real estate salesperson, and investment company agent or solicitor.** The term "employment" shall not include service performed by an insurance agent, insurance broker, or insurance solicitor or a real estate broker or a real estate salesperson to the extent he or she is compensated by commission and service performed by an investment company agent or solicitor to the extent he or she is compensated by commission. The term "investment company", as used in this section is to be construed as meaning an investment company as defined in the act of congress entitled "Investment Company Act of 1940." [2010 c 8 § 13003; 1991 c 246 § 7; 1947 c 5 § 24; 1945 c 35 § 24; Rem. Supp. 1947 § 9998-162a.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.232 Employment—Travel services.** The term "employment" shall not include service performed by an out-

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side agent who sells or arranges for travel services that are provided to a travel agent as defined and registered under RCW 19.138.021, to the extent the outside agent is compensated by commission. [1995 c 242 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.235 Employment—Outside salesperson paid by commission.** The term "employment" shall not include services as an outside salesperson of merchandise paid solely by way of commission; and such services must have been performed outside of all the places of business of the enterprises for which such services are performed only. [2010 c 8 § 13004; 1957 c 181 § 1.]

**50.04.237 Employment—Agricultural labor by farm intern—Definitions. (Expires December 31, 2011.)** (1) The term "employment" shall not include service performed in agricultural labor by a farm intern providing his or her services under a farm internship program as established in RCW 49.12.465.

(2) For purposes of this section, "agricultural labor" means:

(a) Services performed on a farm, in the employ of any person, in connection with the cultivation of the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and furbearing animals and wildlife, or in the employ of the owner or tenant or other operator of a farm in connection with the operation, management, conservation, improvement, or maintenance of such farm and its tools and equipment;

(b) Services performed in packing, packaging, grading, storing, or delivering to storage, or to market or to a carrier for transportation to market, any agricultural or horticultural commodity; but only if such service is performed as an incident to ordinary farming operations. The exclusions from the term "employment" provided in this subsection (2)(b) shall not be deemed to be applicable with respect to commercial packing houses, commercial storage establishments, commercial canning, commercial freezing, or any other commercial processing or with respect to services performed in connection with the cultivation, raising, harvesting and processing of oysters or raising and harvesting of mushrooms; or

(c) Direct local sales of any agricultural or horticultural commodity after its delivery to a terminal market for distribution or consumption. [2010 c 160 § 4.]

**Expiration date—2010 c 160:** See note following RCW 49.12.465.

**50.04.240 Employment—Newspaper delivery person.** The term "employment" shall not include service as a newspaper delivery person selling or distributing newspapers on the street or from house to house. [2007 c 218 § 85; 1945 c 35 § 25; Rem. Supp. 1945 § 9998-163. Prior: 1943 c 127 § 13; 1941 c 253 § 14; 1939 c 214 § 16; 1937 c 162 § 19.]

**Intent—Finding—2007 c 218:** See note following RCW 1.08.130.

**50.04.245 Employment—Services performed for temporary services agency, employee leasing agency, or services referral agency.** (1) Subject to the other provisions of this title, personal services performed for, or for the benefit

of, a third party pursuant to a contract with a temporary staffing services company or services referral agency constitutes employment for the temporary staffing services company or services referral agency when the agency is responsible, under contract or in fact, for the payment of wages in remuneration for the services performed.

(2) The temporary staffing services company or services referral agency is considered the employer as defined in RCW 50.04.080.

(3) For the purposes of this section:

(a) "Temporary staffing services company" means an individual or entity that engages in: Recruiting and hiring its own employees; finding other organizations that need the services of those employees; and assigning those employees on a temporary basis to perform work at or services for a client to support or supplement the client's workforces, or to provide assistance in special work situations, such as employee absences, skill shortages, and seasonal workloads, or to perform special assignments or projects, all under the direction and supervision of the client. "Temporary staffing services company" does not include professional employer organizations as defined in RCW 50.04.298, permanent employee leasing, or permanent employee placement services.

(b) "Services referral agency" means an individual or entity other than a professional employer organization as defined in RCW 50.04.298 that is engaged in the business of offering the services of one or more individuals to perform specific tasks for a third party. [2007 c 146 § 14; 1995 c 120 § 1.]

**Conflict with federal requirements—Severability—2007 c 146:** See notes following RCW 50.04.080.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.248 Employment—Third-party payer.** (1) Subject to the other provisions of this title, personal services performed for, or for the benefit of, an employer who utilizes a third-party payer constitutes employment for the employer. The third-party payer is not considered the employer as defined in RCW 50.04.080.

(2) For purposes of this section, "third-party payer" means an individual or entity that enters into an agreement with one or more employers to provide administrative, human resource, or payroll administration services, but does not provide an employment or coemployment relationship. Temporary staffing services companies, services referral agencies, professional employer organizations, and labor organizations are not third-party payers. [2007 c 146 § 15.]

**Conflict with federal requirements—Severability—2007 c 146:** See notes following RCW 50.04.080.

**50.04.255 Employment—Appraisal practitioner services.** The term "employment" does not include services performed by an appraisal practitioner certified or licensed under chapter 18.140 RCW in an appraisal business if the use of the business facilities is contingent upon compensation to the owner of the business facilities and the person receives no compensation from the owner for the services performed. This exemption does not include services performed by an appraisal practitioner certified or licensed under chapter 18.140 RCW for an employer under chapter 50.44 RCW. [1996 c 182 § 14.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.265 Employment—Indian tribes.** The term "employment" includes services performed in the employ of an Indian tribe as provided in RCW 50.50.010. [2001 1st sp.s. c 11 § 2.]

**Conflict with federal requirements—Severability—Effective date—Retroactive application—2001 1st sp.s. c 11:** See RCW 50.50.900 through 50.50.903.

**50.04.270 Employment—Casual labor.** The term "employment" shall not include casual labor not in the course of the employer's trade or business (labor which does not promote or advance the trade or business of the employer). Temporary labor in the usual course of an employer's trade or business or domestic services as defined in RCW 50.04.160 shall not be deemed to be casual labor. [1977 ex.s. c 292 § 7; 1945 c 35 § 28; Rem. Supp. 1945 § 9998-166. Prior: 1943 c 127 § 13; 1941 c 253 § 14; 1939 c 214 § 16; 1937 c 162 § 19.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.275 Employment—Small performing arts.** The term "employment" shall not include services performed by a person who is participating in a performance sponsored by an employer whose North American industry classification system code is within "711110," "711120," "711130," or "712110," so long as the person receives no remuneration other than a nominal stipend and the employer does not have more than three individuals in its employ during any portion of a day during the calendar year.

For purposes of this section, "stipend" means a fixed sum of money paid periodically to defray expenses. The stipend is presumed to defray the person's incidental expenses involved in participating in the performance, including, but not limited to, meals, transportation, lodging, costumes, supplies, and child care. [2007 c 366 § 1.]

**50.04.280 Employment—"Pay period" determination.** If the services performed during one-half or more of any pay period by an individual for an employing unit constitute employment, all of the services of such individual for such period shall be deemed to be employment, but if the services performed during more than one-half of any such pay period by an individual for an employing unit do not constitute employment, then none of the services of such individual on behalf of such employing unit for such period shall be deemed to be employment. As used in this paragraph, the term "pay period" means a period of not more than thirty-one consecutive days for which a payment of remuneration is ordinarily made to an individual by the employing unit. [1945 c 35 § 29; Rem. Supp. 1945 § 9998-167. Prior: 1943 c 127 § 13; 1941 c 253 § 14; 1939 c 214 § 16; 1937 c 162 § 19.]

**50.04.290 Employment office.** "Employment office" means a free public employment office, or branch thereof, operated by this or any other state as a part of a state controlled system of public employment offices, or by a federal agency or any agency of a foreign government charged with the administration of an unemployment compensation program or free public employment offices. All claims for unemployment compensation benefits, registrations for

employment, and all job or placement referrals received or made by any of the employment offices as above defined and pursuant to regulation of the commissioner subsequent to December 31, 1941, are hereby declared in all respects to be valid. The commissioner is authorized to make such investigation, secure and transmit such information, make available such services and facilities and exercise such of the other powers provided herein with respect to the administration of this title as he or she deems necessary or appropriate to facilitate the administration of any state or federal unemployment compensation or public employment service law and in like manner to accept and utilize information, services, and facilities made available to the state by the agency charged with the administration of any such unemployment compensation or public employment service law. Any such action taken by the commissioner subsequent to December 31, 1941, is hereby declared to be in all respects valid. [2010 c 8 § 13005; 1945 c 35 § 30; Rem. Supp. 1945 § 9998-168. Prior: 1943 c 127 § 13; 1941 c 253 § 14.]

**50.04.293 Misconduct.** With respect to claims that have an effective date before January 4, 2004, "misconduct" means an employee's act or failure to act in willful disregard of his or her employer's interest where the effect of the employee's act or failure to act is to harm the employer's business. [2006 c 13 § 8. Prior: 2003 2nd sp.s. c 4 § 5; 1993 c 483 § 1.]

**Retroactive application—2006 c 13 §§ 8-22:** "(1) Sections 8 through 13 and 16 of this act apply retroactively to claims that have an effective date on or after January 4, 2004.

(2) Sections 14 and 15 of this act apply retroactively to claims that have an effective date on or after January 2, 2005.

(3) Sections 17 through 22 of this act apply retroactively to June 20, 2003." [2006 c 13 § 23.]

**Conflict with federal requirements—Part headings not law—Severability—2006 c 13:** See notes following RCW 50.20.120.

**Conflict with federal requirements—Severability—Effective date—2003 2nd sp.s. c 4:** See notes following RCW 50.01.010.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.294 Misconduct—Gross misconduct.** With respect to claims that have an effective date on or after January 4, 2004:

(1) "Misconduct" includes, but is not limited to, the following conduct by a claimant:

(a) Willful or wanton disregard of the rights, title, and interests of the employer or a fellow employee;

(b) Deliberate violations or disregard of standards of behavior which the employer has the right to expect of an employee;

(c) Carelessness or negligence that causes or would likely cause serious bodily harm to the employer or a fellow employee; or

(d) Carelessness or negligence of such degree or recurrence to show an intentional or substantial disregard of the employer's interest.

(2) The following acts are considered misconduct because the acts signify a willful or wanton disregard of the rights, title, and interests of the employer or a fellow employee. These acts include, but are not limited to:

(a) Insubordination showing a deliberate, willful, or purposeful refusal to follow the reasonable directions or instructions of the employer;

(b) Repeated inexcusable tardiness following warnings by the employer;

(c) Dishonesty related to employment, including but not limited to deliberate falsification of company records, theft, deliberate deception, or lying;

(d) Repeated and inexcusable absences, including absences for which the employee was able to give advance notice and failed to do so;

(e) Deliberate acts that are illegal, provoke violence or violation of laws, or violate the collective bargaining agreement. However, an employee who engages in lawful union activity may not be disqualified due to misconduct;

(f) Violation of a company rule if the rule is reasonable and if the claimant knew or should have known of the existence of the rule; or

(g) Violations of law by the claimant while acting within the scope of employment that substantially affect the claimant's job performance or that substantially harm the employer's ability to do business.

(3) "Misconduct" does not include:

(a) Inefficiency, unsatisfactory conduct, or failure to perform well as the result of inability or incapacity;

(b) Inadvertence or ordinary negligence in isolated instances; or

(c) Good faith errors in judgment or discretion.

(4) "Gross misconduct" means a criminal act in connection with an individual's work for which the individual has been convicted in a criminal court, or has admitted committing, or conduct connected with the individual's work that demonstrates a flagrant and wanton disregard of and for the rights, title, or interest of the employer or a fellow employee. [2006 c 13 § 9. Prior: 2003 2nd sp.s. c 4 § 6.]

**Retroactive application—2006 c 13 §§ 8-22:** See note following RCW 50.04.293.

**Conflict with federal requirements—Part headings not law—Severability—2006 c 13:** See notes following RCW 50.20.120.

**Conflict with federal requirements—Severability—Effective date—2003 2nd sp.s. c 4:** See notes following RCW 50.01.010.

**50.04.295 Payments in lieu of contributions.** "Payments in lieu of contributions" means money payments due to the state unemployment compensation fund as provided in RCW 50.44.060. [1971 c 3 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.298 Professional employer organizations—Coemployment—Covered employee.** For the purposes of this title:

(1) "Professional employer organization" means a person or entity that enters into an agreement with one or more client employers to provide professional employer services. "Professional employer organization" includes entities that use the term "staff leasing company," "permanent leasing company," "registered staff leasing company," "employee leasing company," "administrative employer," or any other name, when they provide professional employer services to client employers. The following are not classified as professional employer organizations: Independent contractors in

RCW 50.04.140; temporary staffing services companies and services referral agencies as defined in RCW 50.04.245; third-party payers as defined in RCW 50.04.248; or labor organizations.

(2) "Client employer" means any employer who enters into a professional employer agreement with a professional employer organization.

(3) "Coemployer" means either a professional employer organization or a client employer that has entered into a professional employer agreement.

(4) "Covered employee" means an individual performing services for a client employer that constitutes employment under this title.

(5) "Professional employer services" means services provided by the professional employer organization to the client employer, which include, but are not limited to, human resource functions, risk management, or payroll administration services, in a coemployment relationship.

(6) "Coemployment relationship" means a relationship that is intended to be ongoing rather than temporary or project-specific, where the rights, duties, and obligations of an employer in an employment relationship are allocated between coemployers pursuant to a professional employer agreement and state law. A coemployment relationship exists only if a majority of the employees performing services to a client employer, or to a division or work unit of a client employer, are covered employees. In determining the allocation of rights and obligations in a coemployment relationship:

(a) The professional employer organization has only those employer rights and is subject only to those obligations specifically allocated to it by the professional employer agreement or state law;

(b) The client employer has those rights and obligations allocated to it by the professional employer agreement or state law, as well as any other right or obligation of an employer that is not specifically allocated by the professional employer agreement or state law.

(7) "Professional employer agreement" means a written contract between a client employer and a professional employer organization that provides for: (a) The coemployment of covered employees; and (b) the allocation of employer rights and obligations between the client and the professional employer organization with respect to the covered employees. [2007 c 146 § 8.]

**Report on implementation and impact—2007 c 146 §§ 8-12:** "The department shall report on the implementation of sections 8 through 12 of this act and its impacts on professional employer organizations, small businesses, and the integrity and operations of the unemployment insurance system operated under Title 50 RCW. The department shall report to the unemployment insurance advisory committee and to the appropriate committees of the legislature no later than December 1, 2010." [2007 c 146 § 13.]

**Conflict with federal requirements—Severability—2007 c 146:** See notes following RCW 50.04.080.

**50.04.300 State.** "State" includes, in addition to the states of the United States of America, the District of Columbia, the Virgin Islands, and the Commonwealth of Puerto Rico. [1977 ex.s. c 292 § 8; 1971 c 3 § 10; 1945 c 35 § 31; Rem. Supp. 1945 § 9998-169. Prior: 1943 c 127 § 13; 1941 c 253 § 14; 1939 c 214 § 16; 1937 c 162 § 19.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.310 Unemployed individual—Individual not "unemployed"—Corporate officer.** (1) An individual is "unemployed" in any week during which the individual performs no services and with respect to which no remuneration is payable to the individual, or in any week of less than full time work, if the remuneration payable to the individual with respect to such week is less than one and one-third times the individual's weekly benefit amount plus five dollars. The commissioner shall prescribe regulations applicable to unemployed individuals making such distinctions in the procedures as to such types of unemployment as the commissioner deems necessary.

(2) An individual is not "unemployed" during any week which falls totally within a period during which the individual, pursuant to a collective bargaining agreement or individual employment contract, is employed full time in accordance with a definition of full time contained in the agreement or contract, and for which compensation for full time work is payable. This subsection may not be applied retroactively to an individual who had no guarantee of work at the start of such period and subsequently is provided additional work by the employer.

(3) An officer of a corporation who owns ten percent or more of the outstanding stock of the corporation, or a corporate officer who is a family member of an officer who owns ten percent or more of the outstanding stock of the corporation, whose claim for benefits is based on any wages with that corporation, is:

(a) Not "unemployed" in any week during the individual's term of office or ownership in the corporation, even if wages are not being paid;

(b) "Unemployed" in any week upon dissolution of the corporation or if the officer permanently resigns or is permanently removed from their appointment and responsibilities with that corporation in accordance with its articles of incorporation or bylaws.

As used in this section, "family member" means persons who are members of a family by blood or marriage as parents, stepparents, grandparents, spouses, children, brothers, sisters, stepchildren, adopted children, or grandchildren. [2007 c 146 § 5; 1984 c 134 § 1; 1973 2nd ex.s. c 7 § 1; 1945 c 35 § 32; Rem. Supp. 1945 § 9998-170. Prior: 1943 c 127 § 13; 1941 c 253 § 14; 1939 c 214 § 16; 1939 c 162 § 19.]

**Effective date—2007 c 146 §§ 5, 6, and 10-12:** "Sections 5, 6, and 10 through 12 of this act take effect January 1, 2008." [2007 c 146 § 25.]

**Conflict with federal requirements—Severability—2007 c 146:** See notes following RCW 50.04.080.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.320 Wages, remuneration.** (1) For the purpose of payment of contributions, "wages" means the remuneration paid by one employer during any calendar year to an individual in its employment under this title or the unemployment compensation law of any other state in the amount specified in RCW 50.24.010. If an employer (hereinafter referred to as a successor employer) during any calendar year acquires substantially all the operating assets of another employer (hereinafter referred to as a predecessor employer) or assets used in a separate unit of a trade or business of a predecessor employer, and immediately after the acquisition employs in the individual's trade or business an individual who immedi-

ately before the acquisition was employed in the trade or business of the predecessor employer, then, for the purposes of determining the amount of remuneration paid by the successor employer to the individual during the calendar year which is subject to contributions, any remuneration paid to the individual by the predecessor employer during that calendar year and before the acquisition shall be considered as having been paid by the successor employer.

(2) For the purpose of payment of benefits, "wages" means the remuneration paid by one or more employers to an individual for employment under this title during his or her base year: PROVIDED, That at the request of a claimant, wages may be calculated on the basis of remuneration payable. The department shall notify each claimant that wages are calculated on the basis of remuneration paid, but at the claimant's request a redetermination may be performed and based on remuneration payable.

(3) For the purpose of payment of benefits and payment of contributions, the term "wages" includes tips which are received after January 1, 1987, while performing services which constitute employment, and which are reported to the employer for federal income tax purposes.

(4)(a) "Remuneration" means all compensation paid for personal services including commissions and bonuses and the cash value of all compensation paid in any medium other than cash. The reasonable cash value of compensation paid in any medium other than cash and the reasonable value of gratuities shall be estimated and determined in accordance with rules prescribed by the commissioner. Remuneration does not include payments to members of a reserve component of the armed forces of the United States, including the organized militia of the state of Washington, for the performance of duty for periods not exceeding seventy-two hours at a time.

(b) Previously accrued compensation, other than severance pay or payments received pursuant to plant closure agreements, when assigned to a specific period of time by virtue of a collective bargaining agreement, individual employment contract, customary trade practice, or request of the individual compensated, shall be considered remuneration for the period to which it is assigned. Assignment clearly occurs when the compensation serves to make the individual eligible for all regular fringe benefits for the period to which the compensation is assigned.

(c) Settlements or other proceeds received by an individual as a result of a negotiated settlement for termination of an individual written employment contract prior to its expiration date shall be considered remuneration. The proceeds shall be deemed assigned in the same intervals and in the same amount for each interval as compensation was allocated under the contract.

(d) Except as provided in (c) of this subsection, the provisions of this subsection (4) pertaining to the assignment of previously accrued compensation shall not apply to individuals subject to RCW 50.44.050. [2010 c 8 § 13006; 1998 c 162 § 1; 1995 c 296 § 1; 1986 c 21 § 1; 1984 c 134 § 2; 1983 1st ex.s. c 23 § 6; 1983 c 67 § 1; 1970 ex.s. c 2 § 3; 1953 ex.s. c 8 § 2; 1951 c 265 § 3; 1949 c 214 § 4; 1947 c 215 § 6; 1945 c 35 § 33; Rem. Supp. 1949 § 9998-171. Prior: 1943 c 127 § 13; 1941 c 253 § 14; 1939 c 214 § 16; 1937 c 162 § 19.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.323 Wages, remuneration—Government or private retirement pension plan payments—Effect upon eligibility—Reduction in benefits.** (1) The amount of benefits payable to an individual for any week which begins after October 3, 1980, and which begins in a period with respect to which such individual is receiving a governmental or other pension, retirement or retired pay, annuity, or any other similar periodic payment which is based on the previous work of such individual shall be reduced (but not below zero) by an amount equal to the amount of such pension, retirement or retired pay, annuity, or other payment, which is reasonably attributable to such week. However:

(a) The requirements of this subsection shall apply to any pension, retirement or retired pay, annuity, or other similar periodic payment only if—

(i) Such pension, retirement or retired pay, annuity, or similar payment is under a plan maintained (or contributed to) by a base period employer; and

(ii) In the case of such a payment not made under the Social Security Act or the Railroad Retirement Act of 1974 (or corresponding provisions of prior law), services performed for such employer by the individual after the beginning of the base period (or remuneration for such services) affect eligibility for, or increase the amount of, such pension, retirement or retired pay, annuity, or similar payment;

(b) The amount of any such a reduction shall take into account contributions made by the individual for the pension, retirement or retired pay, annuity, or other similar periodic payment, in accordance with regulations prescribed by the commissioner; and

(c) No deduction shall be made from the amount of benefits payable for a week for individuals receiving federal social security pensions to take into account the individuals' contributions to the pension program.

(2) In the event that a retroactive pension or retirement payment covers a period in which an individual received benefits under the provisions of this title, the amount in excess of the amount to which such individual would have been entitled had such retirement or pension payment been considered as provided in this section shall be recoverable under RCW 50.20.190.

(3) A lump sum payment accumulated in a plan described in this section paid to an individual eligible for such payment shall be prorated over the life expectancy of the individual computed in accordance with the commissioner's regulation.

(4) The resulting weekly benefit amount payable after reduction under this section, if not a multiple of one dollar, shall be reduced to the next lower multiple of one dollar.

(5) Any ambiguity in subsection (1) of this section should be construed in a manner consistent with 26 U.S.C. Sec. 3304 (a)(15) as last amended by P.L. 96-364. [1993 c 483 § 2; 1983 1st ex.s. c 23 § 7; 1981 c 35 § 1; 1980 c 74 § 1; 1973 2nd ex.s. c 7 § 2; 1973 1st ex.s. c 167 § 1; 1970 ex.s. c 2 § 19.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.330 Wages, remuneration—Retirement and disability payments excepted.** Prior to January 1, 1951, the term "wages" shall not include the amount of any payment by an employing unit for or on behalf of an individual in its

employ under a plan or system established by such employing unit which makes provision for individuals in its employ generally, or for a class or classes of such individuals (including any amount paid by an employing unit for insurance or annuities or into a fund to provide for any payment) on account of retirement, sickness or accident disability, or medical and hospitalization expenses in connection with sickness or accident disability. After December 31, 1950, the term "wages" shall not include:

(1) The amount of any payment made (including any amount paid by an employing unit for insurance or annuities, or into a fund to provide for any such payment), to, or on behalf of, an individual or any of his or her dependents under a plan or system established by an employing unit which makes provision generally for individuals performing service for it (or for such individuals generally and their dependents) or for a class or classes of such individuals (or for a class or classes of such individuals and their dependents), on account of (a) retirement, or (b) sickness or accident disability, or (c) medical or hospitalization expenses in connection with sickness or accident disability, or (d) death;

(2) The amount of any payment by an employing unit to an individual performing service for it (including any amount paid by an employing unit for insurance or annuities, or into a fund, to provide for any such payment) on account of retirement;

(3) The amount of any payment on account of sickness or accident disability, or medical or hospitalization expenses in connection with sickness or accident disability, made by an employing unit to, or on behalf of, an individual performing services for it after the expiration of six calendar months following the last calendar month in which the individual performed services for such employing unit;

(4) The amount of any payment made by an employing unit to, or on behalf of, an individual performing services for it or his or her beneficiary (a) from or to a trust exempt from tax under section 165(a) of the federal internal revenue code at the time of such payment unless such payment is made to an individual performing services for the trust as remuneration for such services and not as a beneficiary of the trust, or (b) under or to an annuity plan which, at the time of such payments, meets the requirements of section 165(a)(3), (4), (5), and (6) of the federal internal revenue code; or

(5) The amount of any payment (other than vacation or sick pay) made to an individual after the month in which he or she attains the age of sixty-five, if he or she did not perform services for the employing unit in the period for which such payment is made. [2010 c 8 § 13007; 1951 c 265 § 4; 1949 c 214 § 5; 1945 c 35 § 34; Rem. Supp. 1949 § 9998-173. Prior: 1943 c 127 § 13; 1941 c 253 § 14; 1939 c 214 § 16; 1937 c 162 § 19.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.335 Wages, remuneration—Stock transfers excepted.** After December 31, 2003, for the purpose of the payment of contributions, the term "wages" does not include an employee's income attributable to the transfer of shares of stock to the employee pursuant to his or her exercise of a stock option granted for any reason connected with his or her employment. [2006 c 13 § 17. Prior: 2003 2nd sp.s. c 4 § 2.]

[Title 50 RCW—page 14]

**Retroactive application—2006 c 13 §§ 8-22:** See note following RCW 50.04.293.

**Conflict with federal requirements—Part headings not law—Severability—2006 c 13:** See notes following RCW 50.20.120.

**Conflict with federal requirements—Severability—Effective date—2003 2nd sp.s. c 4:** See notes following RCW 50.01.010.

**50.04.340 Wages, remuneration—Death benefits excepted.** Prior to January 1, 1951, the term "wages" shall not include the amount of any payment by an employing unit for or on behalf of an individual in its employ under a plan or system established by such employing unit which makes provision for individuals in its employ generally, or for a class or classes of such individuals (including any amount paid by an employing unit for insurance or annuities or into a fund to provide for any payment) on account of death, provided the individual in its employ

(1) has not the option to receive instead of provisions for such death benefits, any part of such payment, or, if such death benefit is insured, any part of the premium (or contributions to premiums) paid by his or her employing unit; and

(2) has not the right under the provisions of the plan or system or policy of insurance providing for such death benefits to assign such benefits or to receive a cash consideration in lieu of such benefits, either upon his or her withdrawal from the plan or system providing for such benefits or upon termination of such plan or system or policy of insurance or of his or her services with such employing unit. [2010 c 8 § 13008; 1951 c 265 § 5; 1949 c 214 § 6; 1945 c 35 § 35; Rem. Supp. 1949 § 9998-173. Prior: 1943 c 127 § 13; 1941 c 253 § 14.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.350 Wages, remuneration—Excepted payments.** The term "wages" shall not include the payment by an employing unit (without deduction from the remuneration of the individual in its employ) of the tax imposed upon an individual in employment under section 1400 of the federal internal revenue code, as amended, or any amount paid to a person in the military service for any pay period during which he or she performs no service for the employer: PROVIDED, HOWEVER, That prior to January 1, 1952, the term "wages" shall not include dismissal payments which an employing unit is not legally required to make. [2010 c 8 § 13009; 1951 c 265 § 2; 1945 c 35 § 36; Rem. Supp. 1945 § 9998-174. Prior: 1943 c 127 § 13; 1941 c 253 § 14.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.355 Wages, remuneration—Average annual wage—Average weekly wage—Average annual wage for contributions purposes.** (1) For computations made before January 1, 2007, the employment security department shall compute, on or before the fifteenth day of June of each year, an "average annual wage", an "average weekly wage", and an "average annual wage for contributions purposes" from information for the specified preceding calendar years including corrections thereof reported within three months after the close of the final year of the specified years by all employers as defined in RCW 50.04.080.

(a) The "average annual wage" is the quotient derived by dividing the total remuneration reported by all employers for

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the preceding calendar year by the average number of workers reported for all months of the preceding calendar year and if the result is not a multiple of one dollar, rounding the result to the next lower multiple of one dollar.

(b) The "average weekly wage" is the quotient derived by dividing the "average annual wage" obtained under (a) of this subsection by fifty-two and if the result is not a multiple of one dollar, rounding the result to the next lower multiple of one dollar.

(c) The "average annual wage for contributions purposes" is the quotient derived by dividing by three the total remuneration reported by all employers subject to contributions for the preceding three consecutive calendar years and dividing this amount by the average number of workers reported for all months of these three years by these same employers and if the result is not a multiple of one dollar, rounding the result to the next lower multiple of one dollar.

(2) For computations made on or after January 1, 2007, the employment security department shall compute, on or before the fifteenth day of June of each year, an "average annual wage," an "average weekly wage," and an "average annual wage for contributions purposes" from information for the preceding calendar year including corrections thereof reported within three months after the close of that year by all employers as defined in RCW 50.04.080.

(a) The "average annual wage" is the quotient derived by dividing the total remuneration reported by all employers by the average number of workers reported for all months and if the result is not a multiple of one dollar, rounding the result to the next lower multiple of one dollar.

(b) The "average weekly wage" is the quotient derived by dividing the "average annual wage" obtained under (a) of this subsection by fifty-two and if the result is not a multiple of one dollar, rounding the result to the next lower multiple of one dollar.

(c) The "average annual wage for contributions purposes" is the quotient derived by dividing the total remuneration reported by all employers subject to contributions by the average number of workers reported for all months by these same employers and if the result is not a multiple of one dollar, rounding the result to the next lower multiple of one dollar. [2003 2nd sp.s. c 4 § 15; 2000 c 2 § 1; 1977 ex.s. c 33 § 2; 1975 1st ex.s. c 228 § 1; 1973 c 73 § 3; 1970 ex.s. c 2 § 6.]

**Conflict with federal requirements—Severability—Effective date—2003 2nd sp.s. c 4:** See notes following RCW 50.01.010.

**Conflict with federal requirements—2000 c 2:** "If any part of this act is found to be in conflict with federal requirements that are a prescribed condition to the allocation of federal funds to the state or the eligibility of employers in this state for federal unemployment tax credits, the conflicting part of this act is inoperative solely to the extent of the conflict, and the finding or determination does not affect the operation of the remainder of this act. Rules adopted under this act must meet federal requirements that are a necessary condition to the receipt of federal funds by the state or the granting of federal unemployment tax credits to employers in this state." [2000 c 2 s 17.]

**Severability—2000 c 2:** "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [2000 c 2 § 18.]

**Effective date—2000 c 2:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [February 7, 2000]." [2000 c 2 § 19.]

(2010 Ed.)

**Application—2000 c 2 §§ 1, 2, 4, 5, 8, and 12-15:** See note following RCW 50.22.150.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.04.360 Week.** "Week" means any period of seven consecutive calendar days ending at midnight as the commissioner may by regulation prescribe. [1945 c 35 § 37; Rem. Supp. 1945 § 9998-175. Prior: 1943 c 127 § 13; 1941 c 253 § 14; 1939 c 214 § 16; 1937 c 162 § 19.]

**50.04.900 Construction—Title applicable to state registered domestic partnerships—2009 c 521.** For the purposes of this title, the terms spouse, marriage, marital, husband, wife, widow, widower, next of kin, and family shall be interpreted as applying equally to state registered domestic partnerships or individuals in state registered domestic partnerships as well as to marital relationships and married persons, and references to dissolution of marriage shall apply equally to state registered domestic partnerships that have been terminated, dissolved, or invalidated, to the extent that such interpretation does not conflict with federal law. Where necessary to implement chapter 521, Laws of 2009, gender-specific terms such as husband and wife used in any statute, rule, or other law shall be construed to be gender neutral, and applicable to individuals in state registered domestic partnerships. [2009 c 521 § 137.]

## Chapter 50.06 RCW

### TEMPORARY TOTAL DISABILITY

#### Sections

50.06.010	Purpose.
50.06.020	Allowable beneficiaries.
50.06.030	Application for initial determination of disability—Special base year—Special individual benefit year.
50.06.040	Laws and regulations governing amounts payable and right to benefits.
50.06.050	Use of wages and time worked for prior claims—Effect.
50.06.900	Application of chapter—Recipients of industrial insurance or crime victims compensation.
50.06.910	Partial invalidity of chapter.

**50.06.010 Purpose.** This chapter is enacted for the purpose of providing the protection of the unemployment compensation system to persons who have suffered a temporary total disability and is a recognition by this legislature of the economic hardship confronting those persons who have not been promptly reemployed after a prolonged period of temporary total disability. [1993 c 483 § 3; 1984 c 65 § 1; 1975 1st ex.s. c 228 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.06.020 Allowable beneficiaries.** The benefits of this chapter shall be allowed only to:

(1) Individuals who have suffered a temporary total disability and have received compensation under the industrial insurance or crime victims compensation laws of this state, any other state or the United States for a period of not less than thirteen consecutive calendar weeks by reason of such temporary total disability; or

(2) Individuals who are reentering the workforce after an absence of not less than thirteen consecutive calendar weeks resulting from temporary total physical disability because of

a nonwork-related injury or illness: PROVIDED, That individuals authorized to receive benefits under this subsection are required to meet other eligibility requirements under Title 50 RCW. [1993 c 483 § 4; 1984 c 65 § 2; 1975 1st ex.s. c 228 § 8.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.06.030 Application for initial determination of disability—Special base year—Special individual benefit year.** (1) In the case of individuals eligible under RCW 50.06.020(1), an application for initial determination made pursuant to this chapter, to be considered timely, must be filed in accordance with RCW 50.20.140 within twenty-six weeks following the week in which the period of temporary total disability commenced. Notice from the department of labor and industries shall satisfy this requirement. The records of the agency supervising the award of compensation shall be conclusive evidence of the fact of temporary disability and the beginning date of such disability.

(2) In the case of individuals eligible under RCW 50.06.020(2), an application for initial determination must be filed in accordance with RCW 50.20.140 within twenty-six weeks following the week in which the period of temporary total physical disability commenced. This filing requirement is satisfied by filing a signed statement from the attending physician stating the date that the disability commenced and stating that the individual was unable to reenter the workforce during the time of the disability. The department may examine any medical information related to the disability. If the claim is appealed, a base year employer may examine the medical information related to the disability and require, at the employer's expense, that the individual obtain the opinion of a second health care provider selected by the employer concerning any information related to the disability.

(3) The employment security department shall process and issue an initial determination of entitlement or nonentitlement as the case may be.

(4) For the purpose of this chapter, a special base year is established for an individual consisting of either the first four of the last five completed calendar quarters or the last four completed calendar quarters immediately prior to the first day of the calendar week in which the individual's temporary total disability commenced, and a special individual benefit year is established consisting of the entire period of disability and a fifty-two consecutive week period commencing with the first day of the calendar week immediately following the week or part thereof with respect to which the individual received his or her final temporary total disability compensation under the applicable industrial insurance or crime victims compensation laws, or the week in which the individual reentered the workforce after an absence under subsection (2) of this section, as applicable, except that no special benefit year shall have a duration in excess of three hundred twelve calendar weeks: PROVIDED HOWEVER, That such special benefit year will not be established unless the criteria contained in RCW 50.04.030 has been met, except that an individual meeting the eligibility requirements of this chapter and who has an unexpired benefit year established which would overlap the special benefit year provided by this chapter, notwithstanding the provisions in RCW 50.04.030 relating to the

establishment of a subsequent benefit year and RCW 50.40.010 relating to waiver of rights, may elect to establish a special benefit year under this chapter: PROVIDED FURTHER, that the unexpired benefit year shall be terminated with the beginning of the special benefit year if the individual elects to establish such special benefit year.

(5) For the purposes of establishing a benefit year, the department shall initially use the first four of the last five completed calendar quarters as the base year. If a benefit year is not established using the first four of the last five calendar quarters as the base year, the department shall use the last four completed calendar quarters as the base year. [2010 c 8 § 13010; 2002 c 73 § 1; 1993 c 483 § 5; 1987 c 278 § 3; 1984 c 65 § 3; 1975 1st ex.s. c 228 § 9.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.06.040 Laws and regulations governing amounts payable and right to benefits.** The individual's weekly benefit amount and maximum amount payable during the special benefit year shall be governed by the provision contained in RCW 50.20.120. The individual's basic and continuing right to benefits shall be governed by the general laws and regulations relating to the payment of unemployment compensation benefits to the extent that they are not in conflict with the provisions of this chapter. [1975 1st ex.s. c 228 § 10.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.06.050 Use of wages and time worked for prior claims—Effect.** The fact that wages, hours or weeks worked during the special base year may have been used in the computation of a prior valid claim for unemployment compensation shall not affect a claim for benefits made pursuant to the provisions of this chapter; however, wages, hours and weeks worked used in computing entitlement on a claim filed pursuant to this chapter shall not be available or used for establishing entitlement or amount of benefits in any succeeding benefit year. [1975 1st ex.s. c 228 § 11.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.06.900 Application of chapter—Recipients of industrial insurance or crime victims compensation.** (1) This chapter shall be available to individuals who suffer a temporary total disability, compensable by an industrial insurance program, after June 29, 1975.

(2) This chapter shall also be available to individuals who suffer a temporary total disability compensable under crime victims compensation laws, after June 7, 1984. [1984 c 65 § 4; 1975 1st ex.s. c 228 § 12.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.06.910 Partial invalidity of chapter.** Should any part of this chapter be declared unconstitutional by the final decision of any court or declared out of conformity by the United States secretary of labor, the commissioner shall immediately discontinue the payment of benefits based on this chapter, declare it inoperative and report that fact to the governor and the legislature. [1975 1st ex.s. c 228 § 13.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

## Chapter 50.08 RCW

## ESTABLISHMENT OF DEPARTMENT

## Sections

- 50.08.010 Employment security department established.  
 50.08.020 Divisions established.  
 50.08.030 Administration of family services and programs.

*Centers of excellence: RCW 28B.50.902.*

*Displaced homemaker act, departmental participation: RCW 28B.04.080.*

*Labor market information and economic analysis—Duties and authority: Chapter 50.38 RCW.*

*Public bodies may retain collection agencies to collect public debts—Fees: RCW 19.16.500.*

**50.08.010 Employment security department established.** There is established the employment security department for the state, to be administered by a commissioner. The commissioner shall be appointed by the governor with the consent of the senate, and shall hold office at the pleasure of, and receive such compensation for his or her services as may be fixed by, the governor. [2010 c 8 § 13011; 1953 ex.s. c 8 § 3; 1947 c 215 § 8; 1945 c 35 § 38; Rem. Supp. 1947 § 9998-176. Prior: 1939 c 12 § 1; 1937 c 162 § 12.]

**50.08.020 Divisions established.** There are hereby established in the employment security department two coordinate divisions to be known as the unemployment compensation division, and the Washington state employment service division, each of which shall be administered by a full time salaried supervisor who shall be an assistant to the commissioner and shall be appointed by him or her. Each division shall be responsible to the commissioner for the dispatch of its distinctive functions. Each division shall be a separate administrative unit with respect to personnel, budget, and duties, except insofar as the commissioner may find that such separation is impracticable.

It is hereby further provided that the governor in his or her discretion may delegate any or all of the organization, administration, and functions of the said Washington state employment service division to any federal agency. [2010 c 8 § 13012; 1973 1st ex.s. c 158 § 1; 1947 c 215 § 9; 1945 c 35 § 39; Rem. Supp. 1947 § 9998-177. Prior: 1943 c 127 § 9; 1939 c 214 § 7; 1937 c 162 § 9.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.08.030 Administration of family services and programs.** The commissioner shall administer family services and programs to promote the state's policy as provided in RCW 74.14A.025. [1992 c 198 § 10.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

## Chapter 50.12 RCW

## ADMINISTRATION

## Sections

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*Merit system: Chapter 41.06 RCW.*

**50.12.010 Commissioner's duties and powers. (1)** The commissioner shall administer this title. He or she shall have the power and authority to adopt, amend, or rescind such rules and regulations, to employ such persons, make such expenditures, require such reports, make such investigations, and take such other action as he or she deems necessary or suitable to that end. Such rules and regulations shall be effective upon publication and in the manner, not inconsistent with the provisions of this title, which the commissioner shall prescribe. The commissioner, in accordance with the provisions of this title, shall determine the organization and methods of procedure of the divisions referred to in this title, and shall have an official seal which shall be judicially noticed. The commissioner shall submit to the governor a report covering the administration and operation of this title during the preceding fiscal year, July 1st through June 30th, and shall make such recommendations for amendments to this title as he or she deems proper. Such report shall include a balance sheet of the moneys in the fund in which there shall be provided, if possible, a reserve against the liability in future years to pay benefits in excess of the then current contributions, which reserve shall be set up by the commissioner in accordance with accepted actuarial principles on the basis of statistics of employment, business activity, and other relevant factors for the longest possible period. Whenever the commissioner believes that a change in contribution or benefit

rates will become necessary to protect the solvency of the fund, he or she shall promptly so inform the governor and legislature and make recommendations with respect thereto.

(2) There is established a unit within the department for the purpose of detection and investigation of fraud under this title. The department will employ supervisory and investigative personnel for the program, who must be qualified by training and experience.

(3) The commissioner or the commissioner's duly authorized designee is authorized to receive criminal history record information that includes nonconviction data for any purpose associated with the investigation for abuse or fraud under chapter 50.20 RCW. Dissemination or use of nonconviction data for purposes other than that authorized in this section is prohibited. [2010 c 8 § 13013; 2008 c 74 § 5; 1977 c 75 § 75; 1955 c 286 § 1; 1949 c 214 § 7; 1945 c 35 § 40; Rem. Supp. 1949 § 9998-178. Prior: 1943 c 127 § 8; 1941 c 253 § 8; 1939 c 12 § 2.]

**Finding—2008 c 74:** See note following RCW 51.04.024.

#### **50.12.020 Personnel appointed by commissioner.**

The commissioner is authorized to appoint and fix the compensation of such officers, accountants, experts, and other personnel as may be necessary to carry out the provisions of this title: PROVIDED, That such appointment shall be made on a nonpartisan merit basis in accordance with the provisions of this title relating to the selection of personnel. The commissioner may delegate to any person appointed such power and authority as the commissioner deems reasonable and proper for the effective administration of this title, including the right to decide matters placed in the commissioner's discretion under this title, and may in his or her discretion bond any person handling moneys or signing checks hereunder. [1985 c 96 § 1; 1973 1st ex.s. c 158 § 2; 1945 c 35 § 41; Rem. Supp. 1945 § 9998-179. Prior: 1943 c 127 § 8; 1941 c 253 § 8; 1939 c 214 § 9; 1937 c 162 § 11.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.12.031 Personnel board—Travel expenses of board.** Members of the board shall be allowed travel expenses in accordance with RCW 43.03.050 and 43.03.060 as now existing or hereafter amended while traveling to and from and attending regularly called meetings. [1975-'76 2nd ex.s. c 34 § 148; 1959 c 127 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.12.040 Rule-making authority.** Permanent and emergency rules shall be adopted, amended, or repealed by the commissioner in accordance with the provisions of Title 34 RCW and the rules adopted pursuant thereto: PROVIDED, That the commissioner may not adopt rules after July 23, 1995, that are based solely on a section of law stating a statute's intent or purpose, on the enabling provisions of the statute establishing the agency, or on any combination of such provisions, for statutory authority to adopt any rule. [1995 c 403 § 109; 1973 1st ex.s. c 158 § 3; 1945 c 35 § 43; Rem. Supp. 1945 § 9998-181. Prior: 1943 c 127 § 8; 1941 c 253 § 8; 1939 c 214 § 9; 1937 c 162 § 11.]

**Findings—Short title—Intent—1995 c 403:** See note following RCW 34.05.328.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.12.042 Rules—2003 2nd sp.s. c 4.** The commissioner of the employment security department may adopt such rules as are necessary to implement chapter 4, Laws of 2003 2nd sp. sess. [2003 2nd sp.s. c 4 § 34.]

**Conflict with federal requirements—Severability—Effective date—2003 2nd sp.s. c 4:** See notes following RCW 50.01.010.

**50.12.045 Contract to issue conditional federal employer identification numbers, credentials, and documents in conjunction with license applications.** The commissioner may contract with the federal internal revenue service, or other appropriate federal agency, to issue conditional federal employer identification numbers, or other federal credentials or documents, at specified offices and locations of the agency in conjunction with any application for state licenses under chapter 19.02 RCW. [1997 c 51 § 5.]

**Intent—1997 c 51:** See note following RCW 19.02.300.

**50.12.050 Reciprocal benefit arrangements.** As used in this section the terms "other state" and "another state" shall be deemed to include any state or territory of the United States, the District of Columbia, the Commonwealth of Puerto Rico and any foreign government and, where applicable, shall also be deemed to include the federal government or provisions of a law of the federal government, as the case may be.

As used in this section the term "claim" shall be deemed to include whichever of the following terms is applicable, to wit: "Application for initial determination", "claim for waiting period credit", or "claim for benefits".

The commissioner shall enter into an agreement with any other state whereby in the event an individual files a claim in another state against wages earned in employment in this state, or against wage credits earned in this state and in any other state or who files a claim in this state against wage credits earned in employment in any other state, or against wages earned in this state and in any other state, the claim will be paid by this state or another state as designated by the agreement in accordance with a determination on the claim as provided by the agreement and pursuant to the qualification and disqualification provisions of this title or under the provisions of the law of the designated paying state (including another state) or under such a combination of the provisions of both laws as shall be determined by the commissioner as being fair and reasonable to all affected interests, and whereby the wages of such individual, if earned in two or more states (including another state) may be combined, and further, whereby this state or another state shall reimburse the paying state in an amount which shall bear the same ratio to the amount of benefits already paid as the amount of wage credits transferred by this state or another state, and used in the determination, bear to the total wage credits used in computing the claimant's maximum amount of benefits potentially payable.

Whenever any claim is filed by an individual involving the combination of wages or a reciprocal arrangement for the payment of benefits, which is governed by the provisions of this section, the employment security department of this state, when not designated as the paying state, shall promptly

make a report to the other state making the determination, showing wages earned in employment in this state.

The commissioner is hereby authorized to make to another state and to receive from another state reimbursements from or to the unemployment compensation fund in accordance with arrangements made pursuant to the provisions of this section. [1977 ex.s. c 292 § 9; 1971 c 3 § 11; 1959 c 266 § 1; 1949 c 214 § 8; 1945 c 35 § 44; Rem. Supp. 1949 § 9998-182. Prior: 1943 c 127 § 8; 1941 c 253 § 8; 1939 c 214 § 9; 1937 c 162 § 11.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.12.060 Reciprocal coverage arrangements.** The commissioner is hereby authorized to enter into arrangements with the appropriate agencies of other states, foreign governments, or the federal government whereby services performed by an individual for a single employing unit for which services are customarily performed in more than one state shall be deemed to be services performed entirely within any one of the states (1) in which any part of such individual's service is performed, or (2) in which such individual has his or her residence, or (3) in which the employing unit maintains a place of business: PROVIDED, That there is in effect, as to such services, an election by the employing unit with the acquiescence of such individual, approved by the agency charged with the administration of such state's unemployment compensation law, pursuant to which all the services performed by such individual for such employing unit are deemed to be performed entirely within such state. [2010 c 8 § 13014; 1945 c 35 § 45; Rem. Supp. 1945 § 9998-183. Prior: 1943 c 127 § 8; 1941 c 253 § 8; 1939 c 214 § 9; 1937 c 162 § 11.]

**50.12.070 Employing unit records, reports, and registration—Unified business identifier account number records—Penalty for failure to keep records.** (1)(a) Each employing unit shall keep true and accurate work records, containing such information as the commissioner may prescribe. Such records shall be open to inspection and be subject to being copied by the commissioner or his or her authorized representatives at any reasonable time and as often as may be necessary. The commissioner may require from any employing unit any sworn or unsworn reports with respect to persons employed by it, which he or she deems necessary for the effective administration of this title.

(b) An employer who contracts with another person or entity for work subject to chapter 18.27 or 19.28 RCW shall obtain and preserve a record of the unified business identifier account number for and compensation paid to the person or entity performing the work. In addition to the penalty in subsection (3) of this section, failure to obtain or maintain the record is subject to RCW 39.06.010.

(2)(a) Each employer shall register with the department and obtain an employment security account number. Registration must include the names and social security numbers of the owners, partners, members, or corporate officers of the business, as well as their mailing addresses and telephone numbers and other information the commissioner may by rule prescribe. Registration of corporations must also include the percentage of stock ownership for each corporate officer,

(2010 Ed.)

delineated by zero percent, less than ten percent, or ten percent or more. Any changes in the owners, partners, members, or corporate officers of the business, and changes in percentage of ownership of the outstanding shares of stock of the corporation, must be reported to the department at intervals prescribed by the commissioner under (b) of this subsection.

(b) Each employer shall make periodic reports at such intervals as the commissioner may by regulation prescribe, setting forth the remuneration paid for employment to workers in its employ, the full names and social security numbers of all such workers, and the total hours worked by each worker and such other information as the commissioner may by regulation prescribe.

(c) If the employing unit fails or has failed to report the number of hours in a reporting period for which a worker worked, such number will be computed by the commissioner and given the same force and effect as if it had been reported by the employing unit. In computing the number of such hours worked, the total wages for the reporting period, as reported by the employing unit, shall be divided by the dollar amount of the state's minimum wage in effect for such reporting period and the quotient, disregarding any remainder, shall be credited to the worker: PROVIDED, That although the computation so made will not be subject to appeal by the employing unit, monetary entitlement may be redetermined upon request if the department is provided with credible evidence of the actual hours worked. Benefits paid using computed hours are not considered an overpayment and are not subject to collections when the correction of computed hours results in an invalid or reduced claim; however:

(i) A contribution paying employer who fails to report the number of hours worked will have its experience rating account charged for all benefits paid that are based on hours computed under this subsection; and

(ii) An employer who reimburses the trust fund for benefits paid to workers and fails to report the number of hours worked shall reimburse the trust fund for all benefits paid that are based on hours computed under this subsection.

(3) Any employer who fails to keep and preserve records required by this section shall be subject to a penalty determined by the commissioner but not to exceed two hundred fifty dollars or two hundred percent of the quarterly tax for each offense, whichever is greater. [2009 c 432 § 11; 2008 c 120 § 7; 2007 c 146 § 1; 1997 c 54 § 2; 1983 1st ex.s. c 23 § 8; 1977 ex.s. c 33 § 3; 1975 1st ex.s. c 228 § 2; 1945 c 35 § 46; Rem. Supp. 1945 § 9998-184. Prior: 1943 c 127 § 8; 1939 c 214 § 9; 1937 c 162 § 11.]

**Effective date—2009 c 432 § 11:** "Section 11 of this act takes effect October 1, 2009." [2009 c 432 § 14.]

**Report—2009 c 432:** See note following RCW 18.27.062.

**Conflict with federal requirements—Severability—2008 c 120:** See notes following RCW 18.27.030.

**Conflict with federal requirements—Severability—2007 c 146:** See notes following RCW 50.04.080.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.12.072 Employer fails to register—Employer fails to obtain employment security account number—Penalties. (Effective January 1, 2011.)** An employer that knowingly fails to register with the department and obtain an employment security account number, as required under

RCW 50.12.070(2), is subject to a penalty not to exceed one thousand dollars per quarter or two times the taxes due per quarter, whichever is greater. This penalty is in addition to all other penalties and is in addition to higher rates for employers that do not meet the definition of "qualified employer" under RCW 50.29.010. This penalty does not apply if the employer can prove that it had good cause to believe that it was not required to register with the department. [2010 c 72 § 2.]

**Effective date—2010 c 72 § 2:** "Section 2 of this act takes effect January 1, 2011." [2010 c 72 § 5.]

**Conflict with federal requirements—2010 c 72:** See note following RCW 50.29.025.

**50.12.080 Arbitrary reports.** If any employing unit fails to make or file any report or return required by this title, or any regulation made pursuant hereto, the commissioner may, upon the basis of such knowledge as may be available to him or her, arbitrarily make a report on behalf of such employing unit and the report so made shall be deemed to be prima facie correct. In any action or proceedings brought for the recovery of contributions, interest, or penalties due upon the payroll of an employer, the certificate of the department that an audit has been made of the payroll of such employer pursuant to the direction of the department, or a certificate that a return has been filed by or for an employer or estimated by reason of lack of a return, shall be prima facie evidence of the amount of such payroll for the period stated in the certificate. [2010 c 8 § 13015; 1983 1st ex.s. c 23 § 9; 1951 c 215 § 2; 1945 c 35 § 47; Rem. Supp. 1945 § 9998-185. Prior: 1943 c 127 § 8.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.12.090 Interstate use of employing unit records.** The records of an employer maintained in this state pertaining to employment of persons in another state shall be open to representatives of the commissioner to permit cooperation with other state unemployment compensation agencies in ascertaining information necessary to administer the unemployment compensation acts of such other states. [1945 c 35 § 48; Rem. Supp. 1945 § 9998-186.]

**50.12.100 Compulsory production of records and information.** In case of contumacy or refusal to obey subpoenas issued to any person, any court of the state within the jurisdiction of which the inquiry is carried on, or within the jurisdiction of which said person guilty of contumacy or refusal to obey is found or resides or transacts business, upon application by any duly authorized representative of the commissioner, shall have jurisdiction to issue to such person an order requiring such person to appear before such authorized representative, there to produce evidence, if so ordered, or there to give testimony touching the matter under investigation, or in question. Failure to obey such order of the court may be punished by said court as a contempt thereof. [1945 c 35 § 49; Rem. Supp. 1945 § 9998-187. Prior: 1939 c 214 § 9; 1937 c 162 § 11.]

**50.12.120 Protection against self-incrimination.** No person shall be excused from attending and testifying or from

producing books, papers, correspondence, memoranda, and other records before any duly authorized representative of the commissioner or any appeal tribunal in obedience to the subpoena of such representative of the commissioner or such appeal tribunal, on the ground that the testimony or evidence, documentary or otherwise, required of him or her may tend to incriminate him or her or subject him or her to a penalty or forfeiture; but no individual shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he or she is compelled, after having claimed his or her privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying. [2010 c 8 § 13016; 1945 c 35 § 51; Rem. Supp. 1945 § 9998-189. Prior: 1943 c 127 § 8; 1939 c 214 § 9; 1937 c 162 § 11.]

**50.12.130 Oaths and witnesses—Subpoenas—Application for court approval prior to issuance—No notice required.** (1) In the discharge of the duties imposed by this title, the appeal tribunal and any duly authorized representative of the commissioner shall have power to administer oaths and affirmations, take depositions, certify to official acts and issue subpoenas to compel the attendance of witnesses and the production of books, papers, correspondence, memoranda, and other records deemed to be necessary as evidence in connection with any dispute or the administration of this title. It shall be unlawful for any person, without just cause, to fail to comply with subpoenas issued pursuant to the provisions of this section.

(2)(a) Any authorized representative of the commissioner may apply for and obtain a superior court order approving and authorizing a subpoena in advance of its issuance. The application may be made in the county where the subpoenaed person resides or is found, or the county where the subpoenaed records or documents are located, or in Thurston county. The application must:

(i) State that an order is sought pursuant to this subsection;

(ii) Adequately specify the records, documents, or testimony; and

(iii) Declare under oath that an investigation is being conducted for a lawfully authorized purpose related to an investigation within the department's authority and that the subpoenaed documents or testimony are reasonably related to an investigation within the department's authority.

(b) Where the application under this subsection is made to the satisfaction of the court, the court must issue an order approving the subpoena. An order under this subsection constitutes authority of law for the agency to subpoena the records or testimony.

(c) Any authorized representative of the commissioner may seek approval and a court may issue an order under this subsection without prior notice to any person, including the person to whom the subpoena is directed and the person who is the subject of an investigation. [2010 c 22 § 3; 1945 c 35 § 52; Rem. Supp. 1945 § 9998-190. Prior: 1943 c 127 § 8; 1941 c 253 § 8; 1939 c 214 § 9; 1937 c 162 § 11.]

**Findings—Intent—2010 c 22:** See note following RCW 51.04.040.

**50.12.140 Destruction of office records.** The commissioner may destroy any form, claim, ledger, check, letter, or other record of the employment security department at the expiration of three years after such record was originated by or filed with the employment security department, except that warrants and claims, claim determination, employer liability forms and contribution reports may be destroyed at the expiration of six years after such form is originated by or filed with the employment security department, and except that this section shall not apply to records pertaining to grants, accounts or expenditures for administration, records of the unemployment compensation fund and the unemployment compensation administration fund. [1947 c 215 § 11; 1945 c 35 § 53; Rem. Supp. 1947 § 99998-191.]

*Preservation and destruction of public records: Chapter 40.14 RCW.*

**50.12.150 Representation by attorney general.** The attorney general shall be the general counsel of each and all divisions and departments under this title and it shall be his or her duty to institute and prosecute all actions and proceedings which may be necessary in the enforcement and carrying out of each, every, and all of the provisions of this title, and it shall be the duty of the attorney general to assign such assistants and attorneys as may be necessary to the exclusive duty of assisting each, every, and all divisions and departments created under this title in the enforcement of this title. The salaries of such assistants shall be paid out of the unemployment compensation administration fund, together with their expenses fixed by the attorney general and allowed by the treasurer of the unemployment compensation administration fund when approved upon vouchers by the attorney general. [2010 c 8 § 13017; 1945 c 35 § 54; Rem. Supp. 1945 § 9998-192. Prior: 1937 c 162 § 17.]

*Attorney general: Chapter 43.10 RCW.*

**50.12.160 Publication of title, rules and regulations, etc.** The commissioner may cause to be printed for distribution to the public the text of this title, the regulations and general rules, and other material which he or she deems relevant and suitable. [2010 c 8 § 13018; 1977 c 75 § 76; 1945 c 35 § 55; Rem. Supp. 1945 § 9998-193.]

**50.12.170 Services and fees of sheriffs.** The sheriff of any county, upon request of the commissioner or his or her duly authorized representative, or upon request of the attorney general, shall, for and on behalf of the commissioner, perform the functions of service, distraint, seizure, and sale, authority for which is granted to the commissioner or his or her duly authorized representative. No bond shall be required by the sheriff of any county for services rendered for the commissioner, his or her duly authorized representative, or the attorney general. The sheriff shall be allowed such fees as may be prescribed for like or similar official services. [2010 c 8 § 13019; 1945 c 35 § 56; Rem. Supp. 1945 § 9998-194.]

*County sheriff: Chapter 36.28 RCW.*

**50.12.180 State-federal cooperation.** The commissioner, through the Washington state employment service division, shall establish and maintain free public employment offices in such places as may be necessary for the proper

administration of this title and for the purpose of performing such duties as are within the purview of the act of congress entitled "An Act to provide for the establishment of a national employment system and for other purposes," approved June 6, 1933 (48 Stat. 113; U.S.C. Title 29, Sec. 49(c), as amended).

In the administration of this title the commissioner shall cooperate to the fullest extent consistent with the provisions of this title, with any official or agency of the United States having powers or duties under the provisions of the said act of congress, as amended, and to do and perform all things necessary to secure to this state the benefits of the said act of congress, as amended, in the promotion and maintenance of a system of public employment offices. The provisions of the said act of congress, as amended, are hereby accepted by this state, in conformity with section 4 of said act and there shall be observance of and compliance with the requirements thereof. The commissioner may cooperate with or enter into agreements with the railroad retirement board with respect to the establishment, maintenance, and use of free employment service facilities, and make available to said board the state's records relating to the administration of this title, and furnish such copies thereof, at the expense of the board, as it may deem necessary for its purposes.

The commissioner shall comply with such provisions as the social security board, created by the social security act, approved August 14, 1935, as amended, may from time to time require, regarding reports and the correctness and verification thereof, and shall comply with the regulations of the social security board governing the expenditures of such sums as may be allotted and paid to this state under Title III of the social security act for the purpose of assisting the administration of this title. The commissioner may afford reasonable cooperation with every agency of the United States charged with the administration of any unemployment insurance law.

The governor is authorized to apply for an advance to the state unemployment fund and to accept the responsibility for the repayment of such advance in accordance with the conditions specified in Title XII of the social security act, as amended, in order to secure to this state and its citizens the advantages available under the provisions of such title.

The commissioner is also authorized and empowered to take such steps, not inconsistent with law, as may be necessary for the purpose of procuring for the people of this state all of the benefits and assistance, financial and otherwise, provided, or to be provided for, by or pursuant to any act of congress.

Upon request therefor the commissioner shall furnish to any agency of the United States charged with the administration of public works or assistance through public employment, the name, address, ordinary occupation, and employment status of each recipient of benefits and such recipient's rights to further benefits under this title. [1973 1st ex.s. c 158 § 4; 1959 c 266 § 2; 1945 c 35 § 57; Rem. Supp. 1945 § 9998-195. Prior: 1943 c 127 § 8; 1941 c 253 § 8; 1939 c 214 § 9; 1937 c 162 § 11.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.12.190 Employment stabilization.** The commissioner shall take all appropriate steps to reduce and prevent unemployment; to encourage and assist in the adoption of practical methods of vocational training, retraining and vocational guidance; to investigate, recommend, advise, and assist in the establishment and operation by municipalities, counties, school districts, and the state, of reserves for public works to be used in times of business depression and unemployment; to promote the reemployment of unemployed workers throughout the state in every other way that may be feasible; and to these ends to carry and publish the results of investigations and research studies. [1945 c 35 § 58; Rem. Supp. 1945 § 9998-197. Prior: 1943 c 127 § 8; 1941 c 253 § 8; 1939 c 214 § 9; 1937 c 162 § 11.]

**50.12.200 State advisory council—Committees and councils.** The commissioner shall appoint a state advisory council composed of not more than nine men and women, of which three shall be representatives of employers, three shall be representatives of employees, and three shall be representatives of the general public. Such council shall aid the commissioner in formulating policies and discussing problems related to the administration of this title and of assuring impartiality and freedom from political influence in the solution of such problems. The council shall serve without compensation. The commissioner may also appoint committees, and industrial or other special councils, to perform appropriate services. Advisory council members shall be reimbursed for travel expenses incurred in accordance with RCW 43.03.050 and 43.03.060 as now existing or hereafter amended. [1982 1st ex.s. c 18 § 1; 1975-'76 2nd ex.s. c 34 § 149; 1953 ex.s. c 8 § 4; 1947 c 215 § 12; 1945 c 35 § 59; Rem. Supp. 1947 § 9998-197. Prior: 1941 c 253 § 17.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.12.210 Employment services for handicapped—Report to legislative committees.** It is the policy of the state of Washington that persons with physical, mental, or sensory handicaps shall be given equal opportunities in employment. The legislature recognizes that handicapped persons have faced unfair discrimination in employment.

For these reasons, the state employment service division of the employment security department shall give particular and special attention service to those persons with physical, mental, or sensory handicaps which substantially limit one or more of their major life functions as defined under P.L. 93-112 and rules promulgated thereunder. Particular and special attention service shall include but not be limited to particular and special attention in counseling, referral, notification of job listings in advance of other persons, and other services of the employment service division.

Nothing in this section shall be construed so as to affect the veteran's preference or any other requirement of the United States department of labor.

The employment security department shall report to the house and senate commerce and labor committees by December 1, 1987, on its accomplishments under this section and on its future plans for implementation of this section. The department shall report to the above mentioned committees every odd-numbered year thereafter on its actions under this section.

The employment security department shall establish rules to implement this section. [1987 c 76 § 1; 1977 ex.s. c 273 § 1.]

**50.12.220 Penalties for late reports or contributions—Warning—Assessment—Waiver—Appeal.** (1) If an employer fails to file a timely report as required by RCW 50.12.070, or the rules adopted pursuant thereto, the employer is subject to a penalty of twenty-five dollars per violation, unless the penalty is waived by the commissioner.

(2) An employer who files an incomplete or incorrectly formatted tax and wage report as required by RCW 50.12.070 must receive a warning letter for the first occurrence. The warning letter will provide instructions for accurate reporting or notify the employer how to obtain technical assistance from the department. Except as provided in subsections (3) and (4) of this section, for subsequent occurrences within five years of the last occurrence, the employer is subject to a penalty as follows:

(a) When no contributions are due: For the second occurrence, the penalty is seventy-five dollars; for the third occurrence, the penalty is one hundred fifty dollars; and for the fourth occurrence and for each occurrence thereafter, the penalty is two hundred fifty dollars.

(b) When contributions are due: For the second occurrence, the penalty is ten percent of the quarterly contributions due, but not less than seventy-five dollars and not more than two hundred fifty dollars; for the third occurrence, the penalty is ten percent of the quarterly contributions due, but not less than one hundred fifty dollars and not more than two hundred fifty dollars; and for the fourth occurrence and each occurrence thereafter, the penalty is two hundred fifty dollars.

(3) If an employer knowingly misrepresents to the employment security department the amount of his or her payroll upon which contributions under this title are based, the employer shall be liable to the state for up to ten times the amount of the difference in contributions paid, if any, and the amount the employer should have paid and for the reasonable expenses of auditing his or her books and collecting such sums. Such liability may be enforced in the name of the department.

(4) If contributions are not paid on the date on which they are due and payable as prescribed by the commissioner, there shall be assessed a penalty of five percent of the amount of the contributions for the first month or part thereof of delinquency; there shall be assessed a total penalty of ten percent of the amount of the contributions for the second month or part thereof of delinquency; and there shall be assessed a total penalty of twenty percent of the amount of the contributions for the third month or part thereof of delinquency. No penalty so added shall be less than ten dollars. These penalties are in addition to the interest charges assessed under RCW 50.24.040.

(5) Penalties shall not accrue on contributions from an estate in the hands of a receiver, executor, administrator, trustee in bankruptcy, common law assignee, or other liquidating officer subsequent to the date when such receiver, executor, administrator, trustee in bankruptcy, common law assignee, or other liquidating officer qualifies as such, but contributions accruing with respect to employment of per-

sons by a receiver, executor, administrator, trustee in bankruptcy, common law assignee, or other liquidating officer shall become due and shall be subject to penalties in the same manner as contributions due from other employers.

(6) Where adequate information has been furnished to the department and the department has failed to act or has advised the employer of no liability or inability to decide the issue, penalties shall be waived by the commissioner. Penalties may also be waived for good cause if the commissioner determines that the failure to file timely, complete, and correctly formatted reports or pay timely contributions was not due to the employer's fault.

(7) Any decision to assess a penalty as provided by this section shall be made by the chief administrative officer of the tax branch or his or her designee.

(8) Nothing in this section shall be construed to deny an employer the right to appeal the assessment of any penalty. Such appeal shall be made in the manner provided in RCW 50.32.030. [2007 c 146 § 3; 2006 c 47 § 3; 2004 c 97 § 1; 2003 2nd sp.s. c 4 § 22; 1987 c 111 § 2; 1979 ex.s. c 190 § 1.]

**Application—2007 c 146 § 3:** "Section 3 of this act applies for penalties assessed on reports and contributions due beginning October 1, 2007." [2007 c 146 § 23.]

**Conflict with federal requirements—Severability—2007 c 146:** See notes following RCW 50.04.080.

**Conflict with federal requirements—Severability—Effective date—Retroactive application—2006 c 47:** See notes following RCW 50.29.062.

**Conflict with federal requirements—Severability—Effective date—2003 2nd sp.s. c 4:** See notes following RCW 50.01.010.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.12.230 Job skills training program—Department's duties.** See RCW 28C.04.400 through 28C.04.420.

**50.12.235 Washington conservation corps—Department's duties.** See chapter 43.220 RCW.

**50.12.240 On-the-job training—Employer qualifications established by rule.** The commissioner may establish by rule qualifications for employers who agree to provide on-the-job training for new employees. [1985 c 299 § 2.]

**50.12.245 Cooperation with workforce training and education coordinating board.** The commissioner shall cooperate with the workforce training and education coordinating board in the conduct of the board's responsibilities under RCW 28C.18.060 and shall provide information and data in a format that is accessible to the board. [1991 c 238 § 80.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.12.250 Information clearinghouse to assist in employment of persons of disability.** The employment security department shall establish an information clearinghouse for use by persons of disability and governmental and private employers. The services of the clearinghouse shall include:

(1) Provision of information on private and state services available to assist persons of disability in their training and employment needs;

(2010 Ed.)

(2) Provision of information on private, state, and federal incentive programs and services available to employers of persons of disability; and

(3) Publication of a comprehensive list of programs and services in subsections (1) and (2) of this section. [1987 c 369 § 2.]

**Legislative finding—1987 c 369:** "The legislature finds that improving the economic status of persons of disability, the state's largest social minority with over four hundred thousand people, will require active state involvement. Persons of disability suffer unemployment at almost twice the rate and experience poverty at more than twice the rate of the general population. Employers have experienced confusion about the variety of employment services available to them. Optimum service from, and access to, the state's training and placement programs for persons of disability requires coordination and a clear focus on the stated needs of persons of disability and their prospective employers. It is the purpose of this chapter to guarantee that representatives of the disability community, labor, and the private sector have an institutionalized means of meeting their respective needs in the training, employment, and economic participation of persons of disability." [1987 c 369 § 1.]

**50.12.252 Information clearinghouse—Consultation on establishment.** In establishing the information clearinghouse, the employment security department shall consult with organizations of private sector employers and persons of disability. [1987 c 369 § 3.]

**Legislative finding—1987 c 369:** See note following RCW 50.12.250.

**50.12.280 Displaced workers account—Compensation and retraining after thermal electric generation facility's cessation of operation.** The displaced workers account is established. All moneys from RCW 82.32.393 must be deposited into the account. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only to provide for compensation and retraining of displaced workers of the thermal electric generation facility and of the coal mine that supplied coal to the facility. The benefits from the account are in addition to all other compensation and retraining benefits to which the displaced workers are entitled under existing state law. The employment security department shall administer the distribution of moneys from the account. [1997 c 368 § 13.]

**Findings—Intent—Rules adoption—Severability—Effective date—1997 c 368:** See notes following RCW 82.08.810.

**50.12.290 Printed materials—Department's duties.** When an employer initially files a master application under chapter 19.02 RCW for the purpose, in whole or in part, of registering to pay unemployment insurance taxes, the employment security department shall send to the employer any printed material the department recommends or requires the employer to post. Any time the printed material has substantive changes in the information, the department shall send a copy to each employer. [2007 c 287 § 1.]

**50.12.300 Professional employer organizations—Reports and records.** (1) A professional employer organization must register with the department and ensure that its client employers are registered with the department as provided in RCW 50.12.070.

(2) By September 1, 2007, the professional employer organization shall provide the department with:

(a) The names, addresses, unified business identifier numbers, and employment security account numbers of all its existing client employers who do business or have covered employees in Washington state. This requirement applies whether or not the client employer currently has covered employees performing services in Washington state;

(b) The names and social security numbers of corporate officers, owners, or limited liability company members of client employers; and

(c) The business location in Washington state where payroll records of its client employers will be made available for review or inspection upon request of the department.

(3) For client employers registering for the first time as required in RCW 50.12.070, the professional employer organization must:

(a) Provide the names, addresses, unified business identifier numbers, and employment security account numbers of the client employers who do business or have covered employees in Washington state. This requirement applies whether or not the client employer currently has covered employees performing services in Washington state;

(b) Provide the names and social security numbers of corporate officers, owners, or limited liability company members of the client employers; and

(c) Provide the business location in Washington state where payroll records of its client employers will be made available for review or inspection at the time of registration or upon request of the department.

(4) The professional employer organization must notify the department within thirty days each time it adds or terminates a relationship with a client employer. Notification must take place on forms provided by the department. The notification must include the name, employment security account number, unified business identifier number, and address of the client employer, as well as the effective date the relationship began or terminated.

(5) The professional employer organization must provide a power of attorney, confidential information authorization, or other evidence, completed by each client employer as required by the department, authorizing it to act on behalf of the client employer for unemployment insurance purposes.

(6) The professional employer organization must file quarterly wage and contribution reports with the department. The professional employer organization may file either a single electronic report containing separate and distinct information for each client employer and using the employer account number and tax rate assigned to each client employer by the department, or separate paper reports for each client employer.

(7) The professional employer organization must maintain accurate payroll records for each client employer and make these records available for review or inspection upon request of the department at the location provided by the professional employer organization. [2007 c 146 § 9.]

**Report on implementation and impact—2007 c 146 §§ 8-12:** See note following RCW 50.04.298.

**Conflict with federal requirements—Severability—2007 c 146:** See notes following RCW 50.04.080.

**50.12.310 Professional employer organizations—Revocation of authority to act as coemployer.** A profes-

sional employer organization's authority to act as a coemployer for purposes of this title may be revoked by the department when it determines that the professional employer organization has substantially failed to comply with the requirements of RCW 50.12.300. [2007 c 146 § 12.]

**Report on implementation and impact—2007 c 146 §§ 8-12:** See note following RCW 50.04.298.

**Effective date—2007 c 146 §§ 5, 6, and 10-12:** See note following RCW 50.04.310.

**Conflict with federal requirements—Severability—2007 c 146:** See notes following RCW 50.04.080.

**50.12.320 Labor market research—High-demand green industries—Middle or high-wage occupations.** The employment security department, in consultation with the \*department, the workforce board, and the \*\*leadership team must take the following actions:

(1) Conduct and update labor market research on a biennial basis to analyze the current public and private labor market and projected job growth in the green economy, the current and projected recruitment and skill requirement of public and private green economy employers, the wage and benefits ranges of jobs within green economy industries, and the education and training requirements of entry-level and incumbent workers in those industries;

(2) Propose which industries will be considered high-demand green industries, based on current and projected job creation and their strategic importance to the development of the state's green economy; and

(3) Define which family-sustaining wage and benefits ranges within green economy industries will be considered middle or high-wage occupations and occupations that are part of career pathways to the same. [2009 c 536 § 11.]

**Reviser's note:** \*(1) "Department" apparently refers to "department" as defined in RCW 43.330.010.

\*\* (2) The leadership team was created in 2009 c 536 § 3, which was vetoed.

**Short title—2009 c 536:** See note following RCW 43.330.370.

## Chapter 50.13 RCW

### RECORDS AND INFORMATION— PRIVACY AND CONFIDENTIALITY

#### Sections

50.13.010	Legislative intent and recognition.
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50.13.070	Availability of records or information to parties to judicial or administrative proceedings—Discovery proceedings—Subpoenas.
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50.13.900	Construction.

50.13.905 Severability—1977 ex.s. c 153.  
 50.13.910 Legislative designation and placement.

**50.13.010 Legislative intent and recognition.** This chapter is intended to reconcile the free access to public records granted by the open government act and the discovery rights of judicial and administrative systems with the historical confidentiality of certain records of the department of employment security and the individual's right of privacy as acknowledged by the open government act.

The legislature recognizes that records and information held by the department of employment security could be misused. Therefore, this chapter defines a right of privacy and confidentiality as regards individual and employing unit records maintained by the department of employment security. The legislature further recognizes that there are situations where this right of privacy and confidentiality is outweighed by other considerations. Therefore, this chapter also defines certain exceptions to the right of privacy and confidentiality. [1977 ex.s. c 153 § 1.]

**50.13.015 Information held private and confidential—Requests for disclosure.** (1) If information provided to the department by another governmental agency is held private and confidential by state or federal laws, the department may not release such information.

(2) Information provided to the department by another governmental entity conditioned upon privacy and confidentiality is to be held private and confidential according to the agreement between the department and other governmental agency.

(3) The department may hold private and confidential information obtained for statistical analysis, research, or study purposes if the information was supplied voluntarily, conditioned upon maintaining confidentiality of the information.

(4) Persons requesting disclosure of information held by the department under subsection (1) or (2) of this section shall request such disclosure from the agency providing the information to the department rather than from the department.

(5) This section supersedes any provisions of chapter 42.56 RCW to the contrary. [2005 c 274 § 319; 1989 c 92 § 3.]

**Part headings not law—Effective date—2005 c 274:** See RCW 42.56.901 and 42.56.902.

**50.13.020 Information or records deemed private and confidential—Exceptions.** Any information or records concerning an individual or employing unit obtained by the department of employment security pursuant to the administration of this title or other programs for which the department has responsibility shall be private and confidential, except as otherwise provided in this chapter. This chapter does not create a rule of evidence. Information or records may be released by the department of employment security when the release is:

(1) Required by the federal government in connection with, or as a condition of funding for, a program being administered by the department; or

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(2) Requested by a county clerk for the purposes of RCW 9.94A.760.

The provisions of RCW 50.13.060 (1) (a), (b) and (c) will not apply to such release. [2004 c 121 § 5; 1981 c 35 § 2; 1977 ex.s. c 153 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.13.030 Rules.** The commissioner shall have the authority to adopt, amend, or rescind rules interpreting and implementing the provisions of this chapter. In particular, these rules shall specify the procedure to be followed to obtain information or records to which the public has access under this chapter or chapter 42.56 RCW. [2005 c 274 § 320; 1977 ex.s. c 153 § 3.]

**Part headings not law—Effective date—2005 c 274:** See RCW 42.56.901 and 42.56.902.

**50.13.040 Access of individual or employing unit to records and information.** (1) An individual shall have access to all records and information concerning that individual held by the employment security department, unless the information is exempt from disclosure under RCW 42.56.410.

(2) An employing unit shall have access to its own records and to any records and information relating to a benefit claim by an individual if the employing unit is either the individual's last employer or is the individual's base year employer.

(3) An employing unit shall have access to any records and information relating to any decision to allow or deny benefits if:

(a) The decision is based on employment or an offer of employment with the employing unit; or

(b) If the decision is based on material information provided by the employing unit.

(4) An employing unit shall have access to general summaries of benefit claims by individuals whose benefits are chargeable to the employing unit's experience rating or reimbursement account. [2005 c 274 § 321; 1993 c 483 § 6; 1977 ex.s. c 153 § 4.]

**Part headings not law—Effective date—2005 c 274:** See RCW 42.56.901 and 42.56.902.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.13.050 Access to records or information by interested party in proceeding before appeal tribunal or commissioner—Decisions not private and confidential, exception.** (1) Any interested party, as defined by rule, in a proceeding before the appeal tribunal or commissioner shall have access to any information or records deemed private and confidential under this chapter if the information or records are material to the issues in that proceeding.

(2) No decisions by the commissioner or the appeals tribunal shall be deemed private and confidential under this chapter unless the decisions are based on information obtained in a closed hearing. [1977 ex.s. c 153 § 5.]

**50.13.060 Access to records or information by governmental agencies.** (1) Governmental agencies, including law enforcement agencies, prosecuting agencies, and the

executive branch, whether state, local, or federal shall have access to information or records deemed private and confidential under this chapter if the information or records are needed by the agency for official purposes and:

(a) The agency submits an application in writing to the employment security department for the records or information containing a statement of the official purposes for which the information or records are needed and specific identification of the records or information sought from the department; and

(b) The director, commissioner, chief executive, or other official of the agency has verified the need for the specific information in writing either on the application or on a separate document; and

(c) The agency requesting access has served a copy of the application for records or information on the individual or employing unit whose records or information are sought and has provided the department with proof of service. Service shall be made in a manner which conforms to the civil rules for superior court. The requesting agency shall include with the copy of the application a statement to the effect that the individual or employing unit may contact the public records officer of the employment security department to state any objections to the release of the records or information. The employment security department shall not act upon the application of the requesting agency until at least five days after service on the concerned individual or employing unit. The employment security department shall consider any objections raised by the concerned individual or employing unit in deciding whether the requesting agency needs the information or records for official purposes.

(2) The requirements of subsections (1) and (9) of this section shall not apply to the state legislative branch. The state legislature shall have access to information or records deemed private and confidential under this chapter, if the legislature or a legislative committee finds that the information or records are necessary and for official purposes. If the employment security department does not make information or records available as provided in this subsection, the legislature may exercise its authority granted by chapter 44.16 RCW.

(3) In cases of emergency the governmental agency requesting access shall not be required to formally comply with the provisions of subsection (1) of this section at the time of the request if the procedures required by subsection (1) of this section are complied with by the requesting agency following the receipt of any records or information deemed private and confidential under this chapter. An emergency is defined as a situation in which irreparable harm or damage could occur if records or information are not released immediately.

(4) The requirements of subsection (1)(c) of this section shall not apply to governmental agencies where the procedures would frustrate the investigation of possible violations of criminal laws or to the release of employing unit names, addresses, number of employees, and aggregate employer wage data for the purpose of state governmental agencies preparing small business economic impact statements under chapter 19.85 RCW or preparing cost-benefit analyses under RCW 34.05.328(1) (c) and (d). Information provided by the department and held to be private and confidential under state

or federal laws must not be misused or released to unauthorized parties. A person who misuses such information or releases such information to unauthorized parties is subject to the sanctions in RCW 50.13.080.

(5) Governmental agencies shall have access to certain records or information, limited to such items as names, addresses, social security numbers, and general information about benefit entitlement or employer information possessed by the department, for comparison purposes with records or information possessed by the requesting agency to detect improper or fraudulent claims, or to determine potential tax liability or employer compliance with registration and licensing requirements. In those cases the governmental agency shall not be required to comply with subsection (1)(c) of this section, but the requirements of the remainder of subsection (1) of this section must be satisfied.

(6) Governmental agencies may have access to certain records and information, limited to employer information possessed by the department for purposes authorized in chapter 50.38 RCW. Access to these records and information is limited to only those individuals conducting authorized statistical analysis, research, and evaluation studies. Only in cases consistent with the purposes of chapter 50.38 RCW are government agencies not required to comply with subsection (1)(c) of this section, but the requirements of the remainder of subsection (1) of this section must be satisfied. Information provided by the department and held to be private and confidential under state or federal laws shall not be misused or released to unauthorized parties subject to the sanctions in RCW 50.13.080.

(7) Disclosure to governmental agencies of information or records obtained by the employment security department from the federal government shall be governed by any applicable federal law or any agreement between the federal government and the employment security department where so required by federal law. When federal law does not apply to the records or information state law shall control.

(8) The department may provide information for purposes of statistical analysis and evaluation of the WorkFirst program or any successor state welfare program to the department of social and health services, the office of financial management, and other governmental entities with oversight or evaluation responsibilities for the program in accordance with RCW 43.20A.080. The confidential information provided by the department shall remain the property of the department and may be used by the authorized requesting agencies only for statistical analysis, research, and evaluation purposes as provided in RCW 74.08A.410 and 74.08A.420. The department of social and health services, the office of financial management, or other governmental entities with oversight or evaluation responsibilities for the program are not required to comply with subsection (1)(c) of this section, but the requirements of the remainder of subsection (1) of this section and applicable federal laws and regulations must be satisfied. The confidential information used for evaluation and analysis of welfare reform supplied to the authorized requesting entities with regard to the WorkFirst program or any successor state welfare program are exempt from public inspection and copying under chapter 42.56 RCW.

(9) The disclosure of any records or information by a governmental agency which has obtained the records or

information under this section is prohibited unless the disclosure is (a) directly connected to the official purpose for which the records or information were obtained or (b) to another governmental agency which would be permitted to obtain the records or information under subsection (4) or (5) of this section.

(10) In conducting periodic salary or fringe benefit studies pursuant to law, the department of personnel shall have access to records of the employment security department as may be required for such studies. For such purposes, the requirements of subsection (1)(c) of this section need not apply.

(11)(a) To promote the reemployment of job seekers, the commissioner may enter into data-sharing contracts with partners of the one-stop career development system. The contracts shall provide for the transfer of data only to the extent that the transfer is necessary for the efficient provisions of workforce programs, including but not limited to public labor exchange, unemployment insurance, worker training and retraining, vocational rehabilitation, vocational education, adult education, transition from public assistance, and support services. The transfer of information under contracts with one-stop partners is exempt from subsection (1)(c) of this section.

(b) An individual who applies for services from the department and whose information will be shared under (a) of this subsection (11) must be notified that his or her private and confidential information in the department's records will be shared among the one-stop partners to facilitate the delivery of one-stop services to the individual. The notice must advise the individual that he or she may request that private and confidential information not be shared among the one-stop partners and the department must honor the request. In addition, the notice must:

(i) Advise the individual that if he or she requests that private and confidential information not be shared among one-stop partners, the request will in no way affect eligibility for services;

(ii) Describe the nature of the information to be shared, the general use of the information by one-stop partner representatives, and among whom the information will be shared;

(iii) Inform the individual that shared information will be used only for the purpose of delivering one-stop services and that further disclosure of the information is prohibited under contract and is not subject to disclosure under chapter 42.56 RCW; and

(iv) Be provided in English and an alternative language selected by the one-stop center or job service center as appropriate for the community where the center is located.

If the notice is provided in-person, the individual who does not want private and confidential information shared among the one-stop partners must immediately advise the one-stop partner representative of that decision. The notice must be provided to an individual who applies for services telephonically, electronically, or by mail, in a suitable format and within a reasonable time after applying for services, which shall be no later than ten working days from the department's receipt of the application for services. A one-stop representative must be available to answer specific questions regarding the nature, extent, and purpose for which the information may be shared.

(12) To facilitate improved operation and evaluation of state programs, the commissioner may enter into data-sharing contracts with other state agencies only to the extent that such transfer is necessary for the efficient operation or evaluation of outcomes for those programs. The transfer of information by contract under this subsection is exempt from subsection (1)(c) of this section.

(13) The misuse or unauthorized release of records or information by any person or organization to which access is permitted by this chapter subjects the person or organization to a civil penalty of five thousand dollars and other applicable sanctions under state and federal law. Suit to enforce this section shall be brought by the attorney general and the amount of any penalties collected shall be paid into the employment security department administrative contingency fund. The attorney general may recover reasonable attorneys' fees for any action brought to enforce this section. [2008 c 120 § 6; 2005 c 274 § 322; 2003 c 165 § 3; 2000 c 134 § 2. Prior: 1997 c 409 § 605; 1997 c 58 § 1004; 1996 c 79 § 1; 1993 c 281 § 59; 1981 c 177 § 1; 1979 ex.s. c 177 § 1; 1977 ex.s. c 153 § 6.]

**Conflict with federal requirements—Severability—2008 c 120:** See notes following RCW 18.27.030.

**Part headings not law—Effective date—2005 c 274:** See RCW 42.56.901 and 42.56.902.

**Findings—2000 c 134:** "The legislature finds that individuals in need of employment and related services would be better served by integrating employment and training services to form a comprehensive network of state and local programs, called a one-stop career development system. Successful integration of employment and training services demands prompt and efficient exchange of information among service providers. The legislature further finds that efficient operation of state programs and their evaluation demand at times information held by the employment security department. Current restrictions on information exchange hamper this coordination, resulting in increased administrative costs, reduced levels of service, and fewer positive outcomes than could otherwise be achieved." [2000 c 134 § 1.]

**Conflict with federal requirements—2000 c 134:** "If any part of this act is found to be in conflict with federal requirements that are a prescribed condition to the allocation of federal funds to the state or the eligibility of employers in this state for federal unemployment tax credits, the conflicting part of this act is inoperative solely to the extent of the conflict, and the finding or determination does not affect the operation of the remainder of this act. Rules adopted under this act must meet federal requirements that are a necessary condition to the receipt of federal funds by the state or the granting of federal unemployment tax credits to employers in this state." [2000 c 134 § 4.]

**Severability—2000 c 134:** "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [2000 c 134 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.13.070 Availability of records or information to parties to judicial or administrative proceedings—Discovery proceedings—Subpoenas.** Information or records deemed private and confidential under this chapter shall be available to parties to judicial or formal administrative proceedings only upon a finding by the presiding officer that the need for the information or records in the proceeding outweighs any reasons for the privacy and confidentiality of the information or records. Information or records deemed private and confidential under this chapter shall not be available in discovery proceedings unless the court in which the action has been filed has made the finding specified above. A judi-

cial or administrative subpoena directed to the employment security department must contain this finding. A subpoena for records or information held by the department may be directed to and served upon any employee of the department, but the department may specify by rule which employee shall produce the records or information in compliance with the subpoena. [1977 ex.s. c 153 § 7.]

**50.13.080 Disclosure of records or information to private persons or organizations contracting to assist in operation and management of department—Penalties.**

(1) The employment security department shall have the right to disclose information or records deemed private and confidential under this chapter to any private person or organization when such disclosure is necessary to permit private contracting parties to assist in the operation and management of the department in instances where certain departmental functions may be delegated to private parties to increase the department's efficiency or quality of service to the public. The private persons or organizations shall use the information or records solely for the purpose for which the information was disclosed and shall be bound by the same rules of privacy and confidentiality as employment security department employees.

(2) Nothing in this section shall be construed as limiting or restricting the effect of RCW 42.56.070(9).

(3) The misuse or unauthorized release of records or information deemed private and confidential under this chapter by any private person or organization to which access is permitted by this section shall subject the person or organization to a civil penalty of five thousand dollars and other applicable sanctions under state and federal law. Suit to enforce this section shall be brought by the attorney general and the amount of any penalties collected shall be paid into the employment security department administrative contingency fund. The attorney general may recover reasonable attorneys' fees for any action brought to enforce this section. [2005 c 274 § 323; 1996 c 79 § 2; 1977 ex.s. c 153 § 8.]

**Part headings not law—Effective date—2005 c 274:** See RCW 42.56.901 and 42.56.902.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.13.090 Disclosure of records or information to contracting governmental or private organizations.**

Where the employment security department contracts to provide services to other governmental or private organizations, the department may disclose to those organizations information or records deemed private and confidential which have been acquired in the performance of the department's obligations under the contracts. [1977 ex.s. c 153 § 9.]

**50.13.100 Disclosure of records or information where identifying details deleted or individual or employing unit consents.** Nothing in this chapter shall prevent the disclosure of information or records deemed private and confidential under this chapter if all details identifying an individual or employing unit are deleted or the individual or employing unit consents to the disclosure. [1977 ex.s. c 153 § 10.]

**50.13.900 Construction.** Any ambiguities in this chapter shall be construed in a manner consistent with federal laws applying to the employment security department. If any provision of this chapter or the application thereof is held invalid by a final decision of any court or declared by the secretary of the department of labor of the United States to be inconsistent with federal laws upon which funding of the employment security department is contingent, the invalid or inconsistent provision shall be ineffective only to the extent necessary to insure compliance with the court decision or federal determination and the remainder of the chapter shall be given full effect. [1977 ex.s. c 153 § 11.]

**50.13.905 Severability—1977 ex.s. c 153.** If any provision of this act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected. [1977 ex.s. c 153 § 13.]

**50.13.910 Legislative designation and placement.** Sections 1 through 11 of this act shall constitute a new chapter in Title 50 RCW and shall be designated as chapter 50.13 RCW. [1977 ex.s. c 153 § 14.]

## Chapter 50.16 RCW

### FUNDS

#### Sections

50.16.010	Unemployment compensation fund—Administrative contingency fund—Federal interest payment fund.
50.16.015	Federal interest payment fund—Establishment.
50.16.020	Administration of funds—Accounts.
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50.16.070	Federal interest payment fund—Employer contributions—When payable—Maximum rate—Deduction from remuneration unlawful.
50.16.080	Federal targeted jobs tax credit program—Administration—Processing fee—Deposit of fees.

**50.16.010 Unemployment compensation fund—Administrative contingency fund—Federal interest payment fund.**

(1) There shall be maintained as special funds, separate and apart from all public moneys or funds of this state an unemployment compensation fund, an administrative contingency fund, and a federal interest payment fund, which shall be administered by the commissioner exclusively for the purposes of this title, and to which RCW 43.01.050 shall not be applicable.

(2)(a) The unemployment compensation fund shall consist of:

(i) All contributions collected under RCW 50.24.010 and payments in lieu of contributions collected pursuant to the provisions of this title;

(ii) Any property or securities acquired through the use of moneys belonging to the fund;

(iii) All earnings of such property or securities;

(iv) Any moneys received from the federal unemployment account in the unemployment trust fund in accordance with Title XII of the social security act, as amended;

(v) All money recovered on official bonds for losses sustained by the fund;

(vi) All money credited to this state's account in the unemployment trust fund pursuant to section 903 of the social security act, as amended;

(vii) All money received from the federal government as reimbursement pursuant to section 204 of the federal-state extended compensation act of 1970 (84 Stat. 708-712; 26 U.S.C. Sec. 3304); and

(viii) All moneys received for the fund from any other source.

(b) All moneys in the unemployment compensation fund shall be commingled and undivided.

(3)(a) Except as provided in (b) of this subsection, the administrative contingency fund shall consist of:

(i) All interest on delinquent contributions collected pursuant to this title;

(ii) All fines and penalties collected pursuant to the provisions of this title;

(iii) All sums recovered on official bonds for losses sustained by the fund; and

(iv) Revenue received under RCW 50.24.014.

(b) All fees, fines, forfeitures, and penalties collected or assessed by a district court because of the violation of this title or rules adopted under this title shall be remitted as provided in chapter 3.62 RCW.

(c) Except as provided in (d) of this subsection, moneys available in the administrative contingency fund, other than money in the special account created under RCW 50.24.014, shall be expended upon the direction of the commissioner, with the approval of the governor, whenever it appears to him or her that such expenditure is necessary solely for:

(i) The proper administration of this title and that insufficient federal funds are available for the specific purpose to which such expenditure is to be made, provided, the moneys are not substituted for appropriations from federal funds which, in the absence of such moneys, would be made available.

(ii) The proper administration of this title for which purpose appropriations from federal funds have been requested but not yet received, provided, the administrative contingency fund will be reimbursed upon receipt of the requested federal appropriation.

(iii) The proper administration of this title for which compliance and audit issues have been identified that establish federal claims requiring the expenditure of state resources in resolution. Claims must be resolved in the following priority: First priority is to provide services to eligible participants within the state; second priority is to provide substitute services or program support; and last priority is the direct payment of funds to the federal government.

(d)(i) During the 2007-2009 fiscal biennium, moneys available in the administrative contingency fund, other than money in the special account created under RCW 50.24.014(1)(a), shall be expended as appropriated by the legislature for: (A) The cost of the job skills or worker retraining programs at the community and technical colleges and administrative costs at the state board for community and technical colleges; and (B) reemployment services such as business and project development assistance, local economic development capacity building, and local economic develop-

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ment financial assistance at the \*department of community, trade, and economic development. The remaining appropriation may be expended as specified in (c) of this subsection.

(ii) During the 2009-2011 fiscal biennium, moneys available in the administrative contingency fund, other than money in the special account created under RCW 50.24.014(1)(a), shall be expended by the department of social and health services as appropriated by the legislature for employment and training services and programs in the WorkFirst program, and for the administrative costs of state agencies participating in the WorkFirst program. The remaining appropriation may be expended as specified in (c) of this subsection.

(4) Money in the special account created under RCW 50.24.014(1)(a) may only be expended, after appropriation, for the purposes specified in this section and RCW 50.62.010, 50.62.020, 50.62.030, 50.24.014, 50.44.053, and 50.22.010. [2009 c 564 § 946; 2009 c 4 § 906; 2008 c 329 § 915; 2007 c 327 § 4; 2006 c 13 § 18. Prior: 2005 c 518 § 933; prior: 2003 2nd sp.s. c 4 § 23; 2003 1st sp.s. c 25 § 925; 2002 c 371 § 914; prior: 1993 c 483 § 7; 1993 c 226 § 10; 1993 c 226 § 9; 1991 sp.s. c 13 § 59; 1987 c 202 § 218; 1985 ex.s. c 5 § 6; 1983 1st ex.s. c 13 § 5; 1980 c 142 § 1; 1977 ex.s. c 292 § 24; 1973 c 73 § 4; 1969 ex.s. c 199 § 27; 1959 c 170 § 1; 1955 c 286 § 2; 1953 ex.s. c 8 § 5; 1945 c 35 § 60; Rem. Supp. 1945 § 9998-198; prior: 1943 c 127 § 6; 1941 c 253 §§ 7, 10; 1939 c 214 § 11; 1937 c 162 § 13.]

**\*Reviser's note:** The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

**Expiration date—2009 c 564 § 946:** "Section \*946 of this act expires June 30, 2016." [2009 c 564 § 963.]

**\*Reviser's note:** During the course of passage of 2009 c 564 the section numbering was changed, but the section reference in section 963 was not changed accordingly. The amendments to RCW 43.325.040 were apparently intended to expire on June 30, 2016.

**Effective date—2009 c 564:** See note following RCW 2.68.020.

**Effective date—2009 c 4:** See note following RCW 28A.505.220.

**Severability—Effective date—2008 c 329:** See notes following RCW 28B.105.110.

**Severability—Conflict with federal requirements—Effective date—2007 c 327:** See notes following RCW 50.24.014.

**Retroactive application—2006 c 13 §§ 8-22:** See note following RCW 50.04.293.

**Conflict with federal requirements—Part headings not law—Severability—2006 c 13:** See notes following RCW 50.20.120.

**Severability—Effective date—2005 c 518:** See notes following RCW 28A.500.030.

**Conflict with federal requirements—Severability—Effective date—2003 2nd sp.s. c 4:** See notes following RCW 50.01.010.

**Severability—Effective date—2003 1st sp.s. c 25:** See notes following RCW 19.28.351.

**Severability—Effective date—2002 c 371:** See notes following RCW 9.46.100.

**Intent—1987 c 202:** See note following RCW 2.04.190.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.16.015 Federal interest payment fund—Establishment.** A separate and identifiable fund to provide for the payment of interest on advances received from this state's account in the federal unemployment trust fund shall be established and administered under the direction of the commissioner. This fund shall be known as the federal interest

payment fund and shall consist of contributions paid under RCW 50.16.070. All money in this fund shall be expended solely for the payment of interest on advances received from this state's account in the federal unemployment trust fund and for no other purposes whatsoever. [2006 c 13 § 19. Prior: 2003 2nd sp.s. c 4 § 24; 1983 1st ex.s. c 13 § 6.]

**Retroactive application—2006 c 13 §§ 8-22:** See note following RCW 50.04.293.

**Conflict with federal requirements—Part headings not law—Severability—2006 c 13:** See notes following RCW 50.20.120.

**Conflict with federal requirements—Severability—Effective date—2003 2nd sp.s. c 4:** See notes following RCW 50.01.010.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.16.020 Administration of funds—Accounts.** The commissioner shall designate a treasurer and custodian of the unemployment compensation fund and of the administrative contingency fund, who shall administer such funds in accordance with the directions of the commissioner and shall issue his or her warrants upon them in accordance with such regulations as the commissioner shall prescribe. The treasurer and custodian shall maintain within the unemployment compensation fund three separate accounts as follows:

- (1) a clearing account,
- (2) an unemployment trust fund account, and
- (3) a benefit account.

All moneys payable to the unemployment compensation fund, upon receipt thereof by the commissioner, shall be forwarded to the treasurer, who shall immediately deposit them in the clearing account. Refunds payable pursuant to the provisions of this title from the unemployment compensation fund may be paid from the clearing account upon warrants issued by the treasurer under the direction of the commissioner: PROVIDED, HOWEVER, That refunds of interest or penalties on delinquent contributions shall be paid from the administrative contingency fund upon warrants issued by the treasurer under the direction of the commissioner.

After clearance thereof, all other moneys in the clearing account shall be immediately deposited with the Secretary of the Treasury of the United States to the credit of the account of this state in the unemployment trust fund, established and maintained pursuant to section 904 of the social security act, as amended, any provisions of law in this state relating to the deposit, administration, release, or disbursement of moneys in the possession or custody of this state to the contrary notwithstanding.

The benefit account shall consist of all moneys requisitioned from this state's account in the unemployment trust fund. Moneys in the clearing and benefit accounts and in the administrative contingency fund shall not be commingled with other state funds, but shall be deposited by the treasurer, under the direction of the commissioner, in any bank or public depository in which general funds of the state may be deposited, but no public deposit insurance charge or premium shall be paid out of the fund.

Such moneys shall be secured by said bank or public depository to the same extent and in the same manner as required by the general depository law of the state and collateral pledged shall be maintained in a separate custody account.

The treasurer shall give a bond conditioned upon the faithful performance of his or her duties as a custodian of the funds in an amount fixed by the director of the department of general administration and in a form prescribed by law or approved by the attorney general. Premiums for said bond shall be paid from the administration fund. All sums recovered on official bonds for losses sustained by the unemployment compensation fund shall be deposited in such fund. All sums recovered on official bonds for losses sustained by the administrative contingency fund shall be deposited in such fund. [1993 c 226 § 12; 1993 c 226 § 11; 1983 1st ex.s. c 23 § 10; 1975 c 40 § 12; 1953 ex.s. c 8 § 6; 1945 c 35 § 61; Rem. Supp. 1945 § 9998-199. Prior: 1943 c 126 §§ 6, 9; 1939 c 214 § 11; 1937 c 162 § 13.]

*Powers and duties of director of general administration as to official bonds:*  
RCW 43.41.360.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.16.030 Withdrawals from federal unemployment trust fund.** (1)(a) Except as provided in (b) of this subsection, moneys shall be requisitioned from this state's account in the unemployment trust fund solely for the payment of benefits and repayment of loans from the federal government to guarantee solvency of the unemployment compensation fund in accordance with regulations prescribed by the commissioner, except that money credited to this state's account pursuant to section 903 of the social security act, as amended, shall be used exclusively as provided in RCW 50.16.030(5). The commissioner shall from time to time requisition from the unemployment trust fund such amounts, not exceeding the amounts standing to its account therein, as he or she deems necessary for the payment of benefits for a reasonable future period. Upon receipt thereof the treasurer shall deposit such moneys in the benefit account and shall issue his or her warrants for the payment of benefits solely from such benefits account.

(b) Moneys for the payment of regular benefits as defined in RCW 50.22.010 shall be requisitioned during fiscal year 2006 in the following order:

(i) First, from the moneys credited to this state's account in the unemployment trust fund pursuant to section 903 of the social security act, as amended in section 209 of the temporary extended unemployment compensation act of 2002 (42 U.S.C. Sec. 1103(d)), the amount equal to the amount of benefits charged that exceed the contributions paid in the four consecutive calendar quarters ending on June 30, 2006, because the social cost factor contributions that employers are subject to under \*RCW 50.29.025(2)(b)(ii)(B) are less than the social cost factor contributions that these employers would have been subject to if \*RCW 50.29.025(2)(b)(ii)(A) had applied to these employers; and

(ii) Second, after the requisitioning required under (b)(i) of this subsection, from all other moneys credited to this state's account in the unemployment trust fund.

(2) Expenditures of such moneys in the benefit account and refunds from the clearing account shall not be subject to any provisions of law requiring specific appropriations or other formal release by state officers of money in their custody, and RCW 43.01.050, as amended, shall not apply. All warrants issued by the treasurer for the payment of benefits and refunds shall bear the signature of the treasurer and the

countersignature of the commissioner, or his or her duly authorized agent for that purpose.

(3) Any balance of moneys requisitioned from the unemployment trust fund which remains unclaimed or unpaid in the benefit account after the expiration of the period for which sums were requisitioned shall either be deducted from estimates for, and may be utilized for the payment of, benefits during succeeding periods, or in the discretion of the commissioner, shall be redeposited with the secretary of the treasury of the United States of America to the credit of this state's account in the unemployment trust fund.

(4) Money credited to the account of this state in the unemployment trust fund by the secretary of the treasury of the United States of America pursuant to section 903 of the social security act, as amended, may be requisitioned and used for the payment of expenses incurred for the administration of this title pursuant to a specific appropriation by the legislature, provided that the expenses are incurred and the money is requisitioned after the enactment of an appropriation law which:

(a) Specifies the purposes for which such money is appropriated and the amounts appropriated therefor;

(b) Limits the period within which such money may be obligated to a period ending not more than two years after the date of the enactment of the appropriation law; and

(c) Limits the amount which may be obligated during a twelve-month period beginning on July 1st and ending on the next June 30th to an amount which does not exceed the amount by which (i) the aggregate of the amounts credited to the account of this state pursuant to section 903 of the social security act, as amended, during the same twelve-month period and the thirty-four preceding twelve-month periods, exceeds (ii) the aggregate of the amounts obligated pursuant to RCW 50.16.030 (4), (5) and (6) and charged against the amounts credited to the account of this state during any of such thirty-five twelve-month periods. For the purposes of RCW 50.16.030 (4), (5) and (6), amounts obligated during any such twelve-month period shall be charged against equivalent amounts which were first credited and which are not already so charged; except that no amount obligated for administration during any such twelve-month period may be charged against any amount credited during such a twelve-month period earlier than the thirty-fourth twelve-month period preceding such period: PROVIDED, That any amount credited to this state's account under section 903 of the social security act, as amended, which has been appropriated for expenses of administration, whether or not withdrawn from the trust fund shall be excluded from the unemployment compensation fund balance for the purpose of experience rating credit determination.

(5) Money credited to the account of this state pursuant to section 903 of the social security act, as amended, may not be withdrawn or used except for the payment of benefits and for the payment of expenses of administration and of public employment offices pursuant to RCW 50.16.030 (4), (5) and (6). However, moneys credited because of excess amounts in federal accounts in federal fiscal years 1999, 2000, and 2001 shall be used solely for the administration of the unemployment compensation program and are not subject to appropriation by the legislature for any other purpose.

(6) Money requisitioned as provided in RCW 50.16.030 (4), (5) and (6) for the payment of expenses of administration shall be deposited in the unemployment compensation fund, but until expended, shall remain a part of the unemployment compensation fund. The commissioner shall maintain a separate record of the deposit, obligation, expenditure and return of funds so deposited. Any money so deposited which either will not be obligated within the period specified by the appropriation law or remains unobligated at the end of the period, and any money which has been obligated within the period but will not be expended, shall be returned promptly to the account of this state in the unemployment trust fund. [2006 c 13 § 7; 2005 c 133 § 6; 1999 c 36 § 1; 1983 1st ex.s. c 7 § 1; 1973 c 6 § 1; 1969 ex.s. c 201 § 1; 1959 c 170 § 2; 1945 c 35 § 62; Rem. Supp. 1945 § 9998-200. Prior: 1943 c 127 § 6; 1941 c 253 § 7.]

**\*Reviser's note:** RCW 50.29.025 was amended by 2009 c 3 § 14 and by 2009 c 493 § 2, changing the subsection numbering.

**Conflict with federal requirements—Part headings not law—Severability—2006 c 13:** See notes following RCW 50.20.120.

**Findings—Intent—Conflict with federal requirements—Effective date—2005 c 133:** See notes following RCW 50.20.120.

**Additional employees authorized—2005 c 133:** See note following RCW 50.01.010.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.16.040 Management of funds upon discontinuance of federal unemployment trust fund.** The provisions of this title, to the extent that they relate to the unemployment trust fund, shall be operative only so long as such unemployment trust fund continues to exist and so long as the secretary of the treasury of the United States of America continues to maintain for this state a separate book account of all funds deposited therein for this state for benefit purposes, together with this state's proportionate share of the earnings of such unemployment trust fund, from which no other state is permitted to make withdrawals. If and when such unemployment trust fund ceases to exist, or such separate book account is no longer maintained, all moneys, properties or securities therein, belonging to the unemployment compensation fund of this state shall be transferred to the treasurer of the unemployment compensation fund, who shall hold, invest, transfer, sell, deposit, and release such moneys, properties, or securities in a manner approved by the commissioner, in accordance with the provisions of this title: PROVIDED, That such moneys shall be invested in the following readily marketable classes of securities: Bonds or other interest bearing obligations of the United States of America: AND PROVIDED FURTHER, That such investment shall at all times be made so that all the assets of the fund shall always be readily convertible into cash when needed for the payment of benefits. The treasurer shall dispose of securities or other properties belonging to the unemployment compensation fund only under the direction of the commissioner. [1945 c 35 § 63; Rem. Supp. 1945 § 9998-201. Prior: 1941 c 253 § 7.]

**50.16.050 Unemployment compensation administration fund.** (1) There is hereby established a fund to be known as the unemployment compensation administration fund. Except as otherwise provided in this section, all mon-

eys which are deposited or paid into this fund are hereby made available to the commissioner. All moneys in this fund shall be expended solely for the purpose of defraying the cost of the administration of this title, and for no other purpose whatsoever. All moneys received from the United States of America, or any agency thereof, for said purpose pursuant to section 302 of the social security act, as amended, shall be expended solely for the purposes and in the amounts found necessary by the secretary of labor for the proper and efficient administration of this title. All moneys received from the United States employment service, United States department of labor, for said purpose pursuant to the act of congress approved June 6, 1933, as amended or supplemented by any other act of congress, shall be expended solely for the purposes and in the amounts found necessary by the secretary of labor for the proper and efficient administration of the public employment office system of this state. The unemployment compensation administration fund shall consist of all moneys received from the United States of America or any department or agency thereof, or from any other source, for such purpose. All moneys in this fund shall be deposited, administered, and disbursed by the treasurer of the unemployment compensation fund under rules and regulations of the commissioner and none of the provisions of RCW 43.01.050 shall be applicable to this fund. The treasurer last named shall be the treasurer of the unemployment compensation administration fund and shall give a bond conditioned upon the faithful performance of his or her duties in connection with that fund. All sums recovered on the official bond for losses sustained by the unemployment compensation administration fund shall be deposited in said fund.

(2) Notwithstanding any provision of this section:

(a) All money requisitioned and deposited in this fund pursuant to RCW 50.16.030(6) shall remain part of the unemployment compensation fund and shall be used only in accordance with the conditions specified in RCW 50.16.030 (4), (5) and (6).

(b) All money deposited in this fund pursuant to RCW 50.38.065 shall be used only after appropriation and only for the purposes of RCW 50.38.060. [2010 c 8 § 13020; 1993 c 62 § 8; 1959 c 170 § 3; 1947 c 215 § 13; 1945 c 35 § 64; Rem. Supp. 1947 § 9998-202. Prior: 1941 c 253 § 7; 1939 c 214 § 11; 1937 c 162 § 13.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.16.060 Replacement of federal funds.** The state of Washington hereby pledges that it will replace within a reasonable time any moneys paid to this state under Title III of the social security act, and the Wagner-Peyser act, which, because of any action or contingency, have been lost or have been expended for purposes other than, or in amounts in excess of, those found necessary by the secretary of labor for the proper administration of the Washington employment security act. [1959 c 170 § 4; 1945 c 35 § 67; Rem. Supp. 1945 § 9998-205.]

**50.16.070 Federal interest payment fund—Employer contributions—When payable—Maximum rate—Deduction from remuneration unlawful.** The federal interest payment fund shall consist of contributions payable by each

employer (except employers as described in RCW 50.44.010 and 50.44.030 who have properly elected to make payments in lieu of contributions, employers who are required to make payments in lieu of contributions, and employers paying contributions under RCW 50.44.035) for any calendar quarter which begins on or after January 1, 1984, and for which the commissioner determines that the department will have an outstanding balance of accruing federal interest at the end of the calendar quarter. The amount of wages subject to tax shall be determined according to RCW 50.24.010. The tax rate applicable to wages paid during the calendar quarter shall be determined by the commissioner and shall not exceed fifteen one-hundredths of one percent. In determining whether to require contributions as authorized by this section, the commissioner shall consider the current balance in the federal interest payment fund and the projected amount of interest which will be due and payable as of the following September 30. Except as appropriated for the fiscal biennium ending June 30, 1991, any excess moneys in the federal interest payment fund shall be retained in the fund for future interest payments.

Contributions under this section shall become due and be paid by each employer in accordance with such rules as the commissioner may prescribe and shall not be deducted, in whole or in part, from the remuneration of individuals in the employ of the employer. Any deduction in violation of this section is unlawful.

In the payment of any contributions under this section, a fractional part of a cent shall be disregarded unless it amounts to one-half cent or more, in which case it shall be increased to one cent. [1989 1st ex.s. c 19 § 811; 1988 c 289 § 710; 1983 1st ex.s. c 13 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.16.080 Federal targeted jobs tax credit program—Administration—Processing fee—Deposit of fees.** The cost of administering the federal targeted jobs tax credit program shall be fully borne by the employers requesting the credits. The commissioner shall establish the amount of the processing fee and procedures for collecting the fee. The commissioner shall establish the processing fee at a sufficient level to defray the costs of administering the federal targeted jobs tax credit program. The fee shall be established by the commissioner by rule. However, if federal funding is provided to finance such services, the commissioner shall revise or eliminate this fee based on the amount of federal funding received. Fees received for processing shall be deposited in a special account in the unemployment compensation administration fund. [1988 c 84 § 2.]

**Legislative finding—1988 c 84:** "The legislature finds that:

(1) The employment security department through the targeted jobs tax credit program has the responsibility to issue federal tax credit certifications to Washington state employers. The tax credit certification allows the employer to claim a credit against federal income tax for wages paid during the first year to employees who qualify for the program.

(2) To the extent that funding is available, the department, through the federal targeted jobs tax credit program, provides service to employers in the form of technical assistance and training, program marketing, monitoring, and maintenance of records and processing of documents that may result in a certification which allows employers to claim a federal tax credit.

(3) The United States Congress through the Tax Reform Act of 1986 reauthorized the targeted jobs tax credit but did not include funds to cover the costs of processing employer requests for federal tax credit certifications.

(4) The state has a vital interest in the economic benefits employers realize from the targeted jobs tax credit because the economic competitiveness of Washington state is enhanced as tax credit savings are reinvested in the state's economy.

(5) The departments of corrections, social and health services, and veterans affairs, and the superintendent of public instruction, along with employment security and other state service providers, utilize the targeted jobs tax credit program as an incentive for employers to hire hard-to-place clients.

(6) Economically disadvantaged youth, Vietnam-era veterans, ex-felons, and vocational rehabilitation, supplemental security income, general assistance and AFDC recipients have an especially difficult time in obtaining employment." [1988 c 84 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

## Chapter 50.20 RCW BENEFITS AND CLAIMS

### Sections

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*Environmental restoration job training: RCW 43.21J.060 and 43.21J.070.*

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**50.20.010 Benefit eligibility conditions.** (1) An unemployed individual shall be eligible to receive waiting period credits or benefits with respect to any week in his or her eligibility period only if the commissioner finds that:

(a) He or she has registered for work at, and thereafter has continued to report at, an employment office in accordance with such regulation as the commissioner may prescribe, except that the commissioner may by regulation waive or alter either or both of the requirements of this subdivision as to individuals attached to regular jobs and as to such other types of cases or situations with respect to which the commissioner finds that the compliance with such requirements would be oppressive, or would be inconsistent with the purposes of this title;

(b) He or she has filed an application for an initial determination and made a claim for waiting period credit or for benefits in accordance with the provisions of this title;

(c) He or she is able to work, and is available for work in any trade, occupation, profession, or business for which he or she is reasonably fitted.

(i) With respect to claims that have an effective date before January 4, 2004, to be available for work an individual must be ready, able, and willing, immediately to accept any suitable work which may be offered to him or her and must be actively seeking work pursuant to customary trade practices and through other methods when so directed by the commissioner or the commissioner's agents.

(ii) With respect to claims that have an effective date on or after January 4, 2004, to be available for work an individual must be ready, able, and willing, immediately to accept any suitable work which may be offered to him or her and must be actively seeking work pursuant to customary trade practices and through other methods when so directed by the commissioner or the commissioner's agents. If a labor agreement or dispatch rules apply, customary trade practices must be in accordance with the applicable agreement or rules;

(d) He or she has been unemployed for a waiting period of one week;

(e) He or she participates in reemployment services if the individual has been referred to reemployment services pursuant to the profiling system established by the commissioner under RCW 50.20.011, unless the commissioner determines that:

(i) The individual has completed such services; or

(ii) There is justifiable cause for the claimant's failure to participate in such services; and

(f) As to weeks beginning after March 31, 1981, which fall within an extended benefit period as defined in RCW 50.22.010, the individual meets the terms and conditions of RCW 50.22.020 with respect to benefits claimed in excess of twenty-six times the individual's weekly benefit amount.

(2) An individual's eligibility period for regular benefits shall be coincident to his or her established benefit year. An individual's eligibility period for additional or extended benefits shall be the periods prescribed elsewhere in this title for such benefits. [2006 c 13 § 10. Prior: 2003 2nd sp.s. c 4 § 3; 1995 c 381 § 1; 1981 c 35 § 3; 1973 c 73 § 6; 1970 ex.s. c 2 § 4; 1959 c 266 § 3; 1953 ex.s. c 8 § 7; 1951 c 265 § 9; 1951 c 215 § 11; 1949 c 214 § 9; 1945 c 35 § 68; Rem. Supp. 1949 § 9998-206; prior: 1943 c 127 § 2; 1941 c 253 §§ 1, 2; 1939 c 214 § 2; 1937 c 162 § 4.]

**Retroactive application—2006 c 13 §§ 8-22:** See note following RCW 50.04.293.

**Conflict with federal requirements—Part headings not law—Severability—2006 c 13:** See notes following RCW 50.20.120.

**Conflict with federal requirements—Severability—Effective date—2003 2nd sp.s. c 4:** See notes following RCW 50.01.010.

*Government or retirement pension plan payments as remuneration or wages—Recovery of excess over benefits allowable, limitations: RCW 50.04.323.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.20.011 Profiling system to identify individuals likely to exhaust benefits—Confidentiality of information—Penalty.** (1) The commissioner shall establish and use a profiling system for new claimants for regular compensation under this title that identifies permanently separated workers who are likely to exhaust regular compensation and will need job search assistance services to make a successful transition to new employment. The profiling system shall use a combination of individual characteristics and labor market information to assign each individual a unique probability of benefit exhaustion. Individuals identified as likely to exhaust benefits shall be referred to reemployment services, such as job search assistance services, to the extent such services are available at public expense.

(2) The profiling system shall include collection and review of follow-up information relating to the services received by individuals under this section and the employment outcomes for the individuals following receipt of the services. The information shall be used in making profiling identifications.

(3) In carrying out reviews of individuals receiving services, the department may contract with public or private entities and may disclose information or records necessary to permit contracting entities to assist in the operation and management of department functions. Any information or records disclosed to public or private entities shall be used solely for the purposes for which the information was disclosed and the entity shall be bound by the same rules of privacy and confidentiality as department employees. The misuse or unauthorized disclosure of information or records deemed private and confidential under chapter 50.13 RCW by any person or organization to which access is permitted by this section shall subject the person or organization to a civil penalty of five thousand dollars and other applicable sanctions under state and federal law. Suit to enforce this section shall be brought by the attorney general and the amount of any penalties collected shall be paid into the employment security department administrative contingency fund. The attorney general may recover reasonable attorneys' fees for any action brought to enforce this section. [1995 c 381 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.20.012 Rules—1995 c 381.** The commissioner may adopt rules as necessary to implement the 1995 c 381 §§ 1 and \*3 amendments to RCW 50.20.010 and 50.20.043 and 50.20.011, including but not limited to definitions, eligibility standards, program review criteria and procedures, and provisions necessary to comply with applicable federal laws and regulations that are a condition to receipt of federal funds by

the state or the granting of federal unemployment tax credits to employers in this state. [1995 c 381 § 4.]

**\*Reviser's note:** Section 3 of this act (amendment to RCW 50.20.043) was vetoed by the governor.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.20.020 Waiting period credit limitation.** No week shall be counted as a waiting period week,

- (1) if benefits have been paid with respect thereto, and
- (2) unless the individual was otherwise eligible for benefits with respect thereto, and
- (3) unless it occurs within the benefit year which includes the week with respect to which he or she claims payment of benefits. [2010 c 8 § 13021; 1949 c 214 § 10; 1945 c 35 § 69; Rem. Supp. 1949 § 9998-207.]

**50.20.041 Health care professionals who have contracted hepatitis C—Training.** (1) Credentialed health care professionals listed in RCW 18.130.040 shall be deemed to be dislocated workers for the purpose of commissioner approval of training under RCW 50.20.043 if they are unemployed as a result of contracting hepatitis C in the course of employment and are unable to continue to work in their profession because of a significant risk that such work would pose to other persons and that risk cannot be eliminated.

(2) For purposes of subsection (1) of this section, a health care professional who was employed on a full-time basis in their profession shall be presumed to have contracted hepatitis C in the course of employment. This presumption may be rebutted by a preponderance of the evidence that demonstrates that the health care professional contracted hepatitis C as a result of activities or circumstances not related to employment. [2003 c 273 § 4.]

**50.20.042 Unemployed aerospace workers—Training.** Aerospace workers unemployed as the result of downsizing and restructuring of the aerospace industry will be deemed to be dislocated workers for the purpose of commissioner approval of training under RCW 50.20.043. [1993 c 226 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.20.043 Training provision.** No otherwise eligible individual shall be denied benefits for any week because the individual is in training with the approval of the commissioner, nor shall such individual be denied benefits with respect to any week in which the individual is satisfactorily progressing in a training program with the approval of the commissioner by reason of the application of RCW 50.20.010(1)(c), 50.20.080, or 50.22.020(1) relating to availability for work and active search for work, or failure to apply for or refusal to accept suitable work.

An individual who the commissioner determines to be a dislocated worker as defined by RCW 50.04.075 and who is satisfactorily progressing in a training program approved by the commissioner shall be considered to be in training with the approval of the commissioner. [2003 2nd sp.s. c 4 § 30; 1985 c 40 § 1; 1984 c 181 § 2; 1971 c 3 § 12.]

**Conflict with federal requirements—Severability—Effective date—2003 2nd sp.s. c 4:** See notes following RCW 50.01.010.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.20.044 Ineligibility for benefits for failure to attend job search workshop or training course.** If an otherwise eligible individual fails without good cause, as determined by the commissioner under rules prescribed by the commissioner, to attend a job search workshop or a training or retraining course when directed by the department and such workshop or course is available at public expense, such individual shall not be eligible for benefits with respect to any week in which such failure occurred. [1984 c 205 § 8.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.20.050 Disqualification for leaving work voluntarily without good cause (as amended by 2009 c 247).** (1) With respect to claims that have an effective date before January 4, 2004:

(a) An individual shall be disqualified from benefits beginning with the first day of the calendar week in which he or she has left work voluntarily without good cause and thereafter for seven calendar weeks and until he or she has obtained bona fide work in employment covered by this title and earned wages in that employment equal to seven times his or her weekly benefit amount.

The disqualification shall continue if the work obtained is a mere sham to qualify for benefits and is not bona fide work. In determining whether work is of a bona fide nature, the commissioner shall consider factors including but not limited to the following:

(i) The duration of the work;

(ii) The extent of direction and control by the employer over the work; and

(iii) The level of skill required for the work in light of the individual's training and experience.

(b) An individual shall not be considered to have left work voluntarily without good cause when:

(i) He or she has left work to accept a bona fide offer of bona fide work as described in (a) of this subsection;

(ii) The separation was because of the illness or disability of the claimant or the death, illness, or disability of a member of the claimant's immediate family if the claimant took all reasonable precautions, in accordance with any regulations that the commissioner may prescribe, to protect his or her employment status by having promptly notified the employer of the reason for the absence and by having promptly requested reemployment when again able to assume employment: PROVIDED, That these precautions need not have been taken when they would have been a futile act, including those instances when the futility of the act was a result of a recognized labor/management dispatch system;

(iii) He or she has left work to relocate for the spouse's employment that is due to an employer-initiated mandatory transfer that is outside the existing labor market area if the claimant remained employed as long as was reasonable prior to the move; or

(iv) The separation was necessary to protect the claimant or the claimant's immediate family members from domestic violence, as defined in RCW 26.50.010, or stalking, as defined in RCW 9A.46.110.

(c) In determining under this subsection whether an individual has left work voluntarily without good cause, the commissioner shall only consider work-connected factors such as the degree of risk involved to the individual's health, safety, and morals, the individual's physical fitness for the work, the individual's ability to perform the work, and such other work connected factors as the commissioner may deem pertinent, including state and national emergencies. Good cause shall not be established for voluntarily leaving work because of its distance from an individual's residence where the distance was known to the individual at the time he or she accepted the employment and where, in the judgment of the department, the distance is customarily traveled by workers in the individual's job classification and labor market, nor because of any other significant work factor which was generally known and present at the time he or she accepted employment, unless the related circumstances have so changed as to amount to a substantial involuntary deterioration of the work factor or unless the commissioner determines that other related circumstances would work an unreasonable hardship on the individual were he or she required to continue in the employment.

(d) Subsection (1)(a) and (c) of this section shall not apply to an individual whose marital status or domestic responsibilities cause him or her to

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leave employment. Such an individual shall not be eligible for unemployment insurance benefits beginning with the first day of the calendar week in which he or she left work and thereafter for seven calendar weeks and until he or she has requalified, either by obtaining bona fide work in employment covered by this title and earning wages in that employment equal to seven times his or her weekly benefit amount or by reporting in person to the department during ten different calendar weeks and certifying on each occasion that he or she is ready, able, and willing to immediately accept any suitable work which may be offered, is actively seeking work pursuant to customary trade practices, and is utilizing such employment counseling and placement services as are available through the department. This subsection does not apply to individuals covered by (b)(ii) or (iii) of this subsection.

(2) With respect to claims that have an effective date on or after January 4, 2004:

(a) An individual shall be disqualified from benefits beginning with the first day of the calendar week in which he or she has left work voluntarily without good cause and thereafter for seven calendar weeks and until he or she has obtained bona fide work in employment covered by this title and earned wages in that employment equal to seven times his or her weekly benefit amount.

The disqualification shall continue if the work obtained is a mere sham to qualify for benefits and is not bona fide work. In determining whether work is of a bona fide nature, the commissioner shall consider factors including but not limited to the following:

(i) The duration of the work;

(ii) The extent of direction and control by the employer over the work; and

(iii) The level of skill required for the work in light of the individual's training and experience.

(b) An individual is not disqualified from benefits under (a) of this subsection when:

(i) He or she has left work to accept a bona fide offer of bona fide work as described in (a) of this subsection;

(ii) The separation was necessary because of the illness or disability of the claimant or the death, illness, or disability of a member of the claimant's immediate family if:

(A) The claimant pursued all reasonable alternatives to preserve his or her employment status by requesting a leave of absence, by having promptly notified the employer of the reason for the absence, and by having promptly requested reemployment when again able to assume employment. These alternatives need not be pursued, however, when they would have been a futile act, including those instances when the futility of the act was a result of a recognized labor/management dispatch system; and

(B) The claimant terminated his or her employment status, and is not entitled to be reinstated to the same position or a comparable or similar position;

(iii)(A) With respect to claims that have an effective date before July 2, 2006, he or she: (I) Left work to relocate for the spouse's employment that, due to a mandatory military transfer: (1) Is outside the existing labor market area; and (2) is in Washington or another state that, pursuant to statute, does not consider such an individual to have left work voluntarily without good cause; and (II) remained employed as long as was reasonable prior to the move;

(B) With respect to claims that have an effective date on or after July 2, 2006, he or she: (I) Left work to relocate for the spouse's employment that, due to a mandatory military transfer, is outside the existing labor market area; and (II) remained employed as long as was reasonable prior to the move;

(iv) The separation was necessary to protect the claimant or the claimant's immediate family members from domestic violence, as defined in RCW 26.50.010, or stalking, as defined in RCW 9A.46.110;

(v) The individual's usual compensation was reduced by twenty-five percent or more;

(vi) The individual's usual hours were reduced by twenty-five percent or more;

(vii) The individual's worksite changed, such change caused a material increase in distance or difficulty of travel, and, after the change, the commute was greater than is customary for workers in the individual's job classification and labor market;

(viii) The individual's worksite safety deteriorated, the individual reported such safety deterioration to the employer, and the employer failed to correct the hazards within a reasonable period of time;

(ix) The individual left work because of illegal activities in the individual's worksite, the individual reported such activities to the employer, and the employer failed to end such activities within a reasonable period of time;

(x) The individual's usual work was changed to work that violates the individual's religious convictions or sincere moral beliefs; or

(xi) The individual left work to enter an apprenticeship program approved by the Washington state apprenticeship training council. Benefits are payable beginning Sunday of the week prior to the week in which the individual begins active participation in the apprenticeship program.

(3) Notwithstanding subsection (2) of this section, for separations occurring on or after July 26, 2009, an individual who was simultaneously employed in full-time employment and part-time employment and is otherwise eligible for benefits from the loss of the full-time employment shall not be disqualified from benefits because the individual:

(a) Voluntarily quit the part-time employment before the loss of the full-time employment; and

(b) Did not have prior knowledge that he or she would be separated from full-time employment. [2009 c 247 § 1; 2008 c 323 § 1; 2006 c 13 § 2. Prior: 2006 c 12 § 1; 2003 2nd sp.s. c 4 § 4; 2002 c 8 § 1; 2000 c 2 § 12; 1993 c 483 § 8; 1982 1st ex.s. c 18 § 6; 1981 c 35 § 4; 1980 c 74 § 5; 1977 ex.s. c 33 § 4; 1970 ex.s. c 2 § 21; 1953 ex.s. c 8 § 8; 1951 c 215 § 12; 1949 c 214 § 12; 1947 c 215 § 15; 1945 c 35 § 73; Rem. Supp. 1949 § 9998-211; prior: 1943 c 127 § 3; 1941 c 253 § 3; 1939 c 214 § 3; 1937 c 162 § 5.]

**50.20.050 Disqualification for leaving work voluntarily without good cause (as amended by 2009 c 493).** (1) ((With respect to claims that have an effective date before January 4, 2004:

(a) An individual shall be disqualified from benefits beginning with the first day of the calendar week in which he or she has left work voluntarily without good cause and thereafter for seven calendar weeks and until he or she has obtained bona fide work in employment covered by this title and earned wages in that employment equal to seven times his or her weekly benefit amount.

The disqualification shall continue if the work obtained is a mere sham to qualify for benefits and is not bona fide work. In determining whether work is of a bona fide nature, the commissioner shall consider factors including but not limited to the following:

(i) The duration of the work;  
(ii) The extent of direction and control by the employer over the work; and  
(iii) The level of skill required for the work in light of the individual's training and experience.

(b) An individual shall not be considered to have left work voluntarily without good cause when:

(i) He or she has left work to accept a bona fide offer of bona fide work as described in (a) of this subsection;  
(ii) The separation was because of the illness or disability of the claimant or the death, illness, or disability of a member of the claimant's immediate family if the claimant took all reasonable precautions, in accordance with any regulations that the commissioner may prescribe, to protect his or her employment status by having promptly notified the employer of the reason for the absence and by having promptly requested reemployment when again able to assume employment: PROVIDED, That these precautions need not have been taken when they would have been a futile act, including those instances when the futility of the act was a result of a recognized labor/management dispatch system;

(iii) He or she has left work to relocate for the spouse's employment that is due to an employer-initiated mandatory transfer that is outside the existing labor market area if the claimant remained employed as long as was reasonable prior to the move; or

(iv) The separation was necessary to protect the claimant or the claimant's immediate family members from domestic violence, as defined in RCW 26.50.010, or stalking, as defined in RCW 9A.46.110.

(c) In determining under this subsection whether an individual has left work voluntarily without good cause, the commissioner shall only consider work-connected factors such as the degree of risk involved to the individual's health, safety, and morals, the individual's physical fitness for the work, the individual's ability to perform the work, and such other work-connected factors as the commissioner may deem pertinent, including state and national emergencies. Good cause shall not be established for voluntarily leaving work because of its distance from an individual's residence where the distance was known to the individual at the time he or she accepted the employment and where, in the judgment of the department, the distance is customarily traveled by workers in the individual's job classification and labor market, nor because of any other significant work factor which was generally known and present at the time he or she accepted employment, unless the related circumstances have so changed as to amount to a substantial involuntary deterioration of the work factor or unless the commissioner

determines that other related circumstances would work an unreasonable hardship on the individual were he or she required to continue in the employment.

~~(d) Subsection (1)(a) and (c) of this section shall not apply to an individual whose marital status or domestic responsibilities cause him or her to leave employment. Such an individual shall not be eligible for unemployment insurance benefits beginning with the first day of the calendar week in which he or she left work and thereafter for seven calendar weeks and until he or she has requalified, either by obtaining bona fide work in employment covered by this title and earning wages in that employment equal to seven times his or her weekly benefit amount or by reporting in person to the department during ten different calendar weeks and certifying on each occasion that he or she is ready, able, and willing to immediately accept any suitable work which may be offered, is actively seeking work pursuant to customary trade practices, and is utilizing such employment counseling and placement services as are available through the department. This subsection does not apply to individuals covered by (b)(ii) or (iii) of this subsection.~~

(2)) With respect to claims that have an effective date on or after January 4, 2004, and for separations that occur before September 6, 2009:

(a) An individual shall be disqualified from benefits beginning with the first day of the calendar week in which he or she has left work voluntarily without good cause and thereafter for seven calendar weeks and until he or she has obtained bona fide work in employment covered by this title and earned wages in that employment equal to seven times his or her weekly benefit amount.

The disqualification shall continue if the work obtained is a mere sham to qualify for benefits and is not bona fide work. In determining whether work is of a bona fide nature, the commissioner shall consider factors including but not limited to the following:

(i) The duration of the work;  
(ii) The extent of direction and control by the employer over the work; and  
(iii) The level of skill required for the work in light of the individual's training and experience.

(b) An individual is not disqualified from benefits under (a) of this subsection when:

(i) He or she has left work to accept a bona fide offer of bona fide work as described in (a) of this subsection;  
(ii) The separation was necessary because of the illness or disability of the claimant or the death, illness, or disability of a member of the claimant's immediate family if:

(A) The claimant pursued all reasonable alternatives to preserve his or her employment status by requesting a leave of absence, by having promptly notified the employer of the reason for the absence, and by having promptly requested reemployment when again able to assume employment. These alternatives need not be pursued, however, when they would have been a futile act, including those instances when the futility of the act was a result of a recognized labor/management dispatch system; and

(B) The claimant terminated his or her employment status, and is not entitled to be reinstated to the same position or a comparable or similar position;

(iii)(A) With respect to claims that have an effective date before July 2, 2006, he or she: (I) Left work to relocate for the spouse's employment that, due to a mandatory military transfer: (1) Is outside the existing labor market area; and (2) is in Washington or another state that, pursuant to statute, does not consider such an individual to have left work voluntarily without good cause; and (II) remained employed as long as was reasonable prior to the move;

(B) With respect to claims that have an effective date on or after July 2, 2006, he or she: (I) Left work to relocate for the spouse's employment that, due to a mandatory military transfer, is outside the existing labor market area; and (II) remained employed as long as was reasonable prior to the move;

(iv) The separation was necessary to protect the claimant or the claimant's immediate family members from domestic violence, as defined in RCW 26.50.010, or stalking, as defined in RCW 9A.46.110;

(v) The individual's usual compensation was reduced by twenty-five percent or more;

(vi) The individual's usual hours were reduced by twenty-five percent or more;

(vii) The individual's worksite changed, such change caused a material increase in distance or difficulty of travel, and, after the change, the commute was greater than is customary for workers in the individual's job classification and labor market;

(viii) The individual's worksite safety deteriorated, the individual reported such safety deterioration to the employer, and the employer failed to correct the hazards within a reasonable period of time;

(ix) The individual left work because of illegal activities in the individual's worksite, the individual reported such activities to the employer, and the employer failed to end such activities within a reasonable period of time;

(x) The individual's usual work was changed to work that violates the individual's religious convictions or sincere moral beliefs; or

(xi) The individual left work to enter an apprenticeship program approved by the Washington state apprenticeship training council. Benefits are payable beginning Sunday of the week prior to the week in which the individual begins active participation in the apprenticeship program.

(2) With respect to separations that occur on or after September 6, 2009:

(a) An individual shall be disqualified from benefits beginning with the first day of the calendar week in which he or she has left work voluntarily without good cause and thereafter for seven calendar weeks and until he or she has obtained bona fide work in employment covered by this title and earned wages in that employment equal to seven times his or her weekly benefit amount. Good cause reasons to leave work are limited to reasons listed in (b) of this subsection.

The disqualification shall continue if the work obtained is a mere sham to qualify for benefits and is not bona fide work. In determining whether work is of a bona fide nature, the commissioner shall consider factors including but not limited to the following:

(i) The duration of the work;

(ii) The extent of direction and control by the employer over the work; and

(iii) The level of skill required for the work in light of the individual's training and experience.

(b) An individual has good cause and is not disqualified from benefits under (a) of this subsection only under the following circumstances:

(i) He or she has left work to accept a bona fide offer of bona fide work as described in (a) of this subsection;

(ii) The separation was necessary because of the illness or disability of the claimant or the death, illness, or disability of a member of the claimant's immediate family if:

(A) The claimant pursued all reasonable alternatives to preserve his or her employment status by requesting a leave of absence, by having promptly notified the employer of the reason for the absence, and by having promptly requested reemployment when again able to assume employment. These alternatives need not be pursued, however, when they would have been a futile act, including those instances when the futility of the act was a result of a recognized labor/management dispatch system; and

(B) The claimant terminated his or her employment status, and is not entitled to be reinstated to the same position or a comparable or similar position;

(iii) The claimant: (A) Left work to relocate for the employment of a spouse or domestic partner that is outside the existing labor market area; and (B) remained employed as long as was reasonable prior to the move;

(iv) The separation was necessary to protect the claimant or the claimant's immediate family members from domestic violence, as defined in RCW 26.50.010, or stalking, as defined in RCW 9A.46.110;

(v) The individual's usual compensation was reduced by twenty-five percent or more;

(vi) The individual's usual hours were reduced by twenty-five percent or more;

(vii) The individual's worksite changed, such change caused a material increase in distance or difficulty of travel, and, after the change, the commute was greater than is customary for workers in the individual's job classification and labor market;

(viii) The individual's worksite safety deteriorated, the individual reported such safety deterioration to the employer, and the employer failed to correct the hazards within a reasonable period of time;

(ix) The individual left work because of illegal activities in the individual's worksite, the individual reported such activities to the employer, and the employer failed to end such activities within a reasonable period of time;

(x) The individual's usual work was changed to work that violates the individual's religious convictions or sincere moral beliefs; or

(xi) The individual left work to enter an apprenticeship program approved by the Washington state apprenticeship training council. Benefits are payable beginning Sunday of the week prior to the week in which the individual begins active participation in the apprenticeship program. [2009 c 493 § 3; 2008 c 323 § 1; 2006 c 13 § 2. Prior: 2006 c 12 § 1; 2003 2nd sp.s. c 4 § 4; 2002 c 8 § 1; 2000 c 2 § 12; 1993 c 483 § 8; 1982 1st ex.s. c 18 § 6; 1981 c 35 § 4; 1980 c 74 § 5; 1977 ex.s. c 33 § 4; 1970 ex.s. c 2 § 21; 1953

ex.s. c 8 § 8; 1951 c 215 § 12; 1949 c 214 § 12; 1947 c 215 § 15; 1945 c 35 § 73; Rem. Supp. 1949 § 9998-211; prior: 1943 c 127 § 3; 1941 c 253 § 3; 1939 c 214 § 3; 1937 c 162 § 5.]

**Reviser's note:** RCW 50.20.050 was amended twice during the 2009 legislative session, each without reference to the other. For rule of construction concerning sections amended more than once during the same legislative session, see RCW 1.12.025.

**Conflict with federal requirements—2009 c 493:** See note following RCW 50.29.021.

**Conflict with federal requirements—2008 c 323:** "If any part of this act is found to be in conflict with federal requirements that are a prescribed condition to the allocation of federal funds to the state or the eligibility of employers in this state for federal unemployment tax credits, the conflicting part of this act is inoperative solely to the extent of the conflict, and the finding or determination does not affect the operation of the remainder of this act. Rules adopted under this act must meet federal requirements that are a necessary condition to the receipt of federal funds by the state or the granting of federal unemployment tax credits to employers in this state." [2008 c 323 § 3.]

**Conflict with federal requirements—Part headings not law—Severability—2006 c 13:** See notes following RCW 50.20.120.

**Retroactive application—2006 c 12 § 1:** "Section 1 of this act applies retroactively to claims that have an effective date on or after January 4, 2004." [2006 c 12 § 2.]

**Conflict with federal requirements—Severability—Effective date—2003 2nd sp.s. c 4:** See notes following RCW 50.01.010.

**Application—2000 c 2 §§ 1, 2, 4, 5, 8, and 12-15:** See note following RCW 50.22.150.

**Conflict with federal requirements—Severability—Effective date—2000 c 2:** See notes following RCW 50.04.355.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.20.060 Disqualification from benefits due to misconduct.** With respect to claims that have an effective date before January 4, 2004, an individual shall be disqualified from benefits beginning with the first day of the calendar week in which he or she has been discharged or suspended for misconduct connected with his or her work and thereafter for seven calendar weeks and until he or she has obtained bona fide work in employment covered by this title and earned wages in that employment equal to seven times his or her weekly benefit amount. Alcoholism shall not constitute a defense to disqualification from benefits due to misconduct. [2006 c 13 § 11. Prior: 2003 2nd sp.s. c 4 § 7; 2000 c 2 § 13; 1993 c 483 § 9; 1982 1st ex.s. c 18 § 16; 1977 ex.s. c 33 § 5; 1970 ex.s. c 2 § 22; 1953 ex.s. c 8 § 9; 1951 c 215 § 13; 1949 c 214 § 13; 1947 c 215 § 16; 1945 c 35 § 74; Rem. Supp. 1949 § 9998-212; prior: 1943 c 127 § 3; 1941 c 253 § 3; 1939 c 214 § 3; 1937 c 162 § 5.]

**Retroactive application—2006 c 13 §§ 8-22:** See note following RCW 50.04.293.

**Conflict with federal requirements—Part headings not law—Severability—2006 c 13:** See notes following RCW 50.20.120.

**Conflict with federal requirements—Severability—Effective date—2003 2nd sp.s. c 4:** See notes following RCW 50.01.010.

**Application—2000 c 2 §§ 1, 2, 4, 5, 8, and 12-15:** See note following RCW 50.22.150.

**Conflict with federal requirements—Severability—Effective date—2000 c 2:** See notes following RCW 50.04.355.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.20.065 Cancellation of hourly wage credits due to felony or gross misdemeanor.** With respect to claims that have an effective date before January 4, 2004:

(1) An individual who has been discharged from his or her work because of a felony or gross misdemeanor of which he or she has been convicted, or has admitted committing to a competent authority, and that is connected with his or her work shall have all hourly wage credits based on that employment canceled.

(2) The employer shall notify the department of such an admission or conviction, not later than six months following the admission or conviction.

(3) The claimant shall disclose any conviction of the claimant of a work-connected felony or gross misdemeanor occurring in the previous two years to the department at the time of application for benefits.

(4) All benefits that are paid in error based on wage/hour credits that should have been removed from the claimant's base year are recoverable, notwithstanding RCW 50.20.190 or 50.24.020 or any other provisions of this title. [2006 c 13 § 12. Prior: 2003 2nd sp.s. c 4 § 8; 1993 c 483 § 11.]

**Retroactive application—2006 c 13 §§ 8-22:** See note following RCW 50.04.293.

**Conflict with federal requirements—Part headings not law—Severability—2006 c 13:** See notes following RCW 50.20.120.

**Conflict with federal requirements—Severability—Effective date—2003 2nd sp.s. c 4:** See notes following RCW 50.01.010.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.20.066 Disqualification from benefits due to misconduct—Cancellation of hourly wage credits due to gross misconduct.** With respect to claims that have an effective date on or after January 4, 2004:

(1) An individual shall be disqualified from benefits beginning with the first day of the calendar week in which he or she has been discharged or suspended for misconduct connected with his or her work and thereafter for ten calendar weeks and until he or she has obtained bona fide work in employment covered by this title and earned wages in that employment equal to ten times his or her weekly benefit amount. Alcoholism shall not constitute a defense to disqualification from benefits due to misconduct.

(2) An individual who has been discharged from his or her work because of gross misconduct shall have all hourly wage credits based on that employment or six hundred eighty hours of wage credits, whichever is greater, canceled.

(3) The employer shall notify the department of a felony or gross misdemeanor of which an individual has been convicted, or has admitted committing to a competent authority, not later than six months following the admission or conviction.

(4) The claimant shall disclose any conviction of the claimant of a work-connected felony or gross misdemeanor occurring in the previous two years to the department at the time of application for benefits.

(5) All benefits that are paid in error based on this section are recoverable, notwithstanding RCW 50.20.190 or 50.24.020 or any other provisions of this title. [2006 c 13 § 13. Prior: 2003 2nd sp.s. c 4 § 9.]

**Retroactive application—2006 c 13 §§ 8-22:** See note following RCW 50.04.293.

**Conflict with federal requirements—Part headings not law—Severability—2006 c 13:** See notes following RCW 50.20.120.

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**Conflict with federal requirements—Severability—Effective date—2003 2nd sp.s. c 4:** See notes following RCW 50.01.010.

**50.20.070 Disqualification for misrepresentation—Penalties.** (1) With respect to determinations delivered or mailed before January 1, 2008, an individual is disqualified for benefits for any week he or she has knowingly made a false statement or representation involving a material fact or knowingly failed to report a material fact and, as a result, has obtained or attempted to obtain any benefits under the provisions of this title, and for an additional twenty-six weeks beginning with the first week for which he or she completes an otherwise compensable claim for waiting period credit or benefits following the date of the delivery or mailing of the determination of disqualification under this section. However, such disqualification shall not be applied after two years have elapsed from the date of the delivery or mailing of the determination of disqualification under this section.

(2) With respect to determinations delivered or mailed on or after January 1, 2008:

(a) An individual is disqualified for benefits for any week he or she has knowingly made a false statement or representation involving a material fact or knowingly failed to report a material fact and, as a result, has obtained or attempted to obtain any benefits under the provisions of this title;

(b) An individual disqualified for benefits under this subsection for the first time is also disqualified for an additional twenty-six weeks beginning with the Sunday of the week in which the determination is mailed or delivered;

(c) An individual disqualified for benefits under this subsection for the second time is also disqualified for an additional fifty-two weeks beginning with the Sunday of the week in which the determination is mailed or delivered, and is subject to an additional penalty of twenty-five percent of the amount of benefits overpaid or deemed overpaid;

(d) An individual disqualified for benefits under this subsection a third time and any time thereafter is also disqualified for an additional one hundred four weeks beginning with the Sunday of the week in which the determination is mailed or delivered, and is subject to an additional penalty of fifty percent of the amount of benefits overpaid or deemed overpaid.

(3) All penalties collected under this section must be expended for the proper administration of this title as authorized under RCW 50.16.010 and for no other purposes.

(4) All overpayments and penalties established by such determination of disqualification must be collected as otherwise provided by this title. [2007 c 146 § 7; 1973 1st ex.s. c 158 § 5; 1953 ex.s. c 8 § 10; 1951 c 265 § 10; 1949 c 214 § 14; 1947 c 215 § 17; 1945 c 35 § 75; Rem. Supp. 1949 § 9998-213. Prior: 1943 c 127 § 3; 1941 c 253 § 3; 1939 c 214 § 3; 1937 c 162 § 5.]

**Conflict with federal requirements—Severability—2007 c 146:** See notes following RCW 50.04.080.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.20.080 Disqualification for refusal to work.** An individual is disqualified for benefits, if the commissioner finds that the individual has failed without good cause, either to apply for available, suitable work when so directed by the

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employment office or the commissioner, or to accept suitable work when offered the individual, or to return to his or her customary self-employment (if any) when so directed by the commissioner. Such disqualification shall begin with the week of the refusal and thereafter for seven calendar weeks and continue until the individual has obtained bona fide work in employment covered by this title and earned wages in that employment of not less than seven times his or her suspended weekly benefit amount. [2000 c 2 § 14; 1993 c 483 § 10; 1959 c 321 § 1; 1953 ex.s. c 8 § 11; 1951 c 215 § 14; 1949 c 214 § 15; 1945 c 35 § 76; Rem. Supp. 1949 § 9998-214. Prior: 1943 c 127 § 3; 1941 c 253 § 3; 1939 c 214 § 3; 1937 c 162 § 5.]

**Application—2000 c 2 §§ 1, 2, 4, 5, 8, and 12-15:** See note following RCW 50.22.150.

**Conflict with federal requirements—Severability—Effective date—2000 c 2:** See notes following RCW 50.04.355.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.20.085 Disqualification for receipt of industrial insurance disability benefits.** An individual is disqualified from benefits with respect to any day or days for which he or she is receiving, has received, or will receive compensation under RCW 51.32.060 or 51.32.090. [1991 c 117 § 2; 1986 c 75 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.20.090 Strike or lockout disqualification—When inapplicable.** (1) An individual shall be disqualified for benefits for any week with respect to which the commissioner finds that the individual's unemployment is:

(a) Due to a strike at the factory, establishment, or other premises at which the individual is or was last employed; or

(b) Due to a lockout by his or her employer who is a member of a multi-employer bargaining unit and who has locked out the employees at the factory, establishment, or other premises at which the individual is or was last employed after one member of the multi-employer bargaining unit has been struck by its employees as a result of the multi-employer bargaining process.

(2) Subsection (1) of this section shall not apply if it is shown to the satisfaction of the commissioner that:

(a) The individual is not participating in or financing or directly interested in the strike or lockout that caused the individual's unemployment; and

(b) The individual does not belong to a grade or class of workers of which, immediately before the commencement of the strike or lockout, there were members employed at the premises at which the strike or lockout occurs, any of whom are participating in or financing or directly interested in the strike or lockout: PROVIDED, That if in any case separate branches of work which are commonly conducted as separate businesses in separate premises are conducted in separate departments of the same premises, each such department shall, for the purpose of this subdivision, be deemed to be a separate factory, establishment, or other premises.

(3) Any disqualification imposed under this section shall end when the strike or lockout is terminated. [1988 c 83 § 1; 1987 c 2 § 1; 1953 ex.s. c 8 § 12; 1945 c 35 § 77; Rem. Supp. 1945 § 9998-215. Prior: 1943 c 127 § 3; 1941 c 253 § 3; 1939 c 214 § 3; 1937 c 162 § 5.]

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Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.20.095 Disqualification for attending school or institution of higher education. (Expires July 1, 2012.)**

Any individual registered at an established school in a course of study providing scholastic instruction of twelve or more hours per week, or the equivalent thereof, shall be disqualified from receiving benefits or waiting period credit for any week during the school term commencing with the first week of such scholastic instruction or the week of leaving employment to return to school, whichever is the earlier, and ending with the week immediately before the first full week in which the individual is no longer registered for twelve or more hours of scholastic instruction per week: PROVIDED, That registration for less than twelve hours will be for a period of sixty days or longer. The term "school" includes primary schools, secondary schools, and "institutions of higher education" as that phrase is defined in RCW 50.44.037.

This disqualification shall not apply to any individual who:

(1) Is in approved training within the meaning of RCW 50.20.043;

(2) Is in an approved self-employment assistance program under RCW 50.20.250; or

(3) Demonstrates to the commissioner by a preponderance of the evidence his or her actual availability for work, and in arriving at this determination the commissioner shall consider the following factors:

(a) Prior work history;

(b) Scholastic history;

(c) Past and current labor market attachment; and

(d) Past and present efforts to seek work. [2007 c 248 § 2; 1980 c 74 § 4; 1977 ex.s. c 33 § 8.]

**Report to legislature—Effective date—Implementation—Expiration date—2007 c 248:** See notes following RCW 50.20.250.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.20.095 Disqualification for attending school or institution of higher education. (Effective July 1, 2012.)**

Any individual registered at an established school in a course of study providing scholastic instruction of twelve or more hours per week, or the equivalent thereof, shall be disqualified from receiving benefits or waiting period credit for any week during the school term commencing with the first week of such scholastic instruction or the week of leaving employment to return to school, whichever is the earlier, and ending with the week immediately before the first full week in which the individual is no longer registered for twelve or more hours of scholastic instruction per week: PROVIDED, That registration for less than twelve hours will be for a period of sixty days or longer. The term "school" includes primary schools, secondary schools, and "institutions of higher education" as that phrase is defined in RCW 50.44.037.

This disqualification shall not apply to any individual who:

(1) Is in approved training within the meaning of RCW 50.20.043; or

(2) Demonstrates to the commissioner by a preponderance of the evidence his or her actual availability for work, and in arriving at this determination the commissioner shall consider the following factors:

- (a) Prior work history;
- (b) Scholastic history;
- (c) Past and current labor market attachment; and
- (d) Past and present efforts to seek work. [1980 c 74 § 4; 1977 ex.s. c 33 § 8.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.20.098 Services performed by alien.** (1) Benefits shall not be paid on the basis of services performed by an alien unless the alien is an individual who was lawfully admitted for permanent residence, was lawfully present for purposes of performing such services, or otherwise was permanently residing in the United States under color of law at the time such services were performed, including an alien who was lawfully present in the United States as a result of the application of the provisions of 8 U.S.C. Sec. 1182(d)(5): PROVIDED, That any modifications to 26 U.S.C. Sec. 3304(a)(14) as provided by PL 94-566 which specify other conditions or other effective date than stated herein for the denial of benefits based on services performed by aliens and which modifications are required to be implemented under state law as a condition for full tax credit against the tax imposed by 26 U.S.C. Sec. 3301 shall be deemed applicable under this section.

(2) Any data or information required of individuals applying for benefits to determine whether benefits are not payable to them because of their alien status shall be uniformly required from all applicants for benefits.

(3) In the case of an individual whose application for benefits would otherwise be approved, no determination that benefits to the individual are not payable because of his or her alien status shall be made except upon a preponderance of the evidence. [1993 c 58 § 2; 1989 c 92 § 1; 1977 ex.s. c 292 § 10.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.20.099 Training benefits—Eligibility to work in the United States.** (1) To ensure that unemployment insurance benefits are paid in accordance with RCW 50.20.098, the employment security department shall verify that an individual is eligible to work in the United States before the individual receives training benefits under RCW 50.22.150.

(2) By July 1, 2002, the employment security department shall:

(a) Develop and implement an effective method for determining, where appropriate, eligibility to work in the United States for individuals applying for unemployment benefits under this title;

(b) Review verification systems developed by federal agencies for verifying a person's eligibility to receive unemployment benefits under this title and evaluate the effectiveness of these systems for use in this state; and

(c) Report its initial findings to the legislature by September 1, 2000, and its final report by July 1, 2002.

(3) Where federal law prohibits the conditioning of unemployment benefits on a verification of an individual's status as a qualified or authorized alien, the requirements of this section shall not apply. [2000 c 2 § 10.]

**Conflict with federal requirements—Severability—Effective date—2000 c 2:** See notes following RCW 50.04.355.

**50.20.100 Suitable work factors.** (1) Suitable work for an individual is employment in an occupation in keeping with the individual's prior work experience, education, or training and if the individual has no prior work experience, special education, or training for employment available in the general area, then employment which the individual would have the physical and mental ability to perform. In determining whether work is suitable for an individual, the commissioner shall also consider the degree of risk involved to the individual's health, safety, and morals, the individual's physical fitness, the individual's length of unemployment and prospects for securing local work in the individual's customary occupation, the distance of the available work from the individual's residence, and such other factors as the commissioner may deem pertinent, including state and national emergencies.

(2) For individuals with base year work experience in agricultural labor, any agricultural labor available from any employer shall be deemed suitable unless it meets conditions in RCW 50.20.110 or the commissioner finds elements of specific work opportunity unsuitable for a particular individual.

(3) For part-time workers as defined in RCW 50.20.119, suitable work includes suitable work under subsection (1) of this section that is for seventeen or fewer hours per week.

(4) For individuals who have qualified for unemployment compensation benefits under \*RCW 50.20.050 (1)(b)(iv) or (2)(b)(iv), as applicable, an evaluation of the suitability of the work must consider the individual's need to address the physical, psychological, legal, and other effects of domestic violence or stalking. [2006 c 13 § 14. Prior: 2004 c 110 § 2; 2003 2nd sp.s. c 4 § 13; 2002 c 8 § 2; 1989 c 380 § 80; 1977 ex.s. c 33 § 6; 1973 1st ex.s. c 158 § 6; 1945 c 35 § 78; Rem. Supp. 1945 § 9998-216.]

\*Reviser's note: RCW 50.20.050 was amended twice during the 2009 legislative session, changing the subsection numbering.

**Retroactive application—2006 c 13 §§ 8-22:** See note following RCW 50.04.293.

**Conflict with federal requirements—Part headings not law—Severability—2006 c 13:** See notes following RCW 50.20.120.

**Conflict with federal requirements—Severability—Effective date—2003 2nd sp.s. c 4:** See notes following RCW 50.01.010.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.20.110 Suitable work exceptions.** Notwithstanding any other provisions of this title, no work shall be deemed to be suitable and benefits shall not be denied under this title to any otherwise eligible individual for refusing to accept new work under any of the following conditions:

(1) If the position offered is vacant due directly to a strike, lockout, or other labor dispute; or

(2) if the remuneration, hours, or other conditions of the work offered are substantially less favorable to the individual than those prevailing for similar work in the locality; or

(3) if as a condition of being employed the individual would be required by the employing unit to join a company union or to resign from or refrain from joining any bona fide labor organization. [1945 c 35 § 79; Rem. Supp. 1945 § 9998-217.]

**50.20.113 Unemployment of sport or athletic event participant during period between sport seasons.** Benefits

shall not be paid to any individual on the basis of any services, substantially all of which consist of participating in sports or athletic events or training or preparing to so participate, for any week which commences during the period between two successive sport seasons (or similar periods) if the individual performed the services in the first of the seasons (or similar periods) and there is a reasonable assurance that the individual will perform the services in the latter of the seasons (or similar periods). [1977 ex.s. c 292 § 6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.20.115 Unemployment due to vacation.** When an unemployed individual is qualified for receipt of unemployment compensation benefits by the specific provisions of RCW 50.20.010, 50.20.120 and 50.20.130, and such individual is not specifically disqualified from receiving such benefits by reason of the provisions of RCW 50.20.090, 50.20.050, 50.20.060, 50.20.070 or 50.20.080, he [or she] shall, for all purposes of the unemployment compensation act, be deemed to be involuntarily unemployed and entitled to unemployment compensation benefits: PROVIDED, That the cessation of operations by an employer for the purpose of granting vacations, whether by union contract or other reasons, shall in no manner be construed to be a voluntary quit nor a voluntary unemployment on the part of the employees. [1983 c 3 § 158; 1951 c 265 § 12.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.20.117 Jury service.** No otherwise eligible individual shall be denied benefits for any week because he or she is serving as a prospective or impaneled juror in any court of this state. Compensation received for service as a juror shall not be considered wages subject to contributions under this title nor shall such compensation be considered in determining base-year wages, but it shall be considered remuneration for purposes of a deduction from benefits under RCW 50.20.130. [1979 ex.s. c 135 § 6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.20.118 Unemployment while in approved training.** (1) Notwithstanding any other provision of this chapter, an otherwise eligible individual shall not be denied benefits for any week because he or she is in training approved under section 236(a)(1) of the Trade Act of 1974, P.L. 93-618, nor may that individual be denied benefits for any such week by reason of leaving work which is not suitable employment to enter such training, or for failure to meet any requirement of federal or state law for any such week which relates to the individual's availability for work, active search for work, or refusal to accept work.

(2) For the purposes of this section, "suitable employment" means, with respect to an individual, work of a substantially equal or higher skill level than the individual's past adversely affected employment (as described for the purposes of the Trade Act of 1974, P.L. 93-618), if the wages for such work are not less than eighty percent of the individual's average weekly wage as determined for the purposes of the Trade Act of 1974, P.L. 93-618. [1982 1st ex.s. c 18 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

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**50.20.119 Part-time workers.** (1) With respect to claims that have an effective date on or after January 2, 2005, an otherwise eligible individual may not be denied benefits for any week because the individual is a part-time worker and is available for, seeks, applies for, or accepts only work of seventeen or fewer hours per week by reason of the application of RCW 50.20.010(1)(c), 50.20.080, or 50.22.020(1) relating to availability for work and active search for work, or failure to apply for or refusal to accept suitable work.

(2) For purposes of this section, "part-time worker" means an individual who: (a) Earned wages in "employment" in at least forty weeks in the individual's base year; and (b) did not earn wages in "employment" in more than seventeen hours per week in any weeks in the individual's base year. [2006 c 13 § 15. Prior: 2003 2nd sp.s. c 4 § 12.]

**Retroactive application—2006 c 13 §§ 8-22:** See note following RCW 50.04.293.

**Conflict with federal requirements—Part headings not law—Severability—2006 c 13:** See notes following RCW 50.20.120.

**Conflict with federal requirements—Severability—Effective date—2003 2nd sp.s. c 4:** See notes following RCW 50.01.010.

**50.20.120 Amount of benefits.** Except as provided in RCW 50.20.1201, benefits shall be payable as provided in this section.

(1) For claims with an effective date on or after April 4, 2004, benefits shall be payable to any eligible individual during the individual's benefit year in a maximum amount equal to the lesser of twenty-six times the weekly benefit amount, as determined in subsection (2) of this section, or one-third of the individual's base year wages under this title.

(2) For claims with an effective date on or after April 24, 2005, an individual's weekly benefit amount shall be an amount equal to three and eighty-five one-hundredths percent of the average quarterly wages of the individual's total wages during the two quarters of the individual's base year in which such total wages were highest.

(3) The maximum and minimum amounts payable weekly shall be determined as of each June 30th to apply to benefit years beginning in the twelve-month period immediately following such June 30th.

(a) The maximum amount payable weekly shall be either four hundred ninety-six dollars or sixty-three percent of the "average weekly wage" for the calendar year preceding such June 30th, whichever is greater.

(b) The minimum amount payable weekly shall be fifteen percent of the "average weekly wage" for the calendar year preceding such June 30th.

(4) If any weekly benefit, maximum benefit, or minimum benefit amount computed herein is not a multiple of one dollar, it shall be reduced to the next lower multiple of one dollar. [2009 c 3 § 3; 2006 c 13 § 1; 2005 c 133 § 3; 2003 2nd sp.s. c 4 § 11; 2002 c 149 § 4; 1993 c 483 § 12; 1984 c 205 § 1; 1983 1st ex.s. c 23 § 11; 1981 c 35 § 5; 1980 c 74 § 3; 1977 ex.s. c 33 § 7; 1970 ex.s. c 2 § 5; 1959 c 321 § 2; 1955 c 209 § 1; 1951 c 265 § 11; 1949 c 214 § 16; 1945 c 35 § 80; Rem. Supp. 1949 § 9998-218. Prior: 1943 c 127 § 1; 1941 c 253 § 1; 1939 c 214 § 1; 1937 c 162 § 3.]

**Short title—2009 c 3:** "This act may be known and cited as the economic security act of 2009." [2009 c 3 § 1.]

**Effective date—2009 c 3:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect April 5, 2009." [2009 c 3 § 15.]

**Conflict with federal requirements—2009 c 3:** "If any part of this act is found to be in conflict with federal requirements that are a prescribed condition to the allocation of federal funds to the state or the eligibility of employers in this state for federal unemployment tax credits, the conflicting part of this act is inoperative solely to the extent of the conflict, and the finding or determination does not affect the operation of the remainder of this act. Rules adopted under this act must meet federal requirements that are a necessary condition to the receipt of federal funds by the state or the granting of federal unemployment tax credits to employers in this state." [2009 c 3 § 16.]

**Part headings not law—2006 c 13:** "Part headings used in this act are not any part of the law." [2006 c 13 § 25.]

**Severability—2006 c 13:** "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [2006 c 13 § 27.]

**Conflict with federal requirements—2006 c 13:** "If any part of this act is found to be in conflict with federal requirements that are a prescribed condition to the allocation of federal funds to the state or the eligibility of employers in this state for federal unemployment tax credits, the conflicting part of this act is inoperative solely to the extent of the conflict, and the finding or determination does not affect the operation of the remainder of this act. Rules adopted under this act must meet federal requirements that are a necessary condition to the receipt of federal funds by the state or the granting of federal unemployment tax credits to employers in this state." [2006 c 13 § 28.]

**Findings—Intent—2005 c 133:** "The legislature finds that the unemployment insurance system was created to set aside unemployment reserves to be used for the benefit of persons who are unemployed through no fault of their own and to maintain purchasing power and limit the social consequences of unemployment. The legislature further finds that the system is falling short of these goals by failing to recognize the importance of applying liberal construction for the purpose of reducing involuntary unemployment, and the suffering caused by it, to the minimum, and by failing to provide equitable benefits to unemployed workers. The legislature also recognizes the desirability of managing the system to take into account the goal of reducing costs to foster a competitive business climate. The legislature intends to adjust the balance between these goals by reinstating the requirement for liberal construction and making other adjustments in the system that will allow reasonable improvements in benefit equity, including reinstating a weekly benefit calculation based on the wages in the two quarters of the claimant's base year in which wages were the highest. The legislature finds that these adjustments are critical to the health and welfare of unemployed workers, and to the purchasing power essential to the economic health and welfare of communities and the state, and should be implemented as soon as feasible." [2005 c 133 § 1.]

**Conflict with federal requirements—2005 c 133:** "If any part of this act is found to be in conflict with federal requirements that are a prescribed condition to the allocation of federal funds to the state or the eligibility of employers in this state for federal unemployment tax credits, the conflicting part of this act is inoperative solely to the extent of the conflict, and the finding or determination does not affect the operation of the remainder of this act. Rules adopted under this act must meet federal requirements that are a necessary condition to the receipt of federal funds by the state or the granting of federal unemployment tax credits to employers in this state." [2005 c 133 § 11.]

**Effective date—2005 c 133:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [April 22, 2005]." [2005 c 133 § 12.]

**Additional employees authorized—2005 c 133:** See note following RCW 50.01.010.

**Conflict with federal requirements—Severability—Effective date—2003 2nd sp.s. c 4:** See notes following RCW 50.01.010.

**Conflict with federal requirements—Severability—2002 c 149:** See notes following RCW 50.22.140.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.20.1201 Amount of benefits—Applicable May 3, 2009, for claims effective before, on, or after May 3, 2009, through January 2, 2010.** (1) This section applies beginning May 3, 2009.

(2)(a) For claims with an effective date before May 3, 2009, in weeks of unemployment beginning on or after May 3, 2009, an individual's weekly benefit amount shall be the amount established under RCW 50.20.120 and subsection (3) of this section plus an additional forty-five dollars. For individuals who have a balance of regular unemployment benefits available, the weekly benefit amount under this subsection (2)(a) is payable for all remaining weeks of regular, extended, emergency, supplemental, or additional benefits on that claim. For individuals who have exhausted regular benefits but have a balance of training benefits available as provided in RCW 50.22.155 or 50.22.150, the weekly benefit amount under this subsection (2)(a) is payable for all remaining weeks of training benefits, but not for weeks of extended, emergency, supplemental, or additional benefits on that claim unless specifically authorized under federal or state law.

(b) For claims with an effective date on or after May 3, 2009, and before January 3, 2010, an individual's weekly benefit amount shall be the amount established under RCW 50.20.120 and subsection (3) of this section plus an additional forty-five dollars. The weekly benefit amount under this subsection (2)(b) is payable for all weeks of regular, extended, emergency, supplemental, or additional benefits on that claim.

(3)(a) For benefit years beginning before May 3, 2009, in weeks of unemployment beginning on or after May 3, 2009, the minimum amount payable weekly shall be one hundred fifty-five dollars. For individuals who have a balance of regular unemployment benefits available, the minimum amount payable weekly under this subsection (3)(a) is payable for all remaining weeks of regular, extended, emergency, supplemental, or additional benefits on that claim. For individuals who have exhausted regular benefits but have a balance of training benefits available as provided in RCW 50.22.155 or 50.22.150, the minimum amount payable weekly under this subsection (3)(a) is payable for all remaining weeks of training benefits, but not for weeks of extended, emergency, supplemental, or additional benefits on that claim unless specifically authorized under federal or state law.

(b) For benefit years beginning on or after May 3, 2009, and before January 3, 2010, the minimum amount payable weekly shall be one hundred fifty-five dollars. The minimum amount payable weekly under this subsection (3)(b) is payable for all weeks of regular, extended, emergency, supplemental, or additional benefits on that claim.

(4) The weekly benefit amounts and the minimum amounts payable weekly under this section shall increase the maximum benefits payable to the individual under RCW 50.20.120(1) by a corresponding dollar amount.

(5) The weekly benefit amounts under this section shall increase the maximum amount payable weekly, irrespective of the provisions of RCW 50.20.120(3).

(6) Payment of benefits to individuals whose weekly benefit amounts are increased under this section shall be subject to the same terms and conditions under this title that apply to the payment of benefits to individuals whose benefit amounts are established under RCW 50.20.120.

(7) This section does not apply to claims with an effective date on or after January 3, 2010. [2009 c 3 § 2.]

**Short title—Effective date—Conflict with federal requirements—2009 c 3:** See notes following RCW 50.20.120.

**50.20.130 Deduction from weekly benefit amount.** If an eligible individual is available for work for less than a full week, he or she shall be paid his or her weekly benefit amount reduced by one-seventh of such amount for each day that he or she is unavailable for work: PROVIDED, That if he or she is unavailable for work for three days or more of a week, he or she shall be considered unavailable for the entire week.

Each eligible individual who is unemployed in any week shall be paid with respect to such week a benefit in an amount equal to his or her weekly benefit amount less seventy-five percent of that part of the remuneration (if any) payable to him or her with respect to such week which is in excess of five dollars. Such benefit, if not a multiple of one dollar, shall be reduced to the next lower multiple of one dollar. [2010 c 8 § 13022; 1983 1st ex.s. c 23 § 12; 1973 2nd ex.s. c 7 § 3; 1959 c 321 § 3; 1951 c 215 § 15; 1949 c 214 § 17; 1945 c 35 § 81; Rem. Supp. 1949 § 9998-219. Prior: 1943 c 127 § 1; 1941 c 253 § 1; 1939 c 214 § 1; 1937 c 162 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.20.140 Filing applications and claims—Definitions.** An application for initial determination, a claim for waiting period, or a claim for benefits shall be filed in accordance with such rules as the commissioner may prescribe. An application for an initial determination may be made by any individual whether unemployed or not. Each employer shall post and maintain printed statements of such rules in places readily accessible to individuals in his or her employment and shall make available to each such individual at the time he or she becomes unemployed, a printed statement of such rules and such notices, instructions, and other material as the commissioner may by rule prescribe. Such printed material shall be supplied by the commissioner to each employer without cost to the employer.

The term "application for initial determination" shall mean a request in writing, or by other means as determined by the commissioner, for an initial determination. The term "claim for waiting period" shall mean a certification, after the close of a given week, that the requirements stated herein for eligibility for waiting period have been met. The term "claim for benefits" shall mean a certification, after the close of a given week, that the requirements stated herein for eligibility for receipt of benefits have been met.

A representative designated by the commissioner shall take the application for initial determination and for the claim for waiting period credits or for benefits. When an application for initial determination has been made, the employment security department shall promptly make an initial determination which shall be a statement of the applicant's base year wages, his or her weekly benefit amount, his or her maximum amount of benefits potentially payable, and his or her benefit year. Such determination shall fix the general conditions under which waiting period credit shall be granted and under which benefits shall be paid during any period of unemployment occurring within the benefit year fixed by such determi-

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nation. [1998 c 161 § 2; 1951 c 215 § 4; 1945 c 35 § 82; Rem. Supp. 1945 § 9998-220. Prior: 1943 c 127 § 4; 1941 c 253 § 4; 1939 c 214 § 4; 1937 c 162 § 6.]

**Finding—Intent—1998 c 161:** "The legislature finds that the shift by the employment security department from in-person written applications for unemployment insurance benefits to a call center approach creates opportunities for improved service but also raises serious concerns. Eliminating face-to-face contact may increase the potential for fraud and reduce the probability that claimants will utilize existing reemployment resources. Therefore, it is the intent of the legislature that if the written application process is to be eliminated, the employment security department must ensure that unemployment insurance claimants remain actively involved in reemployment activities and that an independent evaluation be conducted of the call center approach to unemployment insurance." [1998 c 161 § 1.]

**Evaluation of call center:** "(1) The joint legislative audit and review committee, in consultation with members of the senate and house of representatives commerce and labor committees and the unemployment insurance advisory committee, shall conduct an evaluation of the new call center approach to unemployment insurance. The evaluation shall review the performance of the call center system, including, but not limited to, the: (a) Promptness of payments; (b) number and types of errors; (c) amount and types of fraud; and (d) level of overpayments and underpayments, compared with the current system.

(2) The joint legislative audit and review committee is directed to contract with a private entity consistent with the provisions of chapter 39.29 RCW. The committee shall consult with the unemployment insurance advisory committee in the design of the request for proposals from potential contractors and shall use the advisory committee to evaluate the responses. The joint legislative audit and review committee shall provide a report on its findings and recommendations to the appropriate standing committee of the senate and house of representatives by September 1, 2001." [1998 c 161 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.20.150 Notice of application or claim.** The applicant for initial determination, his or her most recent employing unit as stated by the applicant, and any other interested party which the commissioner by regulation prescribes, shall, if not previously notified within the same continuous period of unemployment, be given notice promptly in writing that an application for initial determination has been filed and such notice shall contain the reasons given by the applicant for his or her last separation from work. If, during his or her benefit year, the applicant becomes unemployed after having accepted subsequent work, and reports for the purpose of reestablishing his or her eligibility for benefits, a similar notice shall be given promptly to his or her then most recent employing unit as stated by him or her, or to any other interested party which the commissioner by regulation prescribes.

Each base year employer shall be promptly notified of the filing of any application for initial determination which may result in a charge to his or her account. [2010 c 8 § 13023; 1970 ex.s. c 2 § 7; 1951 c 215 § 5; 1945 c 35 § 83; Rem. Supp. 1945 § 9998-221. Prior: 1943 c 127 § 4; 1941 c 253 § 4; 1939 c 214 § 4; 1937 c 162 § 6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.20.160 Redetermination.** (1) A determination of amount of benefits potentially payable issued pursuant to the provisions of RCW 50.20.120 and 50.20.140 shall not serve as a basis for appeal but shall be subject to request by the claimant for reconsideration and/or for redetermination by the commissioner at any time within one year from the date of delivery or mailing of such determination, or any redetermination thereof: PROVIDED, That in the absence of fraud or misrepresentation on the part of the claimant, any benefits

paid prior to the date of any redetermination which reduces the amount of benefits payable shall not be subject to recovery under the provisions of RCW 50.20.190. A denial of a request to reconsider or a redetermination shall be furnished the claimant in writing and provide the basis for appeal under the provisions of RCW 50.32.020.

(2) A determination of denial of benefits issued under the provisions of RCW 50.20.180 shall become final, in absence of timely appeal therefrom: PROVIDED, That the commissioner may reconsider and redetermine such determinations at any time within one year from delivery or mailing to correct an error in identity, omission of fact, or misapplication of law with respect to the facts.

(3) A determination of allowance of benefits shall become final, in absence of a timely appeal therefrom: PROVIDED, That the commissioner may redetermine such allowance at any time within two years following the benefit year in which such allowance was made in order to recover any benefits improperly paid and for which recovery is provided under the provisions of RCW 50.20.190: AND PROVIDED FURTHER, That in the absence of fraud, misrepresentation, or nondisclosure, this provision or the provisions of RCW 50.20.190 shall not be construed so as to permit redetermination or recovery of an allowance of benefits which having been made after consideration of the provisions of RCW 50.20.010(1)(c), or the provisions of RCW 50.20.050, 50.20.060, 50.20.080, or 50.20.090 has become final.

(4) A redetermination may be made at any time: (a) To conform to a final court decision applicable to either an initial determination or a determination of denial or allowance of benefits; (b) in the event of a back pay award or settlement affecting the allowance of benefits; or (c) in the case of fraud, misrepresentation, or willful nondisclosure. Written notice of any such redetermination shall be promptly given by mail or delivered to such interested parties as were notified of the initial determination or determination of denial or allowance of benefits and any new interested party or parties who, pursuant to such regulation as the commissioner may prescribe, would be an interested party. [2003 2nd sp.s. c 4 § 31; 1990 c 245 § 4; 1959 c 266 § 4; 1953 ex.s. c 8 § 13; 1951 c 215 § 6; 1945 c 35 § 84; Rem. Supp. 1945 § 9998-222. Prior: 1941 c 253 § 4.]

**Conflict with federal requirements—Severability—Effective date—**2003 2nd sp.s. c 4: See notes following RCW 50.01.010.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.20.170 Payment of benefits.** An individual who has received an initial determination finding that he or she is potentially entitled to receive waiting period credit or benefits shall, during the benefit year, be given waiting period credit or be paid benefits in accordance with such initial determination for any week with respect to which the conditions of eligibility for such credit or benefits, as prescribed by this title, are met, unless the individual is denied waiting period credit or benefits under the disqualification provisions of this title.

All benefits shall be paid through employment offices in accordance with such regulations as the commissioner may prescribe. [2010 c 8 § 13024; 1945 c 35 § 85; Rem. Supp. 1945 § 9998-223. Prior: 1943 c 127 § 1; 1941 c 253 § 1; 1939 c 214 § 1; 1937 c 162 § 3.]

**50.20.180 Denial of benefits.** If waiting period credit or the payment of benefits shall be denied to any claimant for any week or weeks, the claimant and such other interested party as the commissioner by regulation prescribes shall be promptly issued written notice of the denial and the reasons therefor. In any case where the department is notified in accordance with such regulation as the commissioner prescribes or has reason to believe that the claimant's right to waiting period credit or benefits is in issue because of his or her separation from work for any reason other than lack of work, the department shall promptly issue a determination of allowance or denial of waiting period credit or benefits and the reasons therefor to the claimant, his or her most recent employing unit as stated by the claimant, and such other interested party as the commissioner by regulation prescribes. Notice that waiting period credit or benefits are allowed or denied shall suffice for the particular weeks stated in the notice or until the condition upon which the allowance or denial was based has been changed. [2010 c 8 § 13025; 1951 c 215 § 7; 1945 c 38 § 86; Rem. Supp. 1945 § 9998-224. Prior: 1943 c 127 § 4; 1941 c 253 § 4; 1939 c 214 § 4; 1937 c 162 § 6.]

**50.20.190 Recovery of benefit payments.** (1) An individual who is paid any amount as benefits under this title to which he or she is not entitled shall, unless otherwise relieved pursuant to this section, be liable for repayment of the amount overpaid. The department shall issue an overpayment assessment setting forth the reasons for and the amount of the overpayment. The amount assessed, to the extent not collected, may be deducted from any future benefits payable to the individual: PROVIDED, That in the absence of a back pay award, a settlement affecting the allowance of benefits, fraud, misrepresentation, or willful nondisclosure, every determination of liability shall be mailed or personally served not later than two years after the close of or final payment made on the individual's applicable benefit year for which the purported overpayment was made, whichever is later, unless the merits of the claim are subjected to administrative or judicial review in which event the period for serving the determination of liability shall be extended to allow service of the determination of liability during the six-month period following the final decision affecting the claim.

(2) The commissioner may waive an overpayment if the commissioner finds that the overpayment was not the result of fraud, misrepresentation, willful nondisclosure, or fault attributable to the individual and that the recovery thereof would be against equity and good conscience: PROVIDED, HOWEVER, That the overpayment so waived shall be charged against the individual's applicable entitlement for the eligibility period containing the weeks to which the overpayment was attributed as though such benefits had been properly paid.

(3) Any assessment herein provided shall constitute a determination of liability from which an appeal may be had in the same manner and to the same extent as provided for appeals relating to determinations in respect to claims for benefits: PROVIDED, That an appeal from any determination covering overpayment only shall be deemed to be an appeal from the determination which was the basis for establishing the overpayment unless the merits involved in the

issue set forth in such determination have already been heard and passed upon by the appeal tribunal. If no such appeal is taken to the appeal tribunal by the individual within thirty days of the delivery of the notice of determination of liability, or within thirty days of the mailing of the notice of determination, whichever is the earlier, the determination of liability shall be deemed conclusive and final. Whenever any such notice of determination of liability becomes conclusive and final, the commissioner, upon giving at least twenty days notice by certified mail return receipt requested to the individual's last known address of the intended action, may file with the superior court clerk of any county within the state a warrant in the amount of the notice of determination of liability plus a filing fee under RCW 36.18.012(10). The clerk of the county where the warrant is filed shall immediately designate a superior court cause number for the warrant, and the clerk shall cause to be entered in the judgment docket under the superior court cause number assigned to the warrant, the name of the person(s) mentioned in the warrant, the amount of the notice of determination of liability, and the date when the warrant was filed. The amount of the warrant as docketed shall become a lien upon the title to, and any interest in, all real and personal property of the person(s) against whom the warrant is issued, the same as a judgment in a civil case duly docketed in the office of such clerk. A warrant so docketed shall be sufficient to support the issuance of writs of execution and writs of garnishment in favor of the state in the manner provided by law for a civil judgment. A copy of the warrant shall be mailed to the person(s) mentioned in the warrant by certified mail to the person's last known address within five days of its filing with the clerk.

(4) On request of any agency which administers an employment security law of another state, the United States, or a foreign government and which has found in accordance with the provisions of such law that a claimant is liable to repay benefits received under such law, the commissioner may collect the amount of such benefits from the claimant to be refunded to the agency. In any case in which under this section a claimant is liable to repay any amount to the agency of another state, the United States, or a foreign government, such amounts may be collected without interest by civil action in the name of the commissioner acting as agent for such agency if the other state, the United States, or the foreign government extends such collection rights to the employment security department of the state of Washington, and provided that the court costs be paid by the governmental agency benefiting from such collection.

(5) Any employer who is a party to a back pay award or settlement due to loss of wages shall, within thirty days of the award or settlement, report to the department the amount of the award or settlement, the name and social security number of the recipient of the award or settlement, and the period for which it is awarded. When an individual has been awarded or receives back pay, for benefit purposes the amount of the back pay shall constitute wages paid in the period for which it was awarded. For contribution purposes, the back pay award or settlement shall constitute wages paid in the period in which it was actually paid. The following requirements shall also apply:

(a) The employer shall reduce the amount of the back pay award or settlement by an amount determined by the

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department based upon the amount of unemployment benefits received by the recipient of the award or settlement during the period for which the back pay award or settlement was awarded;

(b) The employer shall pay to the unemployment compensation fund, in a manner specified by the commissioner, an amount equal to the amount of such reduction;

(c) The employer shall also pay to the department any taxes due for unemployment insurance purposes on the entire amount of the back pay award or settlement notwithstanding any reduction made pursuant to (a) of this subsection;

(d) If the employer fails to reduce the amount of the back pay award or settlement as required in (a) of this subsection, the department shall issue an overpayment assessment against the recipient of the award or settlement in the amount that the back pay award or settlement should have been reduced; and

(e) If the employer fails to pay to the department an amount equal to the reduction as required in (b) of this subsection, the department shall issue an assessment of liability against the employer which shall be collected pursuant to the procedures for collection of assessments provided herein and in RCW 50.24.110.

(6) When an individual fails to repay an overpayment assessment that is due and fails to arrange for satisfactory repayment terms, the commissioner shall impose an interest penalty of one percent per month of the outstanding balance. Interest shall accrue immediately on overpayments assessed pursuant to RCW 50.20.070 and shall be imposed when the assessment becomes final. For any other overpayment, interest shall accrue when the individual has missed two or more of the individual's monthly payments either partially or in full.

(7) The department shall: (a) Conduct social security number cross-match audits or engage in other more effective activities that ensure that individuals are entitled to all amounts of benefits that they are paid; and (b) engage in other detection and recovery of overpayment and collection activities. [2007 c 327 § 1; 2006 c 13 § 21. Prior: 2005 c 518 § 934; 2003 2nd sp.s. c 4 § 26; 2002 c 371 § 915; 2001 c 146 § 7; 1995 c 90 § 1; 1993 c 483 § 13; 1991 c 117 § 3; 1990 c 245 § 5; 1989 c 92 § 2; 1981 c 35 § 6; 1975 1st ex.s. c 228 § 3; 1973 1st ex.s. c 158 § 7; 1953 ex.s. c 8 § 14; 1951 c 215 § 8; 1947 c 215 § 18; 1945 c 35 § 87; Rem. Supp. 1947 § 9998-225; prior: 1943 c 127 § 12; 1941 c 253 § 13; 1939 c 214 § 14; 1937 c 162 § 16.]

**Severability—Conflict with federal requirements—Effective date—2007 c 327:** See notes following RCW 50.24.014.

**Retroactive application—2006 c 13 §§ 8-22:** See note following RCW 50.04.293.

**Conflict with federal requirements—Part headings not law—Severability—2006 c 13:** See notes following RCW 50.20.120.

**Severability—Effective date—2005 c 518:** See notes following RCW 28A.500.030.

**Conflict with federal requirements—Severability—Effective date—2003 2nd sp.s. c 4:** See notes following RCW 50.01.010.

**Severability—Effective date—2002 c 371:** See notes following RCW 9.46.100.

*Government or retirement pension plan payments as remuneration or wages—Recovery of excess over benefits allowable, limitations: RCW 50.04.323.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.20.191 Authority to compromise benefit overpayments.** See RCW 50.24.020.

**50.20.192 Collection of benefit overpayments, limitation of actions.** See RCW 50.24.190.

**50.20.193 Chargeoff of uncollectible benefit overpayments.** See RCW 50.24.200.

**50.20.195 Assessed interest—Use.** All receipts from interest assessed against unemployment insurance claimants shall be deposited in the administrative contingency fund and shall be used for the purpose of RCW 50.20.190(6). [1993 c 483 § 14.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.20.200 Nonliability of state.** Benefits shall be deemed to be due and payable under this title only to the extent provided in this title and to the extent that moneys are available therefor to the credit of the unemployment compensation fund, and neither the state nor the commissioner shall be liable for any amount in excess of such sums. [1945 c 35 § 88; Rem. Supp. 1945 § 9998-226.]

**50.20.210 Notification of availability of basic health plan.** The commissioner shall notify any person filing a claim under this chapter who resides in a local area served by the Washington basic health plan of the availability of basic health care coverage to qualified enrollees in the Washington basic health plan under chapter 70.47 RCW, unless the Washington basic health plan administrator has notified the commissioner of a closure of enrollment in the area. The commissioner shall maintain a supply of Washington basic health plan enrollment application forms, which shall be provided in reasonably necessary quantities by the administrator, in each appropriate employment service office for the use of persons wishing to apply for enrollment in the Washington basic health plan. [1987 1st ex.s. c 5 § 16.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.20.220 Federal income tax deduction and withholding—Notice—Rules.** (1) An individual filing a new claim for unemployment insurance must, at the time of filing such claim, be advised that:

(a) Unemployment insurance is subject to federal income tax;

(b) Requirements exist pertaining to estimated tax payments;

(c) The individual may elect to have federal income tax deducted and withheld from the individual's payment of unemployment insurance at the amount specified in the federal internal revenue code; and

(d) The individual is permitted to change a previously elected withholding status.

(2) Amounts deducted and withheld from unemployment compensation must remain in the unemployment fund until transferred to the federal taxing authority as a payment of income tax.

(3) The commissioner shall follow all procedures specified by the United States department of labor and the federal

internal revenue service pertaining to the deducting and withholding of income tax.

(4) The commissioner shall adopt rules to implement this section. Amounts shall be deducted and withheld in accordance with the priorities established in rules adopted by the commissioner. [1996 c 28 § 2.]

**Findings—1996 c 28:** "The legislature finds that:

(1) The unique federal and state partnership of the unemployment insurance program places a special responsibility on states, and selected Congressional legislation requires conforming legislation at the state level;

(2) The most recent conformity legislation requires states to offer unemployed workers the option of having the employment security department withhold federal income tax from unemployment insurance benefits;

(3) Unemployment benefits have been subject to income tax for several years, and voluntary withholding is a reasonable strategy some claimants will use to spread the payment of their federal income tax liability over several weeks or months rather than a single payment at income tax time; and

(4) Conformity with federal law supports the federal and state partnership and responds to the needs of this state's unemployed workers." [1996 c 28 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.20.230 Electronic labor exchange system.** The employment security department will ensure that within a reasonably short period of time after the initiation of benefits, all unemployment insurance claimants, except those with employer attachment, union referral, in commissioner-approved training, or the subject of antiharassment orders, register for job search in an electronic labor exchange system that supports direct employer access for the purpose of selecting job applicants. [1998 c 161 § 3.]

**Finding—Intent—1998 c 161:** See note following RCW 50.20.140.

**50.20.240 Job search monitoring.** (1)(a) To ensure that following the initial application for benefits, an individual is actively engaged in searching for work, the employment security department shall implement a job search monitoring program. Effective January 4, 2004, the department shall contract with employment security agencies in other states to ensure that individuals residing in those states and receiving benefits under this title are actively engaged in searching for work in accordance with the requirements of this section. The department may use interactive voice technology and other electronic means to ensure that individuals are subject to comparable job search monitoring, regardless of whether they reside in Washington or elsewhere.

(b) Except for those individuals with employer attachment or union referral, individuals who qualify for unemployment compensation under \*RCW 50.20.050 (1)(b)(iv) or (2)(b)(iv), as applicable, and individuals in commissioner-approved training, an individual who has received five or more weeks of benefits under this title, regardless of whether the individual resides in Washington or elsewhere, must provide evidence of seeking work, as directed by the commissioner or the commissioner's agents, for each week beyond five in which a claim is filed. With regard to claims with an effective date before January 4, 2004, the evidence must demonstrate contacts with at least three employers per week or documented in-person job search activity at the local reemployment center. With regard to claims with an effective date on or after January 4, 2004, the evidence must demonstrate contacts with at least three employers per week or

documented in-person job search activities at the local reemployment center at least three times per week.

(c) In developing the requirements for the job search monitoring program, the commissioner or the commissioner's agents shall utilize an existing advisory committee having equal representation of employers and workers.

(2) Effective January 4, 2004, an individual who fails to comply fully with the requirements for actively seeking work under RCW 50.20.010 shall lose all benefits for all weeks during which the individual was not in compliance, and the individual shall be liable for repayment of all such benefits under RCW 50.20.190. [2006 c 13 § 16. Prior: 2004 c 110 § 1; 2003 2nd sp.s. c 4 § 10; 2002 c 8 § 3; 1998 c 161 § 4.]

**\*Reviser's note:** RCW 50.20.050 was amended twice during the 2009 legislative session, changing the subsection numbering.

**Retroactive application—2006 c 13 §§ 8-22:** See note following RCW 50.04.293.

**Conflict with federal requirements—Part headings not law—Severability—2006 c 13:** See notes following RCW 50.20.120.

**Conflict with federal requirements—Severability—Effective date—2003 2nd sp.s. c 4:** See notes following RCW 50.01.010.

**Finding—Intent—1998 c 161:** See note following RCW 50.20.140.

**50.20.250 Finding—Self-employment assistance program—Rules. (Expires July 1, 2012.)** (1) The legislature finds that the establishment of a self-employment assistance program would assist unemployed individuals and create new businesses and job opportunities in Washington state. The department shall inform individuals identified as likely to exhaust regular unemployment benefits of the opportunity to enroll in commissioner-approved self-employment assistance programs.

(2) An unemployed individual is eligible to participate in a self-employment assistance program if it has been determined that he or she:

(a) Is otherwise eligible for regular benefits as defined in RCW 50.22.010;

(b) Has been identified as likely to exhaust regular unemployment benefits under a profiling system established by the commissioner as defined in P.L. 103-152; and

(c) Is enrolled in a self-employment assistance program that is approved by the commissioner, and includes entrepreneurial training, business counseling, technical assistance, and requirements to engage in activities relating to the establishment of a business and becoming self-employed.

(3) Individuals participating in a self-employment assistance program approved by the commissioner are eligible to receive their regular unemployment benefits.

(a) The requirements of RCW 50.20.010 and 50.20.080 relating to availability for work, active search for work, and refusal to accept suitable work are not applicable to an individual in the self-employment assistance program for the first fifty-two weeks of the individual's participation in the program. However, enrollment in a self-employment assistance program does not entitle the enrollee to any benefit payments he or she would not be entitled to had he or she not enrolled in the program.

(b) An individual who meets the requirements of this section is considered to be "unemployed" under RCW 50.04.310 and 50.20.010.

(4) An individual who fails to participate in his or her approved self-employment assistance program as prescribed by the commissioner is disqualified from continuation in the program.

(5) An individual completing the program may not directly compete with his or her separating employer for a specific time period and in a specific geographic area. The time period may not, in any case, exceed one year. Both the time period and the geographic area must be reasonable, considering the following factors:

(a) Whether restraining the individual from performing services is necessary for the protection of the employer or the employer's goodwill;

(b) Whether the agreement harms the individual more than is reasonably necessary to secure the employer's business or goodwill; and

(c) Whether the loss of the employee's services and skills injures the public to a degree warranting nonenforcement of the agreement.

(6) The commissioner shall take all steps necessary in carrying out this section to assure collaborative involvement of interested parties in program development, and to ensure that the self-employment assistance programs meet all federal criteria for withdrawal from the unemployment fund. The commissioner may approve, as self-employment assistance programs, existing self-employment training programs available through community colleges, workforce investment boards, or other organizations and is not obligated by this section to expend any departmental funds for the operation of self-employment assistance programs, unless specific funding is provided to the department for that purpose through federal or state appropriations.

(7) The commissioner may adopt rules as necessary to implement this section. [2007 c 248 § 1.]

**Report to legislature—2007 c 248:** "By December 1, 2011, the employment security department shall report to the house of representatives commerce and labor committee and the senate labor, commerce, research and development committee on the performance of the self-employment assistance program. The report shall include an analysis of the following:

- (1) Self-employment impacts;
- (2) Wage and salary outcomes;
- (3) Benefit payment outcomes; and
- (4) A cost-benefit analysis." [2007 c 248 § 3.]

**Effective date—2007 c 248:** "This act takes effect January 1, 2008." [2007 c 248 § 4.]

**Implementation—2007 c 248:** "The commissioner of employment security may take the necessary steps to ensure that this act is implemented on its effective date." [2007 c 248 § 5.]

**Expiration date—2007 c 248:** "This act expires July 1, 2012." [2007 c 248 § 6.]

**Chapter 50.22 RCW**

**EXTENDED AND ADDITIONAL BENEFITS**

(Formerly: Extended benefits)

Sections

50.22.005	Collaborative review of programs.
50.22.010	Definitions.
50.22.020	Application of statute and rules—Eligibility for extended benefits.
50.22.030	Extended benefit eligibility conditions—Interstate claim.
50.22.040	Weekly extended benefit amount.
50.22.050	Total extended benefit amount—Reduction.

- 50.22.060 Public announcement when extended benefit period becomes effective or is terminated—Computations of rate of insured unemployment.
- 50.22.105 Supplemental additional benefits—February 26, 1994, through December 31, 1995—Eligibility.
- 50.22.130 Training benefits program—Intent.
- 50.22.140 Employment security department authorized to pay training benefits—Expenditures.
- 50.22.150 Training benefits—Claims effective before April 5, 2009—Eligibility—Definitions—Payment—Local workforce development council to identify high-demand occupations and occupations in declining employer demand—Rules.
- 50.22.155 Training benefits—Claims effective on or after April 5, 2009—Eligibility—Definitions—Role of local workforce development councils—Rules.
- 50.22.157 Training benefits program—Annual report.

**50.22.005 Collaborative review of programs.** The employment security department shall periodically bring together representatives of the workforce training and education coordinating board, workforce development councils, the state board for community and technical colleges, business, labor, and the legislature to review development and implementation of chapter 566, Laws of 2009 and related programs under this chapter. [2009 c 566 § 7.]

**Findings—Intent—Effective date—2009 c 566:** See notes following RCW 50.24.014.

**50.22.010 Definitions.** As used in this chapter, unless the context clearly indicates otherwise:

- (1) "Extended benefit period" means a period which:
- (a) Begins with the third week after a week for which there is an "on" indicator; and
- (b) Ends with the third week after the first week for which there is an "off" indicator: PROVIDED, That no extended benefit period shall last for a period of less than thirteen consecutive weeks, and further that no extended benefit period may begin by reason of an "on" indicator before the fourteenth week after the close of a prior extended benefit period which was in effect with respect to this state.
- (2) There is an "on" indicator for this state for a week if the commissioner determines, in accordance with the regulations of the United States secretary of labor, that for the period consisting of such week and the immediately preceding twelve weeks:
- (a) The rate of insured unemployment, not seasonally adjusted, equaled or exceeded one hundred twenty percent of the average of such rates for the corresponding thirteen-week period ending in each of the preceding two calendar years and equaled or exceeded five percent; or
- (b) For benefits for weeks of unemployment beginning after March 6, 1993:
- (i) The average rate of total unemployment, seasonally adjusted, as determined by the United States secretary of labor, for the period consisting of the most recent three months for which data for all states are published before the close of the week equals or exceeds six and one-half percent; and
- (ii) The average rate of total unemployment in the state, seasonally adjusted, as determined by the United States secretary of labor, for the three-month period referred to in (b)(i) of this subsection, equals or exceeds one hundred ten percent of the average for either or both of the corresponding three-month periods ending in the two preceding calendar years.

(3) "High unemployment period" means any period of unemployment beginning after March 6, 1993, during which an extended benefit period would be in effect if:

(a) The average rate of total unemployment, seasonally adjusted, as determined by the United States secretary of labor, for the period consisting of the most recent three months for which data for all states are published before the close of the week equals or exceeds eight percent; and

(b) The average rate of total unemployment in the state, seasonally adjusted, as determined by the United States secretary of labor, for the three-month period referred to in (a) of this subsection, equals or exceeds one hundred ten percent of the average for either or both of the corresponding three-month periods ending in the two preceding calendar years.

(4) There is an "off" indicator for this state for a week only if, for the period consisting of such week and immediately preceding twelve weeks, none of the options specified in subsection (2) or (3) of this section result in an "on" indicator.

(5) "Regular benefits" means benefits payable to an individual under this title or under any state law (including benefits payable to federal civilian employees and to ex-servicemen pursuant to 5 U.S.C. chapter 85) other than extended benefits or additional benefits.

(6) "Extended benefits" means benefits payable for weeks of unemployment beginning in an extended benefit period to an individual under this title or under any state law (including benefits payable to federal civilian employees and to ex-servicemen pursuant to 5 U.S.C. chapter 85) other than regular or additional benefits.

(7) "Additional benefits" are benefits totally financed by the state and payable under this title to exhaustees by reason of conditions of high unemployment or by reason of other special factors.

(8) "Eligibility period" of an individual means:

(a) The period consisting of the weeks in his or her benefit year which begin in an extended benefit period that is in effect in this state and, if his or her benefit year ends within such extended benefit period, any weeks thereafter which begin in such period; or

(b) For an individual who is eligible for emergency unemployment compensation during the extended benefit period beginning February 15, 2009, the period consisting of the week ending February 28, 2009, through the week ending May 29, 2010.

(9) "Additional benefit eligibility period" of an individual means the period consisting of the weeks in his or her benefit year which begin in an additional benefit period that is in effect and, if his or her benefit year ends within such additional benefit period, any weeks thereafter which begin in such period.

(10) "Exhaustee" means an individual who, with respect to any week of unemployment in his or her eligibility period:

(a) Has received, prior to such week, all of the regular benefits that were payable to him or her under this title or any other state law (including dependents' allowances and regular benefits payable to federal civilian employees and ex-servicemen under 5 U.S.C. chapter 85) in his or her current benefit year that includes such week; or

(b) Has received, prior to such week, all of the regular benefits that were available to him or her under this title or

any other state law (including dependents' allowances and regular benefits available to federal civilian employees and ex-servicemen under 5 U.S.C. chapter 85) in his or her current benefit year that includes such week, after the cancellation of some or all of his or her wage credits or the total or partial reduction of his or her rights to regular benefits: PROVIDED, That, for the purposes of (a) and (b), an individual shall be deemed to have received in his or her current benefit year all of the regular benefits that were payable to him or her, or available to him or her, as the case may be, even though:

(i) As a result of a pending appeal with respect to wages or employment, or both, that were not included in the original monetary determination with respect to his or her current benefit year, he or she may subsequently be determined to be entitled to more regular benefits; or

(ii) By reason of the seasonal provisions of another state law, he or she is not entitled to regular benefits with respect to such week of unemployment (although he or she may be entitled to regular benefits with respect to future weeks of unemployment in the next season, as the case may be, in his or her current benefit year), and he or she is otherwise an exhaustee within the meaning of this section with respect to his or her right to regular benefits under such state law seasonal provisions during the season or off season in which that week of unemployment occurs; or

(iii) Having established a benefit year, no regular benefits are payable to him or her during such year because his or her wage credits were canceled or his or her right to regular benefits was totally reduced as the result of the application of a disqualification; or

(c) His or her benefit year having ended prior to such week, he or she has insufficient wages or employment, or both, on the basis of which he or she could establish in any state a new benefit year that would include such week, or having established a new benefit year that includes such week, he or she is precluded from receiving regular benefits by reason of the provision in RCW 50.04.030 which meets the requirement of section 3304(a)(7) of the Federal Unemployment Tax Act, or the similar provision in any other state law; and

(d)(i) Has no right for such week to unemployment benefits or allowances, as the case may be, under the Railroad Unemployment Insurance Act, the Trade Expansion Act of 1962, and such other federal laws as are specified in regulations issued by the United States secretary of labor; and

(ii) Has not received and is not seeking for such week unemployment benefits under the unemployment compensation law of Canada, unless the appropriate agency finally determines that he or she is not entitled to unemployment benefits under such law for such week.

(11) "State law" means the unemployment insurance law of any state, approved by the United States secretary of labor under section 3304 of the internal revenue code of 1954. [2009 c 493 § 4; 1993 c 483 § 15; 1985 ex.s. c 5 § 10; 1983 c 1 § 1; 1982 1st ex.s. c 18 § 2; 1981 c 35 § 7; 1977 ex.s. c 292 § 11; 1973 c 73 § 7; 1971 c 1 § 2.]

**Effective date—2009 c 493 § 4:** "Section 4 of this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [May 14, 2009]." [2009 c 493 § 7.]

(2010 Ed.)

**Conflict with federal requirements—2009 c 493:** See note following RCW 50.29.021.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.22.020 Application of statute and rules—Eligibility for extended benefits.** When the result would not be inconsistent with the other provisions of this chapter, the provisions of this title and commissioner's regulations enacted pursuant thereto, which apply to claims for, or the payment of, regular benefits, shall apply to claims for, and the payment of, extended benefits: PROVIDED, That

(1) Payment of extended compensation under this chapter shall not be made to any individual for any week of unemployment in his or her eligibility period—

(a) During which he or she fails to accept any offer of suitable work (as defined in subsection (3) of this section) or fails to apply for any suitable work to which he or she was referred by the employment security department; or

(b) During which he or she fails to actively engage in seeking work.

(2) If any individual is ineligible for extended compensation for any week by reason of a failure described in subsections (1)(a) or (1)(b) of this section, the individual shall be ineligible to receive extended compensation for any week which begins during a period which—

(a) Begins with the week following the week in which such failure occurs; and

(b) Does not end until such individual has been employed during at least four weeks which begin after such failure and the total of the remuneration earned by the individual for being so employed is not less than the product of four multiplied by the individual's weekly benefit amount (as determined under RCW 50.20.120) for his or her benefit year.

(3) For purposes of this section, the term "suitable work" means, with respect to any individual, any work which is within such individual's capabilities and which does not involve conditions described in RCW 50.20.110: PROVIDED, That if the individual furnishes evidence satisfactory to the employment security department that such individual's prospects for obtaining work in his or her customary occupation within a reasonably short period are good, the determination of whether any work is suitable work with respect to such individual shall be made in accordance with RCW 50.20.100.

(4) Extended compensation shall not be denied under subsection (1)(a) of this section to any individual for any week by reason of a failure to accept an offer of, or apply for, suitable work if:

(a) The gross average weekly remuneration payable to such individual for the position does not exceed the sum of—

(i) The individual's weekly benefit amount (as determined under RCW 50.20.120) for his or her benefit year; plus

(ii) The amount (if any) of supplemental unemployment compensation benefits (as defined in section 501(c)(17)(D) of the Internal Revenue Code of 1954, 26 U.S.C. Sec. 501(c)(17)(D)), payable to such individual for such week;

(b) The position was not offered to such individual in writing and was not listed with the employment security department;

(c) Such failure would not result in a denial of compensation under the provisions of RCW 50.20.080 and 50.20.100 to the extent such provisions are not inconsistent with the provisions of subsections (3) and (5) of this section; or

(d) The position pays wages less than the higher of—

(i) The minimum wage provided by section (6)(a)(1) of the Fair Labor Standards Act of 1938, without regard to any exemption; or

(ii) Any applicable state or local minimum wage.

(5) For purposes of this section, an individual shall be treated as actively engaged in seeking work during any week if:

(a) The individual has engaged in a systematic and sustained effort to obtain work during such week; and

(b) The individual provides tangible evidence to the employment security department that he or she has engaged in such an effort during such week.

(6) The employment security department shall refer applicants for benefits under this chapter to any suitable work to which subsections (4)(a) through (4)(d) of this section would not apply.

(7) No provisions of this title which terminates a disqualification for voluntarily leaving employment, being discharged for misconduct, or refusing suitable employment shall apply for purposes of determining eligibility for extended compensation unless such termination is based upon employment subsequent to the date of such disqualification.

(8) The provisions of subsections (1) through (7) of this section shall apply with respect to weeks of unemployment beginning after March 31, 1981: PROVIDED HOWEVER, That the provisions of subsections (1) through (7) of this section shall not apply to those weeks of unemployment beginning after March 6, 1993, and before January 1, 1995. [1993 c 483 § 16; 1993 c 58 § 3; 1981 c 35 § 8; 1971 c 1 § 3.]

**Reviser's note:** This section was amended by 1993 c 58 § 3 and by 1993 c 483 § 16, each without reference to the other. Both amendments are incorporated in the publication of this section pursuant to RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **50.22.030 Extended benefit eligibility conditions—**

**Interstate claim.** (1) An individual shall be eligible to receive extended benefits with respect to any week of unemployment in his or her eligibility period only if the commissioner finds with respect to such week that:

(a) The individual is an "exhaustee" as defined in RCW 50.22.010;

(b) He or she has satisfied the requirements of this title for the receipt of regular benefits that are applicable to individuals claiming extended benefits, including not being subject to a disqualification for the receipt of benefits; and

(c) He or she has earned wages in the applicable base year of at least:

(i) Forty times his or her weekly benefit amount; or

(ii) One and one-half times his or her insured wages in the calendar quarter of the base period in which the insured wages are the highest, for weeks of unemployment on or after July 3, 1992.

(2) An individual filing an interstate claim in any state under the interstate benefit payment plan shall not be eligible

to receive extended benefits for any week beyond the first two weeks claimed for which extended benefits are payable unless an extended benefit period embracing such week is also in effect in the agent state. [1993 c 483 § 17; 1982 1st ex.s. c 18 § 4; 1981 c 35 § 9; 1971 c 1 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.22.040 Weekly extended benefit amount.** The weekly extended benefit amount payable to an individual for a week of total unemployment in his or her eligibility period shall be an amount equal to the weekly benefit amount payable to him or her during his or her applicable benefit year. However, for those individuals whose eligibility period for extended benefits commences with weeks beginning after October 1, 1983, the weekly benefit amount, as computed in RCW 50.20.120(2) and payable under this section, if not a multiple of one dollar, shall be reduced to the next lower multiple of one dollar. [2010 c 8 § 13026; 1983 1st ex.s. c 23 § 13; 1971 c 1 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.22.050 Total extended benefit amount—Reduction.** (1) The total extended benefit amount payable to any eligible individual with respect to his or her applicable benefit year shall be the least of the following amounts:

(a) Fifty percent of the total amount of regular benefits which were payable to him or her under this title in his or her applicable benefit year;

(b) Thirteen times his or her weekly benefit amount which was payable to him or her under this title for a week of total unemployment in the applicable benefit year; or

(c) Thirty-nine times his or her weekly benefit amount which was payable to him or her under this title for a week of total unemployment in the applicable benefit year, reduced by the total amount of regular benefits which were paid (or deemed paid) to him or her under this title with respect to the benefit year.

(2) Notwithstanding any other provision of this chapter, if the benefit year of any eligible individual ends within an extended benefit period, the extended benefits which the individual would otherwise be entitled to receive with respect to weeks of unemployment beginning after the end of the benefit year and within the extended benefit period shall be reduced (but not below zero) by the product of the number of weeks for which the individual received any amount as a trade readjustment allowance within that benefit year, multiplied by the individual's weekly extended benefit amount.

(3) Effective for weeks beginning in a high unemployment period as defined in RCW 50.22.010(3) the total extended benefit amount payable to any eligible individual with respect to his or her applicable benefit year shall be the least of the following amounts:

(a) Eighty percent of the total amount of regular benefits that were payable to him or her under this title in his or her applicable benefit year;

(b) Twenty times his or her weekly benefit amount that was payable to him or her under this title for a week of total unemployment in the applicable benefit year; or

(c) Forty-six times his or her weekly benefit amount that was payable to him or her under this title for a week of total

unemployment in the applicable benefit year, reduced by the total amount of regular benefits which were paid, or deemed paid, to him or her under this title with respect to the benefit year. [1993 c 483 § 18; 1982 1st ex.s. c 18 § 5; 1971 c 1 § 6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.22.060 Public announcement when extended benefit period becomes effective or is terminated—Computations of rate of insured unemployment.** (1) Whenever an extended benefit period is to become effective in this state (or in all states) as a result of an "on" indicator, or an extended benefit period is to be terminated in this state as a result of an "off" indicator, the commissioner shall make an appropriate public announcement.

(2) Computations required by the provisions of RCW 50.22.010(4) shall be made by the commissioner, in accordance with regulations prescribed by the United States secretary of labor. [1982 1st ex.s. c 18 § 3; 1971 c 1 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.22.105 Supplemental additional benefits—February 26, 1994, through December 31, 1995—Eligibility.** Supplemental additional benefits shall be available to individuals who, under this chapter, had a balance of extended benefits available after payments up to and including the week ending February 26, 1994.

(1) Total supplemental additional benefits payable shall be equal to the extended benefit balance remaining after extended benefit payments for up to and including the week ending February 26, 1994, and shall be paid at the same weekly benefit amount.

(2) The week ending March 5, 1994, is the first week for which supplemental additional benefits are payable.

(3) Supplemental additional benefits shall be paid under the same terms and conditions as extended benefits.

(4) Supplemental additional benefits are not payable for weeks more than one year beyond the end of the benefit year of the regular claim.

(5) Weeks of supplemental additional benefits may not be paid for weeks that begin after the start of a new extended benefit period, or any totally federally funded benefit program with eligibility criteria and benefits comparable to additional benefits.

(6) Weeks of supplemental additional benefits may not be paid for weeks of unemployment beginning after December 31, 1995.

(7) The department shall seek federal funding to reimburse the state for the supplemental additional benefits paid under this section. Any federal funds received by the state for reimbursement shall be deposited in the unemployment trust fund solely for the payment of benefits under this title. [1994 c 3 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.22.130 Training benefits program—Intent.** It is the intent of the legislature that a training benefits program be established to provide unemployment insurance benefits to unemployed individuals who participate in training programs necessary for their reemployment.

(2010 Ed.)

The legislature further intends that this program serve the following goals:

(1) Retraining should be available for those unemployed individuals whose skills are no longer in demand;

(2) To be eligible for retraining, an individual must have a long-term attachment to the labor force;

(3) Training must enhance the individual's marketable skills and earning power; and

(4) Retraining must be targeted to high-demand occupations.

Individuals unemployed as a result of structural changes in the economy and technological advances rendering their skills obsolete must receive the highest priority for participation in this program. It is the further intent of the legislature that individuals for whom suitable employment is available are not eligible for additional benefits while participating in training.

The legislature further intends that funding for this program be limited by a specified maximum amount each fiscal year. [2009 c 353 § 3; 2000 c 2 § 6.]

**Conflict with federal requirements—Severability—Effective date—2000 c 2:** See notes following RCW 50.04.355.

**50.22.140 Employment security department authorized to pay training benefits—Expenditures.** (1) The employment security department is authorized to pay training benefits under RCW 50.22.150, but may not obligate expenditures beyond the limits specified in this section or as otherwise set by the legislature. For the fiscal year ending June 30, 2000, the commissioner may not obligate more than twenty million dollars for training benefits. For the two fiscal years ending June 30, 2002, the commissioner may not obligate more than sixty million dollars for training benefits. Any funds not obligated in one fiscal year may be carried forward to the next fiscal year. For each fiscal year beginning after June 30, 2002, the commissioner may not obligate more than twenty million dollars annually in addition to any funds carried forward from previous fiscal years. The department shall develop a process to ensure that expenditures do not exceed available funds and to prioritize access to funds when again available.

(2) After June 30, 2002, in addition to the amounts that may be obligated under subsection (1) of this section, the commissioner may obligate up to thirty-four million dollars for training benefits under RCW 50.22.150 for individuals in the aerospace industry assigned the standard industrial classification code "372" or the North American industry classification system code "336411" whose claims are filed before January 5, 2003. The funds provided in this subsection must be fully obligated for training benefits for these individuals before the funds provided in subsection (1) of this section may be obligated for training benefits for these individuals. Any amount of the funds specified in this subsection that is not obligated as permitted may not be carried forward to any future period. [2002 c 149 § 1; 2000 2nd sp.s. c 1 § 916; 2000 c 2 § 7.]

(2) After June 30, 2002, in addition to the amounts that may be obligated under subsection (1) of this section, the commissioner may obligate up to thirty-four million dollars for training benefits under RCW 50.22.150 for individuals in the aerospace industry assigned the standard industrial classification code "372" or the North American industry classification system code "336411" whose claims are filed before January 5, 2003. The funds provided in this subsection must be fully obligated for training benefits for these individuals before the funds provided in subsection (1) of this section may be obligated for training benefits for these individuals. Any amount of the funds specified in this subsection that is not obligated as permitted may not be carried forward to any future period. [2002 c 149 § 1; 2000 2nd sp.s. c 1 § 916; 2000 c 2 § 7.]

**Conflict with federal requirements—2002 c 149:** "If any part of this act is found to be in conflict with federal requirements that are a prescribed condition to the allocation of federal funds to the state or the eligibility of employers in this state for federal unemployment tax credits, the conflicting part of this act is inoperative solely to the extent of the conflict, and the finding or determination does not affect the operation of the remainder of this

act. Rules adopted under this act must meet federal requirements that are a necessary condition to the receipt of federal funds by the state or the granting of federal unemployment tax credits to employers in this state." [2002 c 149 § 15.]

**Severability—2002 c 149:** "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [2002 c 149 § 16.]

**Severability—Effective date—2000 2nd sp.s. c 1:** See notes following RCW 41.05.143.

**Conflict with federal requirements—Severability—Effective date—2000 c 2:** See notes following RCW 50.04.355.

**50.22.150 Training benefits—Claims effective before April 5, 2009—Eligibility—Definitions—Payment—Local workforce development council to identify high-demand occupations and occupations in declining employer demand—Rules.** (1) This section applies to claims with an effective date before April 5, 2009.

(2) Subject to availability of funds, training benefits are available for an individual who is eligible for or has exhausted entitlement to unemployment compensation benefits and who:

- (a) Is a dislocated worker as defined in RCW 50.04.075;
- (b) Except as provided under subsection (3) of this section, has demonstrated, through a work history, sufficient tenure in an occupation or in work with a particular skill set. This screening will take place during the assessment process;
- (c) Is, after assessment of demand for the individual's occupation or skills in the individual's labor market, determined to need job-related training to find suitable employment in his or her labor market. Beginning July 1, 2001, the assessment of demand for the individual's occupation or skill sets must be substantially based on declining occupation or skill sets identified in local labor market areas by the local workforce development councils, in cooperation with the employment security department and its labor market information division, under subsection (11) of this section;
- (d) Develops an individual training program that is submitted to the commissioner for approval within sixty days after the individual is notified by the employment security department of the requirements of this section;
- (e) Enters the approved training program by ninety days after the date of the notification, unless the employment security department determines that the training is not available during the ninety-day period, in which case the individual enters training as soon as it is available; and
- (f) Is enrolled in training approved under this section on a full-time basis as determined by the educational institution, and is making satisfactory progress in the training as certified by the educational institution.

(3) Until June 30, 2002, the following individuals who meet the requirements of subsection (2) of this section may, without regard to the tenure requirements under subsection (2)(b) of this section, receive training benefits as provided in this section:

- (a) An exhaustee who has base year employment in the aerospace industry assigned the standard industrial classification code "372" or the North American industry classification system code "336411";
- (b) An exhaustee who has base year employment in the forest products industry, determined by the department, but

including the industries assigned the major group standard industrial classification codes "24" and "26" or any equivalent codes in the North American industry classification system code, and the industries involved in the harvesting and management of logs, transportation of logs and wood products, processing of wood products, and the manufacturing and distribution of wood processing and logging equipment; or

(c) An exhaustee who has base year employment in the fishing industry assigned the standard industrial classification code "0912" or any equivalent codes in the North American industry classification system code.

(4) An individual is not eligible for training benefits under this section if he or she:

- (a) Is a standby claimant who expects recall to his or her regular employer;
- (b) Has a definite recall date that is within six months of the date he or she is laid off; or
- (c) Is unemployed due to a regular seasonal layoff which demonstrates a pattern of unemployment consistent with the provisions of \*RCW 50.20.015. Regular seasonal layoff does not include layoff due to permanent structural downsizing or structural changes in the individual's labor market.

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

(a) "Educational institution" means an institution of higher education as defined in RCW 28B.10.016 or an educational institution as defined in RCW 28C.04.410, including equivalent educational institutions in other states.

(b) "Sufficient tenure" means earning a plurality of wages in a particular occupation or using a particular skill set during the base year and at least two of the four twelve-month periods immediately preceding the base year.

(c) "Training benefits" means additional benefits paid under this section.

(d) "Training program" means:

(i) An education program determined to be necessary as a prerequisite to vocational training after counseling at the educational institution in which the individual enrolls under his or her approved training program; or

(ii) A vocational training program at an educational institution:

(A) That is targeted to training for a high-demand occupation. Beginning July 1, 2001, the assessment of high-demand occupations authorized for training under this section must be substantially based on labor market and employment information developed by local workforce development councils, in cooperation with the employment security department and its labor market information division, under subsection (11) of this section;

(B) That is likely to enhance the individual's marketable skills and earning power; and

(C) That meets the criteria for performance developed by the workforce training and education coordinating board for the purpose of determining those training programs eligible for funding under Title I of P.L. 105-220.

"Training program" does not include any course of education primarily intended to meet the requirements of a baccalaureate or higher degree, unless the training meets specific requirements for certification, licensing, or for specific skills necessary for the occupation.

(6) Benefits shall be paid as follows:

(a)(i) Except as provided in (a)(iii) of this subsection, for exhaustees who are eligible under subsection (2) of this section, the total training benefit amount shall be fifty-two times the individual's weekly benefit amount, reduced by the total amount of regular benefits and extended benefits paid, or deemed paid, with respect to the benefit year; or

(ii) For exhaustees who are eligible under subsection (3) of this section, for claims filed before June 30, 2002, the total training benefit amount shall be seventy-four times the individual's weekly benefit amount, reduced by the total amount of regular benefits and extended benefits paid, or deemed paid, with respect to the benefit year; or

(iii) For exhaustees eligible under subsection (2) of this section from industries listed under subsection (3)(a) of this section, for claims filed on or after June 30, 2002, but before January 5, 2003, the total training benefit amount shall be seventy-four times the individual's weekly benefit amount, reduced by the total amount of regular benefits and extended benefits paid, or deemed paid, with respect to the benefit year.

(b) The weekly benefit amount shall be the same as the regular weekly amount payable during the applicable benefit year and shall be paid under the same terms and conditions as regular benefits. The training benefits shall be paid before any extended benefits but not before any similar federally funded program.

(c) Training benefits are not payable for weeks more than two years beyond the end of the benefit year of the regular claim.

(7) The requirement under RCW 50.22.010(10) relating to exhausting regular benefits does not apply to an individual otherwise eligible for training benefits under this section when the individual's benefit year ends before his or her training benefits are exhausted and the individual is eligible for a new benefit year. These individuals will have the option of remaining on the original claim or filing a new claim.

(8)(a) Except as provided in (b) of this subsection, individuals who receive training benefits under this section or under any previous additional benefits program for training are not eligible for training benefits under this section for five years from the last receipt of training benefits under this section or under any previous additional benefits program for training.

(b) With respect to claims that are filed before January 5, 2003, an individual in the aerospace industry assigned the standard industrial code "372" or the North American industry classification system code "336411" who received training benefits under this section, and who had been making satisfactory progress in a training program but did not complete the program, is eligible, without regard to the five-year limitation of this section and without regard to the requirement of subsection (2)(b) of this section, if applicable, to receive training benefits under this section in order to complete that training program. The total training benefit amount that applies to the individual is seventy-four times the individual's weekly benefit amount, reduced by the total amount of regular benefits paid, or deemed paid, with respect to the benefit year in which the training program resumed and, if applicable, reduced by the amount of training benefits paid, or

deemed paid, with respect to the benefit year in which the training program commenced.

(9) An individual eligible to receive a trade readjustment allowance under chapter 2 of Title II of the Trade Act of 1974, as amended, shall not be eligible to receive benefits under this section for each week the individual receives such trade readjustment allowance. An individual eligible to receive emergency unemployment compensation, so called, under any federal law, shall not be eligible to receive benefits under this section for each week the individual receives such compensation.

(10) All base year employers are interested parties to the approval of training and the granting of training benefits.

(11) By July 1, 2001, each local workforce development council, in cooperation with the employment security department and its labor market information division, must identify high-demand occupations and occupations in declining employer demand. For the purposes of RCW 50.22.130 through 50.22.150 and section 9, chapter 2, Laws of 2000, "high-demand occupation" means an occupation with a substantial number of current or projected employment opportunities. Local workforce development councils must use state and locally developed labor market information. Thereafter, each local workforce development council shall update this information annually or more frequently if needed.

(12) The commissioner shall adopt rules as necessary to implement this section. [2009 c 353 § 4; 2009 c 3 § 5; 2002 c 149 § 2; 2000 c 2 § 8.]

\*Reviser's note: RCW 50.20.015 was repealed by 2003 2nd sp.s. c 4 § 35.

**Short title—Effective date—Conflict with federal requirements—2009 c 3:** See notes following RCW 50.20.120.

**Effective dates—2002 c 149 §§ 2 and 8:** "(1) Section 2 of this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [March 26, 2002].

(2) Section 8 of this act takes effect January 1, 2005." [2002 c 149 § 19.]

**Conflict with federal requirements—Severability—2002 c 149:** See notes following RCW 50.22.140.

**Application—2000 c 2 §§ 1, 2, 4, 5, 8, and 12-15:** "(1) Sections 1, 2, 4, 5, and 15 of this act apply to rate years beginning on or after January 1, 2000.

(2)(a) Except as provided under (b) of this subsection, sections 8 and 12 through 14 of this act apply beginning with weeks of unemployment that begin on or after the Sunday following the day on which the governor signs chapter 2, Laws of 2000 [February 13, 2000].

(b) For individuals eligible under section 8(2)(a) of this act who are enrolled in a national reserve grant on February 7, 2000, section 8 of this act applies beginning with weeks of unemployment that begin after the termination of their needs-related payments under a national reserve grant." [2000 c 2 § 16.]

**Conflict with federal requirements—Severability—Effective date—2000 c 2:** See notes following RCW 50.04.355.

**50.22.155 Training benefits—Claims effective on or after April 5, 2009—Eligibility—Definitions—Role of local workforce development councils—Rules.** (1) This section applies to claims with an effective date on or after April 5, 2009.

(2) Subject to availability of funds, training benefits are available for an individual who is eligible for or has exhausted entitlement to unemployment compensation benefits when:

(a) The individual is a dislocated worker as defined in RCW 50.04.075 and, after assessment of the individual's labor market, occupation, or skills, is determined to need job-related training to find suitable employment in the individual's labor market. The assessment of demand for the individual's occupation or skill sets must be substantially based on declining occupation or skill sets and high-demand occupations identified in local labor market areas by the local workforce development councils in cooperation with the employment security department and its labor market information division; or

(b) For claims with an effective date on or after September 7, 2009, the individual:

(i) Earned an average hourly wage in the individual's base year that is less than one hundred thirty percent of the state minimum wage, and after assessment, it is determined that the individual's earning potential will be enhanced through vocational training. The individual's average hourly wage is calculated by dividing the total wages paid by the total hours worked in the individual's base year;

(ii) Served in the United States military or the Washington national guard during the twelve-month period prior to the application date, was honorably discharged from military service or the Washington national guard and, after assessment, is determined to need job-related training to find suitable employment in the individual's labor market;

(iii) Is currently serving in the Washington national guard and, after assessment, is determined to need job-related training to find suitable employment in the individual's labor market; or

(iv) Is disabled due to an injury or illness and, after assessment, is determined to be unable to return to his or her previous occupation and to need job-related training to find suitable employment in the individual's labor market.

(3)(a) The individual must develop an individual training program that is submitted to the commissioner for approval within ninety days after the individual is notified by the employment security department of the requirements of this section;

(b) The individual must enter the approved training program by one hundred twenty days after the date of the notification, unless the employment security department determines that the training is not available during the one hundred twenty days, in which case the individual enters training as soon as it is available;

(c) The department may waive the deadlines established under this subsection for reasons deemed by the commissioner to be good cause.

(4) The individual must be enrolled in training approved under this section on a full-time basis as determined by the educational institution, except that less than full-time training may be approved when the individual has a physical, mental, or emotional disability that precludes enrollment on a full-time basis.

(5) The individual must make satisfactory progress in the training as defined by the commissioner and certified by the educational institution.

(6) An individual is not eligible for training benefits under this section if he or she:

(a) Is a standby claimant who expects recall to his or her regular employer; or

(b) Has a definite recall date that is within six months of the date he or she is laid off.

(7) The following definitions apply throughout this section unless the context clearly requires otherwise.

(a) "Educational institution" means an institution of higher education as defined in RCW 28B.10.016 or an educational institution as defined in RCW 28C.04.410, including equivalent educational institutions in other states.

(b) "High-demand occupation" means an occupation with a substantial number of current or projected employment opportunities.

(c) "Training benefits" means additional benefits paid under this section.

(d) "Training program" means:

(i) An education program determined to be necessary as a prerequisite to vocational training after counseling at the educational institution in which the individual enrolls under his or her approved training program; or

(ii) A vocational training program at an educational institution that:

(A) Is targeted to training for a high-demand occupation;

(B) Is likely to enhance the individual's marketable skills and earning power; and

(C) Meets the criteria for performance developed by the workforce training and education coordinating board for the purpose of determining those training programs eligible for funding under Title I of P.L. 105-220.

"Training program" does not include any course of education primarily intended to meet the requirements of a baccalaureate or higher degree, unless the training meets specific requirements for certification, licensing, or for specific skills necessary for the occupation.

(8) Benefits shall be paid as follows:

(a) The total training benefit amount shall be fifty-two times the individual's weekly benefit amount, reduced by the total amount of regular benefits and extended benefits paid, or deemed paid, with respect to the benefit year.

(b) The weekly benefit amount shall be the same as the regular weekly amount payable during the applicable benefit year and shall be paid under the same terms and conditions as regular benefits.

(c) Training benefits shall be paid before any extended benefits but not before any similar federally funded program.

(d) Training benefits are not payable for weeks more than two years beyond the end of the benefit year of the regular claim.

(9) The requirement under RCW 50.22.010(10) relating to exhausting regular benefits does not apply to an individual otherwise eligible for training benefits under this section when the individual's benefit year ends before his or her training benefits are exhausted and the individual is eligible for a new benefit year. These individuals will have the option of remaining on the original claim or filing a new claim.

(10) Individuals who receive training benefits under RCW 50.22.150 or this section are not eligible for training benefits under this section for five years from the last receipt of training benefits.

(11) An individual eligible to receive a trade readjustment allowance under chapter 2, Title II of the trade act of 1974, as amended, shall not be eligible to receive benefits

under this section for each week the individual receives such trade readjustment allowance.

(12) An individual eligible to receive emergency unemployment compensation under any federal law shall not be eligible to receive benefits under this section for each week the individual receives such compensation.

(13) All base year employers are interested parties to the approval of training and the granting of training benefits.

(14) Each local workforce development council, in cooperation with the employment security department and its labor market information division, must identify occupations and skill sets that are declining and high-demand occupations and skill sets. Each local workforce development council shall update this information annually or more frequently if needed.

(15) The commissioner shall adopt rules as necessary to implement this section. [2009 c 3 § 4.]

**Short title—Effective date—Conflict with federal requirements—**

**2009 c 3:** See notes following RCW 50.20.120.

**50.22.157 Training benefits program—Annual report.** The employment security department shall report to the appropriate committees of the legislature by December 1, 2009, and every year thereafter, on the status of the training benefits program and the resulting outcomes. The department shall include in its report:

(1) A demographic analysis of participants in the training benefits program under this section including the number of claimants per North American industry classification system code and the gender, race, age, and geographic representation of participants;

(2) The duration of training benefits claimed per claimant;

(3) An analysis of the training provided to participants including the occupational category supported by the training, those participants who complete training in relationship to those that do not, and the reasons for noncompletion of approved training programs;

(4) The employment and wage history of participants, including the pretraining and posttraining wage and whether those participating in training return to their previous employer after training terminates; and

(5) An identification and analysis of administrative costs at both the local and state level for administering this program. [2009 c 3 § 6.]

**Short title—Effective date—Conflict with federal requirements—**

**2009 c 3:** See notes following RCW 50.20.120.

## Chapter 50.24 RCW

### CONTRIBUTIONS BY EMPLOYERS

#### Sections

50.24.010	Payment of contributions—Amount of wages subject to tax—Wages paid by employers making payments in lieu of contributions not remuneration.
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50.24.210	Contributions due and payable upon termination or disposal of business—Successor liability.
50.24.220	Client employer liability—Collection.
50.24.230	Corporate or limited liability company officers, members, and owners—Personal liability.

**50.24.010 Payment of contributions—Amount of wages subject to tax—Wages paid by employers making payments in lieu of contributions not remuneration.** Contributions shall accrue and become payable by each employer (except employers as described in RCW 50.44.010 who have properly elected to make payments in lieu of contributions and those employers who are required to make payments in lieu of contributions) for each calendar year in which the employer is subject to this title at the rate established pursuant to chapter 50.29 RCW.

In each rate year, the amount of wages subject to tax for each individual shall be one hundred fifteen percent of the amount of wages subject to tax for the previous year rounded to the next lower one hundred dollars, except that the amount of wages subject to tax in any rate year shall not exceed eighty percent of the "average annual wage for contributions purposes" for the second preceding calendar year rounded to the next lower one hundred dollars. However, the amount subject to tax shall be twenty-four thousand three hundred dollars for rate year 2000.

In making computations under this section and RCW 50.29.010, wages paid based on services for employers making payments in lieu of contributions shall not be considered remuneration. Moneys paid from the fund, based on services performed for employers who make payments in lieu of contributions, which have not been reimbursed to the fund as of any June 30 shall be deemed an asset of the unemployment compensation fund, to the extent that such moneys exceed the amount of payments in lieu of contributions which the commissioner has previously determined to be uncollectible: PROVIDED, FURTHER, That the amount attributable to employment with the state shall also include interest as provided for in RCW 50.44.020.

Contributions shall become due and be paid by each employer to the treasurer for the unemployment compensation fund in accordance with such regulations as the commissioner may prescribe, and shall not be deducted, in whole or in part, from the remuneration of individuals in employment of the employer. Any deduction in violation of the provisions of this section shall be unlawful.

In the payment of any contributions, a fractional part of a cent shall be disregarded unless it amounts to one-half cent or more, in which case it shall be increased to one cent. [2000 c 2 § 2; 1984 c 205 § 2; 1977 ex.s. c 33 § 9; 1971 c 3 § 13; 1970 ex.s. c 2 § 8; 1949 c 214 § 18; 1945 c 35 § 89; Rem. Supp. 1949 § 9998-227. Prior: 1943 c 127 § 5; 1941 c 253 § 5; 1939 c 214 § 5; 1937 c 162 § 7.]

**Reviser's note:** Referendum Measure No. 53 was rejected by the voters at the November 2002 election. This section has been returned to the status existing before its amendment by 2002 c 149.

**Application—2000 c 2 §§ 1, 2, 4, 5, 8, and 12-15:** See note following RCW 50.22.150.

**Conflict with federal requirements—Severability—Effective date—2000 c 2:** See notes following RCW 50.04.355.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.24.014 Financing special unemployment assistance—Financing the employment security department's administrative costs—Accounts—Contributions.** (1)(a) A separate and identifiable account to provide for the financing of special programs to assist the unemployed is established in the administrative contingency fund. All money in this account shall be expended solely for the purposes of this title and for no other purposes whatsoever. Contributions to this account shall accrue and become payable by each employer, except employers as described in RCW 50.44.010 and 50.44.030 who have properly elected to make payments in lieu of contributions, taxable local government employers as described in RCW 50.44.035, and those employers who are required to make payments in lieu of contributions, at a basic rate of two one-hundredths of one percent. The amount of wages subject to tax shall be determined under RCW 50.24.010.

(b) A separate and identifiable account is established in the administrative contingency fund for financing the employment security department's administrative costs under RCW 50.22.150 and 50.22.155 and the costs under RCW 50.22.150(11) and 50.22.155(14). All money in this account shall be expended solely for the purposes of this title and for no other purposes whatsoever. Contributions to this account shall accrue and become payable by each employer, except employers as described in RCW 50.44.010 and 50.44.030 who have properly elected to make payments in lieu of contributions, taxable local government employers as described in RCW 50.44.035, those employers who are required to make payments in lieu of contributions, those employers described under \*RCW 50.29.025(1)(f)(ii), and those qualified employers assigned rate class 20 or rate class 40, as applicable, under RCW 50.29.025, at a basic rate of one one-hundredth of one percent. The amount of wages subject to tax shall be determined under RCW 50.24.010. Any amount of contributions payable under this subsection (1)(b) that exceeds the amount that would have been collected at a rate of four one-thousandths of one percent must be deposited in the account created in (a) of this subsection.

(2)(a) Contributions under this section shall become due and be paid by each employer under rules as the commissioner may prescribe, and shall not be deducted, in whole or in part, from the remuneration of individuals in the employ of the employer. Any deduction in violation of this section is unlawful.

(b) In the payment of any contributions under this section, a fractional part of a cent shall be disregarded unless it amounts to one-half cent or more, in which case it shall be increased to one cent.

(3) If the commissioner determines that federal funding has been increased to provide financing for the services specified in chapter 50.62 RCW, the commissioner shall direct that collection of contributions under this section be terminated on the following January 1st. [2009 c 566 § 2; 2007 c 327 § 2; 2006 c 13 § 20. Prior: 2003 2nd sp.s. c 4 § 25; 2000 c 2 § 15; prior: 1998 c 346 § 901; 1998 c 161 § 7; 1994 c 187 § 3; 1993 c 483 § 20; 1987 c 171 § 4; 1985 ex.s. c 5 § 8.]

**\*Reviser's note:** RCW 50.29.025 was amended by 2009 c 3 § 14 and by 2009 c 493 § 2, changing the subsection numbering.

**Findings—Intent—2009 c 566:** "(1) The legislature finds that:

(a) This is a time of great economic difficulty for the residents of Washington state;

(b) Education and training provides opportunity for unemployed workers and economically disadvantaged adults to move into living wage jobs and is of critical importance to the current and future prosperity of the residents of Washington state;

(c) Community and technical college workforce training programs, private career schools and colleges, and Washington state apprenticeship and training council-approved apprenticeship programs provide effective and efficient pathways for people to enter high-demand occupations while also meeting the needs of the economy;

(d) The identification of high-demand occupations needs to be based on reliable labor market research; and

(e) Workforce development councils are in a position to provide funding for economically disadvantaged adults and unemployed workers to access training.

(2) Consistent with the intent of the workforce investment act adult and dislocated worker program provisions of the American recovery and reinvestment act of 2009, the legislature intends that individuals who are eligible for services under the workforce investment act adult and dislocated worker programs, or are receiving or have exhausted entitlement to unemployment compensation benefits be provided the opportunity to enroll in training programs to prepare for a high-demand occupation." [2009 c 566 § 1.]

**Effective date—2009 c 566:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [May 19, 2009]." [2009 c 566 § 8.]

**Severability—2007 c 327:** "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [2007 c 327 § 5.]

**Conflict with federal requirements—2007 c 327:** "If any part of this act is found to be in conflict with federal requirements that are a prescribed condition to the allocation of federal funds to the state or the eligibility of employers in this state for federal unemployment tax credits, the conflicting part of this act is inoperative solely to the extent of the conflict, and the finding or determination does not affect the operation of the remainder of this act. Rules adopted under this act must meet federal requirements that are a necessary condition to the receipt of federal funds by the state or the granting of federal unemployment tax credits to employers in this state." [2007 c 327 § 6.]

**Effective date—2007 c 327:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2007." [2007 c 327 § 7.]

**Retroactive application—2006 c 13 §§ 8-22:** See note following RCW 50.04.293.

**Conflict with federal requirements—Part headings not law—Severability—2006 c 13:** See notes following RCW 50.20.120.

**Conflict with federal requirements—Severability—Effective date—2003 2nd sp.s. c 4:** See notes following RCW 50.01.010.

**Application—2000 c 2 §§ 1, 2, 4, 5, 8, and 12-15:** See note following RCW 50.22.150.

**Conflict with federal requirements—Severability—Effective date—2000 c 2:** See notes following RCW 50.04.355.

**Finding—Intent—1998 c 161:** See note following RCW 50.20.140.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.24.015 Wages—Deemed paid when contractually due.** For the purposes of liability for, collection of, and assessment of contributions, wages shall be deemed paid when such wages are contractually due but are unpaid because of the refusal or inability of the employer to make such payment. [1973 1st ex.s. c 158 § 19.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.24.020 Authority to compromise.** The commissioner may compromise any claim for contributions, interest, or penalties, and any amount owed by an individual because of benefit overpayments, whether reduced to judgment or otherwise, existing or arising under this title in any case where collection of the full claim, in the case of contributions, interest, or penalties, would result in the insolvency of the employing unit or individual from whom such contributions, interest, or penalties are claimed, and any case where collection of the full amount of benefit overpayments made to an individual, whether reduced to judgment or otherwise, would be against equity and good conscience.

Whenever a compromise is made by the commissioner in the case of a claim for contributions, interest, or penalties, there shall be placed on file in the office of the unemployment compensation division a statement of the amount of contributions, interest, and penalties imposed by law and claimed due, a complete record of the compromise agreement and the amount actually paid in accordance with the terms of the compromise agreement. Whenever a compromise is made by the commissioner in the case of a claim of a benefit overpayment, whether reduced to judgment or otherwise, there shall be placed on file in the office of the unemployment compensation division a statement of the amount of the benefit overpayment, attorneys' fees and costs, if any, a complete record of the compromise agreement and the amount actually paid in accordance with the terms of the compromise agreement.

If any such compromise is accepted by the commissioner, within such time as may be stated in the compromise or agreed to, such compromise shall be final and conclusive and except upon showing of fraud or malfeasance or misrepresentation of a material fact the case shall not be reopened as to the matters agreed upon. In any suit, action, or proceeding, such agreement or any determination, collection, payment, adjustment, refund, or credit made in accordance therewith shall not be annulled, modified, set aside, or disregarded. [1983 1st ex.s. c 23 § 14; 1955 c 286 § 5; 1945 c 35 § 90; Rem. Supp. 1945 § 9998-228.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.24.030 Contributions erroneously paid to United States or another state.** Payments of contributions erroneously paid to an unemployment compensation fund of another state or to the United States government which should have been paid to this state and which thereafter shall be refunded by such other state or the United States govern-

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ment and paid by the employer to this state, shall be deemed to have been paid to this state and to have filed contribution reports thereon at the date of payment to the United States government or such other state. [1953 ex.s. c 8 § 15; 1949 c 214 § 19; 1945 c 35 § 91; Rem. Supp. 1949 § 9998-229.]

**50.24.040 Interest on delinquent contributions.** If contributions are not paid on the date on which they are due and payable as prescribed by the commissioner, the whole or part thereof remaining unpaid shall bear interest at the rate of one percent per month or fraction thereof from and after such date until payment plus accrued interest is received by him or her. The date as of which payment of contributions, if mailed, is deemed to have been received may be determined by such regulations as the commissioner may prescribe. Interest collected pursuant to this section shall be paid into the administrative contingency fund. Interest shall not accrue on contributions from any estate in the hands of a receiver, executor, administrator, trustee in bankruptcy, common law assignee, or other liquidating officer subsequent to the date when such receiver, executor, administrator, trustee in bankruptcy, common law assignee, or other liquidating officer qualifies as such, but contributions accruing with respect to employment of persons by any receiver, executor, administrator, trustee in bankruptcy, common law assignee, or other liquidating officer shall become due and shall draw interest in the same manner as contributions due from other employers. Where adequate information has been furnished the department and the department has failed to act or has advised the employer of no liability or inability to decide the issue, interest may be waived. [2010 c 8 § 13027; 1987 c 111 § 3; 1973 1st ex.s. c 158 § 8; 1953 ex.s. c 8 § 16; 1945 c 35 § 92; Rem. Supp. 1945 § 9998-230. Prior: 1943 c 127 § 10; 1941 c 253 § 11.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.24.050 Lien for contributions generally.** The claim of the employment security department for any contributions, interest, or penalties not paid when due, shall be a lien prior to all other liens or claims and on a parity with prior tax liens against all property and rights to property, whether real or personal, belonging to the employer. In order to avail itself of the lien hereby created, the department shall file with any county auditor where property of the employer is located a statement and claim of lien specifying the amount of delinquent contributions, interest, and penalties claimed by the department. From the time of filing for record, the amount required to be paid shall constitute a lien upon all property and rights to property, whether real or personal, in the county, owned by the employer or acquired by him or her. The lien shall not be valid against any purchaser, holder of a security interest, mechanic's lien, or judgment lien creditor until notice thereof has been filed with the county auditor. This lien shall be separate and apart from, and in addition to, any other lien or claim created by, or provided for in, this title. When any such notice of lien has been so filed, the commissioner may release the same by filing a certificate of release when it shall appear that the amount of delinquent contributions, interest, and penalties have been paid, or when such assurance of payment shall be made as the commissioner

may deem to be adequate. Fees for filing and releasing the lien provided herein may be charged to the employer and may be collected from the employer utilizing the remedies provided in this title for the collection of contributions. [2010 c 8 § 13028; 1981 c 302 § 39; 1979 ex.s. c 190 § 2; 1973 1st ex.s. c 158 § 9; 1947 c 215 § 19; 1945 c 35 § 93; Rem. Supp. 1947 § 9998-231. Prior: 1943 c 127 § 10; 1941 c 253 § 11; 1939 c 214 § 12; 1937 c 162 § 14.]

*Penalties for late reports or contributions: RCW 50.12.220.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **50.24.060 Lien in event of insolvency or dissolution.**

In the event of any distribution of an employer's assets pursuant to an order of any court, including any receivership, probate, legal dissolution, or similar proceeding, or in case of any assignment for the benefit of creditors, composition, or similar proceeding, contributions, interest, or penalties then or thereafter due shall be a lien upon all the assets of such employer. Said lien will be prior to all other liens or claims except prior tax liens, other liens provided by this title, and claims for remuneration for services of not more than two hundred and fifty dollars to each claimant earned within six months of the commencement of the proceeding. The mere existence of a condition of insolvency or the institution of any judicial proceeding for legal dissolution or of any proceeding for distribution of assets shall cause such a lien to attach without action on behalf of the commissioner or the state. In the event of an employer's adjudication in bankruptcy, judicially confirmed extension proposal, or composition, under the federal bankruptcy act of 1898, as amended, contributions, interest, or penalties then or thereafter due shall be entitled to such priority as provided in that act, as amended. [1983 1st ex.s. c 23 § 15; 1945 c 35 § 94; Rem. Supp. 1945 § 9998-232. Prior: 1943 c 127 § 10; 1941 c 253 § 11; 1939 c 214 § 12; 1937 c 162 § 14.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.24.070 Order and notice of assessment.** At any time after the commissioner shall find that any contributions, interest, or penalties have become delinquent, the commissioner may issue an order and notice of assessment specifying the amount due, which order and notice of assessment shall be served upon the delinquent employer in the manner prescribed for the service of a summons in a civil action, or by certified mail to the last known address of the employer as shown by the records of the department. Failure of the employer to receive such notice or order whether served or mailed shall not release the employer from any tax, or any interest or penalties thereon. [1987 c 111 § 4; 1979 ex.s. c 190 § 3; 1945 c 35 § 95; Rem. Supp. 1945 § 9998-233. Prior: 1943 c 127 § 10; 1941 c 253 § 11.]

*Commencement of actions: Chapter 4.28 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.24.080 Jeopardy assessment.** If the commissioner shall have reason to believe that an employer is insolvent or if any reason exists why the collection of any contributions accrued will be jeopardized by delaying collection, he or she may make an immediate assessment thereof and may proceed to enforce collection immediately, but interest and penalties

shall not begin to accrue upon any contributions until the date when such contributions would normally have become delinquent. [2010 c 8 § 13029; 1979 ex.s. c 190 § 4; 1945 c 35 § 96; Rem. Supp. 1945 § 9998-234. Prior: 1943 c 127 § 10; 1941 c 253 § 11.]

**50.24.090 Distraint, seizure, and sale.** If the amount of contributions, interest, or penalties assessed by the commissioner by order and notice of assessment provided in this title is not paid within ten days after the service or mailing of the order and notice of assessment, the commissioner or his or her duly authorized representative may collect the amount stated in said assessment by the distraint, seizure, and sale of the property, goods, chattels, and effects of said delinquent employer. There shall be exempt from distraint and sale under this section such goods and property as are exempt from execution under the laws of this state. [2010 c 8 § 13030; 1979 ex.s. c 190 § 5; 1945 c 35 § 97; Rem. Supp. 1945 § 9998-235. Prior: 1943 c 127 § 10; 1941 c 253 § 11.]

*Executions: Chapter 6.17 RCW.*

*Personal exemptions, generally: Chapter 6.15 RCW.*

**50.24.100 Distraint procedure.** The commissioner, upon making a distraint, shall seize the property and shall make an inventory of the property distrained, a copy of which shall be mailed to the owner of such property or personally delivered to him or her, and shall specify the time and place when said property shall be sold. A notice specifying the property to be sold and the time and place of sale shall be posted in at least two public places in the county wherein the seizure has been made. The time of sale shall be not less than ten nor more than twenty days from the date of posting of such notices. Said sale may be adjourned from time to time at the discretion of the commissioner, but not for a time to exceed in all sixty days. Said sale shall be conducted by the commissioner or his or her authorized representative who shall proceed to sell such property by parcel or by lot at a public auction, and who may set a minimum price to include the expenses of making a levy and of advertising the sale, and if the amount bid for such property at the sale is not equal to the minimum price so fixed, the commissioner or his or her representative may declare such property to be purchased by the employment security department for such minimum price. In such event the delinquent account shall be credited with the amount for which the property has been sold. Property acquired by the employment security department as herein prescribed may be sold by the commissioner or his or her representative at public or private sale, and the amount realized shall be placed in the unemployment compensation trust fund.

In all cases of sale, as aforesaid, the commissioner shall issue a bill of sale or a deed to the purchaser and said bill of sale or deed shall be prima facie evidence of the right of the commissioner to make such sale and conclusive evidence of the regularity of his or her proceeding in making the sale, and shall transfer to the purchaser all right, title, and interest of the delinquent employer in said property. The proceeds of any such sale, except in those cases wherein the property has been acquired by the employment security department, shall be first applied by the commissioner in satisfaction of the

delinquent account, and out of any sum received in excess of the amount of delinquent contributions, interest, and penalties the administration fund shall be reimbursed for the costs of distraint and sale. Any excess which shall thereafter remain in the hands of the commissioner shall be refunded to the delinquent employer. Sums so refundable to a delinquent employer may be subject to seizure or distraint in the hands of the commissioner by any other taxing authority of the state or its political subdivisions. [2010 c 8 § 13031; 1979 ex.s. c 190 § 6; 1949 c 214 § 20; 1945 c 35 § 98; Rem. Supp. 1949 § 9998-236. Prior: 1943 c 127 § 10; 1941 c 253 § 11.]

#### 50.24.110 Notice and order to withhold and deliver.

The commissioner is hereby authorized to issue to any person, firm, corporation, political subdivision, or department of the state, a notice and order to withhold and deliver property of any kind whatsoever when the commissioner has reason to believe that there is in the possession of such person, firm, corporation, political subdivision, or department, property which is due, owing, or belonging to any person, firm, or corporation upon whom the department has served a benefit overpayment assessment or a notice and order of assessment for unemployment compensation contributions, interest, or penalties. The effect of a notice to withhold and deliver shall be continuous from the date such notice and order to withhold and deliver is first made until the liability is satisfied or becomes unenforceable because of a lapse of time.

The notice and order to withhold and deliver shall be served by the sheriff or the sheriff's deputy of the county wherein the service is made, by certified mail, return receipt requested, or by any duly authorized representative of the commissioner. Any person, firm, corporation, political subdivision, or department upon whom service has been made is hereby required to answer the notice within twenty days exclusive of the day of service, under oath and in writing, and shall make true answers to the matters inquired of in the notice.

In the event there is in the possession of any such person, firm, corporation, political subdivision, or department, any property which may be subject to the claim of the employment security department of the state, such property shall be delivered forthwith to the commissioner or the commissioner's duly authorized representative upon demand to be held in trust by the commissioner for application on the indebtedness involved or for return, without interest, in accordance with final determination of liability or nonliability, or in the alternative, there shall be furnished a good and sufficient bond satisfactory to the commissioner conditioned upon final determination of liability.

Should any person, firm, or corporation fail to make answer to an order to withhold and deliver within the time prescribed herein, it shall be lawful for the court, after the time to answer such order has expired, to render judgment by default against such person, firm, or corporation for the full amount claimed by the commissioner in the notice to withhold and deliver, together with costs. [1990 c 245 § 6; 1987 c 111 § 5; 1979 ex.s. c 190 § 7; 1947 c 215 § 20; 1945 c 35 § 99; Rem. Supp. 1947 § 9998-237.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

(2010 Ed.)

**50.24.115 Warrant—Authorized—Filing—Lien—Enforcement.** Whenever any order and notice of assessment or jeopardy assessment shall have become final in accordance with the provisions of this title the commissioner may file with the clerk of any county within the state a warrant in the amount of the notice of assessment plus interest, penalties, and a filing fee under RCW 36.18.012(10). The clerk of the county wherein the warrant is filed shall immediately designate a superior court cause number for such warrant, and the clerk shall cause to be entered in the judgment docket under the superior court cause number assigned to the warrant, the name of the employer mentioned in the warrant, the amount of the tax, interest, penalties, and filing fee and the date when such warrant was filed. The aggregate amount of such warrant as docketed shall become a lien upon the title to, and interest in all real and personal property of the employer against whom the warrant is issued, the same as a judgment in a civil case duly docketed in the office of such clerk. Such warrant so docketed shall be sufficient to support the issuance of writs of execution and writs of garnishment in favor of the state in the manner provided by law in the case of civil judgment, wholly or partially unsatisfied. The clerk of the court shall be entitled to a filing fee under RCW 36.18.012(10), which shall be added to the amount of the warrant, and charged by the commissioner to the employer or employing unit. A copy of the warrant shall be mailed to the employer or employing unit by certified mail to his or her last known address within five days of filing with the clerk. [2010 c 8 § 13032; 2001 c 146 § 8; 1983 1st ex.s. c 23 § 16; 1979 ex.s. c 190 § 8; 1975 1st ex.s. c 228 § 15.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.24.120 Collection by civil action.** (1) If after due notice, any employer defaults in any payment of contributions, interest, or penalties, the amount due may be collected by civil action in the name of the state, and the employer adjudged in default shall pay the cost of such action. Any lien created by this title may be foreclosed by decree of the court in any such action. Civil actions brought under this title to collect contributions, interest, or penalties from an employer shall be heard by the court at the earliest possible date and shall be entitled to preference upon the calendar of the court over all other civil actions except petitions for judicial review under this title and cases arising under the industrial insurance laws of this state.

(2) Any employing unit which is not a resident of this state and which exercises the privilege of having one or more individuals perform service for it within this state, and any resident employing unit which exercises that privilege and thereafter removes from this state, shall be deemed thereby to appoint the secretary of state as its agent and attorney for the acceptance of process in any action under this title. In instituting such an action against any such employing unit the commissioner shall cause such process or notice to be filed with the secretary of state and such service shall be sufficient service upon such employing unit, and shall be of the same force and validity as if served upon it personally within this state: PROVIDED, That the commissioner shall forthwith send notice of the service of such process or notice, together with a copy thereof, by registered mail, return receipt requested, to such employing unit at its last known address

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and such return receipt, the commissioner's affidavit of compliance with the provisions of this section, and a copy of the notice of service shall be appended to the original of the process filed in the court in which such action is pending.

(3) The courts of this state shall in the manner provided in subsections (1) and (2) of this section entertain actions to collect contributions, interest, or penalties for which liability has accrued under the employment security law of any other state or of the federal government. [1979 ex.s. c 190 § 9; 1959 c 266 § 5; 1953 ex.s. c 8 § 17; 1945 c 35 § 100; Rem. Supp. 1945 § 9998-238. Prior: 1943 c 127 § 10.]

*Civil procedure: Title 4 RCW.*

*Industrial insurance: Title 51 RCW.*

**50.24.125 Collection by civil action—Collection of delinquent payments in lieu of contributions from political subdivisions or instrumentalities thereof.** Delinquent payments in lieu of contributions due the unemployment compensation fund and interest and penalties may be recovered from any of the political subdivisions of this state or any instrumentality of a political subdivision of this state by civil action. The governor is authorized to deduct the amount of delinquent payments in lieu of contributions and interest and penalties from any moneys payable by the state to said political subdivisions or instrumentalities and pay such moneys to the commissioner for deposit in the appropriate account. [1979 ex.s. c 190 § 10; 1971 c 3 § 15.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.24.130 Contractor's and principal's liability for contributions—Exceptions.** No employing unit which contracts with or has under it any contractor or subcontractor who is an employer under the provisions of this title shall make any payment or advance to, or secure any credit for, such contractor or subcontractor or on account of any contract or contracts to which said employing unit is a party unless such contractor or subcontractor has paid contributions, due or to become due for wages paid or to be paid by such contractor or subcontractor for personal services performed pursuant to such contract or subcontract, or has furnished a good and sufficient bond acceptable to the commissioner for payment of contributions, interest, and penalties. Failure to comply with the provisions of this section shall render said employing unit directly liable for such contributions, interest, and penalties and the commissioner shall have all of the remedies of collection against said employing unit under the provisions of this title as though the services in question were performed directly for said employing unit.

For the purposes of this section, a contractor registered under chapter 18.27 RCW or licensed under chapter 19.28 RCW shall not be responsible for any contributions for the work of any subcontractor if:

(1) The subcontractor is currently engaging in a business which is registered under chapter 18.27 RCW or licensed under chapter 19.28 RCW;

(2) There is no other person, firm or corporation doing the same work at the same time on the same project except two or more persons, firms or corporations may contract and do the same work at the same time on the same project if each person, firm or corporation has employees;

(3) The subcontractor has a principal place of business which would be eligible for a business deduction for internal revenue service tax purposes other than that furnished by the contractor for which the business has contracted to furnish services;

(4) The subcontractor maintains a separate set of books or records that reflect all items of income and expenses of the business; and

(5) The subcontractor has contracted to perform:

(a) The work of a contractor as defined in RCW 18.27.010; or

(b) The work of installing wires or equipment to convey electric current or installing apparatus to be operated by such current as it pertains to the electrical industry as described in chapter 19.28 RCW. [1982 1st ex.s. c 18 § 15; 1979 ex.s. c 190 § 11; 1973 1st ex.s. c 158 § 10; 1949 c 214 § 21; 1945 c 35 § 101; Rem. Supp. 1949 § 9998-239.]

*Music or entertainment services purchasers, liability for unpaid contributions: RCW 50.04.148.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.24.140 Collection remedies cumulative.** Remedies given to the state under this title for the collection of contributions, interest, or penalties shall be cumulative and no action taken by the commissioner or his or her duly authorized representative, the attorney general, or any other officer shall be construed to be an election on the part of the state or any of its officers to pursue any remedy to the exclusion of any other. [2010 c 8 § 13033; 1979 ex.s. c 190 § 12; 1945 c 35 § 102; Rem. Supp. 1945 § 9998-240. Prior: 1943 c 127 § 10.]

**50.24.150 Contribution adjustments and refunds.** No later than three years after the date on which any contributions, interest, or penalties have been paid, an employer who has paid such contributions, interest, or penalties may file with the commissioner a petition in writing for an adjustment thereof in connection with subsequent contribution payments or for a refund thereof when such adjustment cannot be made. If the commissioner upon an ex parte consideration shall determine that such contributions, interest, penalties, or portion thereof were erroneously collected, he or she shall allow such employer to make an adjustment thereof without interest in connection with subsequent contribution payments by him or her, or if such adjustment cannot be made, the commissioner shall refund said amount without interest from the unemployment compensation fund: PROVIDED, HOWEVER, That after June 20, 1953, that refunds of interest on delinquent contributions or penalties shall be paid from the administrative contingency fund upon warrants issued by the treasurer under the direction of the commissioner. For like cause and within the same period, adjustment or refund may be made on the commissioner's own initiative. If the commissioner finds that upon ex parte consideration he or she cannot readily determine that such adjustment or refund should be allowed, he or she shall deny such application and notify the employer in writing. [2010 c 8 § 13034; 1979 ex.s. c 190 § 13; 1953 ex.s. c 8 § 19; 1945 c 35 § 103; Rem. Supp. 1945 § 9998-241. Prior: 1943 c 127 § 10; 1941 c 253 § 11.]

**50.24.160 Election of coverage.** Except as provided in RCW 50.04.165, any employing unit for which services that do not constitute employment as defined in this title are performed may file with the commissioner a written election that all such services performed by any distinct class or group of individuals or by all individuals in its employment in one or more distinct establishments or places of business shall be deemed to constitute employment for all the purposes of this title for at least two calendar years. Upon the written approval of such election by the commissioner, such services shall be deemed to constitute employment subject to this title on and after the date stated in the approval. Services covered under this section shall cease to be deemed employment as of January 1st of any calendar year subsequent to the two-calendar year period, only if the employing unit files with the commissioner before January 15th of that year a written application for termination of coverage. [2007 c 146 § 6; 1977 ex.s. c 292 § 12; 1972 ex.s. c 35 § 1; 1971 c 3 § 14; 1959 c 266 § 6; 1951 c 265 § 8; 1951 c 215 § 9; 1945 c 35 § 104; Rem. Supp. 1945 § 9998-242.]

**Effective date—2007 c 146 §§ 5, 6, and 10-12:** See note following RCW 50.04.310.

**Conflict with federal requirements—Severability—2007 c 146:** See notes following RCW 50.04.080.

*Corporate officers, election of coverage:* RCW 50.04.165.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.24.170 Joint accounts.** (1) The commissioner shall prescribe regulations for the establishment, maintenance, and dissolution of joint accounts by two or more employers, and shall, in accordance with such regulations and upon application by two or more employers to establish such account, or to merge their several individual accounts in a joint account, maintain such joint account as if it constituted a single employer's account.

(2) Joint accounts may not be established for professional employer organizations, as defined in RCW 50.04.298, or third-party payers, as defined in RCW 50.04.248, and their clients. [2007 c 146 § 17; 1945 c 35 § 105; Rem. Supp. 1945 § 9998-243. Prior: 1941 c 253 § 5.]

**Conflict with federal requirements—Severability—2007 c 146:** See notes following RCW 50.04.080.

**50.24.180 Injunction proceedings.** Any employer who shall be delinquent in the payment of contributions, interest, or penalties may be enjoined upon the suit of the state of Washington from continuing in business in this state or employing persons herein until the delinquent contributions, interest, and penalties shall have been paid, or until the employer shall have furnished a good and sufficient bond in a sum equal to double the amount of contributions, interest, and penalties already delinquent, plus such further sum as the court shall deem adequate to protect the department in the collection of contributions, interest, and penalties which will become due from such employer during the next ensuing calendar year, said bond to be conditioned upon payment of all contributions, interest, and penalties due and owing within thirty days after the expiration of the next ensuing calendar year or at such earlier date as the court may fix.

Action pursuant to the provisions of this section may be instituted in the superior court of any county of the state

wherein the employer resides, has its principal place of business, or where it has anyone performing services for it, whether or not such services constitute employment. [1979 ex.s. c 190 § 14; 1945 c 35 § 106; Rem. Supp. 1945 § 998-244. Prior: 1943 c 127 § 10; 1941 c 253 § 11.]

**50.24.190 Limitation of actions.** The commissioner shall commence action for the collection of contributions, interest, penalties, and benefit overpayments imposed by this title by assessment or suit within three years after a return is filed or notice of benefit overpayment is served. No proceedings for the collection of such amounts shall be begun after the expiration of such period.

In case of a false or fraudulent return with intent to evade contributions, interest, or penalties, or in the event of a failure to file a return, the contributions, interest, and penalties may be assessed or a proceeding in court for the collection thereof may be begun at any time. [1979 ex.s. c 190 § 15; 1955 c 286 § 7. Prior: 1947 c 215 § 21, part; 1945 c 35 § 107, part; 1943 c 127 § 10, part; Rem. Supp. 1947 § 9998-245, part.]

**50.24.200 Chargeoff of uncollectible accounts.** The commissioner may charge off as uncollectible and no longer an asset of the unemployment compensation fund or the administrative contingency fund, as the case may be, any delinquent contributions, interest, penalties, credits, or benefit overpayments if the commissioner is satisfied that there are no cost-effective means of collecting the contributions, interest, penalties, credits, or benefit overpayments. [1989 c 78 § 1; 1979 ex.s. c 190 § 16; 1955 c 286 § 8. Prior: 1947 c 215 § 21, part; 1945 c 35 § 107, part; Rem. Supp. 1947 § 9998-245, part.]

**50.24.210 Contributions due and payable upon termination or disposal of business—Successor liability.** Whenever any employer quits business, or sells out, exchanges, or otherwise disposes of the employer's business or stock of goods, any contributions payable under this title shall become immediately due and payable, and the employer shall, within ten days, make a return and pay the contributions due; and any person who becomes a successor to such business shall become liable for the full amount of the contributions and withhold from the purchase price a sum sufficient to pay any contributions due from the employer until such time as the employer produces a receipt from the employment security department showing payment in full of any contributions due or a certificate that no contribution is due and, if such contribution is not paid by the employer within ten days from the date of such sale, exchange, or disposal, the successor shall become liable for the payment of the full amount of contributions, and the payment thereof by such successor shall, to the extent thereof, be deemed a payment upon the purchase price, and if such payment is greater in amount than the purchase price the amount of the difference shall become a debt due such successor from the employer.

No successor may be liable for any contributions due from the person from whom that person has acquired a business or stock of goods if that person gives written notice to the employment security department of such acquisition and

no assessment is issued by the department within one hundred eighty days of receipt of such notice against the former operator of the business and a copy thereof mailed to such successor. [1991 c 117 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.24.220 Client employer liability—Collection.** (1) The client employer of a professional employer organization is liable for the payment of any taxes, interest, or penalties due.

(2) The professional employer organization may collect and pay taxes due to the department for unemployment insurance coverage from its client employers in accordance with its professional employer agreement. If such payments have been made to the professional employer organization by the client employer, the department shall first attempt to collect the contributions due from the professional employer organization.

(3) To collect any contributions, penalties, or interest due to the department from the professional employer organization, the department must follow the procedures contained in chapter 50.24 RCW. If the amount of contributions, interest, or penalties assessed by the commissioner pursuant to chapter 50.24 RCW is not paid by the professional employer organization within ten days, then the commissioner may follow the collection procedures in chapter 50.24 RCW. After the ten-day period, if the professional employer organization has not paid the total amount owing, the commissioner may also pursue the client employer to collect what is owed using the procedures contained in chapter 50.24 RCW. [2007 c 146 § 11.]

**Report on implementation and impact—2007 c 146 §§ 8-12:** See note following RCW 50.04.298.

**Effective date—2007 c 146 §§ 5, 6, and 10-12:** See note following RCW 50.04.310.

**Conflict with federal requirements—Severability—2007 c 146:** See notes following RCW 50.04.080.

**50.24.230 Corporate or limited liability company officers, members, and owners—Personal liability.** (1) Upon termination, dissolution, or abandonment of a corporate or limited liability company business, any officer, member, or owner who, having control or supervision of payment of unemployment tax contributions under RCW 50.24.010 or 50.24.014: (a) willfully evades any contributions imposed under this title; (b) willfully destroys, mutilates, or falsifies any book, document, or record; or (c) willfully fails to truthfully account for, or makes under oath, any false statement relating to the financial condition of the corporation or limited liability company business, is personally liable for any unpaid contributions and interest and penalties on those contributions. For purposes of this section, "willfully" means an intentional, conscious, and voluntary course of action.

(2) Persons liable under subsection (1) of this section are liable only for contributions that became due during the period he or she had the control, supervision, responsibility, or duty to act for the corporation or limited liability company, plus interest and penalties on those contributions.

(3) Persons liable under subsection (1) of this section are exempt from liability if all of the assets of the corporation or

limited liability company have been applied to its debts through bankruptcy or receivership.

(4) Any person having been issued a notice of assessment under this section is entitled to the appeal procedures under chapter 50.32 RCW.

(5) This section applies only when the employment security department determines that there is no reasonable means of collecting the contributions owed directly from the corporation or limited liability company.

(6) This section does not relieve the corporation or limited liability company of other tax liabilities under this title or impair other tax collection remedies afforded by law.

(7) Collection authority and procedures described in this chapter apply to collections under this section. [2007 c 146 § 18.]

**Conflict with federal requirements—Severability—2007 c 146:** See notes following RCW 50.04.080.

## Chapter 50.29 RCW

### EMPLOYER EXPERIENCE RATING

#### Sections

50.29.010	Definitions.
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50.29.063	Predecessor or successor employers—Transfer to obtain reduced array calculation factor rate—Evasion of successor provisions—Penalties.
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50.29.070	Notice of employer benefit charges and rate of contribution—Review and appeal.
50.29.080	Redetermination and correction of employer's contribution rate.
50.29.090	Contribution rates for client employers.

**50.29.010 Definitions.** As used in this chapter:

- (1) "Computation date" means July 1st of any year;
- (2) "Cut-off date" means September 30th next following the computation date;
- (3) "Payroll" means all wages (as defined for contribution purposes) paid by an employer to individuals in his or her employment;
- (4) "Qualification date" means April 1st of the second year preceding the computation date;
- (5) "Qualified employer" means any employer who (a) reported some employment in the twelve-month period beginning with the qualification date, (b) had no period of four or more consecutive calendar quarters for which he or she reported no employment in the two calendar years immediately preceding the computation date, and (c) has submitted by the cut-off date all reports, contributions, interest, and penalties required under this title for the period preceding the computation date. Unpaid contributions, interest, and penalties must be disregarded for the purposes of this section if they constitute less than either one hundred dollars or one-half of one percent of the employer's total tax reported for the twelve-month period immediately preceding the computation

date. Late reports, contributions, penalties, or interest may be disregarded for the purposes of this section if showing is made to the satisfaction of the commissioner, as the commissioner may define by rule, that an otherwise qualified employer acted in good faith and that forfeiture of qualification for a reduced contribution rate because of such delinquency would be inequitable;

(6) "Rate year" means the calendar year immediately following the computation date. [2009 c 83 § 1; 2002 c 149 § 11; 1987 c 213 § 2; 1986 c 111 § 1; 1984 c 205 § 3; 1983 1st ex.s. c 23 § 17; 1973 1st ex.s. c 158 § 11; 1971 c 3 § 16; 1970 ex.s. c 2 § 10.]

**Reviser's note:** The definitions in this section have been alphabetized pursuant to RCW 1.08.015(2)(k).

**Conflict with federal requirements—2009 c 83:** "If any part of this act is found to be in conflict with federal requirements that are a prescribed condition to the allocation of federal funds to the state or the eligibility of employers in this state for federal unemployment tax credits, the conflicting part of this act is inoperative solely to the extent of the conflict, and the finding or determination does not affect the operation of the remainder of this act. Rules adopted under this act must meet federal requirements that are a necessary condition to the receipt of federal funds by the state or the granting of federal unemployment tax credits to employers in this state." [2009 c 83 § 2.]

**Conflict with federal requirements—Severability—2002 c 149:** See notes following RCW 50.22.140.

*Wages defined for contribution purposes: RCW 50.04.320.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.29.020 Experience rating accounts—Benefits not charged—Claims with an effective date before January 4, 2004.** (1) This section applies to benefits charged to the experience rating accounts of employers for claims that have an effective date before January 4, 2004.

(2) An experience rating account shall be established and maintained for each employer, except employers as described in RCW 50.44.010 and 50.44.030 who have properly elected to make payments in lieu of contributions, taxable local government employers as described in RCW 50.44.035, and those employers who are required to make payments in lieu of contributions, based on existing records of the employment security department. Benefits paid to any eligible individuals shall be charged to the experience rating accounts of each of such individual's employers during the individual's base year in the same ratio that the wages paid by each employer to the individual during the base year bear to the wages paid by all employers to that individual during that base year, except as otherwise provided in this section.

(3) The legislature finds that certain benefit payments, in whole or in part, should not be charged to the experience rating accounts of employers except those employers described in RCW 50.44.010 and 50.44.030 who have properly elected to make payments in lieu of contributions, taxable local government employers described in RCW 50.44.035, and those employers who are required to make payments in lieu of contributions, as follows:

(a) Benefits paid to any individuals later determined to be ineligible shall not be charged to the experience rating account of any contribution paying employer.

(b) Benefits paid to an individual filing under the provisions of chapter 50.06 RCW shall not be charged to the experience

rating account of any contribution paying employer only if:

(i) The individual files under RCW 50.06.020(1) after receiving crime victims' compensation for a disability resulting from a nonwork-related occurrence; or

(ii) The individual files under RCW 50.06.020(2).

(c) Benefits paid which represent the state's share of benefits payable as extended benefits defined under RCW 50.22.010(6) shall not be charged to the experience rating account of any contribution paying employer.

(d) In the case of individuals who qualify for benefits under RCW 50.20.050 or 50.20.060, benefits based on wage credits earned prior to the disqualifying separation shall not be charged to the experience rating account of the contribution paying employer from whom that separation took place.

(e) Individuals who qualify for benefits under \*RCW 50.20.050(1)(b)(iv) shall not have their benefits charged to the experience rating account of any contribution paying employer.

(f) In the case of individuals identified under \*\*RCW 50.20.015, benefits paid with respect to a calendar quarter, which exceed the total amount of wages earned in the state of Washington in the higher of two corresponding calendar quarters included within the individual's determination period, as defined in \*\*RCW 50.20.015, shall not be charged to the experience rating account of any contribution paying employer.

(4)(a) A contribution-paying base year employer, not otherwise eligible for relief of charges for benefits under this section, may receive such relief if the benefit charges result from payment to an individual who:

(i) Last left the employ of such employer voluntarily for reasons not attributable to the employer;

(ii) Was discharged for misconduct connected with his or her work not a result of inability to meet the minimum job requirements;

(iii) Is unemployed as a result of closure or severe curtailment of operation at the employer's plant, building, worksite, or other facility. This closure must be for reasons directly attributable to a catastrophic occurrence such as fire, flood, or other natural disaster; or

(iv) Continues to be employed on a regularly scheduled permanent part-time basis by a base year employer and who at some time during the base year was concurrently employed and subsequently separated from at least one other base year employer. Benefit charge relief ceases when the employment relationship between the employer requesting relief and the claimant is terminated. This subsection does not apply to shared work employers under chapter 50.60 RCW.

(b) The employer requesting relief of charges under this subsection must request relief in writing within thirty days following mailing to the last known address of the notification of the valid initial determination of such claim, stating the date and reason for the separation or the circumstances of continued employment. The commissioner, upon investigation of the request, shall determine whether relief should be granted. [2004 c 110 § 3; 2003 2nd sp.s. c 4 § 20. Prior: 2002 c 149 § 6; 2002 c 8 § 4; 2000 c 2 § 3; 1995 c 57 § 3; 1993 c 483 § 19; 1991 c 129 § 1; 1988 c 27 § 1; prior: 1987 c 213 § 3; 1987 c 2 § 2; prior: 1985 c 299 § 1; 1985 c 270 §

2; 1985 c 42 § 1; 1984 c 205 § 7; 1975 1st ex.s. c 228 § 6; 1970 ex.s. c 2 § 11.]

**Reviser's note:** \*(1) RCW 50.20.050 was amended twice during the 2009 legislative session, changing the subsection numbering.

\*\* (2) RCW 50.20.015 was repealed by 2003 2nd sp.s. c 4 § 35.

**Conflict with federal requirements—Severability—Effective date—2003 2nd sp.s. c 4:** See notes following RCW 50.01.010.

**Conflict with federal requirements—Severability—2002 c 149:** See notes following RCW 50.22.140.

**Conflict with federal requirements—Severability—Effective date—2000 c 2:** See notes following RCW 50.04.355.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.29.021 Experience rating accounts—Benefits not charged—Claims with an effective date on or after January 4, 2004.** (1) This section applies to benefits charged to the experience rating accounts of employers for claims that have an effective date on or after January 4, 2004.

(2)(a) An experience rating account shall be established and maintained for each employer, except employers as described in RCW 50.44.010, 50.44.030, and 50.50.030 who have properly elected to make payments in lieu of contributions, taxable local government employers as described in RCW 50.44.035, and those employers who are required to make payments in lieu of contributions, based on existing records of the employment security department.

(b) Benefits paid to an eligible individual shall be charged to the experience rating accounts of each of such individual's employers during the individual's base year in the same ratio that the wages paid by each employer to the individual during the base year bear to the wages paid by all employers to that individual during that base year, except as otherwise provided in this section.

(c) When the eligible individual's separating employer is a covered contribution paying base year employer, benefits paid to the eligible individual shall be charged to the experience rating account of only the individual's separating employer if the individual qualifies for benefits under:

(i) RCW 50.20.050 (1)(b)(i) or (2)(b)(i), as applicable, and became unemployed after having worked and earned wages in the bona fide work; or

(ii) RCW 50.20.050 (1)(b) (v) through (x) or (2)(b) (v) through (x).

(3) The legislature finds that certain benefit payments, in whole or in part, should not be charged to the experience rating accounts of employers except those employers described in RCW 50.44.010, 50.44.030, and 50.50.030 who have properly elected to make payments in lieu of contributions, taxable local government employers described in RCW 50.44.035, and those employers who are required to make payments in lieu of contributions, as follows:

(a) Benefits paid to any individual later determined to be ineligible shall not be charged to the experience rating account of any contribution paying employer. However, when a benefit claim becomes invalid due to an amendment or adjustment of a report where the employer failed to report or inaccurately reported hours worked or remuneration paid, or both, all benefits paid will be charged to the experience rating account of the contribution paying employer or employers that originally filed the incomplete or inaccurate report or reports. An employer who reimburses the trust fund for ben-

efits paid to workers and who fails to report or inaccurately reported hours worked or remuneration paid, or both, shall reimburse the trust fund for all benefits paid that are based on the originally filed incomplete or inaccurate report or reports.

(b) Benefits paid to an individual filing under the provisions of chapter 50.06 RCW shall not be charged to the experience rating account of any contribution paying employer only if:

(i) The individual files under RCW 50.06.020(1) after receiving crime victims' compensation for a disability resulting from a nonwork-related occurrence; or

(ii) The individual files under RCW 50.06.020(2).

(c) Benefits paid which represent the state's share of benefits payable as extended benefits defined under RCW 50.22.010(6) shall not be charged to the experience rating account of any contribution paying employer.

(d) In the case of individuals who requalify for benefits under RCW 50.20.050 or 50.20.060, benefits based on wage credits earned prior to the disqualifying separation shall not be charged to the experience rating account of the contribution paying employer from whom that separation took place.

(e) Benefits paid to an individual who qualifies for benefits under RCW 50.20.050 (1)(b) (iv) or (xi) or (2)(b) (iv) or (xi), as applicable, shall not be charged to the experience rating account of any contribution paying employer.

(f) With respect to claims with an effective date on or after the first Sunday following April 22, 2005, benefits paid that exceed the benefits that would have been paid if the weekly benefit amount for the claim had been determined as one percent of the total wages paid in the individual's base year shall not be charged to the experience rating account of any contribution paying employer. This subsection (3)(f) does not apply to the calculation of contribution rates under RCW 50.29.025 for rate year 2010 and thereafter.

(g) The forty-five dollar increase paid as part of an individual's weekly benefit amount as provided in RCW 50.20.1201 shall not be charged to the experience rating account of any contribution paying employer.

(h) With respect to claims where the minimum amount payable weekly is increased to one hundred fifty-five dollars pursuant to RCW 50.20.1201(3), benefits paid that exceed the benefits that would have been paid if the minimum amount payable weekly had been calculated pursuant to RCW 50.20.120 shall not be charged to the experience rating account of any contribution paying employer.

(i) Training benefits paid to an individual under RCW 50.22.155 shall not be charged to the experience rating account of any contribution paying employer.

(4)(a) A contribution paying base year employer, not otherwise eligible for relief of charges for benefits under this section, may receive such relief if the benefit charges result from payment to an individual who:

(i) Last left the employ of such employer voluntarily for reasons not attributable to the employer;

(ii) Was discharged for misconduct or gross misconduct connected with his or her work not a result of inability to meet the minimum job requirements;

(iii) Is unemployed as a result of closure or severe curtailment of operation at the employer's plant, building, work-site, or other facility. This closure must be for reasons

directly attributable to a catastrophic occurrence such as fire, flood, or other natural disaster;

(iv) Continues to be employed on a regularly scheduled permanent part-time basis by a base year employer and who at some time during the base year was concurrently employed and subsequently separated from at least one other base year employer. Benefit charge relief ceases when the employment relationship between the employer requesting relief and the claimant is terminated. This subsection does not apply to shared work employers under chapter 50.06 RCW; or

(v) Was hired to replace an employee who is a member of the military reserves or National Guard and was called to federal active military service by the president of the United States and is subsequently laid off when that employee is reemployed by their employer upon release from active duty within the time provided for reemployment in RCW 73.16.035.

(b) The employer requesting relief of charges under this subsection must request relief in writing within thirty days following mailing to the last known address of the notification of the valid initial determination of such claim, stating the date and reason for the separation or the circumstances of continued employment. The commissioner, upon investigation of the request, shall determine whether relief should be granted. [2010 c 25 § 1. Prior: 2009 c 493 § 1; 2009 c 50 § 1; 2009 c 3 § 13; 2008 c 323 § 2; 2007 c 146 § 2; 2006 c 13 § 6; 2005 c 133 § 4; 2003 2nd sp.s. c 4 § 21.]

**Effective date—2010 c 25 § 1:** "Section 1 of this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [March 12, 2010]." [2010 c 25 § 6.]

**Conflict with federal requirements—2010 c 25:** "If any part of this act is found to be in conflict with federal requirements that are a prescribed condition to the allocation of federal funds to the state or the eligibility of employers in this state for federal unemployment tax credits, the conflicting part of this act is inoperative solely to the extent of the conflict, and the finding or determination does not affect the operation of the remainder of this act. Rules adopted under this act must meet federal requirements that are a necessary condition to the receipt of federal funds by the state or the granting of federal unemployment tax credits to employers in this state." [2010 c 25 § 4.]

**Conflict with federal requirements—2009 c 493:** "If any part of this act is found to be in conflict with federal requirements that are a prescribed condition to the allocation of federal funds to the state or the eligibility of employers in this state for federal unemployment tax credits, the conflicting part of this act is inoperative solely to the extent of the conflict, and the finding or determination does not affect the operation of the remainder of this act. Rules adopted under this act must meet federal requirements that are a necessary condition to the receipt of federal funds by the state or the granting of federal unemployment tax credits to employers in this state." [2009 c 493 § 5.]

**Short title—Effective date—Conflict with federal requirements—2009 c 3:** See notes following RCW 50.20.120.

**Conflict with federal requirements—2008 c 323:** See note following RCW 50.20.050.

**Conflict with federal requirements—Severability—2007 c 146:** See notes following RCW 50.04.080.

**Conflict with federal requirements—Part headings not law—Severability—2006 c 13:** See notes following RCW 50.20.120.

**Findings—Intent—Conflict with federal requirements—Effective date—2005 c 133:** See notes following RCW 50.20.120.

**Additional employees authorized—2005 c 133:** See note following RCW 50.01.010.

**Conflict with federal requirements—Severability—Effective date—2003 2nd sp.s. c 4:** See notes following RCW 50.01.010.

**50.29.025 Contribution rates.** (1) For contributions assessed for rate years 2005 through 2009, the contribution rate for each employer subject to contributions under RCW 50.24.010 shall be the sum of the array calculation factor rate and the graduated social cost factor rate determined under this subsection, and the solvency surcharge determined under RCW 50.29.041, if any.

(a) The array calculation factor rate shall be determined as follows:

(i) An array shall be prepared, listing all qualified employers in ascending order of their benefit ratios. The array shall show for each qualified employer: (A) Identification number; (B) benefit ratio; and (C) taxable payrolls for the four consecutive calendar quarters immediately preceding the computation date and reported to the employment security department by the cut-off date.

(ii) Each employer in the array shall be assigned to one of forty rate classes according to his or her benefit ratio as follows, and, except as provided in RCW 50.29.026, the array calculation factor rate for each employer in the array shall be the rate specified in the rate class to which the employer has been assigned:

Benefit Ratio		Rate Class	Rate (percent)
At least	Less than		
	0.000001	1	0.00
0.000001	0.001250	2	0.13
0.001250	0.002500	3	0.25
0.002500	0.003750	4	0.38
0.003750	0.005000	5	0.50
0.005000	0.006250	6	0.63
0.006250	0.007500	7	0.75
0.007500	0.008750	8	0.88
0.008750	0.010000	9	1.00
0.010000	0.011250	10	1.15
0.011250	0.012500	11	1.30
0.012500	0.013750	12	1.45
0.013750	0.015000	13	1.60
0.015000	0.016250	14	1.75
0.016250	0.017500	15	1.90
0.017500	0.018750	16	2.05
0.018750	0.020000	17	2.20
0.020000	0.021250	18	2.35
0.021250	0.022500	19	2.50
0.022500	0.023750	20	2.65
0.023750	0.025000	21	2.80
0.025000	0.026250	22	2.95
0.026250	0.027500	23	3.10
0.027500	0.028750	24	3.25
0.028750	0.030000	25	3.40
0.030000	0.031250	26	3.55
0.031250	0.032500	27	3.70
0.032500	0.033750	28	3.85

0.033750	0.035000	29	4.00
0.035000	0.036250	30	4.15
0.036250	0.037500	31	4.30
0.037500	0.040000	32	4.45
0.040000	0.042500	33	4.60
0.042500	0.045000	34	4.75
0.045000	0.047500	35	4.90
0.047500	0.050000	36	5.05
0.050000	0.052500	37	5.20
0.052500	0.055000	38	5.30
0.055000	0.057500	39	5.35
0.057500		40	5.40

(b) The graduated social cost factor rate shall be determined as follows:

(i)(A) Except as provided in (b)(i)(B) and (C) of this subsection, the commissioner shall calculate the flat social cost factor for a rate year by dividing the total social cost by the total taxable payroll. The division shall be carried to the second decimal place with the remaining fraction disregarded unless it amounts to five hundredths or more, in which case the second decimal place shall be rounded to the next higher digit. The flat social cost factor shall be expressed as a percentage.

(B) If, on the cut-off date, the balance in the unemployment compensation fund is determined by the commissioner to be an amount that will provide more than ten months of unemployment benefits, the commissioner shall calculate the flat social cost factor for the rate year immediately following the cut-off date by reducing the total social cost by the dollar amount that represents the number of months for which the balance in the unemployment compensation fund on the cut-off date will provide benefits above ten months and dividing the result by the total taxable payroll. However, the calculation under this subsection (1)(b)(i)(B) for a rate year may not result in a flat social cost factor that is more than four-tenths lower than the calculation under (b)(i)(A) of this subsection for that rate year.

For the purposes of this subsection, the commissioner shall determine the number of months of unemployment benefits in the unemployment compensation fund using the benefit cost rate for the average of the three highest calendar benefit cost rates in the twenty consecutive completed calendar years immediately preceding the cut-off date or a period of consecutive calendar years immediately preceding the cut-off date that includes three recessions, if longer.

(C) The minimum flat social cost factor calculated under this subsection (1)(b) shall be six-tenths of one percent, except that if the balance in the unemployment compensation fund is determined by the commissioner to be an amount that will provide:

(I) At least twelve months but less than fourteen months of unemployment benefits, the minimum shall be five-tenths of one percent; or

(II) At least fourteen months of unemployment benefits, the minimum shall be five-tenths of one percent, except that, for employers in rate class 1, the minimum shall be forty-five hundredths of one percent.

(ii)(A) Except as provided in (b)(ii)(B) of this subsection, the graduated social cost factor rate for each employer in the array is the flat social cost factor multiplied by the percentage specified as follows for the rate class to which the employer has been assigned in (a)(ii) of this subsection, except that the sum of an employer's array calculation factor rate and the graduated social cost factor rate may not exceed six and five-tenths percent or, for employers whose North American industry classification system code is within "111," "112," "1141," "115," "3114," "3117," "42448," or "49312," may not exceed six percent through rate year 2007 and may not exceed five and seven-tenths percent for rate years 2008 and 2009:

(I) Rate class 1 - 78 percent;

(II) Rate class 2 - 82 percent;

(III) Rate class 3 - 86 percent;

(IV) Rate class 4 - 90 percent;

(V) Rate class 5 - 94 percent;

(VI) Rate class 6 - 98 percent;

(VII) Rate class 7 - 102 percent;

(VIII) Rate class 8 - 106 percent;

(IX) Rate class 9 - 110 percent;

(X) Rate class 10 - 114 percent;

(XI) Rate class 11 - 118 percent; and

(XII) Rate classes 12 through 40 - 120 percent.

(B) For contributions assessed beginning July 1, 2005, through December 31, 2007, for employers whose North American industry classification system code is "111," "112," "1141," "115," "3114," "3117," "42448," or "49312," the graduated social cost factor rate is zero.

(iii) For the purposes of this section:

(A) "Total social cost" means the amount calculated by subtracting the array calculation factor contributions paid by all employers with respect to the four consecutive calendar quarters immediately preceding the computation date and paid to the employment security department by the cut-off date from the total unemployment benefits paid to claimants in the same four consecutive calendar quarters. To calculate the flat social cost factor for rate year 2005, the commissioner shall calculate the total social cost using the array calculation factor contributions that would have been required to be paid by all employers in the calculation period if (a) of this subsection had been in effect for the relevant period. To calculate the flat social cost factor for rate years 2010 and 2011, the forty-five dollar increase paid as part of an individual's weekly benefit amount as provided in RCW 50.20.1201 shall not be considered for purposes of calculating the total unemployment benefits paid to claimants in the four consecutive calendar quarters immediately preceding the computation date.

(B) "Total taxable payroll" means the total amount of wages subject to tax, as determined under RCW 50.24.010, for all employers in the four consecutive calendar quarters immediately preceding the computation date and reported to the employment security department by the cut-off date.

(c) For employers who do not meet the definition of "qualified employer" by reason of failure to pay contributions when due:

(i) The array calculation factor rate shall be two-tenths higher than that in rate class 40, except employers who have an approved agency-deferred payment contract by September

30th of the previous rate year. If any employer with an approved agency-deferred payment contract fails to make any one of the succeeding deferred payments or fails to submit any succeeding tax report and payment in a timely manner, the employer's tax rate shall immediately revert to an array calculation factor rate two-tenths higher than that in rate class 40; and

(ii) The social cost factor rate shall be the social cost factor rate assigned to rate class 40 under (b)(ii) of this subsection.

(d) For all other employers not qualified to be in the array:

(i) For rate years 2005, 2006, and 2007:

(A) The array calculation factor rate shall be a rate equal to the average industry array calculation factor rate as determined by the commissioner, plus fifteen percent of that amount; however, the rate may not be less than one percent or more than the array calculation factor rate in rate class 40; and

(B) The social cost factor rate shall be a rate equal to the average industry social cost factor rate as determined by the commissioner, plus fifteen percent of that amount, but not more than the social cost factor rate assigned to rate class 40 under (b)(ii) of this subsection.

(ii) For contributions assessed for rate years 2008 and 2009:

(A) The array calculation factor rate shall be a rate equal to the average industry array calculation factor rate as determined by the commissioner, multiplied by the history factor, but not less than one percent or more than the array calculation factor rate in rate class 40;

(B) The social cost factor rate shall be a rate equal to the average industry social cost factor rate as determined by the commissioner, multiplied by the history factor, but not more than the social cost factor rate assigned to rate class 40 under (b)(ii) of this subsection; and

(C) The history factor shall be based on the total amounts of benefits charged and contributions paid in the three fiscal years ending prior to the computation date by employers not qualified to be in the array, other than employers in (c) of this subsection, who were first subject to contributions in the calendar year ending three years prior to the computation date. The commissioner shall calculate the history ratio by dividing the total amount of benefits charged by the total amount of contributions paid in this three-year period by these employers. The division shall be carried to the second decimal place with the remaining fraction disregarded unless it amounts to five one-hundredths or more, in which case the second decimal place shall be rounded to the next higher digit. The commissioner shall determine the history factor according to the history ratio as follows:

	History Ratio		History Factor (percent)
	At least	Less than	
(I)		.95	90
(II)	.95	1.05	100
(III)	1.05		115

(2) For contributions assessed in rate year 2010 and thereafter, the contribution rate for each employer subject to contributions under RCW 50.24.010 shall be the sum of the array calculation factor rate and the graduated social cost factor rate determined under this subsection, and the solvency surcharge determined under RCW 50.29.041, if any.

(a) The array calculation factor rate shall be determined as follows:

(i) An array shall be prepared, listing all qualified employers in ascending order of their benefit ratios. The array shall show for each qualified employer: (A) Identification number; (B) benefit ratio; and (C) taxable payrolls for the four consecutive calendar quarters immediately preceding the computation date and reported to the employment security department by the cut-off date.

(ii) Each employer in the array shall be assigned to one of forty rate classes according to his or her benefit ratio as follows, and, except as provided in RCW 50.29.026, the array calculation factor rate for each employer in the array shall be the rate specified in the rate class to which the employer has been assigned:

Benefit Ratio		Rate Class	Rate (percent)
At least	Less than		
	0.000001	1	0.00
0.000001	0.001250	2	0.11
0.001250	0.002500	3	0.22
0.002500	0.003750	4	0.33
0.003750	0.005000	5	0.43
0.005000	0.006250	6	0.54
0.006250	0.007500	7	0.65
0.007500	0.008750	8	0.76
0.008750	0.010000	9	0.88
0.010000	0.011250	10	1.01
0.011250	0.012500	11	1.14
0.012500	0.013750	12	1.28
0.013750	0.015000	13	1.41
0.015000	0.016250	14	1.54
0.016250	0.017500	15	1.67
0.017500	0.018750	16	1.80
0.018750	0.020000	17	1.94
0.020000	0.021250	18	2.07
0.021250	0.022500	19	2.20
0.022500	0.023750	20	2.38
0.023750	0.025000	21	2.50
0.025000	0.026250	22	2.63
0.026250	0.027500	23	2.75
0.027500	0.028750	24	2.88
0.028750	0.030000	25	3.00
0.030000	0.031250	26	3.13
0.031250	0.032500	27	3.25
0.032500	0.033750	28	3.38
0.033750	0.035000	29	3.50

0.035000	0.036250	30	3.63
0.036250	0.037500	31	3.75
0.037500	0.040000	32	4.00
0.040000	0.042500	33	4.25
0.042500	0.045000	34	4.50
0.045000	0.047500	35	4.75
0.047500	0.050000	36	5.00
0.050000	0.052500	37	5.15
0.052500	0.055000	38	5.25
0.055000	0.057500	39	5.30
0.057500		40	5.40

(b) The graduated social cost factor rate shall be determined as follows:

(i)(A) Except as provided in (b)(i)(B) and (C) of this subsection, the commissioner shall calculate the flat social cost factor for a rate year by dividing the total social cost by the total taxable payroll. The division shall be carried to the second decimal place with the remaining fraction disregarded unless it amounts to five hundredths or more, in which case the second decimal place shall be rounded to the next higher digit. The flat social cost factor shall be expressed as a percentage.

(B) If, on the cut-off date, the balance in the unemployment compensation fund is determined by the commissioner to be an amount that will provide more than ten months of unemployment benefits, the commissioner shall calculate the flat social cost factor for the rate year immediately following the cut-off date by reducing the total social cost by the dollar amount that represents the number of months for which the balance in the unemployment compensation fund on the cut-off date will provide benefits above ten months and dividing the result by the total taxable payroll. However, the calculation under this subsection (2)(b)(i)(B) for a rate year may not result in a flat social cost factor that is more than four-tenths lower than the calculation under (b)(i)(A) of this subsection for that rate year.

For the purposes of this subsection, the commissioner shall determine the number of months of unemployment benefits in the unemployment compensation fund using the benefit cost rate for the average of the three highest calendar benefit cost rates in the twenty consecutive completed calendar years immediately preceding the cut-off date or a period of consecutive calendar years immediately preceding the cut-off date that includes three recessions, if longer.

(C) The minimum flat social cost factor calculated under this subsection (2)(b) shall be six-tenths of one percent, except that if the balance in the unemployment compensation fund is determined by the commissioner to be an amount that will provide:

(I) At least ten months but less than eleven months of unemployment benefits, the minimum shall be five-tenths of one percent; or

(II) At least eleven months but less than twelve months of unemployment benefits, the minimum shall be forty-five hundredths of one percent; or

(III) At least twelve months but less than thirteen months of unemployment benefits, the minimum shall be four-tenths of one percent; or

(IV) At least thirteen months but less than fifteen months of unemployment benefits, the minimum shall be thirty-five hundredths of one percent; or

(V) At least fifteen months but less than seventeen months of unemployment benefits, the minimum shall be twenty-five hundredths of one percent; or

(VI) At least seventeen months but less than eighteen months of unemployment benefits, the minimum shall be fifteen hundredths of one percent; or

(VII) At least eighteen months of unemployment benefits, the minimum shall be fifteen hundredths of one percent through rate year 2011 and shall be zero thereafter.

(ii) The graduated social cost factor rate for each employer in the array is the flat social cost factor multiplied by the percentage specified as follows for the rate class to which the employer has been assigned in (a)(ii) of this subsection, except that the sum of an employer's array calculation factor rate and the graduated social cost factor rate may not exceed six percent or, for employers whose North American industry classification system code is within "111," "112," "1141," "115," "3114," "3117," "42448," or "49312," may not exceed five and four-tenths percent:

(A) Rate class 1 - 78 percent;

(B) Rate class 2 - 82 percent;

(C) Rate class 3 - 86 percent;

(D) Rate class 4 - 90 percent;

(E) Rate class 5 - 94 percent;

(F) Rate class 6 - 98 percent;

(G) Rate class 7 - 102 percent;

(H) Rate class 8 - 106 percent;

(I) Rate class 9 - 110 percent;

(J) Rate class 10 - 114 percent;

(K) Rate class 11 - 118 percent; and

(L) Rate classes 12 through 40 - 120 percent.

(iii) For the purposes of this section:

(A) "Total social cost" means the amount calculated by subtracting the array calculation factor contributions paid by all employers with respect to the four consecutive calendar quarters immediately preceding the computation date and paid to the employment security department by the cut-off date from the total unemployment benefits paid to claimants in the same four consecutive calendar quarters.

(B) "Total taxable payroll" means the total amount of wages subject to tax, as determined under RCW 50.24.010, for all employers in the four consecutive calendar quarters immediately preceding the computation date and reported to the employment security department by the cut-off date.

(c) For employers who do not meet the definition of "qualified employer" by reason of failure to pay contributions when due:

(i) For rate years through 2010:

(A) The array calculation factor rate shall be two-tenths higher than that in rate class 40, except employers who have an approved agency-deferred payment contract by September 30th of the previous rate year. If any employer with an approved agency-deferred payment contract fails to make any one of the succeeding deferred payments or fails to submit any succeeding tax report and payment in a timely manner, the employer's tax rate shall immediately revert to an array calculation factor rate two-tenths higher than that in rate class 40; and

(B) The social cost factor rate shall be the social cost factor rate assigned to rate class 40 under (b)(ii) of this subsection.

(ii) For rate years 2011 and thereafter:

(A)(I) For an employer who does not enter into an approved agency-deferred payment contract as described in (c)(ii)(A)(II) or (III) of this subsection, the array calculation factor rate shall be the rate it would have been if the employer had not been delinquent in payment plus an additional one percent or, if the employer is delinquent in payment for a second or more consecutive year, an additional two percent;

(II) For an employer who enters an approved agency-deferred payment contract by September 30th of the previous rate year, the array calculation factor rate shall be the rate it would have been if the employer had not been delinquent in payment;

(III) For an employer who enters an approved agency-deferred payment contract after September 30th of the previous rate year, but within thirty days of the date the department sent its first tax rate notice, the array calculation factor rate shall be the rate it would have been had the employer not been delinquent in payment plus an additional one-half of one percent or, if the employer is delinquent in payment for a second or more consecutive year, an additional one and one-half percent;

(IV) For an employer who enters an approved agency-deferred payment contract as described in (c)(ii)(A)(II) or (III) of this subsection, but who fails to make any one of the succeeding deferred payments or fails to submit any succeeding tax report and payment in a timely manner, the array calculation factor rate shall immediately revert to the applicable array calculation factor rate under (c)(ii)(A)(I) of this subsection; and

(B) The social cost factor rate shall be the social cost factor rate assigned to rate class 40 under (b)(ii) of this subsection.

(d) For all other employers not qualified to be in the array:

(i) The array calculation factor rate shall be a rate equal to the average industry array calculation factor rate as determined by the commissioner, multiplied by the history factor, but not less than one percent or more than the array calculation factor rate in rate class 40;

(ii) The social cost factor rate shall be a rate equal to the average industry social cost factor rate as determined by the commissioner, multiplied by the history factor, but not more than the social cost factor rate assigned to rate class 40 under (b)(ii) of this subsection; and

(iii) The history factor shall be based on the total amounts of benefits charged and contributions paid in the three fiscal years ending prior to the computation date by employers not qualified to be in the array, other than employers in (c) of this subsection, who were first subject to contributions in the calendar year ending three years prior to the computation date. The commissioner shall calculate the history ratio by dividing the total amount of benefits charged by the total amount of contributions paid in this three-year period by these employers. The division shall be carried to the second decimal place with the remaining fraction disregarded unless it amounts to five one-hundredths or more, in which case the second decimal place shall be rounded to the

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next higher digit. The commissioner shall determine the history factor according to the history ratio as follows:

	History Ratio		History Factor (percent)
	At least	Less than	
(A)		.95	90
(B)	.95	1.05	100
(C)	1.05		115

(3) Assignment of employers by the commissioner to industrial classification, for purposes of this section, shall be in accordance with established classification practices found in the North American industry classification system code. [2010 c 72 § 1. Prior: 2009 c 493 § 2; 2009 c 3 § 14; 2007 c 51 § 1; 2006 c 13 § 4; 2005 c 133 § 5; 2003 2nd sp.s. c 4 § 14; 2003 c 4 § 1; 2000 c 2 § 4; 1995 c 4 § 2; (1995 c 4 § 1 expired January 1, 1998); prior: 1993 c 483 § 21; 1993 c 226 § 14; 1993 c 226 § 13; 1990 c 245 § 7; 1989 c 380 § 79; 1987 c 171 § 3; 1985 ex.s. c 5 § 7; 1984 c 205 § 5.]

**Conflict with federal requirements—2010 c 72:** "If any part of this act is found to be in conflict with federal requirements that are a prescribed condition to the allocation of federal funds to the state or the eligibility of employers in this state for federal unemployment tax credits, the conflicting part of this act is inoperative solely to the extent of the conflict, and the finding or determination does not affect the operation of the remainder of this act. Rules adopted under this act must meet federal requirements that are a necessary condition to the receipt of federal funds by the state or the granting of federal unemployment tax credits to employers in this state." [2010 c 72 § 3.]

**Conflict with federal requirements—2009 c 493:** See note following RCW 50.29.021.

**Short title—Effective date—Conflict with federal requirements—2009 c 3:** See notes following RCW 50.20.120.

**Conflict with federal requirements—2007 c 51:** "If any part of this act is found to be in conflict with federal requirements that are a prescribed condition to the allocation of federal funds to the state or the eligibility of employers in this state for federal unemployment tax credits, the conflicting part of this act is inoperative solely to the extent of the conflict, and the finding or determination does not affect the operation of the remainder of this act. Rules adopted under this act must meet federal requirements that are a necessary condition to the receipt of federal funds by the state or the granting of federal unemployment tax credits to employers in this state." [2007 c 51 § 2.]

**Severability—2007 c 51:** "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [2007 c 51 § 3.]

**Application—2007 c 51:** "This act applies for rate years beginning on or after January 1, 2008." [2007 c 51 § 4.]

**Application—2006 c 13 §§ 4 and 5:** "Sections 4 and 5 of this act apply to rate years beginning on or after January 1, 2007." [2006 c 13 § 26.]

**Conflict with federal requirements—Part headings not law—Severability—2006 c 13:** See notes following RCW 50.20.120.

**Findings—Intent—Conflict with federal requirements—Effective date—2005 c 133:** See notes following RCW 50.20.120.

**Additional employees authorized—2005 c 133:** See note following RCW 50.01.010.

**Conflict with federal requirements—Severability—Effective date—2003 2nd sp.s. c 4:** See notes following RCW 50.01.010.

**Application—2003 c 4 § 1:** "Section 1 of this act applies to rate years beginning on or after January 1, 2003." [2003 c 4 § 2.]

**Effective date—2003 c 4:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state gov-

ernment and its existing public institutions, and takes effect immediately [March 12, 2003]." [2003 c 4 § 3.]

**Application—2000 c 2 §§ 1, 2, 4, 5, 8, and 12-15:** See note following RCW 50.22.150.

**Conflict with federal requirements—Severability—Effective date—2000 c 2:** See notes following RCW 50.04.355.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.29.026 Modification of contribution rate.** (1) Beginning with contributions assessed for rate year 1996, a qualified employer's contribution rate applicable for rate years beginning before January 1, 2005, or array calculation factor rate applicable for rate years beginning on or after January 1, 2005, determined under RCW 50.29.025 may be modified as follows:

(a) Subject to the limitations of this subsection, an employer may make a voluntary contribution of an amount equal to part or all of the benefits charged to the employer's account during the two years most recently ended on June 30th that were used for the purpose of computing the employer's contribution rate applicable for rate years beginning before January 1, 2005, or array calculation factor rate applicable for rate years beginning on or after January 1, 2005. On receiving timely payment of a voluntary contribution, plus a surcharge of ten percent of the amount of the voluntary contribution, the commissioner shall cancel the benefits equal to the amount of the voluntary contribution, excluding the surcharge, and compute a new benefit ratio for the employer. The employer shall then be assigned the contribution rate applicable for rate years beginning before January 1, 2005, or array calculation factor rate applicable for rate years beginning on or after January 1, 2005, applicable to the rate class within which the recomputed benefit ratio is included. The minimum amount of a voluntary contribution, excluding the surcharge, must be an amount that will result in a recomputed benefit ratio that is in a rate class at least four rate classes lower than the rate class that included the employer's original benefit ratio.

(b) Payment of a voluntary contribution is considered timely if received by the department during the period beginning on the date of mailing to the employer the notice of contribution rate applicable for rate years beginning before January 1, 2005, or notice of array calculation factor rate applicable for rate years beginning on or after January 1, 2005, required under this title for the rate year for which the employer is seeking a modification of his or her rate and ending on February 15th of that rate year or, for voluntary contributions for rate year 2000, ending on March 31, 2000.

(c) A benefit ratio may not be recomputed nor a rate be reduced under this section as a result of a voluntary contribution received after the payment period prescribed in (b) of this subsection.

(2) This section does not apply to any employer who has not had an increase of at least twelve rate classes from the previous tax rate year. [2003 2nd sp.s. c 4 § 17; 2000 c 2 § 5; 1995 c 322 § 1.]

**Conflict with federal requirements—Severability—Effective date—2003 2nd sp.s. c 4:** See notes following RCW 50.01.010.

**Application—2000 c 2 §§ 1, 2, 4, 5, 8, and 12-15:** See note following RCW 50.22.150.

**Conflict with federal requirements—Severability—Effective date—2000 c 2:** See notes following RCW 50.04.355.

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Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.29.027 Benefit ratio computed for 1985 and thereafter.** For the rate year 1985 and each rate year thereafter, a benefit ratio shall be computed for each qualified employer by dividing the total amount of benefits charged to the account of the employer during the forty-eight consecutive months immediately preceding the computation date by the taxable payrolls of the employer for the same forty-eight month period as reported to the department by the cut-off dates. The division shall be carried to the sixth decimal place with the remaining fraction, if any, disregarded. [1984 c 205 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.29.030 "Wages" defined for purpose of prorating benefit charges.** For the purpose of prorating benefit charges "wages" shall mean "wages" as defined for purpose of payment of benefits in RCW 50.04.320. [1970 ex.s. c 2 § 12.]

*Government or retirement pension plan payments as remuneration or wages—Recovery of excess over benefits allowable, limitations: RCW 50.04.323.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.29.041 Contribution rate—Solvency surcharge.** Beginning with contributions assessed for rate year 2005, the contribution rate of each employer subject to contributions under RCW 50.24.010 shall include a solvency surcharge determined as follows:

(1) This section shall apply to employers' contributions for a rate year immediately following a cut-off date only if, on the cut-off date, the balance in the unemployment compensation fund is determined by the commissioner to be an amount that will provide fewer than seven months of unemployment benefits.

(2) The solvency surcharge shall be the lowest rate necessary, as determined by the commissioner, but not more than two-tenths of one percent, to provide revenue during the applicable rate year that will fund unemployment benefits for the number of months that is the difference between nine months and the number of months for which the balance in the unemployment compensation fund on the cut-off date will provide benefits.

(3) The basis for determining the number of months of unemployment benefits shall be the same basis used in \*RCW 50.29.025(2)(b)(i)(B). [2006 c 13 § 5; 2003 2nd sp.s. c 4 § 16.]

**\*Reviser's note:** RCW 50.29.025 was amended by 2009 c 3 § 14 and by 2009 c 493 § 2, changing the subsection numbering.

**Application—2006 c 13 §§ 4 and 5:** See note following RCW 50.29.025.

**Conflict with federal requirements—Part headings not law—Severability—2006 c 13:** See notes following RCW 50.20.120.

**Conflict with federal requirements—Severability—Effective date—2003 2nd sp.s. c 4:** See notes following RCW 50.01.010.

**50.29.062 Contribution rates for predecessor and successor employers.** Except as provided in RCW 50.29.063, predecessor and successor employer contribution rates shall be computed in the following manner:

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(1) If the successor is an employer, as defined in RCW 50.04.080, at the time of the transfer of a business, the following applies:

(a) The successor's contribution rate shall remain unchanged for the remainder of the rate year in which the transfer occurs; and

(b) Beginning January 1st following the transfer, the successor's contribution rate for each rate year shall be based on a combination of the following:

(i) The successor's experience with payrolls and benefits; and

(ii) Any experience assigned to the predecessor involved in the transfer. If only a portion of the business was transferred, then the experience attributable to the acquired portion is assigned to the successor.

(2) If the successor is not an employer at the time of the transfer, the following applies:

(a) For transfers before January 1, 2005:

(i) Except as provided in (ii) of this subsection (2)(a), the successor shall pay contributions at the lowest rate determined under either of the following:

(A) The contribution rate of the rate class assigned to the predecessor employer at the time of the transfer for the remainder of that rate year. Any experience relating to the assignment of that rate class attributable to the predecessor is transferred to the successor. Beginning with the January 1st following the transfer, the successor's contribution rate shall be based on a combination of the transferred experience of the acquired business and the successor's experience after the transfer; or

(B) The contribution rate equal to the average industry rate as determined by the commissioner, but not less than one percent, and continuing until the successor qualifies for a different rate in its own right. Assignment of employers by the commissioner to industrial classification, for purposes of this subsection, must be in accordance with established classification practices found in the North American industry classification system issued by the federal office of management and budget to the fourth digit provided in the North American industry classification system.

(ii) If the successor simultaneously acquires the business or a portion of the business of two or more employers in different rate classes, its rate, from the date the transfer occurred until the end of that rate year and until it qualifies in its own right for a new rate, shall be the rate of the highest rate class applicable at the time of the acquisition to any predecessor employer who is a party to the acquisition, but not less than one percent.

(b) For transfers on or after January 1, 2005:

(i) Except as provided in (ii) and (iii) of this subsection (2)(b), the successor shall pay contributions:

(A) At the contribution rate assigned to the predecessor employer at the time of the transfer for the remainder of that rate year. Any experience attributable to the predecessor relating to the assignment of the predecessor's rate class is transferred to the successor.

(B) Beginning January 1st following the transfer, the successor's contribution rate for each rate year shall be based on an array calculation factor rate that is a combination of the following: The successor's experience with payrolls and benefits; and any experience assigned to the predecessor

involved in the transfer. If only a portion of the business was transferred, then the experience attributable to the acquired portion is assigned to the successor if qualified under RCW 50.29.010 by including the transferred experience. If not qualified under RCW 50.29.010, the contribution rate shall equal the sum of the rates determined by the commissioner under RCW 50.29.025 (1)(d)(ii) or (2)(d) and 50.29.041, if applicable, and continuing until the successor qualifies for a different rate, including the transferred experience.

(ii) If there is a substantial continuity of ownership, control, or management by the successor of the business of the predecessor, the successor shall pay contributions at the contribution rate determined for the predecessor employer at the time of the transfer for the remainder of that rate year. Any experience attributable to the predecessor relating to the assignment of the predecessor's rate class is transferred to the successor. Beginning January 1st following the transfer, the successor's array calculation factor rate shall be based on a combination of the transferred experience of the acquired business and the successor's experience after the transfer.

(iii) If the successor simultaneously acquires the business or a portion of the business of two or more employers with different contribution rates, the successor's rate, from the date the transfer occurred until the end of that rate year and until it qualifies in its own right for a new rate, shall be the sum of the rates determined by the commissioner under RCW 50.29.025 (1) (a) and (b) or (2) (a) and (b), and 50.29.041, applicable at the time of the acquisition, to the predecessor employer who, among the parties to the acquisition, had the largest total payroll in the completed calendar quarter immediately preceding the date of transfer, but not less than the sum of the rates determined by the commissioner under RCW 50.29.025 (1)(d)(ii) or (2)(d) and 50.29.041, if applicable.

(3) With respect to predecessor employers:

(a) The contribution rate on any payroll retained by a predecessor employer shall remain unchanged for the remainder of the rate year in which the transfer occurs.

(b) In all cases, beginning January 1st following the transfer, the predecessor's contribution rate or the predecessor's array calculation factor for each rate year shall be based on its experience with payrolls and benefits as of the regular computation date for that rate year excluding the experience of the transferred business or transferred portion of business as that experience has transferred to the successor: PROVIDED, That if all of the predecessor's business is transferred to a successor or successors, the predecessor shall not be a qualified employer until it satisfies the requirements of a "qualified employer" as set forth in RCW 50.29.010.

(4) For purposes of this section, "transfer of a business" means the same as RCW 50.29.063(4)(c). [2010 c 25 § 2; 2009 c 225 § 1; 2006 c 47 § 2; 2003 2nd sp.s. c 4 § 18; 1996 c 238 § 1; 1995 c 56 § 1; 1989 c 380 § 81; 1984 c 205 § 6.]

**Conflict with federal requirements—2010 c 25:** See note following RCW 50.29.021.

**Conflict with federal requirements—2009 c 225:** "If any part of this act is found to be in conflict with federal requirements that are a prescribed condition to the allocation of federal funds to the state or the eligibility of employers in this state for federal unemployment tax credits, the conflicting part of this act is inoperative solely to the extent of the conflict, and the finding or determination does not affect the operation of the remainder of this act. Rules adopted under this act must meet federal requirements that are a

necessary condition to the receipt of federal funds by the state or the granting of federal unemployment tax credits to employers in this state." [2009 c 225 § 3.]

**Conflict with federal requirements—2006 c 47:** "If any part of this act is found to be in conflict with federal requirements that are a prescribed condition to the allocation of federal funds to the state or the eligibility of employers in this state for federal unemployment tax credits, the conflicting part of this act is inoperative solely to the extent of the conflict, and the finding or determination does not affect the operation of the remainder of this act. Rules adopted under this act must meet federal requirements that are a necessary condition to the receipt of federal funds by the state or the granting of federal unemployment tax credits to employers in this state." [2006 c 47 § 5.]

**Severability—2006 c 47:** "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [2006 c 47 § 6.]

**Effective date—2006 c 47:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [March 14, 2006]." [2006 c 47 § 7.]

**Retroactive application—2006 c 47:** "This act is remedial in nature and shall be applied retroactively to January 1, 2006." [2006 c 47 § 8.]

**Conflict with federal requirements—Severability—Effective date—2003 2nd sp.s. c 4:** See notes following RCW 50.01.010.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.29.063 Predecessor or successor employers—Transfer to obtain reduced array calculation factor rate—Evasion of successor provisions—Penalties.** (1) If it is found that a significant purpose of the transfer of a business was to obtain a reduced array calculation factor rate, then the following applies:

(a) If the successor was an employer at the time of the transfer, then the experience rating accounts of the employers involved shall be combined into a single account and the employers assigned the higher of the predecessor or successor array calculation factor rate to take effect as of the date of the transfer.

(b) If the successor was not an employer at the time of the transfer, then the experience rating account of the acquired business must not be transferred and, instead, the sum of the rate determined by the commissioner under RCW 50.29.025 (1)(d)(ii) or (2)(d) and 50.29.041, if applicable, shall be assigned.

(2) If any part of a delinquency for which an assessment is made under this title is due to an intent to knowingly evade the successorship provisions of RCW 50.29.062 and this section, then with respect to the employer, and to any business found to be knowingly promoting the evasion of such provisions:

(a) The commissioner shall, for the rate year in which the commissioner makes the determination under this subsection and for each of the three consecutive rate years following that rate year, assign to the employer or business the total rate, which is the sum of the recalculated array calculation factor rate and a civil penalty assessment rate, calculated as follows:

(i) Recalculate the array calculation factor rate as the array calculation factor rate that should have applied to the employer or business under RCW 50.29.025 and 50.29.062; and

(ii) Calculate a civil penalty assessment rate in an amount that, when added to the array calculation factor rate determined under (a)(i) of this subsection for the applicable

rate year, results in a total rate equal to the maximum array calculation factor rate under RCW 50.29.025 plus two percent, which total rate is not limited by any maximum array calculation factor rate established in RCW 50.29.025 (1)(b)(ii) or (2)(b)(ii);

(b) The employer or business may be prosecuted under the penalties prescribed in RCW 50.36.020; and

(c) The employer or business must pay for the employment security department's reasonable expenses of auditing the employer's or business's books and collecting the civil penalty assessment.

(3) If the person knowingly evading the successorship provisions, or knowingly attempting to evade these provisions, or knowingly promoting the evasion of these provisions, is not an employer, the person is subject to a civil penalty assessment of five thousand dollars per occurrence. In addition, the person is subject to the penalties prescribed in RCW 50.36.020 as if the person were an employer. The person must also pay for the employment security department's reasonable expenses of auditing his or her books and collecting the civil penalty assessment.

(4) For purposes of this section:

(a) "Knowingly" means having actual knowledge of or acting with deliberate ignorance or reckless disregard for the prohibition involved and includes, but is not limited to, intent to evade, misrepresentation, or willful nondisclosure.

(b) "Person" means and includes an individual, a trust, estate, partnership, association, company, or corporation.

(c) "Transfer of a business" includes the transfer or acquisition of substantially all or a portion of the operating assets, which may include the employer's workforce.

(5) Any decision to assess a penalty under this section shall be made by the chief administrative officer of the tax branch or his or her designee.

(6) Nothing in this section shall be construed to deny an employer the right to appeal the assessment of a penalty in the manner provided in RCW 50.32.030.

(7) The commissioner shall engage in prevention, detection, and collection activities related to evasion of the successorship provisions of RCW 50.29.062 and this section, and establish procedures to enforce this section. [2010 c 25 § 3; 2009 c 225 § 2; 2007 c 327 § 3; 2006 c 47 § 1.]

**Conflict with federal requirements—2010 c 25:** See note following RCW 50.29.021.

**Conflict with federal requirements—2009 c 225:** See note following RCW 50.29.062.

**Severability—Conflict with federal requirements—Effective date—2007 c 327:** See notes following RCW 50.24.014.

**Conflict with federal requirements—Severability—Effective date—Retroactive application—2006 c 47:** See notes following RCW 50.29.062.

**50.29.064 Rules to implement 2006 c 47.** The commissioner of the employment security department may adopt rules necessary to implement chapter 47, Laws of 2006. [2006 c 47 § 4.]

**Conflict with federal requirements—Severability—Effective date—Retroactive application—2006 c 47:** See notes following RCW 50.29.062.

**50.29.065 Notice of benefits paid and charged to employer's account.** Within thirty days after the end of every calendar quarter, the commissioner shall notify each

employer of the benefits received during that quarter by each claimant for whom he or she is the base year employer and the amount of those benefits charged to his or her experience rating account. [1984 c 205 § 10.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.29.070 Notice of employer benefit charges and rate of contribution—Review and appeal.** (1) Within a reasonable time after the computation date each employer shall be notified of the employer's rate of contribution as determined for the succeeding rate year and factors used in the calculation. Beginning with rate year 2005, the notice must include the amount of the contribution rate that is attributable to each component of the rate under \*RCW 50.29.025(2).

(2) Any employer dissatisfied with the benefit charges made to the employer's account for the twelve-month period immediately preceding the computation date or with his or her determined rate may file a request for review and redetermination with the commissioner within thirty days of the mailing of the notice to the employer, showing the reason for such request. Should such request for review and redetermination be denied, the employer may, within thirty days of the mailing of such notice of denial, file with the appeal tribunal a petition for hearing which shall be heard in the same manner as a petition for denial of refund. The appellate procedure prescribed by this title for further appeal shall apply to all denials of review and redetermination under this section. [2003 2nd sp.s. c 4 § 19; 1990 c 245 § 8; 1983 1st ex.s. c 23 § 19; 1973 1st ex.s. c 158 § 14; 1970 ex.s. c 2 § 16.]

\*Reviser's note: RCW 50.29.025 was amended by 2009 c 3 § 14 and by 2009 c 493 § 2, changing the subsection numbering.

**Conflict with federal requirements—Severability—Effective date—2003 2nd sp.s. c 4:** See notes following RCW 50.01.010.

*Appeal on denial of refund:* RCW 50.32.030, 50.32.050.

*Appeal to the courts:* RCW 50.32.120.

*Review by commissioner:* RCW 50.32.070.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.29.080 Redetermination and correction of employer's contribution rate.** The commissioner may redetermine any contribution rate if, within three years of the rate computation date he or she finds that the rate as originally computed was erroneous.

In the event that the redetermined rate is lower than that originally computed the difference between the amount paid and the amount which should have been paid on the employer's taxable payroll for the rate year involved shall be established as a credit against his or her tax liability; however, if the redetermined rate is higher than that originally computed the difference between the amount paid and the amount which should have been paid on the employer's taxable payroll shall be assessed against the employer as contributions owing for the rate year involved.

The redetermination of an employer's contribution rate shall not affect the contribution rates which have been established for any other employer nor shall such redetermination affect any other computation made pursuant to this title.

The employer shall have the same rights to request review and redetermination as he or she had from his or her

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original rate determination. [2010 c 8 § 13035; 1970 ex.s. c 2 § 17.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

### 50.29.090 Contribution rates for client employers.

For purposes of this title, each client employer of a professional employer organization is assigned its individual contribution rate based on its own experience. [2007 c 146 § 10.]

**Report on implementation and impact—2007 c 146 §§ 8-12:** See note following RCW 50.04.298.

**Effective date—2007 c 146 §§ 5, 6, and 10-12:** See note following RCW 50.04.310.

**Conflict with federal requirements—Severability—2007 c 146:** See notes following RCW 50.04.080.

## Chapter 50.32 RCW

### REVIEW, HEARINGS, AND APPEALS

#### Sections

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**50.32.010 Appeal tribunals.** The commissioner shall establish one or more impartial appeal tribunals, each of which shall consist of an administrative law judge appointed under chapter 34.12 RCW who shall decide the issues submitted to the tribunal. No administrative law judge may hear or decide any disputed claim in any case in which he or she is an interested party. Wherever the term "appeal tribunal" or "the appeal tribunal" is used in this title the same refers to an appeal tribunal established under the provisions of this section. Notice of any appeal or petition for hearing taken to an appeal tribunal in any proceeding under this title may be filed with such agency as the commissioner may by regulation prescribe. [2010 c 8 § 13036; 1981 c 67 § 30; 1945 c 35 § 117; Rem. Supp. 1945 § 9998-255. Prior: 1943 c 127 § 4; 1941 c 253 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.32.020 Filing of benefit appeals.** The applicant or claimant, his or her most recent employing unit or any interested party which the commissioner by regulation prescribes, may file an appeal from any determination or redetermination with the appeal tribunal within thirty days after the date of notification or mailing, whichever is earlier, of such determi-

nation or redetermination to his or her last known address: PROVIDED, That in the event an appeal with respect to any determination is pending as of the date when a redetermination thereof is issued, such appeal, unless withdrawn, shall be treated as an appeal from such redetermination. Any appeal from a determination of denial of benefits which is effective for an indefinite period shall be deemed to be an appeal as to all weeks subsequent to the effective date of the denial for which benefits have already been denied. If no appeal is taken from any determination, or redetermination, within the time allowed by the provisions of this section for appeal therefrom, said determination, or redetermination, as the case may be, shall be conclusively deemed to be correct except as hereinbefore provided in respect to reconsideration by the commissioner of any determination. [1987 c 61 § 1; 1951 c 215 § 10; 1945 c 35 § 118; Rem. Supp. 1945 § 9998-256. Prior: 1943 c 127 § 4; 1941 c 253 § 4; 1939 c 214 § 4; 1937 c 162 § 6.]

**50.32.025 Mailed appeal or petition.** The appeal or petition from a determination, redetermination, order and notice of assessment, appeals decision, or commissioner's decision which is (1) transmitted through the United States mail, shall be deemed filed and received by the addressee on the date shown by the United States postal service cancellation mark stamped by the United States postal service employees upon the envelope or other appropriate wrapper containing it or, (2) mailed but not received by the addressee, or where received and the United States postal service cancellation mark is illegible, erroneous or omitted, shall be deemed filed and received on the date it was mailed, if the sender establishes by competent evidence that the appeal or petition was deposited in the United States mail on or before the date due for filing: PROVIDED, That in the case of a metered cancellation mark by the sender and a United States postal service cancellation mark on the same envelope or other wrapper, the latter shall control: PROVIDED, FURTHER, That in any of the above circumstances, the appeal or petition must be properly addressed and have sufficient postage affixed thereto. [1975 1st ex.s. c 228 § 4; 1969 ex.s. c 200 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.32.030 Appeal from order and notice of assessment.** When an order and notice of assessment has been served upon or mailed to a delinquent employer, as heretofore provided, such employer may within thirty days thereafter file a petition in writing with the appeal tribunal, stating that such assessment is unjust or incorrect and requesting a hearing thereon. Such petition shall set forth the reasons why the assessment is objected to and the amount of contributions, if any, which said employer admits to be due the employment security department. If no such petition be filed with the appeal tribunal within thirty days, the assessment shall be conclusively deemed to be just and correct: PROVIDED, That in such cases, and in cases where payment of contributions, interest, or penalties has been made pursuant to a jeopardy assessment, the commissioner may properly entertain a subsequent application for refund. The filing of a petition on a disputed assessment with the appeal tribunal shall stay the

distrain and sale proceeding provided for in this title until a final decision thereon shall have been made, but the filing of such petition shall not affect the right of the commissioner to perfect a lien, as provided by this title, upon the property of the employer. The filing of a petition on a disputed assessment shall stay the accrual of interest and penalties on the disputed contributions until a final decision shall have been made thereon.

Within thirty days after notice of denial of refund or adjustment has been mailed or delivered (whichever is the earlier) to an employer, the employer may file a petition in writing with the appeal tribunal for a hearing thereon: PROVIDED, That this right shall not apply in those cases in which assessments have been appealed from and have become final. The petitioner shall set forth the reasons why such hearing should be granted and the amount which the petitioner believes should be adjusted or refunded. If no such petition be filed within said thirty days, the determination of the commissioner as stated in said notice shall be final. [1987 c 111 § 6; 1987 c 61 § 2; 1983 1st ex.s. c 23 § 20; 1959 c 266 § 7; 1949 c 214 § 23; 1945 c 35 § 119; Rem. Supp. 1949 § 9998-257.]

**Reviser's note:** This section was amended by 1987 c 61 § 2 and by 1987 c 111 § 6, each without reference to the other. Both amendments are incorporated in the publication of this section pursuant to RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.32.040 Benefit appeal procedure.** In any proceeding before an appeal tribunal involving a dispute of an individual's initial determination, all matters covered by such initial determination shall be deemed to be in issue irrespective of the particular ground or grounds set forth in the notice of appeal.

In any proceeding before an appeal tribunal involving a dispute of an individual's claim for waiting period credit or claim for benefits, all matters and provisions of this title relating to the individual's right to receive such credit or benefits for the period in question, including but not limited to the question and nature of the claimant's availability for work within the meaning of RCW 50.20.010(1)(c) and 50.20.080, shall be deemed to be in issue irrespective of the particular ground or grounds set forth in the notice of appeal in single claimant cases. The claimant's availability for work shall be determined apart from all other matters.

In any proceeding before an appeal tribunal involving an individual's right to benefits, all parties shall be afforded an opportunity for hearing after not less than seven days' notice in accordance with RCW 34.05.434.

In any proceeding involving an appeal relating to benefit determinations or benefit claims, the appeal tribunal, after affording the parties reasonable opportunity for fair hearing, shall render its decision affirming, modifying, or setting aside the determination or decisions of the unemployment compensation division. The parties shall be duly notified of such appeal tribunal's decision together with its reasons therefor, which shall be deemed to be the final decision on the initial determination or the claim for waiting period credit or the claim for benefits unless, within thirty days after the date of notification or mailing, whichever is the earlier, of such decision, further appeal is perfected pursuant to the provisions of

this title relating to review by the commissioner. [2003 2nd sp.s. c 4 § 32; 1989 c 175 § 117; 1987 c 61 § 3; 1981 c 35 § 10; 1973 c 73 § 8; 1945 c 35 § 120; Rem. Supp. 1945 § 9998-258. Prior: 1943 c 127 § 4; 1941 c 253 § 4; 1939 c 214 § 4; 1937 c 162 § 6.]

**Conflict with federal requirements—Severability—Effective date—2003 2nd sp.s. c 4:** See notes following RCW 50.01.010.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.32.050 Contributions appeal procedure.** In any proceeding before an appeal tribunal involving an appeal from a disputed order and notice of assessment (for contributions, interest, or penalties due) a disputed denial of refund or adjustment (of contributions, interest, or penalties paid) or a disputed experience rating credit, the appeal tribunal, after affording the parties a reasonable opportunity for hearing, shall affirm, modify or set aside the notice of assessment, denial of refund or experience rating credit. The parties shall be duly notified of such appeal tribunal's decision together with its reasons therefor which shall be deemed to be the final decision on the order and notice of assessment, denial of refund or experience rating credit, as the case may be, unless within thirty days after the date of notification or mailing, whichever is the earlier, of such decision, further appeal is perfected pursuant to the provisions of this title relating to review by the commissioner. [1987 c 61 § 4; 1983 1st ex.s. c 23 § 21; 1949 c 214 § 24; 1945 c 35 § 121; Rem. Supp. 1949 § 9998-259.]

*Review by commissioner:* RCW 50.32.070.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.32.060 Conduct of appeal hearings.** The manner in which any dispute shall be presented to the appeal tribunal, and the conduct of hearings and appeals, shall be in accordance with regulations prescribed by the commissioner for determining the rights of the parties, whether or not such regulations conform to common law or statutory rules of evidence and other technical rules of procedure. A full and complete record shall be kept of all appeal tribunal proceedings. All testimony at any appeal tribunal hearing shall be recorded, but need not be transcribed unless further appeal is taken. [1945 c 35 § 122; Rem. Supp. 1945 § 9998-260.]

**50.32.070 Petition for review by commissioner.** Within thirty days from the date of notification or mailing, whichever is the earlier, of any decision of an appeal tribunal, the commissioner on his or her own order may, or upon petition of any interested party shall, take jurisdiction of the proceedings for the purpose of review thereof. Appeal from any decision of an appeal tribunal may be perfected so as to prevent finality of such decision if, within thirty days from the date of mailing the appeal tribunal decision, or notification thereof, whichever is the earlier, a petition in writing for review by the commissioner is received by the commissioner or by such representative of the commissioner as the commissioner by regulation shall prescribe. The commissioner may also prevent finality of any decision of an appeal tribunal and take jurisdiction of the proceedings for his or her review thereof by entering an order so providing on his or her own motion and mailing a copy thereof to the interested parties

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within the same period allowed herein for receipt of a petition for review. The time limit provided herein for the commissioner's assumption of jurisdiction on his or her own motion for review shall be deemed to be jurisdictional. [1987 c 61 § 5; 1975 1st ex.s. c 228 § 5; 1947 c 215 § 31; 1945 c 35 § 123; Rem. Supp. 1947 § 9998-261.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.32.075 Waiver of time for appeal or petition.** For good cause shown the appeal tribunal or the commissioner may waive the time limitations for administrative appeals or petitions set forth in the provisions of this title. [1975 1st ex.s. c 228 § 16.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.32.080 Commissioner's review procedure.** After having acquired jurisdiction for review, the commissioner shall review the proceedings in question. Prior to rendering his or her decision, the commissioner may order the taking of additional evidence by an appeal tribunal to be made a part of the record in the case. Upon the basis of evidence submitted to the appeal tribunal and such additional evidence as the commissioner may order to be taken, the commissioner shall render his or her decision in writing affirming, modifying, or setting aside the decision of the appeal tribunal. Alternatively, the commissioner may order further proceedings to be held before the appeal tribunal, upon completion of which the appeal tribunal shall issue a decision in writing affirming, modifying, or setting aside its previous decision. The new decision may be appealed under RCW 50.32.070. The commissioner shall mail his or her decision to the interested parties at their last known addresses. [2010 c 8 § 13037; 1982 1st ex.s. c 18 § 8; 1945 c 35 § 124; Rem. Supp. 1945 § 9998-262.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.32.090 Finality of commissioner's decision.** Any decision of the commissioner involving a review of an appeal tribunal decision, in the absence of a petition therefrom as provided in chapter 34.05 RCW, becomes final thirty days after service. The commissioner shall be deemed to be a party to any judicial action involving any such decision and shall be represented in any such judicial action by the attorney general. [1989 c 175 § 118; 1973 1st ex.s. c 158 § 15; 1945 c 35 § 125; Rem. Supp. 1945 § 9998-263.]

*Procedure for judicial review:* RCW 50.32.120.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.32.095 Commissioner's decisions as precedents—Publication.** The commissioner may designate certain commissioner's decisions as precedents. The commissioner's decisions designated as precedents shall be published and made available to the public by the department. [1982 1st ex.s. c 18 § 9.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.32.097 Applicability of finding, determination, etc., to other action.** Any finding, determination, conclusion, declaration, or final order made by the commissioner, or his or her representative or delegate, or by an appeal tribunal,

administrative law judge, reviewing officer, or other agent of the department for the purposes of Title 50 RCW, shall not be conclusive, nor binding, nor admissible as evidence in any separate action outside the scope of Title 50 RCW between an individual and the individual's present or prior employer before an arbitrator, court, or judge of this state or the United States, regardless of whether the prior action was between the same or related parties or involved the same facts or was reviewed pursuant to RCW 50.32.120. [1988 c 28 § 1.]

**50.32.100 Costs.** In all proceedings provided by this title prior to court review involving dispute of an individual's initial determination, or claim for waiting period credit, or for benefits, the fees of all witnesses attending such proceedings pursuant to subpoena shall be paid at the rate fixed by such regulation as the commissioner shall prescribe and such fees and all costs of such proceedings otherwise chargeable to such individual, except charges for services rendered by counsel or other agent representing such individual, shall be paid out of the unemployment compensation administration fund. In all other respects and in all other proceedings under this title the rule in civil cases as to costs and attorney fees shall apply: PROVIDED, That cost bills may be served and filed and costs shall be taxed in accordance with such regulation as the commissioner shall prescribe. [1945 c 35 § 126; Rem. Supp. 1945 § 9998-264.]

*Costs and attorneys' fees: Chapter 4.84 RCW.*

**50.32.110 Fees for administrative hearings.** No individual shall be charged fees of any kind in any proceeding involving the individual's application for initial determination, or claim for waiting period credit, or claim for benefits, under this title by the commissioner or his or her representatives, or by an appeal tribunal, or any court, or any officer thereof. Any individual in any such proceeding before the commissioner or any appeal tribunal may be represented by counsel or other duly authorized agent who shall neither charge nor receive a fee for such services in excess of an amount found reasonable by the officer conducting such proceeding. [2010 c 8 § 13038; 1945 c 35 § 127; Rem. Supp. 1945 § 9998-265.]

**50.32.120 Procedure for judicial review.** Judicial review of a decision of the commissioner involving the review of an appeals tribunal decision may be had only in accordance with the procedural requirements of RCW 34.05.570. [1973 1st ex.s. c 158 § 16; 1971 c 81 § 119; 1945 c 35 § 128; Rem. Supp. 1945 § 9998-266. Prior: 1943 c 127 § 4; 1941 c 253 § 4; 1939 c 214 § 4; 1937 c 162 § 6.]

*Appeals: Chapter 4.88 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.32.130 Undertakings on seeking judicial review.** No bond of any kind shall be required of any individual seeking judicial review from a commissioner's decision affecting such individual's application for initial determination or claim for waiting period credit or for benefits.

No commissioner's decision shall be stayed by a petition for judicial review unless the petitioning employer shall first deposit an undertaking in an amount theretofore deemed by

the commissioner to be due, if any, from the petitioning employer, together with interest thereon, if any, with the commissioner or in the registry of the court: PROVIDED, HOWEVER, That this section shall not be deemed to authorize a stay in the payment of benefits to an individual when such individual has been held entitled thereto by a decision of the commissioner which decision either affirms, reverses, or modifies a decision of an appeals tribunal. [1973 1st ex.s. c 158 § 17; 1971 c 81 § 120; 1945 c 35 § 129; Rem. Supp. 1945 § 9998-267. Prior: 1943 c 127 § 4; 1941 c 253 § 4.]

**Rules of court:** *Cf. Title 8 RAP, RAP 18.22.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.32.140 Interstate petitions to Thurston county.** RCW 34.05.514 to the contrary notwithstanding, petitions to the superior court from decisions of the commissioner dealing with the applications or claims relating to benefit payments which were filed outside of this state with an authorized representative of the commissioner shall be filed with the superior court of Thurston county which shall have the original venue of such appeals. [1989 c 175 § 119; 1973 1st ex.s. c 158 § 18; 1945 c 35 § 130; Rem. Supp. 1945 § 9998-268.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.32.150 Jurisdiction of court.** In all court proceedings under or pursuant to this title the decision of the commissioner shall be prima facie correct, and the burden of proof shall be upon the party attacking the same.

If the court shall determine that the commissioner has acted within his or her power and has correctly construed the law, the decision of the commissioner shall be confirmed; otherwise, it shall be reversed or modified. In case of a modification or reversal the superior court shall refer the same to the commissioner with an order directing him or her to proceed in accordance with the findings of the court.

Whenever any order and notice of assessment shall have become final in accordance with the provisions of this title, the court shall upon application of the commissioner enter a judgment in the amount provided for in said order and notice of assessment, and said judgment shall have and be given the same effect as if entered pursuant to civil action instituted in said court. [2010 c 8 § 13039; 1945 c 35 § 131; Rem. Supp. 1945 § 9998-269. Prior: 1941 c 253 § 4.]

*Judgments*

*entry of: Chapter 4.64 RCW.*

*generally: Chapter 4.56 RCW.*

**50.32.160 Attorneys' fees.** It shall be unlawful for any attorney engaged in any appeal to the courts on behalf of an individual involving the individual's application for initial determination, or claim for waiting period credit, or claim for benefits to charge or receive any fee therein in excess of a reasonable fee to be fixed by the superior court in respect to the services performed in connection with the appeal taken thereto and to be fixed by the supreme court or the court of appeals in the event of appellate review, and if the decision of the commissioner shall be reversed or modified, such fee and the costs shall be payable out of the unemployment compensation administration fund. In the allowance of fees the court

shall give consideration to the provisions of this title in respect to fees pertaining to proceedings involving an individual's application for initial determination, claim for waiting period credit, or claim for benefits. In other respects the practice in civil cases shall apply. [1988 c 202 § 48; 1971 c 81 § 121; 1945 c 35 § 132; Rem. Supp. 1945 § 9998-270. Prior: 1941 c 253 § 4.]

*Attorneys' fees: Chapter 4.84 RCW.*

*Costs: RCW 50.32.100.*

*Costs on appeal: Chapter 4.84 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.32.170 Decision final by agreement.** No appeal from the decision of an appeal tribunal, or of the commissioner, or of any court in any proceedings provided by this title may be taken subsequent to the filing with the appeal tribunal, commissioner, or court which rendered the decision, within the time allowed for appeal, of an agreement in writing approved by all interested parties to the proceedings, providing that no appeal will be taken from such decision. The provisions of this section shall be jurisdictional. [1945 c 35 § 133; Rem. Supp. 1945 § 9998-271.]

**50.32.180 Remedies of title exclusive.** The remedies provided in this title for determining the justness or correctness of assessments, refunds, adjustments, or claims shall be exclusive and no court shall entertain any action to enjoin an assessment or require a refund or adjustment except in accordance with the provisions of this title. Matters which may be determined by the procedures set out in this title shall not be the subject of any declaratory judgment. [1945 c 35 § 134; Rem. Supp. 1945 § 9998-272.]

**50.32.190 Costs, charges, and expenses.** Whenever any appeal is taken from any decision of the commissioner to any court, all expenses and costs incurred therein by said commissioner, including court reporter costs and attorneys' fees and all costs taxed against such commissioner, shall be paid out of the unemployment compensation administration fund.

Neither the commissioner nor the state shall be charged any fee for any service rendered in connection with litigation under the unemployment compensation act by the clerk of any court. [1945 c 35 § 135; Rem. Supp. 1945 § 9998-273.]

## Chapter 50.36 RCW

### PENALTIES

#### Sections

50.36.010	Violations generally.
50.36.020	Violations by employers.
50.36.030	Concealing cause of discharge.

**50.36.010 Violations generally.** (1) It shall be unlawful for any person to knowingly give any false information or withhold any material information required under the provisions of this title.

(2) Any person who violates any of the provisions of this title which violation is declared to be unlawful, and for which no contrary provision is made, is guilty of a misdemeanor and

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shall be punished by a fine of not less than twenty dollars nor more than two hundred and fifty dollars or by imprisonment in the county jail for not more than ninety days.

(3) Any person who in connection with any compromise or offer of compromise willfully conceals from any officer or employee of the state any property belonging to an employing unit which is liable for contributions, interest, or penalties, or receives, destroys, mutilates, or falsifies any book, document, or record, or makes under oath any false statement relating to the financial condition of the employing unit which is liable for contributions, is guilty of a gross misdemeanor and shall upon conviction thereof be fined not more than five thousand dollars or be imprisoned for not more than one year, or both.

(4) The penalty prescribed in this section shall not be deemed exclusive, but any act which shall constitute a crime under any law of this state may be the basis of prosecution under such law notwithstanding that it may also be the basis for prosecution under this section. [2003 c 53 § 279; 1953 ex.s. c 8 § 22; 1945 c 35 § 180; Rem. Supp. 1945 § 9998-319. Prior: 1943 c 127 § 12; 1941 c 253 § 13.]

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

**50.36.020 Violations by employers.** (1) Any person required under this title to collect, account for and pay over any contributions imposed by this title, who willfully fails to collect or truthfully account for and pay over such contributions, and any person who willfully attempts in any manner to evade or defeat any contributions imposed by this title or the payment thereof, is guilty of a gross misdemeanor and shall, in addition to other penalties provided by law, upon conviction thereof, be fined not more than five thousand dollars, or imprisoned for not more than one year, or both, together with the costs of prosecution.

(2) The term "person" as used in this section includes an officer or individual in the employment of a corporation, or a member or individual in the employment of a partnership, who as such officer, individual or member is under a duty to perform the act in respect of which the violation occurs. A corporation may likewise be prosecuted under this section and may be subjected to fine and payment of costs of prosecution as prescribed herein for a person. [2003 c 53 § 280; 1953 ex.s. c 8 § 23; 1945 c 35 § 181; Rem. Supp. 1945 § 9998-320. Prior: 1943 c 127 § 12; 1941 c 253 § 13.]

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

*Crimes and punishment: Titles 9, 9A RCW.*

**50.36.030 Concealing cause of discharge.** Employing units or agents thereof supplying information to the employment security department pertaining to the cause of a benefit claimant's separation from work, which cause stated to the department is contrary to that given the benefit claimant by such employing unit or agent thereof at the time of his or her separation from the employing unit's employ, shall be guilty of a misdemeanor and shall be punished by a fine of not less than twenty dollars nor more than two hundred and fifty dollars or by imprisonment in the county jail for not more than ninety days. [2010 c 8 § 13040; 1951 c 265 § 13.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

## Chapter 50.38 RCW

LABOR MARKET INFORMATION  
AND ECONOMIC ANALYSIS

(Formerly: Occupational information service—Forecast)

## Sections

50.38.010	Intent.
50.38.015	Definitions.
50.38.020	Occupational information responsibility—Forecast, criteria.
50.38.030	Occupational forecast—Agency consultation.
50.38.040	Annual report.
50.38.050	Department—Duties.
50.38.060	Department—Powers.
50.38.065	Moneys for nonfunded labor market information costs—Disposition.
50.38.900	Effective date—1982 c 43.
50.38.901	Conflict with federal requirements—1993 c 62.
50.38.902	Effective date—1993 c 62.

**50.38.010 Intent.** It is the intent of this chapter to establish the duties and authority of the employment security department relating to labor market information and economic analysis. State and federal law mandate the use of labor market information in the planning, coordinating, management, implementation, and evaluation of certain programs. Often this labor market information is also needed in studies for the legislature and state programs, like those dealing with growth management, community diversification, export assistance, prison industries, energy, agriculture, social services, and environment. Employment, training, education, job creation, and other programs are often mandated without adequate federal or state funding for the needed labor market information. Clarification of the department's duties and authority will assist users of state and local labor market information products and services to have realistic expectations and provide the department authority to recover actual costs for labor market information products and services developed in response to individual requests. [1993 c 62 § 1; 1982 c 43 § 1.]

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

(1) "Labor market information" means the body of information generated from measurement and evaluation of the socioeconomic factors and variables influencing the employment process in the state and specific labor market areas. These socioeconomic factors and variables affect labor demand and supply relationships and include:

(a) Labor force information, which includes but is not limited to employment, unemployment, labor force participation, labor turnover and mobility, average hours and earnings, and changes and characteristics of the population and labor force within specific labor market areas and the state;

(b) Occupational information, which includes but is not limited to occupational supply and demand estimates and projections, characteristics of occupations, wage levels, job duties, training and education requirements, conditions of employment, unionization, retirement practices, and training opportunities;

(c) Economic information, which includes but is not limited to number of business starts and stops by industry and labor market area, information on employment growth and decline by industry and labor market area, employer estab-

lishment data, and number of labor-management disputes by industry and labor market area; and

(d) Program information, which includes but is not limited to program participant or student information gathered in cooperation with other state and local agencies along with related labor market information to evaluate the effectiveness, efficiency, and impact of state and local employment, training, education, and job creation efforts in support of planning, management, implementation, and evaluation.

(2) "Labor market area" means an economically integrated geographic area within which individuals can reside and find employment within a reasonable distance or can readily change employment without changing their place of residence. Such areas shall be identified in accordance with criteria used by the bureau of labor statistics of the department of labor in defining such areas or similar criteria established by the governor. The area generally takes the name of its community. The boundaries depend primarily on economic and geographic factors. Washington state is divided into labor market areas, which usually include a county or a group of contiguous counties.

(3) "Labor market analysis" means the measurement and evaluation of economic forces as they relate to the employment process in the local labor market area. Variables affecting labor market relationships include, but are not limited to, such factors as labor force changes and characteristics, population changes and characteristics, industrial structure and development, technological developments, shifts in consumer demand, volume and extent of unionization and trade disputes, recruitment practices, wage levels, conditions of employment, and training opportunities.

(4) "Public records" has the same meaning as set forth in \*RCW 42.17.020.

(5) "Department" means the employment security department. [1993 c 62 § 2.]

\*Reviser's note: RCW 42.17.020 was recodified as RCW 42.17A.005 pursuant to 2010 c 204 § 1102, effective January 1, 2012.

**50.38.020 Occupational information responsibility—Forecast, criteria.** The Washington state employment security department shall be the responsible state entity for the development, administration, and dissemination of Washington state occupational information, including the state occupational forecast. The generation of the forecast is subject to the following criteria:

(1) The occupational forecast shall be consistent with the state economic forecast;

(2) Standardized occupational classification codes shall be adopted, to be cross-referenced with other generally accepted occupational codes. [1982 c 43 § 2.]

**50.38.030 Occupational forecast—Agency consultation.** The employment security department shall consult with the following agencies prior to the issuance of the state occupational forecast:

- (1) Office of financial management;
- (2) \*Department of community, trade, and economic development;
- (3) Department of labor and industries;
- (4) State board for community and technical colleges;
- (5) Superintendent of public instruction;

- (6) Department of social and health services;
- (7) Workforce training and education coordinating board; and
- (8) Other state and local agencies as deemed appropriate by the commissioner of the employment security department.

These agencies shall cooperate with the employment security department, submitting information relevant to the generation of occupational forecasts. [1995 c 399 § 142; 1993 c 62 § 3; 1985 c 466 § 66; 1985 c 6 § 18; 1982 c 43 § 3.]

**\*Reviser's note:** The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.38.040 Annual report.** The department shall submit an annual report to the legislature and the governor that includes, but is not limited to:

- (1) Identification and analysis of industries in the United States, Washington state, and local labor markets with high levels of seasonal, cyclical, and structural unemployment;
- (2) The industries and local labor markets with plant closures and mass lay-offs and the number of affected workers;
- (3) An analysis of the major causes of plant closures and mass lay-offs;
- (4) The number of dislocated workers and persons who have exhausted their unemployment benefits, classified by industry, occupation, and local labor markets;
- (5) The experience of the unemployed in their efforts to become reemployed. This should include research conducted on the continuous wage and benefit history;
- (6) Five-year industry and occupational employment projections; and
- (7) Annual and hourly average wage rates by industry and occupation. [1993 c 62 § 4.]

**50.38.050 Department—Duties.** The department shall have the following duties:

- (1) Oversight and management of a statewide comprehensive labor market and occupational supply and demand information system, including development of a five-year employment forecast for state and labor market areas;
- (2) Produce local labor market information packages for the state's counties, including special studies and job impact analyses in support of state and local employment, training, education, and job creation programs, especially activities that prevent job loss, reduce unemployment, and create jobs;
- (3) Coordinate with the office of financial management and the office of the forecast council to improve employment estimates by enhancing data on corporate officers, improving business establishment listings, expanding sample for employment estimates, and developing business entry/exit analysis relevant to the generation of occupational and economic forecasts;
- (4) In cooperation with the office of financial management, produce long-term industry and occupational employment forecasts. These forecasts shall be consistent with the official economic and revenue forecast council biennial economic and revenue forecasts; and
- (5) Analyze labor market and economic data, including the use of input-output models, for the purpose of identifying industry clusters and strategic industry clusters that meet the criteria identified by the working group convened by the eco-

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conomic development commission and the workforce training and education coordinating board under chapter 43.330 RCW. [2009 c 151 § 2; 1993 c 62 § 5.]

**50.38.060 Department—Powers.** To implement this chapter, the department has authority to:

(1) Establish mechanisms to recover actual costs incurred in producing and providing otherwise nonfunded labor market information.

(a) If the commissioner, in his or her discretion, determines that providing labor market information is in the public interest, the requested information may be provided at reduced costs.

(b) The department shall provide access to labor market information products that constitute public records available for public inspection and copying under chapter 42.56 RCW, at fees not exceeding those allowed under RCW 42.56.120 and consistent with the department's fee schedule;

(2) Receive federal set aside funds from several federal programs that are authorized to fund state and local labor market information and are required to use such information in support of their programs;

(3) Enter into agreements with other public agencies for statistical analysis, research, or evaluation studies of local, state, and federally funded employment, training, education, and job creation programs to increase the efficiency or quality of service provided to the public consistent with chapter 50.13 RCW;

(4) Coordinate with other state agencies to study ways to standardize federal and state multi-agency administrative records, such as unemployment insurance information and other information to produce employment, training, education, and economic analysis needed to improve labor market information products and services; and

(5) Produce agricultural labor market information and economic analysis needed to facilitate the efficient and effective matching of the local supply and demand of agricultural labor critical to an effective agricultural labor exchange in Washington state. Information collected for an agricultural labor market information effort will be coordinated with other federal, state, and local statistical agencies to minimize reporting burden through cooperative data collection efforts for statistical analysis, research, or studies. [2005 c 274 § 324; 1993 c 62 § 6.]

**Part headings not law—Effective date—2005 c 274:** See RCW 42.56.901 and 42.56.902.

**50.38.065 Moneys for nonfunded labor market information costs—Disposition.** Moneys received under RCW 50.38.060(1) to cover the actual costs of nonfunded labor market information shall be deposited in the unemployment compensation administration fund and expenditures shall be authorized only by appropriation. [1993 c 62 § 7.]

**50.38.900 Effective date—1982 c 43.** This act shall take effect July 1, 1982. [1982 c 43 § 5.]

**50.38.901 Conflict with federal requirements—1993 c 62.** If any part of this act is found to be in conflict with federal requirements which are a prescribed condition to the

allocation of federal funds to the state or the eligibility of employers in this state for federal unemployment tax credits, the conflicting part of this act is hereby declared to be inoperative solely to the extent of the conflict, and such finding or determination shall not affect the operation of the remainder of this act. The rules under this act shall meet federal requirements which are a necessary condition to the receipt of federal funds by the state or the granting of federal unemployment tax credits to employers in this state. [1993 c 62 § 10.]

**50.38.902 Effective date—1993 c 62.** This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and shall take effect July 1, 1993. [1993 c 62 § 13.]

## Chapter 50.40 RCW

### MISCELLANEOUS PROVISIONS

#### Sections

50.40.010	Waiver of rights void.
50.40.020	Exemption of benefits.
50.40.040	No vested rights.
50.40.050	Child support obligations.
50.40.071	Accessible communities account—Creation.
50.40.073	Accessible communities account—Use of funds—Rules.

**50.40.010 Waiver of rights void.** (1) Any agreement by an individual to waive, release, or commute his or her rights to benefits or any other rights under this title shall be void.

(2) Any agreement by an individual in the employ of any person or concern to pay all or any portion of an employer's contributions, required under this title from such employer, shall be void.

(3) No employer shall directly or indirectly make or require or accept any deduction from remuneration for services to finance the employer's contributions required from him or her, or require or accept any waiver of any right hereunder by any individual in his or her employ.

(4) A person violating this section is guilty of a gross misdemeanor. [2003 c 53 § 281; 1945 c 35 § 182; Rem. Supp. 1945 § 9998-321. Prior: 1943 c 127 § 11; 1941 c 253 § 12; 1939 c 214 § 13; 1937 c 162 § 15.]

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

**50.40.020 Exemption of benefits.** Any assignment, pledge, or encumbrance of any right to benefits which are or may become due or payable under this title shall be void. Such rights to benefits shall be exempt from levy, execution, attachment, or any other remedy whatsoever provided for the collection of debts, except as provided in RCW 50.40.050. Benefits received by any individual, so long as they are not commingled with other funds of the recipient, shall be exempt from any remedy whatsoever for collection of all debts except debts incurred for necessities furnished such individual or his or her spouse or dependents during the time when such individual was unemployed. Any waiver of any exemption provided for in this section shall be void. [2010 c 8 § 13041; 1982 1st ex.s. c 18 § 10. Prior: 1982 c 201 § 7; 1945 c 35 § 183; Rem. Supp. 1945 § 9998-322; prior: 1943 c

127 § 11; 1941 c 253 § 12; 1939 c 214 § 13; 1937 c 162 § 15. Formerly codified in RCW 50.40.020, part and 50.40.030, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.40.040 No vested rights.** The legislature reserves the right to amend or repeal all or any part of this title at any time; and there shall be no vested private right of any kind against such amendment or repeal. All the rights, privileges, or immunities conferred by this title or by acts done pursuant thereto shall exist subject to the power of the legislature to amend or repeal this title at any time. [1945 c 35 § 187; no RRS. Prior: 1941 c 253 § 1; 1939 c 214 § 1; 1937 c 162 § 3.]

**50.40.050 Child support obligations.** (1) An individual filing a new claim for unemployment compensation shall, at the time of filing the claim, disclose whether or not the individual owes child support obligations as defined under subsection (7) of this section. If the individual discloses that he or she owes child support obligations and is determined to be eligible for unemployment compensation, the commissioner shall notify the state or local child support enforcement agency enforcing those obligations that the individual has been determined to be eligible for unemployment compensation.

(2) The commissioner shall deduct and withhold from any unemployment compensation payable to an individual who owes child support obligations as defined under subsection (7) of this section:

(a) The amount specified by the individual to the commissioner to be deducted and withheld under this subsection, if neither (b) nor (c) of this subsection is applicable;

(b) The amount (if any) determined pursuant to an agreement submitted to the commissioner under section 454(20)(B)(i) of the Social Security Act by the state or local child support enforcement agency, unless (c) of this subsection is applicable; or

(c) Any amount otherwise required to be so deducted and withheld from such unemployment compensation pursuant to legal process, as that term is defined in section 462(e) of the Social Security Act, properly served upon the commissioner.

(3) Any amount deducted and withheld under subsection (2) of this section shall be paid by the commissioner to the appropriate state or local child support enforcement agency.

(4) Any amount deducted and withheld under subsection (2) of this section shall be treated for all purposes as if it were paid to the individual as unemployment compensation and paid by that individual to the state or local child support enforcement agency in satisfaction of the individual's child support obligations.

(5) For the purposes of this section, "unemployment compensation" means any compensation payable under this chapter including amounts payable by the commissioner under an agreement under any federal law providing for compensation, assistance, or allowances with respect to unemployment.

(6) This section applies only if appropriate arrangements have been made for reimbursement by the state or local child support enforcement agency for the administrative costs incurred by the commissioner under this section which are

attributable to child support obligations being enforced by the state or local child support enforcement agency.

(7) "Child support obligations" as used in this section means only those obligations which are being enforced pursuant to a plan described in section 454 of the Social Security Act which has been approved by the secretary of health and human services under part D of Title IV of the Social Security Act.

(8) "State or local child support enforcement agency" as used in this section means any agency of this state or a political subdivision thereof operating pursuant to a plan described in subsection (7) of this section. [1982 1st ex.s. c 18 § 11. Prior: 1982 c 201 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.40.071 Accessible communities account—Creation.** (1) The accessible communities account is created in the custody of the state treasurer. One hundred dollars of the assessment imposed under \*RCW 46.16.381 (7), (8), and (9) must be deposited into the account. Any reduction in the penalty or fine and assessment imposed under section 6, chapter 215, Laws of 2010 shall be applied proportionally between the penalty or fine and the assessment.

(2) The account is subject to the allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures. Only the commissioner may authorize expenditures from the account.

(3) Expenditures from the account may be used for promoting greater awareness of disability issues and improved access for and inclusion and acceptance of persons with disabilities in communities in the state of Washington, including:

(a) Reimbursing travel, per diem, and reasonable accommodation for county accessible community advisory committee meetings and committee sponsored activities including, but not limited to, supporting the involvement of people with disabilities and disability organization[s] in emergency planning and emergency preparedness activities;

(b) Establishing and maintaining an accessible communities web site;

(c) Providing training or technical assistance for county accessible community advisory committees;

(d) A grant program for funding proposals developed and submitted by county accessible community advisory committees to promote greater awareness of disability issues and acceptance, inclusion, and access for persons with disabilities within the community;

(e) Reimbursing the state agency that provides administrative support to the governor's committee on disability issues and employment for costs associated with implementing chapter 215, Laws of 2010; and

(f) Programming changes to the judicial information system accounting module required for disbursement of funds to this account. [2010 c 215 § 2.]

**\*Reviser's note:** RCW 46.16.381 was repealed by 2010 c 161 § 438, effective July 1, 2011.

**Findings—2010 c 215:** "The legislature finds that when people who have disabilities are welcomed and included as members of our communities and provided with equal access to the opportunities available to others, their participation enriches those communities, enhances the strength of those communities' diversity, and contributes toward the economic vitality of those communities. The legislature further finds that more than nine hun-

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dred thousand Washington state residents with disabilities continue to face barriers to full participation that could be easily eliminated." [2010 c 215 § 1.]

**50.40.073 Accessible communities account—Use of funds—Rules.** (1) To the extent allowed by funds available from the accessible communities account created in RCW 50.40.071, the governor's committee on disability issues and employment shall:

(a) Determine eligibility of accessible community advisory committees for reimbursement or for grant funding according to RCW 36.01.310; and

(b) Solicit proposals from active accessible community advisory committees for projects to improve disability awareness and access for persons with disabilities, and shall select projects for funding from moneys available in the accessible communities account.

(2) The commissioner shall adopt rules to administer this section.

(3) To the extent allowed by funds available from the accessible communities account created in RCW 50.40.071, the governor's committee on disability issues and employment shall establish an accessible communities web site to provide the following information: Guidance, technical assistance, reference materials, and resource identification for local governments, accessible community advisory committees, and public accommodations; examples of best practices for local initiatives and activities to promote greater awareness of disability issues and access for persons with disabilities within the community; and a searchable listing of local public accommodations that have taken steps to be more disability friendly, including information on the specific access features provided. [2010 c 215 § 3.]

**Findings—2010 c 215:** See note following RCW 50.40.071.

## Chapter 50.44 RCW

### SPECIAL COVERAGE PROVISIONS

Sections	
50.44.010	Religious, charitable, educational, or other nonprofit organizations—Exemption—Payments.
50.44.020	Instrumentalities of this state, other states, political subdivisions.
50.44.030	Political subdivisions, instrumentalities of this state and other state.
50.44.035	Local government tax.
50.44.037	"Institution of higher education" defined.
50.44.040	Services excluded under "employment" for certain purposes.
50.44.045	Religious organizations—Exemption—Notification to employee.
50.44.050	Benefits payable, terms and conditions—"Academic year" defined.
50.44.053	"Reasonable assurance" defined—Presumption, employees of educational institutions.
50.44.055	Finding—Intent—Reasonable assurance, application to employees of educational institutions.
50.44.060	Nonprofit organization employees—Financing of benefits—Election of payments in lieu of contributions.
50.44.070	Election to make payments in lieu of contributions—Bond or deposit.
50.44.080	Construction—Compliance with federal unemployment tax act, department of labor guidelines.
50.44.090	Construction—Mandatory coverage of employees of political subdivision under 1977 ex.s. c 292.

Coverage of corporate officers: RCW 50.04.165.

**50.44.010 Religious, charitable, educational, or other nonprofit organizations—Exemption—Payments.** Services performed subsequent to December 31, 1971, by an individual in the employ of a religious, charitable, educational or other organization which is excluded from the term "employment" as defined in the federal unemployment tax act solely by reason of section 3306(c)(8) of that act shall be deemed services performed in employment unless such service is exempted under RCW 50.44.040.

Such organization shall make payments to the unemployment compensation fund based on such services in accordance with the provisions of RCW 50.44.060. [1971 c 3 § 18.]

**50.44.020 Instrumentalities of this state, other states, political subdivisions.** Commencing with benefit years beginning on or after January 28, 1971, services performed subsequent to September 30, 1969 in the employ of this state or any of its wholly owned instrumentalities or jointly owned instrumentalities of this state and another state or this state and one or more of its political subdivisions shall be deemed services in employment unless such services are excluded from the term employment by RCW 50.44.040.

The state shall make payments in lieu of contributions with respect to benefits attributable to such employment as provided with respect to nonprofit organizations in subsections (2) and (3) of RCW 50.44.060: PROVIDED, HOWEVER, That for weeks of unemployment beginning after January 1, 1979, the state shall pay in addition to the full amount of regular and additional benefits so attributable the full amount of extended benefits so attributable: PROVIDED, FURTHER, That no payment will be required from the state until the expiration of the twelve-month period following the end of the biennium in which the benefits attributable to such employment were paid. The amount of this payment shall include an amount equal to the amount of interest that would have been realized for the benefit of the unemployment compensation trust fund had such payments been received within thirty days after the day of the quarterly billing provided for in RCW 50.44.060(2)(a). [1977 ex.s. c 292 § 13; 1971 c 3 § 19.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.44.030 Political subdivisions, instrumentalities of this state and other state.** (1) All services performed for any political subdivision or instrumentality of one or more political subdivisions of this state or one or more political subdivisions of this state and any other state after December 31, 1977, will be deemed to be services in employment to the extent coverage is not exempted under RCW 50.44.040.

(2) All such units of government shall file, before December 15, 1977, a written registration with the commissioner of the employment security department. Such registration shall specify the manner in which the unit of government will finance the payment of benefits. The elections available to counties, cities and towns are the local government tax, provided for in RCW 50.44.035, or payment in lieu of contributions, as described in RCW 50.44.060. The elections available to other units of government are the contributions plan in chapters 50.24 and 50.29 RCW, or payments in lieu of contributions, described in RCW 50.44.060. Under any election the

governmental unit will be charged the full amount of regular, additional, and extended benefits attributable to its account.

(3) A unit of government may switch from its current method of financing the payment of benefits by electing any other method which it would be authorized to select pursuant to the terms of subsection (2) of this section. Notification of such election must be filed with the commissioner no less than thirty days prior to the taxable year for which the new method of financing the payment of benefits is to be effective. An election under this section shall remain in effect for no less than two taxable years.

(4) Any political subdivision or instrumentality of more than one political subdivision of this state is hereby authorized to enter into agreements with other political subdivisions or instrumentalities of more than one political subdivision of this state to form pool accounts for the purpose of making payments in lieu of contributions. These accounts shall be formed and administered in accordance with applicable regulations. The formation of such accounts shall not relieve the governmental unit of the responsibility for making required payments in the event that the pool account does not make the payments. [1981 c 35 § 11; 1977 ex.s. c 292 § 14; 1972 ex.s. c 35 § 2; 1971 c 3 § 20.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.44.035 Local government tax.** (1) Any county, city, or town not electing to make payments in lieu of contributions shall pay a "local government tax." Taxes paid under this section shall be paid into an administratively identifiable account in the unemployment compensation fund. This account shall be self-sustaining. For calendar years 1978 and 1979 all such employers shall pay local government tax at the rate of one and one-quarter percent of all remuneration paid by the governmental unit for services in its employment. For each year after 1979 each such employer's rate of tax shall be determined in accordance with this section: PROVIDED, HOWEVER, That whenever it appears to the commissioner that the anticipated benefit payments from the account would jeopardize reasonable reserves in this identifiable account the commissioner may at the commencement of any calendar quarter, impose an emergency excess tax of not more than one percent of remuneration paid by the participating governmental units which "excess tax" shall be paid in addition to the applicable rate computed pursuant to this section until the calendar year following the next September 1st.

(2) A reserve account shall be established for each such employer.

(a) The "reserve account" of each such employer shall be credited with tax amounts paid and shall be charged with benefit amounts charged in accordance with the formula set forth in RCW 50.44.060 as now or hereafter amended except that such employer's account shall be charged for the full amount of extended benefits so attributable for weeks of unemployment commencing after January 1, 1979. Such credits and charges shall be cumulative from January 1, 1978.

(b) After the cutoff date, the "reserve ratio" of each such employer shall be computed by dividing its reserve account balance as of the computation date by the total remuneration paid during the preceding calendar year for services in its

employment. This division shall be carried to four decimal places, with the remaining fraction, if any, disregarded.

(3) A "benefit cost ratio" for each such employer shall be computed by dividing its total benefit charges during the thirty-six months ending on June 30th by its total remuneration during the three preceding calendar years: PROVIDED, That after August 31st in 1979 each employer's total benefit charges for the twelve months ending on June 30th shall be divided by its total remuneration paid in the last three quarters of calendar year 1978; and after August 31st in 1980 each employer's total benefit charges for the twenty-four months ending June 30th shall be divided by its total remuneration paid in the last three calendar quarters of 1978 and the four calendar quarters of 1979. Such computations shall be carried to four decimal places, with the remaining fraction, if any, disregarded.

(4) For each such employer its benefit cost ratio shall be subtracted from its reserve ratio. One-third of the resulting amount shall be subtracted from its benefit cost ratio. The resulting figure, expressed as a percentage and rounded to the nearest tenth of one percent, shall become its local government tax rate for the following rate year. For the rate year 1980 no tax rate shall be less than 0.6 percent nor more than 2.2 percent. For 1981 no tax rate shall be less than 0.4 percent nor more than 2.6 percent. For years after 1981 no tax rate shall be less than 0.2 percent or more than 3.0 percent. No individual rate shall be increased any more than 1.0 percent from one rate year to the next.

(5) Any county, city, or town electing participation under this section at any time after December 15, 1977, shall be assigned a tax rate of one and one-quarter percent of total remuneration for the first eight quarters of the participation.

(6) "Local government tax" shall be deemed to be "contributions" to the extent that such usage is consistent with the purposes of this title. Such construction shall include but not be limited to those portions of this title and the rules enacted pursuant thereto dealing with assessments, interest, penalties, liens, collection procedures and remedies, administrative and judicial review, and the imposition of administrative, civil, and criminal sanctions. [1998 c 245 § 100; 1983 1st ex.s. c 23 § 22; 1977 ex.s. c 292 § 15.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **50.44.037 "Institution of higher education" defined.**

For the purposes of this chapter, the term "institution of higher education" means an educational institution in this state which:

(1) Admits as regular students only individuals having a certificate of graduation from a high school, or the recognized equivalent of such a certificate;

(2) Is legally authorized within this state to provide a program of education beyond high school;

(3) Provides an educational program for which it awards a bachelor's or higher degree, or provides a program which is acceptable for full credit toward such a degree, or offers a program of training to prepare students for gainful employment in a recognized occupation; and

(4) Is a public or other nonprofit institution.

(2010 Ed.)

Notwithstanding any of the foregoing subsections, all colleges and universities in this state are "institutions of higher education". [1977 ex.s. c 292 § 16.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.44.040 Services excluded under "employment" for certain purposes.** The term "employment" as used in RCW 50.44.010, 50.44.020, and 50.44.030 shall not include service performed:

(1) In the employ of (a) a church or convention or association of churches, or (b) an organization which is operated primarily for religious purposes and which is operated, supervised, controlled, or principally supported by a church or convention or association of churches; however, the employer shall notify its employees as required by RCW 50.44.045; or

(2) By a duly ordained, commissioned, or licensed minister of a church in the exercise of his or her ministry or by a member of a religious order in the exercise of duties required by such order; or

(3) In a facility conducted for the purpose of carrying out a program of (a) rehabilitation for individuals whose earning capacity is impaired by age or physical or mental deficiency or injury, or (b) providing remunerative work for individuals who because of their impaired physical or mental capacity cannot be readily absorbed in the competitive labor market, by an individual receiving such rehabilitation or remunerative work; or

(4) As part of an unemployment work-relief or work-training program assisted or financed in whole or in part by a federal agency or an agency of a state or political subdivision thereof, by an individual receiving such work-relief or work-training; or

(5) For a custodial or penal institution by an inmate of the custodial or penal institution; or

(6) In the employ of a hospital, if such service is performed by a patient of such hospital; or

(7) In the employ of a school, college, or university, if such service is performed (a) by a student who is enrolled and is regularly attending classes at such school, college, or university, or (b) by the spouse of such a student, if such spouse is advised, at the time such spouse commences to perform such service, that (i) the employment of such spouse to perform such service is provided under a program to provide financial assistance to such student by such school, college, or university, and (ii) such employment will not be covered by any program of unemployment insurance; or

(8) By an individual under the age of twenty-two who is enrolled at a nonprofit or public educational institution which normally maintains a regular faculty and curriculum and normally has a regularly organized body of students in attendance at the place where its educational activities are carried on as a student in a full time program, taken for credit at such institution, which combines academic instruction with work experience, if such service is an integral part of such program, and such institution has so certified to the employee, except that this subsection shall not apply to service performed in a program established for or on behalf of an employer or group of employers; or

(9) In the employ of a nongovernmental preschool which is devoted exclusively to the area of child development training of preschool age children through an established curriculum of formal classroom or laboratory instruction which did not employ four or more individuals on each of some twenty days during the calendar year or the preceding calendar year, each day being in a different calendar week; or

(10) In the employ of the state or any of its instrumentalities or political subdivisions of this state in any of its instrumentalities by an individual in the exercise of duties:

(a) As an elected official;

(b) As a member of the national guard or air national guard; or

(c) In a policymaking position the performance of the duties of which ordinarily do not require more than eight hours per week. [2010 c 8 § 13042; 2007 c 386 § 1; 1977 ex.s. c 292 § 17; 1975 1st ex.s. c 67 § 1; 1975 c 4 § 1; 1973 c 73 § 9; 1971 c 3 § 21.]

*Exemption from unemployment compensation coverage*

*conservation corps members: RCW 43.220.170.*

*Washington service corps enrollees: RCW 50.65.120.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.44.045 Religious organizations—Exemption—Notification to employee.** A church or convention or association of churches, or an organization which is operated primarily for religious purposes and which is operated, supervised, controlled, or principally supported by a church or convention or association of churches shall inform each individual performing services exempt from "employment" under RCW 50.44.040(1) that the individual may not be eligible to receive unemployment benefits based on such services. The employer shall provide a written notice of this exclusion to the individual at the time of hire. The employer shall display a poster giving notice of this exclusion in a conspicuous place. The employer's compliance with these notice requirements shall not affect an individual's eligibility for benefits. The employment security department shall make posters available to employers without charge. [2007 c 386 § 2.]

**50.44.050 Benefits payable, terms and conditions—"Academic year" defined.** Except as otherwise provided in subsections (1) through (4) of this section, benefits based on services in employment covered by or pursuant to this chapter shall be payable on the same terms and subject to the same conditions as compensation payable on the basis of other service subject to this title.

(1) Benefits based on any and all service in an instructional, research, or principal administrative capacity for any and all educational institutions shall not be paid to an individual for any week of unemployment which commences during the period between two successive academic years or between two successive academic terms within an academic year (or, when an agreement provides instead for a similar period between two regular but not successive terms within an academic year, during such period) if such individual performs such services in the first of such academic years or terms and if there is a contract or reasonable assurance that such individual will perform services in any such capacity for any educational institution in the second of such academic

years or terms. Any employee of a common school district who is presumed to be reemployed pursuant to RCW 28A.405.210 shall be deemed to have a contract for the ensuing term.

(2) Benefits shall not be paid based on any and all services in any other capacity for any and all educational institutions for any week of unemployment which commences during the period between two successive academic years or between two successive academic terms within an academic year, if such individual performs such services in the first of such academic years or terms and there is a reasonable assurance that such individual will perform such services in the second of such academic years or terms: PROVIDED, That if benefits are denied to any individual under this subsection and that individual was not offered an opportunity to perform such services for the educational institution for the second of such academic years or terms, the individual is entitled to a retroactive payment of benefits for each week for which the individual filed a timely claim for benefits and for which benefits were denied solely by reason of this subsection.

(3) Benefits shall not be paid based on any services described in subsections (1) and (2) of this section for any week of unemployment which commences during an established and customary vacation period or holiday recess if such individual performs such services for any educational institution in the period immediately before such vacation period or holiday recess, and there is a reasonable assurance that such individual will perform such services for any educational institution in the period immediately following such vacation period or holiday recess.

(4) Benefits shall not be paid (as specified in subsections (1), (2), or (3) of this section) based on any services described in subsections (1) or (2) of this section to any individual who performed such services in any educational institution while in the employ of an educational service district which is established pursuant to chapter 28A.310 RCW and exists to provide services to local school districts.

(5) As used in this section, "academic year" means: Fall, winter, spring, and summer quarters or comparable semesters unless, based upon objective criteria including enrollment and staffing, the quarter or comparable semester is not in fact a part of the academic year for the particular institution. [2001 c 100 § 2; 1998 c 233 § 2; 1995 c 296 § 2; 1990 c 33 § 587; 1984 c 140 § 2; 1983 1st ex.s. c 23 § 23; 1981 c 35 § 12; 1980 c 74 § 2; 1977 ex.s. c 292 § 18; 1975 1st ex.s. c 228 § 17; 1973 c 73 § 10; 1971 c 3 § 22.]

**Intent—Findings—2001 c 100:** "It is the intent of the legislature to clarify requirements related to the use of base year hours and wages for certain employees at educational institutions, for the purpose of determining eligibility for unemployment insurance benefits.

The legislature finds that, unless clarified, Washington's unemployment compensation law may be out of conformity with the federal unemployment tax act, which poses a significant economic risk to the state's private employers, the state's general fund, and to the administration of the state's unemployment insurance system. It is the intent of the legislature to change Washington's unemployment law only to the extent necessary to ensure it conforms with federal law governing the use of base year hours and wages earned at educational institutions.

The legislature finds that the United States department of labor will rely on state law and its application as interpreted in state court decisions, especially *Pechman v. Employment Security*, to determine if Washington state law conforms to federal guidelines in this area. Therefore, it is the intent of the legislature to clearly communicate to the courts that the purpose for the section 2, chapter 100, Laws of 2001 amendment to RCW 50.44.050 is to

interpret state law in a manner that conforms to federal guidelines.

The legislature finds that federal law requires that school hours and wages in the base year must be restricted from use to establish eligibility for an unemployment compensation claim for employees of educational institutions during specified times. Further, federal law specifies that when required to restrict base year school hours and wages, it must be any and all hours and wages from any and all educational institutions, not just the hours and wages from institutions where there is a reasonable assurance of returning to work following a customary nonwork period. Therefore, it is the intent of the legislature to restrict hours worked and wages earned as required by federal law.

Customary nonwork periods for educational institutions include:

- (1) The period between two successive academic years;
- (2) The period between two successive academic terms within an academic year;
- (3) A similar period between two regular but not successive terms within an academic year; or
- (4) An established and customary vacation period or holiday recess.

Restricted use of base year hours and wages from educational institutions shall occur only in the circumstances described in RCW 50.44.050 (as amended by chapter 100, Laws of 2001) and in RCW 50.44.053, and as further defined in rules promulgated by the employment security department." [2001 c 100 § 1.]

**Conflict with federal requirements—2001 c 100:** "If any part of this act is found to be in conflict with federal requirements that are a prescribed condition to the allocation of federal funds to the state or the eligibility of employers in this state for federal unemployment tax credits, the conflicting part of this act is inoperative solely to the extent of the conflict, and the finding or determination does not affect the operation of the remainder of this act. Rules adopted under this act must meet federal requirements that are a necessary condition to the receipt of federal funds by the state or the granting of federal unemployment tax credits to employers in this state." [2001 c 100 § 3.]

**Effective date—2001 c 100:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [April 19, 2001]." [2001 c 100 § 4.]

**Intent—Findings—1998 c 233:** "It is the intent of the legislature to clarify requirements related to unemployment compensation for employees at educational institutions.

The legislature finds that, unless clarified, Washington's unemployment compensation law may be out of conformity with the federal unemployment tax act, which finding poses a significant economic risk to the state's private employers and to the administration of the state's unemployment insurance system. It is the intent of the legislature, by the 1998, chapter 233 amendments to RCW 50.44.050 and 50.44.053, to bring Washington's unemployment compensation law into conformity with federal law in these areas of concern.

The legislature finds that some instructional staff at the state's educational institutions receive an appointment of employment for an indefinite period while others may face circumstances that do not provide a reasonable expectation of employment during an ensuing academic year or term.

Therefore, it is the intent of the legislature that the employment security department continue to make determinations of educational employees' eligibility for unemployment compensation for the period between academic years or terms based on a finding of reasonable assurance that the employee will have employment for the ensuing academic year or term and that the determination in each employee's case is made on an individual basis, consistent with federal guidelines. This determination must take into consideration contingencies that may exist in fact in an individual case. The 1998, chapter 233 amendment to RCW 50.44.053 is not intended to change the practice used by the employment security department when determining reasonable assurance. If, during fact-finding, there is a disagreement about whether an individual has reasonable assurance, the educational institution must provide documentation that reasonable assurance exists for that individual." [1998 c 233 § 1.]

**Purpose—Statutory references—Severability—1990 c 33:** See RCW 28A.900.100 through 28A.900.102.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.44.053 "Reasonable assurance" defined—Presumption, employees of educational institutions.** (1) The term "reasonable assurance," as used in RCW 50.44.050, (2010 Ed.)

means a written, verbal, or implied agreement that the employee will perform services in the same capacity during the ensuing academic year or term as in the first academic year or term. A person shall not be deemed to be performing services "in the same capacity" unless those services are rendered under the same terms or conditions of employment in the ensuing year as in the first academic year or term.

(2) An individual who is tenured or holds tenure track status is considered to have reasonable assurance, unless advised otherwise by the college. For the purposes of this section, tenure track status means a probationary faculty employee having an opportunity to be reviewed for tenure.

(3) In the case of community and technical colleges assigned the standard industrial classification code 8222 or the North American industry classification system code 611210 for services performed in a principal administrative, research, or instructional capacity, a person is presumed not to have reasonable assurance under an offer that is conditioned on enrollment, funding, or program changes. It is the college's burden to provide sufficient documentation to overcome this presumption. Reasonable assurance must be determined on a case-by-case basis by the total weight of evidence rather than the existence of any one factor. Primary weight must be given to the contingent nature of an offer of employment based on enrollment, funding, and program changes. [2001 c 99 § 2; 1998 c 233 § 3; 1995 c 296 § 3; 1985 ex.s. c 5 § 9.]

**Conflict with federal requirements—2001 c 99:** "If any part of this act is found to be in conflict with federal requirements that are a prescribed condition to the allocation of federal funds to the state or the eligibility of employers in this state for federal unemployment tax credits, the conflicting part of this act is inoperative solely to the extent of the conflict, and the finding or determination does not affect the operation of the remainder of this act. Rules adopted under this act must meet federal requirements that are a necessary condition to the receipt of federal funds by the state or the granting of federal unemployment tax credits to employers in this state." [2001 c 99 § 4.]

**Severability—2001 c 99:** "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [2001 c 99 § 5.]

**Applicability—2001 c 99:** "This act applies to weeks that begin after March 31, 2001." [2001 c 99 § 6.]

**Effective date—2001 c 99:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [April 19, 2001]." [2001 c 99 § 7.]

**Intent—Findings—Conflict with federal requirements—Effective date—1998 c 233:** See notes following RCW 50.44.050.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.44.055 Finding—Intent—Reasonable assurance, application to employees of educational institutions.** The legislature finds the interests of the state and its citizens are best served by a strong community and technical college system. As described by their establishing legislation, these two-year institutions are an independent, unique, and vital section of our state's higher education system, separate from both the common school system and other institutions of higher education. Paramount to that system's success is the attraction and retention of qualified instructors. In order to attract and retain instructors, those who are subject to uncertainties of employment must be provided assurance their economic needs are addressed. Over time, a change in hiring pat-

terns has occurred, and for the last decade a substantial portion of community and technical college faculty are hired on a contingent, as needed, basis. That contingent nature distinguishes them from the more stable, majority employment found in the common school system and in the other institutions of higher education. Contingent assurances of future employment are often speculative and do not rise to the level of other forms of assurance. As such, assurances conditioned on forecast enrollment, funding, or program decisions are typically not reasonable assurances of employment.

It is the intent of the legislature that reasonable assurance continue to apply to all employees of educational institutions as required by federal provisions and RCW 50.44.080. [2001 c 99 § 1.]

**Conflict with federal requirements—Severability—Applicability—Effective date—2001 c 99:** See notes following RCW 50.44.053.

**50.44.060 Nonprofit organization employees—Financing of benefits—Election of payments in lieu of contributions.** Benefits paid to employees of "nonprofit organizations" shall be financed in accordance with the provisions of this section. For the purpose of this section and RCW 50.44.070, the term "nonprofit organization" is limited to those organizations described in RCW 50.44.010, and joint accounts composed exclusively of such organizations.

(1) Any nonprofit organization which is, or becomes subject to this title on or after January 1, 1972, shall pay contributions under the provisions of RCW 50.24.010 and chapter 50.29 RCW, unless it elects, in accordance with this subsection, to pay to the commissioner for the unemployment compensation fund an amount equal to the full amount of regular and additional benefits and one-half of the amount of extended benefits paid to individuals for weeks of unemployment that are based upon wages paid or payable during the effective period of such election to the extent that such payments are attributable to service in the employ of such nonprofit organization.

(a) Any nonprofit organization which becomes subject to this title after January 1, 1972, may elect to become liable for payments in lieu of contributions for a period of not less than twelve months beginning with the date on which such subjectivity begins by filing a written notice of its election with the commissioner not later than thirty days immediately following the date of the determination of such subjectivity.

(b) Any nonprofit organization which makes an election in accordance with (a) of this subsection will continue to be liable for payments in lieu of contributions until it files with the commissioner a written notice terminating its election not later than thirty days prior to the beginning of the taxable year for which such termination shall first be effective.

(c) Any nonprofit organization which has been paying contributions under this title for a period subsequent to January 1, 1972, may change to a reimbursable basis by filing with the commissioner not later than thirty days prior to the beginning of any taxable year a written notice of election to become liable for payments in lieu of contributions. Such election shall not be terminable by the organization for that and the next year.

(d) The commissioner may for good cause extend the period within which a notice of election, or a notice of termination, must be filed and may permit an election to be retro-

active but not any earlier than with respect to benefits paid after December 31, 1969.

(e) The commissioner, in accordance with such regulations as the commissioner may prescribe, shall notify each nonprofit organization of any determination which the commissioner may make of its status as an employer and of the effective date of any election which it makes and of any termination of such election. Any nonprofit organization subject to such determination and dissatisfied with such determination may file a request for review and redetermination with the commissioner within thirty days of the mailing of the determination to the organization. Should such request for review and redetermination be denied, the organization may, within ten days of the mailing of such notice of denial, file with the appeal tribunal a petition for hearing which shall be heard in the same manner as a petition for denial of refund. The appellate procedure prescribed by this title for further appeal shall apply to all denials of review and redetermination under this paragraph.

(2) Payments in lieu of contributions shall be made in accordance with the provisions of this section including either (a) or (b) of this subsection.

(a) At the end of each calendar quarter, the commissioner shall bill each nonprofit organization or group of such organizations which has elected to make payments in lieu of contributions for an amount equal to the full amount of regular and additional benefits plus one-half of the amount of extended benefits paid during such quarter that is attributable to service in the employ of such organization.

(b)(i) Each nonprofit organization that has elected payments in lieu of contributions may request permission to make such payments as provided in this paragraph. Such method of payment shall become effective upon approval by the commissioner.

(ii) At the end of each calendar quarter, or at the end of such other period as determined by the commissioner, the commissioner shall bill each nonprofit organization for an amount representing one of the following:

(A) The percentage of its total payroll for the immediately preceding calendar year as the commissioner shall determine. Such determination shall be based each year on the average benefit costs attributable to service in the employ of nonprofit organizations during the preceding calendar year.

(B) For any organization which did not pay wages throughout the four calendar quarters of the preceding calendar year, such percentage of its payroll during such year as the commissioner shall determine.

(iii) At the end of each taxable year, the commissioner may modify the quarterly percentage of payroll thereafter payable by the nonprofit organization in order to minimize excess or insufficient payments.

(iv) At the end of each taxable year, the commissioner shall determine whether the total of payments for such year made by a nonprofit organization is less than, or in excess of, the total amount of regular and additional benefits plus one-half of the amount of extended benefits paid to individuals during such taxable year based on wages attributable to service in the employ of such organization. Each nonprofit organization whose total payments for such year are less than the amount so determined shall be liable for payment of the

unpaid balance to the fund in accordance with (c) of this subsection. If the total payments exceed the amount so determined for the taxable year, all of the excess payments will be retained in the fund as part of the payments which may be required for the next taxable year, or a part of the excess may, at the discretion of the commissioner, be refunded from the fund or retained in the fund as part of the payments which may be required for the next taxable year.

(c) Payment of any bill rendered under (a) or (b) of this subsection shall be made not later than thirty days after such bill was mailed to the last known address of the nonprofit organization or was otherwise delivered to it, and if not paid within such thirty days, the reimbursement payments itemized in the bill shall be deemed to be delinquent and the whole or part thereof remaining unpaid shall bear interest and penalties from and after the end of such thirty days at the rate and in the manner set forth in RCW 50.12.220 and 50.24.040.

(d) Payments made by any nonprofit organization under the provisions of this section shall not be deducted or deductible, in whole or in part, from the remuneration of individuals in the employ of the organization. Any deduction in violation of the provisions of this paragraph shall be unlawful.

(3) Each employer that is liable for payments in lieu of contributions shall pay to the commissioner for the fund the total amount of regular and additional benefits plus the amount of one-half of extended benefits paid that are attributable to service in the employ of such employer. If benefits paid to an individual are based on wages paid by more than one employer and one or more of such employers are liable for payments in lieu of contributions, the amount payable to the fund by each employer that is liable for such payments shall be determined in accordance with the provisions of (a) and (b) of this subsection.

(a) If benefits paid to an individual are based on wages paid by one or more employers that are liable for payments in lieu of contributions and on wages paid by one or more employers who are liable for contributions, the amount of benefits payable by each employer that is liable for payments in lieu of contributions shall be an amount which bears the same ratio to the total benefits paid to the individual as the total base-period wages paid to the individual by such employer bear to the total base-period wages paid to the individual by all of his or her base-period employers.

(b) If benefits paid to an individual are based on wages paid by two or more employers that are liable for payments in lieu of contributions, the amount of benefits payable by each such employer shall be an amount which bears the same ratio to the total benefits paid to the individual as the total base-period wages paid to the individual by such employer bear to the total base-period wages paid to the individual by all of his or her base-period employers. [2010 c 8 § 13043; 1990 c 245 § 9; 1983 1st ex.s. c 23 § 24; 1977 ex.s. c 292 § 19; 1971 c 3 § 23.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.44.070 Election to make payments in lieu of contributions—Bond or deposit.** In the discretion of the commissioner, any nonprofit organization that elects to become liable for payments in lieu of contributions shall be required within thirty days after the effective date of its election, to

execute and file with the commissioner a surety bond approved by the commissioner or it may elect instead to deposit with the commissioner money or securities. The amount of such bond or deposit shall be determined in accordance with the provisions of this section.

(1) The amount of the bond or deposit required by this subsection shall be an amount deemed by the commissioner to be sufficient to cover any reimbursement payments which may be required from the employer attributable to employment during any year for which the election is in effect but in no event shall such amount be in excess of the amount which said employer would pay for such year if he or she were subject to the contribution provisions of this title. The determination made pursuant to this subsection shall be based on payroll information, employment experience, and such other factors as the commissioner deems pertinent.

(2) Any bond deposited under this section shall be in force for a period of not less than two taxable years and shall be renewed with the approval of the commissioner, at such times as the commissioner may prescribe, but not less frequently than at two-year intervals as long as the organization continues to be liable for payments in lieu of contributions. The commissioner shall require adjustments to be made in a previously filed bond as he or she deems appropriate. If the bond is to be increased, the adjusted bond shall be filed by the organization within thirty days of the date notice of the required adjustment was mailed or otherwise delivered to it. Failure by any organization covered by such bond to pay the full amount of payments in lieu of contributions when due, together with any applicable interest and penalties provided for in this title, shall render the surety liable on said bond to the extent of the bond, as though the surety was such organization.

(3) Any deposit of money or securities in accordance with this section shall be retained by the commissioner in an escrow account until liability under the election is terminated, at which time it shall be returned to the organization, less any deductions as hereinafter provided. The commissioner may deduct from the money deposited under this section by a nonprofit organization or sell the securities it has so deposited to the extent necessary to satisfy any due and unpaid payments in lieu of contributions and any applicable interest and penalties provided for in this act. The commissioner shall require the organization within thirty days following any deduction from a money deposit or sale of deposited securities under the provisions of this subsection to deposit sufficient additional money or securities to make whole the organization's deposit at the prior level. Any cash remaining from the sale of such securities shall be a part of the organization's escrow account. The commissioner may, at any time review the adequacy of the deposit made by any organization. If, as a result of such review, he or she determines that an adjustment is necessary he or she shall require the organization to make an additional deposit within thirty days of written notice of his or her determination or shall return to it such portion of the deposit as he or she no longer considers necessary, whichever action is appropriate. Disposition of income from securities held in escrow shall be governed by the applicable provisions of the state law.

(4) If any nonprofit organization fails to file a bond or make a deposit, or to file a bond in an increased amount or to

increase or make whole the amount of a previously made deposit, as provided under this section, the commissioner may terminate such organization's election to make payments in lieu of contributions and such termination shall continue for not less than the four-consecutive-calendar-quarter period beginning with the quarter in which termination becomes effective: PROVIDED, That the commissioner may extend for good cause the applicable filing, deposit, or adjustment period by not more than thirty days. [2010 c 8 § 13044; 1973 c 73 § 11; 1971 c 3 § 24.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.44.080 Construction—Compliance with federal unemployment tax act, department of labor guidelines.** In view of the importance of compliance of this chapter with the federal unemployment tax act, any ambiguities contained herein should be resolved in a manner consistent with the provisions of that act. Department of labor guidelines implementing chapter 99, Laws of 2001 should be referred to when interpreting the provisions of this chapter.

Language in this chapter concerning the extension of coverage to employers entitled to make payments in lieu of contributions should, in a manner consistent with the foregoing paragraph, be construed so as to have a minimum financial impact on the employers subject to the experience rating provisions of this title. [2001 c 99 § 3; 1971 c 3 § 25.]

**Conflict with federal requirements—Severability—Applicability—Effective date—2001 c 99:** See notes following RCW 50.44.053.

**50.44.090 Construction—Mandatory coverage of employees of political subdivision under 1977 ex.s. c 292.**

(1) The provisions of chapter 292, Laws of 1977 ex. sess. mandating coverage of employees of political subdivisions have been enacted to comply with the provisions of Public Law 94-566. Therefore, as provided in subsection (2), this mandatory feature shall be contingent on the existence of valid and constitutional federal law requiring the Secretary of Labor to refuse to certify as approved the employment security laws of this state if such laws did not continue such mandatory coverage.

(2) In the event the mandatory coverage feature for political subdivisions ceases to be necessary for compliance with valid and constitutional federal law, then the mandatory feature of chapter 292, Laws of 1977 ex. sess. shall cease to be effective as of the end of the next quarter following the quarter in which the mandatory feature contained in chapter 292, Laws of 1977 ex. sess. is not necessary for such compliance.

(3) In the event mandatory coverage ceases to be effective pursuant to subsection (2), then the sections, or subsections as the case may be, of chapter 292, Laws of 1977 ex. sess. shall to the extent that they apply to coverage of employees of political subdivisions be deemed nullified and the language of the sections being amended shall be deemed reinstated as the laws of this state.

(4) Benefits paid based on the services covered during the effective life of the mandatory coverage feature shall be financed as follows:

(a) If the political subdivision was financing payment of benefits on a reimbursable basis, benefits attributable to employment with the political subdivision shall be assessed to and paid by the political subdivision;

(b) If the political subdivision is a county, city, or town which elected financing pursuant to RCW 50.44.035, such political subdivision will pay "the local government tax" for all earnings by employees through the end of the calendar quarter in which the mandatory coverage is no longer effective pursuant to subsection (2);

(c) If the political subdivision was financing benefits by the contribution method it will pay contributions on wages earned by its employees through the end of the calendar quarter in which mandatory coverage is no longer effective pursuant to subsection (2). [1977 ex.s. c 292 § 23.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

## Chapter 50.50 RCW INDIAN TRIBES

### Sections

50.50.010	Employment.
50.50.020	Benefits—Generally.
50.50.030	Contributions—Election of payments in lieu of contributions.
50.50.040	Option to make payments in lieu of contributions—Revocation—Reinstatement—Notices.
50.50.050	Notices—Contents.
50.50.060	Extended benefits—Financing by Indian tribe.
50.50.070	Indian tribes subject to same terms and conditions as other employers.
50.50.900	Conflict with federal requirements—2001 1st sp.s. c 11.
50.50.901	Severability—2001 1st sp.s. c 11.
50.50.902	Effective date—2001 1st sp.s. c 11.
50.50.903	Retroactive application—2001 1st sp.s. c 11.

**50.50.010 Employment.** The term "employment" includes service performed in the employ of an Indian tribe, as defined in section 3306(u) of the federal unemployment tax act, provided such service is excluded from "employment" as defined in the federal unemployment tax act solely by reason of section 3306(c)(7), the federal unemployment tax act, and is not otherwise excluded from "employment" under this title. For purposes of this section, the exclusions from employment in RCW 50.44.040, except \*RCW 50.44.040(12) addressing nongovernmental preschools, are applicable to services performed in the employ of an Indian tribe. [2001 1st sp.s. c 11 § 3.]

**\*Reviser's note:** RCW 50.44.040 was amended by 2007 c 386 § 1, changing subsection (12) to subsection (9).

**50.50.020 Benefits—Generally.** Benefits based on service in employment defined in this chapter are payable in the same amount, on the same terms, and subject to the same conditions as benefits payable on the basis of other service under this title. [2001 1st sp.s. c 11 § 4.]

**50.50.030 Contributions—Election of payments in lieu of contributions.** (1) Indian tribes or tribal units, including subdivisions, subsidiaries, or business enterprises wholly owned by such Indian tribes, subject to this title shall pay contributions under the same terms and conditions as all other subject employers, unless they elect to pay into the unemployment compensation fund amounts equal to the amount of benefits attributable to service in the employ of the Indian tribe.

(2) Indian tribes electing to make payments in lieu of contributions shall make such election in the same manner

and under the same conditions as provided in RCW 50.44.030 pertaining to other units of government subject to this title. Indian tribes shall determine if reimbursement for benefits paid are to be elected by the tribe as a whole, by individual tribal units, or by combinations of tribal units.

(3) Indian tribes or tribal units shall be billed for the full amount of benefits attributable to service in the employ of the Indian tribe or tribal unit on the same schedule as other employing units that have elected to make payments in lieu of contributions.

(4) At the discretion of the commissioner and on the same basis as other employers with the same election option, any Indian tribe or tribal unit that elects to become liable for payments in lieu of contributions is required, within thirty days after the effective date of its election, to: (a) Execute and file with the commissioner a surety bond approved by the commissioner; or (b) deposit with the commissioner money or securities in an amount determined by the commissioner. [2001 1st sp.s. c 11 § 5.]

**50.50.040 Option to make payments in lieu of contributions—Revocation—Reinstatement—Notices.** (1)(a) The commissioner shall revoke the option for an Indian tribe or tribal unit to make payments in lieu of contributions as described in RCW 50.50.030 if the Indian tribe or tribal unit: (i) Did not make payments, including assessments of interest and penalties, required under this chapter within ninety days of receipt of statement; or (ii) entered into an approved agency deferred payment contract, and was not in compliance with the contract on the cutoff date, as authorized in chapter 50.29 RCW. The revocation shall begin on January 1 of the first calendar year after the Indian tribe or tribal unit meets these conditions, and shall continue until the option is reinstated as described in (b) of this subsection.

(b) The commissioner shall reinstate the option if, as of the cutoff date, an Indian tribe or tribal unit whose option was revoked as described in (a) of this subsection: (i) Paid contributions owed in the current calendar year when due; and (ii) made required payments, including assessments of interest and penalties, for any preceding calendar years. The reinstatement shall begin on January 1 of the first calendar year after the Indian tribe or tribal unit satisfies these conditions.

(2)(a) Services performed for an Indian tribe or tribal unit are not services in "employment" for purposes of RCW 50.04.265 and 50.50.010 if:

(i) The Indian tribe or tribal unit elected to make payments in lieu of contributions, had the option revoked, and has not met the conditions for reinstatement of the option; and

(ii) The Indian tribe or tribal unit either: (A) Did not make required payments, including assessments of interest and penalties, within one hundred eighty days of receipt of statement; or (B) entered into an approved agency deferred payment contract, and was not in compliance with the contract on the last day of the current calendar quarter.

This revocation of coverage shall begin on the first day of the first calendar quarter after the Indian tribe or tribal unit meets these conditions, and shall continue until coverage is reinstated as described in (c) of this subsection.

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(b) Services performed for an Indian tribe or tribal unit are not services in "employment" for purposes of RCW 50.04.265 and 50.50.010 if:

(i) The Indian tribe or tribal unit is a contribution-paying employer; and

(ii) The Indian tribe or tribal unit either: (A) Did not make required payments, including assessments of interest and penalties, within one hundred eighty days of receipt of statement; or (B) entered into an approved agency deferred payment contract, and was not in compliance with the contract on the last day of the current calendar quarter.

This revocation of coverage shall begin on the first day of the first calendar quarter after the Indian tribe or tribal unit meets these conditions, and shall continue until coverage is reinstated as described in (c) of this subsection.

(c) The commissioner may reinstate coverage if the Indian tribe or tribal unit has made required payments, including assessments of interest and penalties. This reinstatement of coverage may begin on the first day of the first calendar quarter after these payments are made.

(3)(a) The commissioner shall immediately notify the United States internal revenue service and the United States department of labor if an Indian tribe or tribal unit does not make required payments, including assessments of interest and penalties, within ninety days of receipt of statement.

(b) The commissioner shall immediately notify the United States internal revenue service and the United States department of labor of any revocation or reinstatement of the option to make payments in lieu of contributions under subsection (1) of this section or any revocation or reinstatement of coverage under subsection (2) of this section. [2001 1st sp.s. c 11 § 6.]

**50.50.050 Notices—Contents.** Notices of payment and reporting delinquency to Indian tribes or their tribal units must include information that failure to make full payment within the prescribed time frames: (1) Causes the Indian tribe to be liable for taxes under the federal unemployment tax act; (2) causes the Indian tribe to lose the option to make payments in lieu of contributions; and (3) causes the Indian tribe to be excepted from the definition of "employing unit," as provided in RCW 50.04.090, and services in the employ of the Indian tribe, as provided in RCW 50.04.265 and 50.50.010, to be excepted from "employment." [2001 1st sp.s. c 11 § 7.]

**50.50.060 Extended benefits—Financing by Indian tribe.** Extended benefits paid that are attributable to service in the employ of an Indian tribe and not reimbursed by the federal government must be financed in their entirety by such Indian tribe. [2001 1st sp.s. c 11 § 8.]

**50.50.070 Indian tribes subject to same terms and conditions as other employers.** Unless specifically addressed in this chapter, Indian tribes or their tribal units are subject to the same terms and conditions as are other employers subject to contributions under RCW 50.29.020 or other units of government under RCW 50.44.030 that make payments in lieu of contributions. [2001 1st sp.s. c 11 § 9.]

**50.50.900 Conflict with federal requirements—2001 1st sp.s. c 11.** If any part of this act is found to be in conflict with federal requirements that are a prescribed condition to the allocation of federal funds to the state or the eligibility of employers in this state for federal unemployment tax credits, the conflicting part of this act is inoperative solely to the extent of the conflict, and the finding or determination does not affect the operation of the remainder of this act. Rules adopted under this act must meet federal requirements that are a necessary condition to the receipt of federal funds by the state or the granting of federal unemployment tax credits to employers in this state. [2001 1st sp.s. c 11 § 10.]

**50.50.901 Severability—2001 1st sp.s. c 11.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [2001 1st sp.s. c 11 § 11.]

**50.50.902 Effective date—2001 1st sp.s. c 11.** This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [June 11, 2001]. [2001 1st sp.s. c 11 § 12.]

**50.50.903 Retroactive application—2001 1st sp.s. c 11.** This act applies retroactively to services performed on or after December 21, 2000. Indian tribes or tribal units may elect to make payments in lieu of contributions effective December 21, 2000, or a subsequent date. [2001 1st sp.s. c 11 § 13.]

## Chapter 50.60 RCW

### SHARED WORK COMPENSATION PLANS—BENEFITS

#### Sections

50.60.010	Legislative intent.
50.60.020	Definitions.
50.60.030	Compensation plan—Criteria for approval.
50.60.040	Compensation plan—Approval or rejection—Resubmission.
50.60.050	Approved plan—Misrepresentation—Penalties.
50.60.060	Approved plan—Effective date—Expiration.
50.60.070	Approved plan—Revocation—Review of plans.
50.60.080	Approved plan—Modification.
50.60.090	Shared work benefits—Eligibility.
50.60.100	Benefits—Weekly amount—Maximum entitlement—Claims—Conditions.
50.60.110	Benefits—Charge to employers' experience rating accounts.
50.60.120	Benefits—Exhaustee.
50.60.900	Title and rules to apply to shared work benefits—Conflict with federal requirements.
50.60.901	Rules.
50.60.902	Effective date—1983 c 207.

**50.60.010 Legislative intent.** In order to provide an economic climate conducive to the retention of skilled workers in industries adversely affected by general economic downturns and to supplement depressed buying power of employees affected by such downturns, the legislature finds that the public interest would be served by the enactment of laws providing greater flexibility in the payment of unemployment compensation benefits in situations where qualified employers elect to retain employees at reduced hours rather than instituting layoffs. [1983 c 207 § 1.]

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

(1) "Affected employee" means a specified employee, to which an approved shared work compensation plan applies.

(2) "Employers' association" means an association which is a party to a collective bargaining agreement under which there is a shared work compensation plan.

(3) "Fringe benefits" include health insurance, retirement benefits under benefit pension plans as defined in section 3(35) of the employee retirement income security act of 1974, paid vacation and holidays, and sick leave, which are incidents of employment in addition to cash remuneration.

(4) "Shared work benefits" means the benefits payable to an affected employee under an approved shared work compensation plan as distinguished from the benefits otherwise payable under this title.

(5) "Shared work compensation plan" means a plan of an employer, or of an employers' association, under which there is a reduction in the number of hours worked by employees rather than temporary layoffs.

(6) "Shared work employer" means an employer, one or more of whose employees are covered by a shared work compensation plan.

(7) "Unemployment compensation" means the benefits payable under this title other than shared work benefits and includes any amounts payable pursuant to an agreement under federal law providing for compensation, assistance, or allowances with respect to unemployment.

(8) "Usual weekly hours of work" means the normal number of hours of work for the affected employee when he or she is working on a full-time basis, not to exceed forty hours and not including overtime. [2009 c 3 § 7; 1983 c 207 § 2.]

**Reviser's note:** The definitions in this section have been alphabetized pursuant to RCW 1.08.015(2)(k).

**Short title—Effective date—Conflict with federal requirements—2009 c 3:** See notes following RCW 50.20.120.

**50.60.030 Compensation plan—Criteria for approval.** An employer or employers' association wishing to participate in a shared work compensation program shall submit a written and signed shared work compensation plan to the commissioner for approval. The commissioner shall approve a shared work compensation plan only if the following criteria are met:

(1) The plan identifies the affected employees to which it applies;

(2) Each affected employee is identified by name, social security number, and by any other information required by the commissioner;

(3) The usual weekly hours of work for each affected employee are reduced by not less than ten percent and not more than fifty percent;

(4) Fringe benefits will continue to be provided on the same basis as before the reduction in work hours. In no event shall the level of health benefits be reduced due to a reduction in hours;

(5) The plan certifies that the aggregate reduction in work hours for each affected employee is in lieu of temporary

layoffs which would have resulted in an equivalent reduction in work hours;

(6) The plan is approved in writing by the collective bargaining agent for each collective bargaining agreement covering any affected employee;

(7) The plan will not subsidize seasonal employers during the off season nor subsidize employers who have traditionally used part-time employees; and

(8) The employer agrees to furnish reports necessary for the proper administration of the plan and to permit access by the commissioner to all records necessary to verify the plan before approval and after approval to evaluate the application of the plan.

In addition to subsections (1) through (8) of this section, the commissioner shall take into account any other factors which may be pertinent. [2009 c 3 § 8; 1985 c 43 § 1; 1983 c 207 § 3.]

**Short title—Effective date—Conflict with federal requirements—2009 c 3:** See notes following RCW 50.20.120.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.60.040 Compensation plan—Approval or rejection—Resubmission.** The commissioner shall approve or reject a shared work compensation plan in writing within fifteen days of its receipt. The reasons for the rejection shall be final and nonappealable, but the rejection shall not prevent an employer from submitting another plan for approval not earlier than fifteen days after the date of a previous written rejection. [1983 c 207 § 4.]

**50.60.050 Approved plan—Misrepresentation—Penalties.** If an approved plan or any representation for implementation of the plan is intentionally and substantially misleading or false, any individual who participated in any such misrepresentation shall be subject to criminal prosecution as well as personal liability for any amount of benefits deemed by the commissioner to have been improperly paid from the fund as a result thereof. This provision for personal liability is in addition to any remedy against individual claimants for collection of overpayment of benefits if such claimants participated in or were otherwise at fault in the overpayment. [1983 c 207 § 5.]

**50.60.060 Approved plan—Effective date—Expiration.** A shared work compensation plan shall be effective on the date agreed upon by the department and the employer but no later than the first day of the second calendar week after the date of the commissioner's approval, unless a later date is requested by the employer. The plan shall expire at the end of the twelfth full calendar month after its effective date, or on the date specified in the plan if that date is earlier, unless the plan is revoked before that date by the commissioner. If a plan is revoked by the commissioner, it shall terminate on the date specified in the commissioner's order of revocation. [2009 c 3 § 9; 1983 c 207 § 6.]

**Short title—Effective date—Conflict with federal requirements—2009 c 3:** See notes following RCW 50.20.120.

**50.60.070 Approved plan—Revocation—Review of plans.** The commissioner may revoke approval of a shared

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work compensation plan for good cause. The revocation order shall be in writing and shall specify the date the revocation is effective and the reasons for the revocation. Good cause for revocation shall include failure to comply with the assurances given in the plan, unreasonable revision of productivity standards, conduct or occurrences tending to defeat the intent and effective operation of the plan, and violation of the criteria on which approval of the plan was based.

Such action may be initiated at any time by the commissioner on his or her own motion, on the motion of any of the affected employees, or on the motion of the appropriate collective bargaining agents. The commissioner shall review each plan at least once within the twelve month period the plan is in effect to assure that it continues to meet the requirements of this chapter. [2009 c 3 § 10; 1983 c 207 § 7.]

**Short title—Effective date—Conflict with federal requirements—2009 c 3:** See notes following RCW 50.20.120.

**50.60.080 Approved plan—Modification.** An approved shared work compensation plan in effect may be modified with the approval of the commissioner. If the hours of work are increased or decreased beyond the level in the original plan, or any other condition is changed, the employer shall promptly notify the commissioner. If the changes meet the requirements for approval of a plan, the commissioner shall approve the modifications. This approval shall not change the expiration date of the original plan. If the modifications do not meet the requirements for approval, the commissioner shall revoke the plan as specified in RCW 50.60.060. [1983 c 207 § 8.]

**50.60.090 Shared work benefits—Eligibility.** An individual is eligible to receive shared work benefits with respect to any week only if, in addition to meeting the conditions of eligibility for other benefits under this title, the commissioner finds that:

(1) The individual was employed during that week as an affected employee under an approved shared work compensation plan which was in effect for that week;

(2) The individual was able to work and was available for additional hours of work and for full-time work with the shared work employer; and

(3) Notwithstanding any other provision of this chapter, an individual is deemed to have been unemployed in any week for which remuneration is payable to him or her as an affected employee for less than his or her normal weekly hours of work as specified under the approved shared work compensation plan in effect for that week. [2009 c 3 § 11; 1983 c 207 § 9.]

**Short title—Effective date—Conflict with federal requirements—2009 c 3:** See notes following RCW 50.20.120.

**50.60.100 Benefits—Weekly amount—Maximum entitlement—Claims—Conditions.** (1) The shared work weekly benefit amount shall be the product of the regular weekly unemployment compensation benefit amount multiplied by the percentage of reduction in the individual's usual weekly hours of work;

(2) No individual is eligible in any benefit year for more than the maximum entitlement established for benefits under this title, including benefits under this chapter;

(3) The shared work benefits paid an individual shall be deducted from the total benefit amount established for that individual's benefit year;

(4) Claims for shared work benefits shall be filed in the same manner as claims for other benefits under this title or as prescribed by the commissioner by rule;

(5) Provisions otherwise applicable to unemployment compensation claimants under this title apply to shared work claimants to the extent that they are not inconsistent with this chapter;

(6)(a) If an individual works in the same week for an employer other than the shared work employer and his or her combined hours of work for both employers are equal to or greater than the usual weekly hours of work with the shared work employer, the individual shall not be entitled to benefits under this chapter or title;

(b) If an individual works in the same week for both the shared work employer and another employer and his or her combined hours of work for both employers are less than his or her usual weekly hours of work, the benefit amount payable for that week shall be the weekly unemployment compensation benefit amount reduced by the same percentage that the combined hours are of the usual weekly hours of work;

(7) An individual who does not work during a week for the shared work employer, and is otherwise eligible, shall be paid his or her full weekly unemployment compensation benefit amount;

(8) An individual who does not work for the shared work employer during a week but works for another employer, and is otherwise eligible, shall be paid benefits for that week under the partial unemployment compensation provisions of this title. [2009 c 3 § 12; 1983 c 207 § 10.]

**Short title—Effective date—Conflict with federal requirements—2009 c 3:** See notes following RCW 50.20.120.

**50.60.110 Benefits—Charge to employers' experience rating accounts.** Shared work benefits shall be charged to employers' experience rating accounts in the same manner as other benefits under this title are charged. Employers liable for payments in lieu of contributions shall have shared work benefits attributed to their accounts in the same manner as other benefits under this title are attributed. [1983 c 207 § 11.]

**50.60.120 Benefits—Exhaustee.** An individual who has received all of the shared work benefits, or all of the combined unemployment compensation and shared work benefits, available in a benefit year shall be considered an exhaustee for purposes of the extended benefits program under chapter 50.22 RCW, and, if otherwise eligible under that chapter, shall be eligible to receive extended benefits. [1983 c 207 § 12.]

**50.60.900 Title and rules to apply to shared work benefits—Conflict with federal requirements.** Unless inconsistent with or otherwise provided by this section, this title and rules adopted under this title apply to shared work benefits. To the extent permitted by federal law, those rules may make such distinctions and requirements as may be nec-

essary with respect to unemployed individuals to carry out the purposes of this chapter, including rules defining usual hours, days, work week, wages, and the duration of plans adopted under this chapter. To the extent that any portion of this chapter may be inconsistent with the requirements of federal law relating to the payment of unemployment insurance benefits, the conflicting provisions or interpretations of this chapter shall be deemed inoperative, but only to the extent of the conflict. If the commissioner determines that such a conflict exists, a statement to that effect shall be filed with the governor's office for transmission to both houses of the legislature. [1983 c 207 § 13.]

**50.60.901 Rules.** The department shall adopt such rules as are necessary to carry out the purposes of chapter 207, Laws of 1983. [1998 c 245 § 101; 1983 c 207 § 14.]

**50.60.902 Effective date—1983 c 207.** This act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect with the weeks beginning after July 31, 1983. [1983 c 207 § 16.]

## Chapter 50.62 RCW

### SPECIAL EMPLOYMENT ASSISTANCE

#### Sections

50.62.010	Legislative findings.
50.62.020	Definitions.
50.62.030	Job service program or activity.
50.62.040	Annual report—Wage and benefit history.

**50.62.010 Legislative findings.** The legislature finds and declares that:

(1) The number of persons unemployed in the state is significantly above the national average.

(2) Persons who are unemployed represent a skilled resource to the economy and the quality of life for all persons in the state.

(3) There are jobs available in the state that can be filled by unemployed persons.

(4) A public labor exchange can appreciably expedite the employment of unemployed job seekers and filling employer vacancies thereby contributing to the overall health of the state and national economies.

(5) The Washington state job service of the employment security department has provided a proven service of assisting persons to find employment for the past fifty years.

(6) Expediting the reemployment of unemployment insurance claimants will reduce payment of claims drawn from the state unemployment insurance trust fund.

(7) Increased emphasis on assisting in the reemployment of claimants and monitoring claimants' work search efforts will positively impact employer tax rates resulting from the recently enacted experience rating legislation, chapter 205, Laws of 1984.

(8) Special employment service efforts are necessary to adequately serve agricultural employers who have unique needs in the type of workers, recruitment efforts, and the urgency of obtaining sufficient workers.

(9) Study and research of issues related to employment and unemployment provides economic information vital to the decision-making process.

(10) Older workers and the long-term unemployed experience greater difficulty finding new employment at wages comparable to their prelayoff earnings relative to all unemployment insurance claimants who return to work.

(11) After a layoff, older unemployed workers and the long-term unemployed workers fail to find unemployment insurance-covered employment at a much higher rate than other groups of unemployment insurance claimants.

The legislature finds it necessary and in the public interest to have a program of job service to assist persons drawing unemployment insurance claims to find employment, to provide employment assistance to the agricultural industry, and to conduct research into issues related to employment and unemployment. [1987 c 284 § 1; 1987 c 171 § 1; 1985 ex.s. c 5 § 1.]

**Reviser's note:** This section was amended by 1987 c 171 § 1 and by 1987 c 284 § 1, each without reference to the other. Both amendments are incorporated in the publication of this section pursuant to RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

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

(1) "Job service" means the employment assistance program of the employment security department;

(2) "Employment assistance" means services to unemployed persons focused on and measured by the obtaining of employment;

(3) "Labor exchange" means those activities which match labor supply and labor demand, including recruitment, screening, and referral of qualified workers to employers;

(4) "Special account of the administrative contingency fund" means that fund under RCW 50.24.014 established within the administrative contingency fund of the employment security department which provides revenue for the purposes of this chapter.

(5) "Continuous wage and benefit history" means an information and research system utilizing a longitudinal database containing information on both employment and unemployment.

(6) "Long-term unemployed" means demographic groups of unemployment insurance claimants identified by the employment security department pursuant to RCW 50.62.040(1)(e) which have the highest percentages of persons who have drawn at least fifteen weeks of unemployment insurance benefits or have the highest percentage of persons who have exhausted their unemployment insurance benefits.

(7) "Older unemployed workers" means unemployment insurance claimants who are at least fifty years of age. [1987 c 284 § 2; 1985 ex.s. c 5 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.62.030 Job service program or activity.** Job service resources shall be used to assist with the reemployment of unemployed workers using the most efficient and effective means of service delivery. The job service program of the employment security department may undertake any pro-

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gram or activity for which funds are available and which furthers the goals of this chapter. These programs and activities shall include, but are not limited to:

(1) Giving older unemployed workers and the long-term unemployed the highest priority for all services made available under this section. The employment security department shall make the services provided under this chapter available to the older unemployed workers and the long-term unemployed as soon as they register under the employment assistance program;

(2) Supplementing basic employment services, with special job search and claimant placement assistance designed to assist unemployment insurance claimants to obtain employment;

(3) Providing employment services, such as recruitment, screening, and referral of qualified workers, to agricultural areas where these services have in the past contributed to positive economic conditions for the agricultural industry; and

(4) Providing otherwise unobtainable information and analysis to the legislature and program managers about issues related to employment and unemployment. [1995 c 135 § 4. Prior: 1987 c 284 § 3; 1987 c 171 § 2; 1985 ex.s. c 5 § 3.]

**Intent—1995 c 135:** See note following RCW 29A.08.760.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **50.62.040 Annual report—Wage and benefit history.**

(1) Each year the employment security department may publish an annual report on the unemployed based on research conducted on the continuous wage and benefit history and other sources that identifies:

(a) The demographic groups of unemployment insurance claimants that experience the greatest difficulty finding new employment with wages comparable to their prelayoff earnings;

(b) The demographic groups of unemployment insurance claimants that have the highest rates of failure to find unemployment insurance covered-employment after a layoff;

(c) The demographic, industry, and employment characteristics of the unemployment insurance claimant population most closely associated with the exhaustion of an unemployment claim;

(d) The demographic, industry, and employment characteristics of those locked-out workers who are eligible for unemployment compensation under RCW 50.20.090; and

(e) The demographic groups which are defined as the "long-term unemployed" for purposes of this chapter. This listing shall be updated each year.

(2) The employment security department shall continue to fund the continuing wage and benefit history at a level necessary to produce the annual report described in subsection (1) of this section. [1998 c 245 § 102; 1987 c 284 § 4.]

### **Chapter 50.65 RCW**

#### **WASHINGTON SERVICE CORPS**

##### Sections

50.65.010	Legislative findings.
50.65.020	Definitions.
50.65.030	Washington service corps established—Commissioner's duties.
50.65.040	Washington service corps—Criteria for enrollment.

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50.65.907	Short title—1993 sp.s. c 7.
50.65.908	Severability—1993 sp.s. c 7.

*Washington conservation corps: Chapter 43.220 RCW.*

**50.65.010 Legislative findings.** The legislature finds that:

(1) The unemployment rate in the state of Washington is the highest since the great depression, with a significantly higher rate among Washington youth.

(2) The policy of the state is to conserve and protect its natural and urban resources, scenic beauty, and historical and cultural sites.

(3) It is in the public interest to target employment projects to those activities which have the greatest benefit to the local economy.

(4) There are many unemployed young adults without hope or opportunities for entrance into the labor force who are unable to afford higher education and who create a serious strain on tax revenues in community services.

(5) The severe cutbacks in community and human services funding leave many local community service agencies without the resources to provide necessary services to those in need.

(6) The talent and energy of Washington's unemployed young adults are an untapped resource which should be chal-

lenged to meet the serious shortage in community services and promote and conserve the valuable resources of the state.

Therefore, the legislature finds it necessary and in the public interest to enact the Washington youth employment and conservation act. As part of this chapter, the Washington service corps is established as an operating program of the employment security department. The legislature desires to facilitate the potential of youth to obtain available job opportunities in both public and private agencies. [1987 c 167 § 1; 1983 1st ex.s. c 50 § 1.]

**Reviser's note:** Wherever the phrase "this act" occurred in RCW 50.65.010 through 50.65.130, it has been changed to "this chapter." "This act" [1983 1st ex.s. c 50] consists of this chapter and three uncodified sections.

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

(1) "Commissioner" means the commissioner of the employment security department.

(2) "Department" means the employment security department.

(3) "Enrollees" means those persons who have completed enrollment forms, completed a work agreement, and who have entered into the Washington service corps following the approval of the director of the supervising agency.

(4) "Corps" means the Washington service corps.

(5) "Work agreement" means the written agreement between the department, the enrollee and the supervising agency under this chapter for a period of up to eighteen months.

(6) "Supervising agencies" means those private or public agencies which develop and implement full-time service projects in which enrollees agree to participate.

(7) "Matching funds" means funding that is provided to the employment security department by agencies or individuals as financial support for a portion of the stipend or wage and benefits paid to the enrollee.

(8) "Financial support" means any thing of value contributed by agencies or individuals to the department for a youth employment project which is reasonably calculated to support directly the development and expansion of a particular program under this chapter and which represents an addition to any financial support previously or customarily provided by the individual or agency. "Financial support" includes, but is not limited to funds, equipment, facilities, and training.

(9) "Director" means the individual who shall serve as the director of the exchange. [1987 c 167 § 2; 1983 1st ex.s. c 50 § 2.]

**50.65.030 Washington service corps established—Commissioner's duties.** The Washington service corps is established within the employment security department. The commissioner shall:

(1) Appoint a director and other personnel as necessary to carry out the purposes of this chapter;

(2) Coordinate youth employment and training efforts under the department's jurisdiction and cooperate with other agencies or departments providing youth services to ensure that funds appropriated for the purposes of this chapter will

not be expended to duplicate existing services, but will increase the services of youth to the state;

(3) The employment security department is authorized to place subgrants with other federal, state, and local governmental agencies and private agencies to provide youth employment projects and to increase the numbers of youth employed;

(4) Determine appropriate financial support levels by private business, community groups, foundations, public agencies, and individuals which will provide matching funds for enrollees in service projects under work agreements. The matching funds requirement may be waived for public agencies or reduced for private agencies;

(5) Recruit enrollees who are residents of the state unemployed at the time of application and are at least eighteen years of age but have not reached their twenty-sixth birthday;

(6) Recruit supervising agencies to host the enrollees in full-time service activities which shall not exceed eleven months' duration;

(7) Assist supervising agencies in the development of scholarships and matching funds from private and public agencies, individuals, and foundations in order to support a portion of the enrollee's stipend and benefits;

(8) Develop general employment guidelines for placement of enrollees in supervising agencies to establish appropriate authority for hiring, firing, grievance procedures, and employment standards which are consistent with state and federal law;

(9) Match enrollees with appropriate public agencies and available service projects;

(10) Monitor enrollee activities for compliance with this chapter and compliance with work agreements;

(11) Assist enrollees in transition to employment upon termination from the programs, including such activities as orientation to the labor market, on-the-job training, and placement in the private sector;

(12) Establish a program for providing incentives to encourage successful completion of terms of enrollment in the service corps and the continuation of educational pursuits. Such incentives shall be in the form of educational assistance equivalent to two years of community or technical college tuition for eleven months of service. Educational assistance funding shall only be used for tuition, fees, and course-related books and supplies. Enrollees who receive educational assistance funding shall start using it within one year of their service completion and shall finish using it within four years of their service completion;

(13) Enter into agreements with the state's community and technical college system and other educational institutions or independent nonprofit agencies to provide special education in basic skills, including reading, writing, and mathematics for those participants who may benefit by participation in such classes. Participation is not mandatory but shall be strongly encouraged. [1993 c 302 § 1; 1987 c 167 § 3; 1983 1st ex.s. c 50 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.65.040 Washington service corps—Criteria for enrollment.** The commissioner may select and enroll in the Washington service corps program any person who is at least

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eighteen years of age but has not reached their twenty-sixth birthday, is a resident of the state, and who is not for medical, legal, or psychological reasons incapable of service. Efforts shall be made to enroll youths who are economically, socially, physically, or educationally disadvantaged. The commissioner may prescribe such additional standards and procedures in consultation with supervising agencies as may be necessary in conformance with this chapter. In addition, the commissioner may select and enroll youth fourteen to seventeen years of age on special projects during the summer and at other times during the school year that may complement and support their school curriculum or that link and support service with learning. [1993 c 302 § 2; 1987 c 167 § 4; 1983 1st ex.s. c 50 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.65.050 Washington service corps—List of local youth employment opportunities.** The commissioner shall use existing local offices of the employment security department or contract with independent, private nonprofit agencies in a local community to establish the Washington service corps program and to insure coverage of the program statewide. Each local office shall maintain a list of available youth employment opportunities in the jurisdiction covered by the local office and the appropriate forms or work agreements to enable the youths to apply for employment in private or public supervising agencies. [1987 c 167 § 5; 1983 1st ex.s. c 50 § 5.]

**50.65.060 Washington service corps—Placement under work agreements.** Placements in the Washington service corps shall be made in supervising agencies under work agreements as provided under this chapter and shall include those assignments which provide for addressing community needs and conservation problems and will assist the community in economic development efforts. Each work agreement shall:

(1) Demonstrate that the service project is appropriate for the enrollee's interests, skills, and abilities and that the project is designed to meet unmet community needs;

(2) Include a requirement of regular performance evaluation. This shall include clear work performance standards set by the supervising agency and procedures for identifying strengths, recommended improvement areas and conditions for probation or dismissal of the enrollee; and

(3) Include a commitment for partial financial support for the enrollee from private industry, public agencies, community groups, or foundations. The commissioner may establish additional standards for the development of placements for enrollees with supervising agencies and assure that the work agreements comply with those standards. This section shall not apply to conservation corps programs established by chapter 43.220 RCW.

Agencies of the state may use the Washington service corps for the purpose of employing youth qualifying under this chapter. [1993 c 302 § 3; 1987 c 167 § 6; 1983 1st ex.s. c 50 § 6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.65.065 Work agreements—Requirements.** For each enrollee, the work agreements, or combination of work agreements, developed under RCW 50.65.060 shall:

- (1) Include a variety of experiences consisting of: Indoor activities; outdoor activities; and volunteer activities;
- (2) Provide time for participation in a core training program common to all participants. [1993 c 302 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.65.070 Enrollees not to displace current workers.** The assignment of enrollees shall not result in the displacement of currently employed workers, including partial displacement such as reduction in hours of nonovertime work, wages, or other employment benefits. Supervising agencies that participate in the program may not terminate, lay-off, or reduce the working hours of any employee for the purpose of utilizing an enrollee with funds available. In circumstances where substantial efficiencies or a public purpose may result, supervising agencies may utilize enrollees to carry out essential agency work or contractual functions without displacing current employees. [1983 1st ex.s. c 50 § 7.]

**50.65.080 Commissioner to seek assistance for Washington service corps.** The commissioner shall seek and may accept, on behalf of the Washington service corps, charitable donations of cash and other assistance including, but not limited to, equipment and materials if the donations are available for appropriate use for the purposes set forth in this chapter. [1993 c 302 § 6; 1983 1st ex.s. c 50 § 8.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.65.090 Authority for income-generating projects—Disposition of income.** The commissioner may enter into income-generating projects with public or private organizations to further the purposes of this chapter. Moneys received from contractual projects qualifying under this chapter shall be deposited in the state general fund. This section does not apply to conservation corps programs established by chapter 43.220 RCW. [1983 1st ex.s. c 50 § 9.]

**50.65.100 Work agreements—Nondiscrimination.** All parties entering into work agreements under this chapter shall agree that they will not discriminate in the providing of any service on the basis of race, creed, ethnic origin, sex, age, or political affiliation. [1983 1st ex.s. c 50 § 10.]

**50.65.110 Enrollees—Training and subsistence allowance—Medical insurance and medical aid—Notice of coverage.** The compensation received shall be considered a training and subsistence allowance. Comprehensive medical insurance, and medical aid shall be paid for the enrollees in the service corps by the commissioner in accordance with the standards and limitations of the appropriation provided for this chapter. The department shall give notice of coverage to the director of labor and industries after enrollment. The department shall not be deemed an employer of an enrollee for any other purpose.

Other provisions of law relating to civil service, hours of work, rate of compensation, sick leave, unemployment compensation, old age health and survivor's insurance, state

retirement plans, and vacation leave do not apply to enrollees. [1987 c 167 § 7; 1985 c 230 § 6; 1983 1st ex.s. c 50 § 11.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.65.120 Exemption of enrollees from unemployment compensation coverage.** The services of enrollees placed with supervising agencies described in chapter 50.44 RCW are exempt from unemployment compensation coverage under \*RCW 50.44.040(5) and the enrollees shall be so advised by the department. [1983 1st ex.s. c 50 § 12.]

\*Reviser's note: RCW 50.44.040 was amended by 2007 c 386 § 1, changing subsection (5) to subsection (4).

**50.65.130 Federal and private sector funds and grants.** In addition to any other power, duty, or function described by law or rule, the employment security department, through the program established under this chapter, may accept federal or private sector funds and grants and implement such programs relating to community services or employment programs and may enter into contracts respecting such funds or grants. The department may also use funds appropriated for the purposes of this chapter as matching funds for federal or private source funds to accomplish the purposes of this chapter. The Washington service corps shall be the sole recipient of federal funds for youth employment and conservation corps programs. [1987 c 167 § 8; 1983 1st ex.s. c 50 § 13.]

**50.65.138 Use of funds for enrollees and projects in distressed areas—Service corps.** Sixty percent of the general funds available to the service corps program shall be for enrollees from distressed areas and for projects in distressed areas. A distressed area shall mean:

- (1) A county which has an unemployment rate which is twenty percent above the state average for the immediately preceding three years;
- (2) A community which has experienced sudden and severe loss of employment; or
- (3) An area within a county which area:
  - (a) Is composed of contiguous census tracts;
  - (b) Has a minimum population of five thousand persons;
  - (c) The median household income is at least thirty-five percent below the county's median household income, as determined from data collected for the preceding United States ten-year census; and
  - (d) Has an unemployment rate which is at least forty percent higher than the county's unemployment rate. For purposes of this definition, "families and unrelated individuals" has the same meaning that is ascribed to that term by the federal department of housing and urban development in its regulations authorizing action grants for economic development and neighborhood revitalization projects. [1987 c 167 § 10.]

**50.65.143 Limitation on use of funds for administration—Service corps.** (1) Not more than fifteen percent of the funds available for the service corps shall be expended for administrative costs. For the purposes of this chapter, "administrative costs" include, but are not limited to, program planning and evaluation, budget development and mon-

itoring, personnel management, contract administration, administrative payroll, development of program reports, and administrative office space costs and utilities.

(2) The fifteen percent limitation does not include costs for any of the following: Program support activities such as direct supervision of enrollees and corpsmembers, counseling, education and job training, equipment, advisory board expenses, and extraordinary recruitment and placement procedures necessary to fill project positions.

(3) The total for all items included under subsection (1) of this section and excluded under subsection (2) of this section shall not: (a) Exceed thirty percent of the appropriated funds available during a fiscal biennium for the service and conservation corps programs; or (b) result in an average cost per enrollee or corpsmember from general funds exceeding seven thousand dollars in the 1987-89 biennium and in succeeding biennia as adjusted by inflation factors established by the office of financial management for state budgeting purposes. The test included in (a) and (b) of this subsection are in the alternative, and it is only required that one of the tests be satisfied. [1987 c 167 § 11.]

**50.65.200 Washington serves—Findings—Declaration.** The legislature finds that:

(1) Budget constraints are causing severe gaps and reductions in vital services to local communities and citizens. Some of these gaps in services can be filled by citizen volunteers through an organized program to recruit and place volunteers and to expand opportunities for volunteers to serve their communities;

(2) The federal government is proposing expansion of national services programs. These programs may require significant matching resources from states. State funds supporting the Washington serves program can serve as a required matching source to leverage additional federal national service resources;

(3) Washington state has, through the Washington service corps, successfully offered service opportunities and meaningful work experience to young adults between the ages of eighteen and twenty-five years;

(4) The need exists to expand full-time volunteer opportunities to citizens age twenty-one and over, to encourage senior citizens, college graduates, professional and technically skilled persons, and other adult citizens, to contribute their critical expertise, experience, labor, and commitment to meeting the needs of their communities;

(5) It is appropriate and in the public's interest for Washington state to create opportunities for citizens to engage in full-time, meaningful volunteer service in governmental or private nonprofit agencies, institutions, programs, or activities that address the social, economic, educational, civic, cultural, or environmental needs of local communities;

(6) Through volunteer service, citizens apply their skills and knowledge to the resolution of critical problems or meeting unmet needs, gain valuable experience, refine or develop new skills, and instill a sense of civic pride and commitment to their community;

(7) There is a need to coordinate state and federally funded volunteer service programs that provide living allowances and other benefits to volunteers to maximize the benefits to volunteers and the organizations in which they serve.

It is therefore the legislature's desire to expand full-time volunteer opportunities for citizens age twenty-one and over and to provide appropriate incentives to those who serve. Such a program should be implemented statewide and coordinated across programs. [1993 sp.s. c 7 § 1.]

**50.65.210 Washington serves—Definitions.** Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Commissioner" means the commissioner of the employment security department.

(2) "\*Council" means the Washington council on volunteerism and citizen service authorized by chapter 43.150 RCW.

(3) "Department" means the employment security department.

(4) "Volunteer" means a person at least twenty-one years of age who, upon application and acceptance into the program, is placed in a governmental or private, nonprofit organization to perform full-time service for the benefit of the community, and who receives a living allowance and other benefits as authorized under this chapter. [1993 sp.s. c 7 § 2.]

**\*Reviser's note:** RCW 43.150.060, which created the Washington state council on volunteerism and citizen service, was repealed by 1995 c 269 § 2302, effective July 1, 1995.

**50.65.220 Washington serves—Program—Created—Procedure—Intent.** There is hereby created within the employment security department a program for full-time community service that shall be known and referred to as the Washington serves program. The department shall recruit, train, place, and evaluate applicants to the program. The department may accept applications and enter into agreements or contracts with any governmental or private nonprofit organization appropriate for placement of volunteers under this program. The commissioner, after consultation with the council, may adopt rules as needed to carry out the intent and purposes of this program. It is the intent of the legislature that the commissioner coordinate this program with all volunteer service programs, whether funded with state or federal dollars, in order to maximize the benefits to volunteers and the communities served under the program. It is also the legislature's intent that to the extent that state funds are paid directly to persons that participate in the program, whether to reimburse, support, assist, or provide other direct payment, no volunteer may have such reimbursement, support, assistance, or other payment reduced or withheld for having served in the program. [1993 sp.s. c 7 § 3.]

**50.65.230 Washington serves—Applicants—Eligibility.** (1) Applicants to the Washington serves program shall be at least twenty-one years of age and a resident of Washington state.

(2) Applicants may apply to serve for a period of service of one year, except that volunteers may serve for periods of service of less than one year if it is determined by the commissioner, on an individual basis, that a period of service of less than one year is necessary to meet a critical scarce skill or necessary to enable a person or organization to participate in the program.

(3) Volunteers may reapply for periods of service totaling not more than two additional years.

(4) Applicants to the program shall be committed to providing full-time service to the community. [1993 sp.s. c 7 § 4.]

**50.65.240 Washington serves—Disqualification for Washington service corps participation.** No individual may participate in the Washington serves program created by chapter 7, Laws of 1993 sp. sess., if the person has previously participated for six months or longer in the Washington service corps within the last three years. [1993 c 302 § 10.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.65.250 Washington serves—Volunteers—Selection—Placement.** (1) Program volunteers shall be selected from among qualified individuals submitting applications for full-time service at such time, in such form, and containing such information as may be necessary to evaluate the suitability of each individual for service, and available placements. The commissioner or the commissioner's designee shall review the application of each individual who applies in conformance with selection criteria established by the commissioner after consultation with the council, and who, on the basis of the information provided in the application, is determined to be suitable to serve as a volunteer under the Washington serves program.

(2) Within available funds, volunteers may be placed with any public or private nonprofit organization, program, or project that qualifies to accept program volunteers according to the rules and application procedures established by the commissioner. Work shall benefit the community or state at-large and may include but is not limited to programs, projects, or activities that:

(a) Address the problems of jobless, homeless, hungry, illiterate, or functionally illiterate persons, and low-income youths;

(b) Provide support and a special focus on those project activities that address the needs of the unemployed and those in need of job training or retraining;

(c) Address significant health care problems, including services to homeless individuals and other low-income persons, especially children, through prevention and treatment;

(d) Meet the health, education, welfare, or related needs of low-income persons, particularly children and low-income minority communities;

(e) Provide care or rehabilitation services to the mentally ill, developmentally disabled, or other persons with disabilities;

(f) Address the educational and education-related needs of children, youth, families, and young adults within public educational institutions or related programs;

(g) Address alcohol and drug abuse prevention, education, and related activities; and

(h) Seek to enhance, improve, or restore the environment or that educate or advocate for a sustainable environment.

(3) Every reasonable effort shall be made to place participants in programs, projects, or activities of their choice if the agencies, programs, or activities are consistent with the intent and purposes of the Washington serves program, if there is

mutual agreement between the agency, program, or activity and the volunteer, and if the volunteer's service is consistent with the intent and purpose of the program and would benefit the community or the state as a whole. [1993 sp.s. c 7 § 5.]

**50.65.260 Washington serves—Volunteers—Support.** (1) Volunteers accepted into the Washington serves program and placed in an approved agency, program, or activity, shall be provided a monthly subsistence allowance in an amount determined by the commissioner taking into consideration the allowance given to VISTA, Washington service corps, and other similar service programs. For those persons who qualify and are granted a deferment of federal student loan payments while serving in the program, the rate of compensation shall be equal to but not greater than the monthly subsistence allowance granted Volunteers In Service To America (VISTA) serving in this state, as determined by the national ACTION agency or its successor, in accordance with section 105(b)(2) of the Domestic Volunteer Service Act of 1973, P.L. 93-113, as amended.

(2) The commissioner or the commissioner's designee shall, within available funds, ensure that each volunteer has available support to enable the volunteer to perform the work to which the volunteer is assigned. Such support may include, but is not limited to, reimbursement for travel expenses, payment for education and training expenses, including preservice and on-the-job training necessary for the performance of duties, technical assistance, and other support deemed necessary and appropriate.

(3) At the end of each volunteer's period of service of not less than one year, each volunteer may receive a postservice stipend for each month of completed service in an amount determined by the commissioner. The postservice stipend for those persons who qualify and are granted a deferment of federal student loan payments while serving in this program shall be an amount equal to but not greater than the amount or rate determined by the national ACTION agency or its successor, in accordance with section 105(b)(2) of the Domestic Volunteer Service Act of 1973, P.L. 93-113 as amended, for Volunteers In Service To America (VISTA), who are providing services in this state. Volunteers under the Washington serves program may accrue the stipend for each month of their service period of not less than one year, including any month during which they were in training. The commissioner or the commissioner's designee may, on an individual basis, make an exception to provide a stipend to a volunteer who has served less than one year.

(4) Stipends shall be payable to the volunteer only upon completion of the period of service. Under circumstances determined by the commissioner, the stipend may be paid on behalf of the volunteer to members of the volunteer's family or others designated by the volunteer. [1993 sp.s. c 7 § 6.]

**50.65.270 Washington serves—Volunteers—Medical benefits—Benefit limits.** Within available funds, medical aid coverage under chapter 51.36 RCW and medical insurance shall be provided to all volunteers under this program. The department shall give notice of medical aid coverage to the director of labor and industries upon acceptance of the volunteer into the program. The department shall not be

deemed an employer of any volunteer under the Washington serves program for any other purpose. Other provisions of law relating to civil service, hours of work, rate of compensation, sick leave, unemployment compensation, old age, health and survivor's insurance, state retirement plans, and vacation leave do not apply to volunteers under this program. [1993 sp.s. c 7 § 7.]

**50.65.280 Washington serves—Displacement of current workers prohibited.** The assignment of volunteers under the Washington serves program shall not result in the displacement of currently employed workers, including partial displacement such as would result from a reduction in hours of nonovertime work, wages, or other employment benefits. Participating agencies, programs, or activities may not terminate, lay off, or reduce the working hours of any employee for the purpose of using volunteers under the Washington serves program. In circumstances where substantial efficiencies or a public purpose may result, participating agencies may use volunteers to carry out essential agency work or contractual functions without displacing current employees. [1993 sp.s. c 7 § 8.]

**50.65.290 Washington serves—Volunteers—Unemployment compensation coverage limited.** The services of volunteers placed with participating agencies described in chapter 50.44 RCW are not eligible for unemployment compensation coverage. Each volunteer shall be so advised by the commissioner or the commissioner's designee. [1993 sp.s. c 7 § 9.]

**50.65.300 Washington serves—Volunteers—Assistance to defer student loan payments.** The commissioner or the commissioner's designee may assist any volunteer serving full-time under the Washington serves program in obtaining a service deferment of federally funded student loan payments during his or her period of service. [1993 sp.s. c 7 § 10.]

**50.65.310 Washington serves—Volunteers—Subsequent development of skills and experience—Recognition.** The commissioner or the commissioner's designee may provide or arrange for educational, vocational, or job counseling for program volunteers at the end of their period of service to (1) encourage volunteers to use the skills and experience which they have derived from their training and service, and (2) promote the development of appropriate opportunities for the use of such skills and experience, and the placement therein of such volunteers. The commissioner or the commissioner's designee may also assist volunteers in developing a plan for gainful employment.

The commissioner shall provide for an appropriate means of recognition or certification of volunteer service. [1993 sp.s. c 7 § 11.]

**50.65.320 Washington serves—Service placement—Work agreements—Contracts—Rules for agencies—Financial support for organizations.** The executive administrator of the Washington serves program shall recruit and develop service placements and may enter into work agree-

ments or contracts as needed to implement the Washington serves program. The commissioner, after consultation with the council, may adopt rules for participating agencies which rules may include, but are not limited to: Supervision of volunteers, reasonable work space or other working environment conditions, ongoing training, the handling of grievances or disputes, performance evaluations, frequency of agency contacts, and liability insurance coverage. The commissioner shall determine financial support levels for organizations receiving volunteer placements that will provide matching funds for enrollees in service projects under work agreements. [1993 sp.s. c 7 § 12.]

**50.65.330 Washington serves—Gifts, grants, endowments—Matching funds.** The department may receive such gifts, grants, and endowments from private or public sources that may be made from time to time, in trust or otherwise, for the use and benefit of the Washington serves program and spend the same or any income therefrom according to the terms of the gifts, grants, or endowments.

The department may also use funds appropriated for the purposes of this chapter as matching funds for federal or private source funds to accomplish the purposes of this chapter. [1993 sp.s. c 7 § 13.]

**50.65.901 Conflict with federal requirements—1983 1st ex.s. c 50.** If any part of this act is found to be in conflict with federal requirements which are a prescribed condition to the allocation of federal funds to the state, such conflicting part of this act is declared to be inoperative solely to the extent of the conflict, and such finding or determination shall not affect the operation of the remainder of this act. The rules under this act shall meet federal requirements which are a necessary condition to the receipt of federal funds by the state. [1983 1st ex.s. c 50 § 16.]

**50.65.902 Severability—1983 1st ex.s. c 50.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1983 1st ex.s. c 50 § 17.]

**50.65.903 Conflict with federal requirements—1987 c 167.** If any part of this chapter is found to be in conflict with federal requirements which are a prescribed condition to the allocation of federal funds to the state, such conflicting part of this chapter is declared to be inoperative solely to the extent of the conflict, and such finding or determination shall not affect the operation of the remainder of this chapter. The rules under this chapter shall meet federal requirements which are a necessary condition to the receipt of federal funds by the state. [1987 c 167 § 12.]

**50.65.904 Severability—1987 c 167.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1987 c 167 § 13.]

**50.65.905 Effective date—1987 c 167.** This act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect June 30, 1987. [1987 c 167 § 15.]

**50.65.906 Conflict with federal requirements—1993 sp.s. c 7.** If any part of this act is found to be in conflict with federal requirements which are prescribed conditions to the receipt of federal funds or participation in any federal program, such conflicting part of this act is declared to be inoperative solely to the extent of the conflict, and such finding or determination shall not affect the operation of the remainder of the act. Rules adopted pursuant to this act shall meet federal requirements which are a necessary condition to the receipt of federal funds by the state. [1993 sp.s. c 7 § 14.]

**50.65.907 Short title—1993 sp.s. c 7.** Sections 1 through 13 of this act may be known and cited as the Washington serves act. [1993 sp.s. c 7 § 15.]

**50.65.908 Severability—1993 sp.s. c 7.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1993 sp.s. c 7 § 18.]

### Chapter 50.70 RCW

#### PROGRAMS FOR DISLOCATED FOREST PRODUCTS WORKERS

##### Sections

50.70.030	Employment opportunities—Benefits.
50.70.040	Recruitment—Career orientation services—Career counseling.
50.70.050	Department of natural resources duties.
50.70.900	Severability—1991 c 315.
50.70.901	Conflict with federal requirements—1991 c 315.
50.70.902	Effective date—1991 c 315.

*Community college program for dislocated forest products workers: RCW 28B.50.259.*

*Emergency mortgage and rental assistance program—Rural natural resources impact areas—Grants and loans: RCW 43.63A.610 through 43.63A.640.*

*Enrollment of persons in timber impact areas in basic health plan: RCW 70.47.115.*

*Skagit river salmon recovery plan: RCW 77.95.140.*

**50.70.030 Employment opportunities—Benefits.** (1) Employment opportunities under the program shall consist of activities that improve the value of state lands and waters. These activities may include, but are not limited to, thinning and precommercial thinning, pruning, slash removal, reforestation, fire suppression, trail maintenance, maintenance of recreational facilities, dike repair, development and maintenance of tourist facilities, and stream enhancement.

(2) Enrollees in the program shall receive medical and dental benefits as provided under chapter 41.05 RCW, but are exempt from the provisions of chapter 41.06 RCW. Each week, enrollees shall not work more than thirty-two hours in this program and must participate in eight hours of career ori-

entation as established in RCW 50.70.040. Participation in the program is limited to six months. [1991 c 315 § 7.]

**Intent—1991 c 315:** See note following RCW 28B.50.030.

**50.70.040 Recruitment—Career orientation services—Career counseling.** (1) The department shall recruit program applicants and provide employment opportunities by:

(a) Notifying dislocated forest products workers who are receiving unemployment benefits, or dislocated forest products workers who have exhausted unemployment benefits, of their eligibility for the program.

(b) Establishing procedures for dislocated forest products workers to apply to the program.

(c) Developing a pool of workers eligible to enroll in the program.

(d) Contracting with the department of natural resources to provide employment opportunities for not less than two hundred eligible enrollees.

(2) The department shall provide career orientation services to enrollees in the program. The career orientation services shall include, but are not limited to, counseling on employment options and assistance in accessing retraining programs, and assistance in accessing social service programs.

(3) The department shall provide at least eight hours of career counseling each week for program enrollees. [1991 c 315 § 8.]

**Intent—1991 c 315:** See note following RCW 28B.50.030.

**50.70.050 Department of natural resources duties.** (1) The department of natural resources shall enroll candidates in the program from a pool of eligible workers developed by the department.

(2) The department of natural resources shall provide compensation for enrollees. [1991 c 315 § 9.]

**Intent—1991 c 315:** See note following RCW 28B.50.030.

**50.70.900 Severability—1991 c 315.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1991 c 315 § 31.]

**50.70.901 Conflict with federal requirements—1991 c 315.** If any part of this act is found to be in conflict with federal requirements which are a prescribed condition to the allocation of federal funds to the state or the eligibility of employers in this state for federal unemployment tax credits, the conflicting part of this act is hereby declared to be inoperative solely to the extent of the conflict, and such finding or determination shall not affect the operation of the remainder of this act. The rules under this act shall meet federal requirements which are a necessary condition to the receipt of federal funds by the state or the granting of federal unemployment tax credits to employers in this state. [1991 c 315 § 32.]

**50.70.902 Effective date—1991 c 315.** This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its

existing public institutions, and shall take effect immediately [May 21, 1991], except for section 4 of this act, which shall take effect July 1, 1991. [1991 c 315 § 33.]

## Chapter 50.72 RCW YOUTHBUILD PROGRAM

### Sections

50.72.010	Legislative findings.
50.72.020	Definitions.
50.72.030	Commissioner's duties—Education and employment training grants.
50.72.040	Education and employment training grants—Eligible activities.
50.72.050	Participation time limits—Educational services and activities requirement.
50.72.060	Grant applications—Requirements.
50.72.070	Grant applicants—Information required—Evaluation reports.

**50.72.010 Legislative findings.** (1) The legislature finds that there is a need to:

(a) Expand the supply of permanent affordable housing for homeless individuals, low and very low-income persons, and special need populations by utilizing the energies and talents of economically disadvantaged youth;

(b) Provide economically disadvantaged youth with opportunities for meaningful work and service to their communities in helping to meet the housing needs of homeless individuals, low and very low-income persons, and special need populations;

(c) Enable economically disadvantaged youth to obtain the education and employment skills necessary to achieve economic self-sufficiency; and

(d) Foster the development of leadership skills and commitment to community development among youth in designated community empowerment zones.

(2) The legislature declares that the purpose of the Washington youthbuild program is to:

(a) Help disadvantaged youth who have dropped out of school to obtain the education and employment skills necessary to achieve economic self-sufficiency and develop leadership skills and a commitment to community development in designated community empowerment zones; and

(b) Provide funding assistance to entities implementing programs that provide comprehensive education and skills training programs designed to lead to self-sufficiency for economically disadvantaged youth. [1994 sp.s. c 3 § 1.]

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

(1) "Applicant" means a public or private nonprofit organization agency eligible to provide education and employment training under federal or state employment training programs.

(2) "Commissioner" means the commissioner of employment security.

(3) "Department" means the employment security department.

(4) "Low income" has the same meaning as in RCW 43.185A.010.

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(5) "Participant" means an individual that:

(a) Is sixteen to twenty-four years of age, inclusive;

(b) Is or is a member of a very low-income household; and

(c) Is neither attending any school nor subject to a compulsory attendance law and who has not received a secondary school diploma or a certificate of equivalency for such diploma.

(6) "Very low income" means a person or household whose income is at or below fifty percent of the median family income, adjusted for household size, for the county where the household is located.

(7) "Youthbuild" means any program that provides disadvantaged youth with opportunities for employment, education, leadership development, entrepreneurial skills development, and training in the construction or rehabilitation of housing for special need populations, very low-income households, or low-income households. [1994 sp.s. c 3 § 2.]

**50.72.030 Commissioner's duties—Education and employment training grants.** The Washington youthbuild program is established within the department. The commissioner, in cooperation and consultation with the director of the \*department of community, trade, and economic development, shall:

(1) Make grants, up to the lesser of three hundred thousand dollars or twenty-five percent of the total costs of the youthbuild activities, to applicants eligible to provide education and employment training under federal or state employment training programs, for the purpose of carrying out a wide range of multidisciplinary activities and services to assist economically disadvantaged youth under the federal opportunities for youth: Youthbuild program (106 Stat. 3723; 42 U.S.C. Sec. 8011), or locally developed youthbuild-type programs for economically disadvantaged youth; and

(2) Coordinate youth employment and training efforts under the department's jurisdiction and cooperate with other agencies and departments providing youth services to ensure that funds appropriated for the purposes of this chapter will be used to supplement funding from federal, state, local, or private sources. [1994 sp.s. c 3 § 3.]

\*Reviser's note: The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

**50.72.040 Education and employment training grants—Eligible activities.** (1) Grants made under this chapter shall be used to fund an applicant's activities to implement a comprehensive education and employment skills training program.

(2) Activities eligible for assistance under this chapter include:

(a) Education and job skills training services and activities that include:

(i) Work experience and skills training, coordinated to the maximum extent feasible, with preapprenticeship and apprenticeship programs in construction and rehabilitation trades;

(ii) Services and activities designed to meet the educational needs of participants, including basic skills instruction and remedial education, bilingual education for participants with limited-English proficiency, secondary education ser-

vices and activities designed to lead to the attainment of a high school diploma or its equivalent, and counseling and assistance in attaining postsecondary education and required financial aid;

(b) Counseling services and related activities;

(c) Activities designed to develop employment and leadership skills;

(d) Support services and need-based stipends necessary to enable the participant to participate in the program and to assist participants through support services in retaining employment;

(e) Wage stipends and benefits provided to participants; and

(f) Administrative costs of the applicant, not to exceed five percent of the amount of assistance provided under this chapter. [1994 sp.s. c 3 § 4.]

**50.72.050 Participation time limits—Educational services and activities requirement.** (1) An individual selected as a participant in the youthbuild program under this chapter may be offered full-time participation for a period of not less than six months and not more than twenty-four months.

(2) An applicant's program that is selected for funding under this chapter shall be structured so that fifty percent of the time spent by the participants in the youthbuild program is devoted to educational services and activities, such as those outlined in RCW 50.72.040. [1994 sp.s. c 3 § 5.]

**50.72.060 Grant applications—Requirements.** (1) An application for a grant under this chapter shall be submitted by the applicant in such form and in accordance with the requirements as determined by the commissioner.

(2) The application for a grant under this chapter shall contain at a minimum:

(a) The amount of the grant request and its proposed use;

(b) A description of the applicant and a statement of its qualifications, including a description of the applicant's past experience with housing rehabilitation or construction with youth and youth education and employment training programs, and its relationship with local unions and apprenticeship programs and other community groups;

(c) A description of the proposed site for the program;

(d) A description of the educational and job training activities, work opportunities, and other services that will be provided to participants;

(e) A description of the proposed construction or rehabilitation activities to be undertaken and the anticipated schedule for carrying out such activities;

(f) A description of the manner in which eligible participants will be recruited and selected, including a description of arrangements which will be made with federal or state agencies, community-based organizations, local school districts, the courts of jurisdiction for status and youth offenders, shelters for homeless individuals and other agencies that serve homeless youth, foster care agencies, and other appropriate public and private agencies;

(g) A description of the special outreach efforts that will be undertaken to recruit eligible young women, including young women with dependent children;

(h) A description of how the proposed program will be coordinated with other federal, state, local, and private resources and programs, including vocational, adult, and bilingual education programs, and job training programs;

(i) Assurances that there will be a sufficient number of adequately trained supervisory personnel in the program who have attained journey level status or have served an apprenticeship through the Washington state apprenticeship training council;

(j) A description of the applicant's relationship with building contractor groups and trade unions regarding their involvement in training, and the relationship of the youth-build program with established apprenticeship and training programs;

(k) A description of activities that will be undertaken to develop the leadership skills of the participants;

(l) A description of the commitments for any additional resources to be made available to the local program from the applicant, from recipients of other federal, state, local, or private sources; and

(m) Other factors the commissioner deems necessary. [2010 c 8 § 13045; 1994 sp.s. c 3 § 6.]

**50.72.070 Grant applicants—Information required—Evaluation reports.** (1) An applicant selected for funding under this chapter shall provide the department information on program and participant accomplishments. The information shall be provided in progress and final reports as requested by the department.

(2) A final evaluation report shall be prepared on individual programs at the time of their completion. The final evaluation report shall include, but is not limited to, information on the effectiveness of the program, the status of program participants, and recommendations on program administration at the state and local level. [1998 c 245 § 103; 1994 sp.s. c 3 § 7.]

## Chapter 50.98 RCW CONSTRUCTION

### Sections

50.98.010	Saving clause—1945 c 35.
50.98.020	Appointments and regulations continued.
50.98.030	Actions commenced under prior laws.
50.98.040	Acts repealed.
50.98.050	Conflicting acts repealed.
50.98.060	Repealed acts not reenacted.
50.98.070	Separability of provisions—1945 c 35.
50.98.080	Effective date—1945 c 35.
50.98.100	Base year wages to include remuneration paid for previously uncovered services.
50.98.110	Compliance with federal unemployment tax act—Internal references—Interpretation.

**50.98.010 Saving clause—1945 c 35.** If any provisions of this act, or the application thereof to any person or circumstances, is held invalid, the remainder of the act and the application of such provision to other persons or circumstances shall not be affected thereby. [1945 c 35 § 184; no RRS.]

**50.98.020 Appointments and regulations continued.**

The repeal of any acts or parts of acts by this act shall not affect the appointment or employment of any individual or salary, wages, compensation, powers or duties relating to such individual which would continue in effect except for such repeal. Rules and regulations adopted pursuant to the provisions of any acts or parts of acts repealed by this act consistent with the provisions of this act are not affected by such repeal and are hereby continued in full force and effect. [1945 c 35 § 185; no RRS.]

**50.98.030 Actions commenced under prior laws.**

Any action or proceeding had or commenced in any civil or criminal cause prior to the effective date of this act may be prosecuted and continued with the same effect and under the same provisions of the law in effect at the time the action or proceeding was had or commenced: PROVIDED, That no appeal taken subsequent to the effective date of this act will be effective or valid unless there is compliance with the requirements of this act relating to appeals. [1945 c 35 § 186; no RRS.]

**50.98.040 Acts repealed.**

The following acts and parts of acts relating to unemployment compensation are hereby repealed: Chapter 162, Session Laws of 1937; chapter 12, Session Laws of 1939; chapter 214, Session Laws of 1939; section 6 of chapter 201, Session Laws of 1941; chapter 253, Session Laws of 1941; chapter 65, Session Laws of 1943; chapter 127, Session Laws of 1943; chapter 226, Session Laws of 1943. [1945 c 35 § 188; no RRS.]

**50.98.050 Conflicting acts repealed.**

All acts or parts of acts in conflict with or in derogation of this act or any part of this act are hereby repealed insofar as the same are in conflict with or in derogation of this act or any part thereof. [1945 c 35 § 189; no RRS.]

**50.98.060 Repealed acts not reenacted.**

The repeal of any acts or parts of acts hereby shall not be construed to reenact or revive any act or parts of acts repealed or superseded by the acts or parts of acts hereby repealed. [1945 c 35 § 190; no RRS.]

**50.98.070 Separability of provisions—1945 c 35.**

If any section, sentence, clause or phrase of this act should be held to be invalid or unconstitutional the invalidity or unconstitutionality thereof shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this act. [1945 c 35 § 191; no RRS.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.98.080 Effective date—1945 c 35.**

An emergency exists and this act is necessary for the preservation of the public peace, health, safety, and welfare and shall take effect on the first day of July, 1945. [1945 c 35 § 192; no RRS.]

**50.98.100 Base year wages to include remuneration paid for previously uncovered services.** (1) Effective with benefit years beginning on and after January 1, 1978, base year wages shall include remuneration paid for previously

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uncovered services: PROVIDED, That the maximum benefits payable to an individual as computed for the benefit year will be reduced to the extent that benefits were paid on the basis of identical calendar quarters of the previously uncovered services with respect to a claim filed by the individual under Title II of the Emergency Jobs and Unemployment Assistance Act of 1974. Benefits will be paid, subject to the provisions of this title, based upon the previously uncovered services to the extent that the unemployment compensation trust fund will be reimbursed for the cost thereof by the federal government under section 121 of PL 94-566 and regulations published by the secretary of labor relating thereto.

(2) For the purposes of this section, the term "previously uncovered services" means services performed before January 1, 1978, which are not employment as defined in Title 50 RCW at any time during the one year period ending December 31, 1975, and which:

(a) Is agricultural labor as defined in RCW 50.04.150 and covered by RCW 50.04.155 or domestic services as defined in and covered by RCW 50.04.160; or

(b) Is service performed by an employee of this state or a political subdivision of this state newly covered by chapter 292, Laws of 1977 ex. sess. or by an employee of a nonprofit educational institution which is not an institution of higher education as provided in \*RCW 50.44.040(3).

(3) Any nonprofit organization or governmental entity electing to make payments in lieu of contributions shall not be liable to make payments with respect to benefits paid any individual whose base year wages include wages for previously uncovered services as defined in subsection (2)(a) and (b) of this section to the extent that the unemployment compensation fund is reimbursed for the benefits under section 121 of PL 94-566.

(4) Benefits paid any individual whose base year wages include wages for previously uncovered services as defined in subsection (2)(a) and (b) of this section shall not be charged to the experience rating account of any contribution paying employer to the extent that the unemployment compensation fund is reimbursed for the benefits under section 121 of PL 94-566. [1977 ex.s. c 292 § 20.]

\*Reviser's note: RCW 50.44.040 was amended by 2007 c 386 § 1, deleting subsection (3).

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**50.98.110 Compliance with federal unemployment tax act—Internal references—Interpretation.** Chapter 292, Laws of 1977 ex. sess. has been enacted to meet the requirements imposed by the federal unemployment tax act as amended by PL 94-566. Internal references in any section of chapter 292, Laws of 1977 ex. sess. to the provisions of that act are intended only to apply to those provisions as they existed as of \*the effective date of chapter 292, Laws of 1977 ex. sess.

In view of the importance of compliance of chapter 292, Laws of 1977 ex. sess. with the federal unemployment tax act, any ambiguities contained herein should be resolved in a manner consistent with the provisions of that act. Considerable weight has been given to the commentary contained in that document entitled "Draft Language and Commentary to Implement the Unemployment Compensation Amendments of 1976 PL 94-566", published by the United States depart-

ment of labor, employment and training administration, and that commentary should be referred to when interpreting the provisions of chapter 292, Laws of 1977 ex. sess. [1977 ex.s. c 292 § 21.]

**\*Reviser's note:** For the effective dates of 1977 ex.s. c 292, see note following RCW 50.04.116.

# Title 51

## INDUSTRIAL INSURANCE

### Chapters

- 51.04** General provisions.
- 51.08** Definitions.
- 51.12** Employments and occupations covered.
- 51.14** Self-insurers.
- 51.16** Assessment and collection of premiums—Pay-rolls and records.
- 51.18** Retrospective rating plan.
- 51.24** Actions at law for injury or death.
- 51.28** Notice and report of accident—Application for compensation.
- 51.32** Compensation—Right to and amount.
- 51.36** Medical aid.
- 51.44** Funds.
- 51.48** Penalties.
- 51.52** Appeals.
- 51.98** Construction.

*Autopsies in industrial deaths:* RCW 68.50.103.

*Civil defense workers, compensation for:* Chapter 38.52 RCW.

*Constitutional protection of employees:* State Constitution Art. 2 § 35.

*Department of labor and industries:* Chapter 43.22 RCW.

*Ferry system employees in extrahazardous employment:* RCW 47.64.070.

*Fisheries patrol officers, compensation insurance and medical aid:* RCW 77.12.262.

*Labor regulations, generally:* Title 49 RCW.

*Lien of employees for contributions to benefit plans:* Chapter 60.76 RCW.

*Occupational and environmental research facility at University of Washington:* RCW 28B.20.450 through 28B.20.458.

*Supervisor of industrial insurance:* RCW 43.22.020.

*Trusts, duration for employee's benefits:* Chapter 49.64 RCW.

*Unemployment compensation:* Title 50 RCW.

*Victims of crimes, benefits:* Chapter 7.68 RCW.

### Chapter 51.04 RCW

#### GENERAL PROVISIONS

#### Sections

- 51.04.010 Declaration of police power—Jurisdiction of courts abolished.
- 51.04.020 Powers and duties.
- 51.04.024 Establishment of investigation unit—Receipt and use of criminal history information.
- 51.04.030 Medical aid—Rules—Maximum fees—Records and bill payment.
- 51.04.040 Subpoena power of director—Enforcement by superior court—Application for court approval prior to issuance—No notice required.
- 51.04.050 Physician or licensed advanced registered nurse practitioner's testimony not privileged.
- 51.04.060 No evasion of benefits or burdens.
- 51.04.070 Minor worker is sui juris—Guardianship expense.
- 51.04.080 Sending notices, orders, warrants to claimants.
- 51.04.082 Notices and orders—Mail or personal service.
- 51.04.085 Transmission of amounts payable.
- 51.04.090 Effect of adjudication of applicability.
- 51.04.100 Statutes of limitation saved.
- 51.04.105 Continuation of medical aid contracts.
- 51.04.110 Workers' compensation advisory committee.
- 51.04.120 Certificate of coverage required—Contents.
- 51.04.130 Industrial insurance coverage for Hanford workers—Special agreements.

- 51.04.150 Education and outreach—Workers' compensation, premium responsibilities, and independent contractor issues.

**51.04.010 Declaration of police power—Jurisdiction of courts abolished.** The common law system governing the remedy of workers against employers for injuries received in employment is inconsistent with modern industrial conditions. In practice it proves to be economically unwise and unfair. Its administration has produced the result that little of the cost of the employer has reached the worker and that little only at large expense to the public. The remedy of the worker has been uncertain, slow and inadequate. Injuries in such works, formerly occasional, have become frequent and inevitable. The welfare of the state depends upon its industries, and even more upon the welfare of its wage worker. The state of Washington, therefore, exercising herein its police and sovereign power, declares that all phases of the premises are withdrawn from private controversy, and sure and certain relief for workers, injured in their work, and their families and dependents is hereby provided regardless of questions of fault and to the exclusion of every other remedy, proceeding or compensation, except as otherwise provided in this title; and to that end all civil actions and civil causes of action for such personal injuries and all jurisdiction of the courts of the state over such causes are hereby abolished, except as in this title provided. [1977 ex.s. c 350 § 1; 1972 ex.s. c 43 § 1; 1961 c 23 § 51.04.010. Prior: 1911 c 74 § 1; RRS § 7673.]

- 51.04.020 Powers and duties.** The director shall:
- (1) Establish and adopt rules governing the administration of this title;
  - (2) Ascertain and establish the amounts to be paid into and out of the accident fund;
  - (3) Regulate the proof of accident and extent thereof, the proof of death and the proof of relationship and the extent of dependency;
  - (4) Supervise the medical, surgical, and hospital treatment to the intent that it may be in all cases efficient and up to the recognized standard of modern surgery;
  - (5) Issue proper receipts for moneys received and certificates for benefits accrued or accruing;
  - (6) Investigate the cause of all serious injuries and report to the governor from time to time any violations or laxity in performance of protective statutes or regulations coming under the observation of the department;
  - (7) Compile statistics which will afford reliable information upon which to base operations of all divisions under the department;
  - (8) Make an annual report to the governor of the workings of the department;
  - (9) Be empowered to enter into agreements with the appropriate agencies of other states relating to conflicts of jurisdiction where the contract of employment is in one state and injuries are received in the other state, and insofar as per-

mitted by the Constitution and laws of the United States, to enter into similar agreements with the provinces of Canada; and

(10) Designate a medical director who is licensed under chapter 18.57 or 18.71 RCW. [2000 c 5 § 14; 1994 c 164 § 24; 1977 c 75 § 77; 1963 c 29 § 1; 1961 c 23 § 51.04.020. Prior: 1957 c 70 § 3; prior: (i) 1921 c 182 § 9; 1911 c 74 § 24; RRS § 7703. (ii) 1947 c 247 § 1, part; 1911 c 74 § 4, part; Rem. Supp. 1947 § 7676f, part.]

**Intent—Purpose—2000 c 5:** See RCW 48.43.500.

**Application—Short title—Captions not law—Construction—Severability—Application to contracts—Effective dates—2000 c 5:** See notes following RCW 48.43.500.

*Assignment of wage claims:* RCW 49.48.040.

*Electricians, installations:* Chapters 19.28, 19.29 RCW.

*Farm labor contractors:* Chapter 19.30 RCW.

*Health and safety, underground workers:* Chapter 49.24 RCW.

*Minimum wage act:* Chapter 49.46 RCW.

*Seasonal labor disputes:* Chapter 49.40 RCW.

*Washington Industrial Safety and Health Act:* Chapter 49.17 RCW.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.04.024 Establishment of investigation unit—Receipt and use of criminal history information.** (1) There is established an investigation unit within the department for the purpose of detection, investigation, and prosecution of any act prohibited or declared to be unlawful under this title. The director will employ supervisory and investigative personnel for the program, who must be qualified by training and experience.

(2) The director and the investigation unit are authorized to receive criminal history record information that includes nonconviction data for any purpose associated with the investigation, abuse, fraud, or suitability for involvement of persons under Title 51 RCW. Dissemination or use of nonconviction data for purposes other than that authorized in this section is prohibited. [2008 c 74 § 2.]

**Finding—2008 c 74:** "The legislature finds it necessary to provide the authority to allow specific units within the agencies affected by this act to access criminal history information for certified criminal justice purposes. For the agencies indicated in sections 2 through 7 of this act, the accessing of this information is for investigative purposes so that the agencies are able to efficiently address areas of potential fraud and abuse and to maintain the safety of investigative staff. For the agency responsible for administering and enforcing section 8 of this act, accessing this information is necessary for any purpose associated with employment by the commission or peace officer certification." [2008 c 74 § 1.]

**51.04.030 Medical aid—Rules—Maximum fees—Records and bill payment.** (1) The director shall supervise the providing of prompt and efficient care and treatment, including care provided by physician assistants governed by the provisions of chapters 18.57A and 18.71A RCW, acting under a supervising physician, including chiropractic care, and including care provided by licensed advanced registered nurse practitioners, to workers injured during the course of their employment at the least cost consistent with promptness and efficiency, without discrimination or favoritism, and with as great uniformity as the various and diverse surrounding circumstances and locations of industries will permit and to that end shall, from time to time, establish and adopt and supervise the administration of printed forms, rules, regula-

tions, and practices for the furnishing of such care and treatment: PROVIDED, That the medical coverage decisions of the department do not constitute a "rule" as used in RCW 34.05.010(16), nor are such decisions subject to the rule-making provisions of chapter 34.05 RCW except that criteria for establishing medical coverage decisions shall be adopted by rule after consultation with the workers' compensation advisory committee established in RCW 51.04.110: PROVIDED FURTHER, That the department may recommend to an injured worker particular health care services and providers where specialized treatment is indicated or where cost effective payment levels or rates are obtained by the department: AND PROVIDED FURTHER, That the department may enter into contracts for goods and services including, but not limited to, durable medical equipment so long as state-wide access to quality service is maintained for injured workers.

(2) The director shall, in consultation with interested persons, establish and, in his or her discretion, periodically change as may be necessary, and make available a fee schedule of the maximum charges to be made by any physician, surgeon, chiropractor, hospital, druggist, licensed advanced registered nurse practitioner, physicians' assistants as defined in chapters 18.57A and 18.71A RCW, acting under a supervising physician or other agency or person rendering services to injured workers. The department shall coordinate with other state purchasers of health care services to establish as much consistency and uniformity in billing and coding practices as possible, taking into account the unique requirements and differences between programs. No service covered under this title, including services provided to injured workers, whether aliens or other injured workers, who are not residing in the United States at the time of receiving the services, shall be charged or paid at a rate or rates exceeding those specified in such fee schedule, and no contract providing for greater fees shall be valid as to the excess. The establishment of such a schedule, exclusive of conversion factors, does not constitute "agency action" as used in RCW 34.05.010(3), nor does such a fee schedule constitute a "rule" as used in RCW 34.05.010(16).

(3) The director or self-insurer, as the case may be, shall make a record of the commencement of every disability and the termination thereof and, when bills are rendered for the care and treatment of injured workers, shall approve and pay those which conform to the adopted rules, regulations, established fee schedules, and practices of the director and may reject any bill or item thereof incurred in violation of the principles laid down in this section or the rules, regulations, or the established fee schedules and rules and regulations adopted under it. [2004 c 65 § 1; 1998 c 230 § 1; 1997 c 325 § 2; 1994 c 164 § 25. Prior: 1993 c 515 § 1; 1993 c 159 § 1; 1989 c 189 § 1; 1986 c 200 § 8; 1980 c 14 § 1; prior: 1977 ex.s. c 350 § 2; 1977 ex.s. c 239 § 1; 1971 ex.s. c 289 § 74; 1961 c 23 § 51.04.030; prior: (i) 1917 c 28 § 6; RRS § 7715. (ii) 1919 c 129 § 3; 1917 c 29 § 7; RRS § 7716. (iii) 1923 c 136 § 10; RRS § 7719.]

**Report to legislature—2004 c 65:** "By December 1, 2006, the department of labor and industries shall report to the senate committee on commerce and trade and the house committee on commerce and labor, or successor committees, on the implementation of this act, including but not limited to the effects of this act on injured worker outcomes, claim costs, and disputed claims." [2004 c 65 § 17.]

**Effective date—2004 c 65:** "This act takes effect July 1, 2004." [2004 c 65 § 18.]

**Severability—2004 c 65:** "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [2004 c 65 § 20.]

**51.04.040 Subpoena power of director—Enforcement by superior court—Application for court approval prior to issuance—No notice required.** (1) The director and his or her authorized assistants have power to issue subpoenas to enforce the attendance and testimony of witnesses and the production and examination of books, papers, photographs, tapes, and records before the department in connection with any claim made to the department, any billing submitted to the department, or the assessment or collection of premiums. The superior court has the power to enforce any such subpoena by proper proceedings.

(2)(a) The director and his or her authorized assistants may apply for and obtain a superior court order approving and authorizing a subpoena in advance of its issuance. The application may be made in the county where the subpoenaed person resides or is found, or the county where the subpoenaed records or documents are located, or in Thurston county. The application must (i) state that an order is sought pursuant to this subsection; (ii) adequately specify the records, documents, or testimony; and (iii) declare under oath that an investigation is being conducted for a lawfully authorized purpose related to an investigation within the department's authority and that the subpoenaed documents or testimony are reasonably related to an investigation within the department's authority.

(b) Where the application under this subsection is made to the satisfaction of the court, the court must issue an order approving the subpoena. An order under this subsection constitutes authority of law for the agency to subpoena the records or testimony.

(c) The director and his or her authorized assistants may seek approval and a court may issue an order under this subsection without prior notice to any person, including the person to whom the subpoena is directed and the person who is the subject of an investigation. [2010 c 22 § 2; 1987 c 316 § 1; 1986 c 200 § 9; 1977 ex.s. c 323 § 1; 1961 c 23 § 51.04.040. Prior: 1915 c 188 § 7; RRS § 7699.]

**Findings—Intent—2010 c 22:** "(1) The legislature finds that underground economy activity in this state results in lost revenue to the state and is unfair to law-abiding businesses. The legislature further finds that agencies that collect taxes and overpayments on behalf of the state have authority under current law to issue subpoenas and that the issuance of subpoenas is a highly useful tool in the investigation of underground activity of businesses and the unreported employees who work for them. The legislature further finds that in the case of *State v. Miles*, the Washington supreme court held that Article 1, section 7 of the state Constitution requires judicial review of a subpoena under some circumstances.

(2) The legislature therefore intends to provide a process for the department of revenue, the department of labor and industries, and the employment security department to apply for court approval of an agency investigative subpoena which is authorized under current law in cases where the agency seeks such approval, or where court approval is required by Article 1, section 7. The legislature does not intend to require court approval except where otherwise required by law or Article 1, section 7. The legislature does not intend to create any new authority to subpoena records or create any new rights for any person." [2010 c 22 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

(2010 Ed.)

**51.04.050 Physician or licensed advanced registered nurse practitioner's testimony not privileged.** In all hearings, actions or proceedings before the department or the board of industrial insurance appeals, or before any court on appeal from the board, any physician or licensed advanced registered nurse practitioner having theretofore examined or treated the claimant may be required to testify fully regarding such examination or treatment, and shall not be exempt from so testifying by reason of the relation of the physician or licensed advanced registered nurse practitioner to patient. [2004 c 65 § 2; 1961 c 23 § 51.04.050. Prior: 1915 c 188 § 4; RRS § 7687.]

**Report to legislature—Effective date—Severability—2004 c 65:** See notes following RCW 51.04.030.

*Nurse-patient privilege subject to RCW 51.04.050: RCW 5.62.030.*

**51.04.060 No evasion of benefits or burdens.** No employer or worker shall exempt himself or herself from the burden or waive the benefits of this title by any contract, agreement, rule or regulation, and any such contract, agreement, rule or regulation shall be pro tanto void. [1977 ex.s. c 350 § 3; 1961 c 23 § 51.04.060. Prior: 1911 c 74 § 11; RRS § 7685.]

**51.04.070 Minor worker is sui juris—Guardianship expense.** A minor shall be deemed sui juris for the purpose of this title, and no other person shall have any cause of action or right to compensation for an injury to such minor worker, except as expressly provided in this title, but in the event of any disability payments becoming due under this title to a minor worker, under the age of eighteen, such disability payments shall be paid to his or her parent, guardian or other person having legal custody of his or her person until he or she reaches the age of eighteen. Upon the submission of written authorization by any such parent, guardian, or other person, any such disability payments may be paid directly to such injured worker under the age of eighteen years. If it is necessary to appoint a legal guardian to receive such disability payments, there shall be paid from the accident fund or by the self-insurer, as the case may be, toward the expenses of such guardianship a sum not to exceed three hundred dollars. [1980 c 14 § 2. Prior: 1977 ex.s. c 350 § 4; 1977 ex.s. c 323 § 2; 1961 c 23 § 51.04.070; prior: 1959 c 308 § 1; 1957 c 70 § 4; prior: 1927 c 310 § 5, part; 1919 c 131 § 5, part; 1911 c 74 § 6, part; RRS § 7680, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.04.080 Sending notices, orders, warrants to claimants.** On all claims under this title, claimants' written notices, orders, or warrants must be forwarded directly to the claimant until such time as there has been entered an order on the claim appealable to the board of industrial insurance appeals. Claimants' written notices, orders, or warrants may be forwarded to the claimant in care of a representative before an order has been entered if the claimant sets forth in writing the name and address of the representative to whom the claimant desires this information to be forwarded. [2007 c 78 § 1; 1972 ex.s. c 43 § 2; 1961 c 23 § 51.04.080. Prior: 1959 c 308 § 2; 1957 c 70 § 5; prior: 1947 c 56 § 1, part; 1927 c 310 § 7, part; 1923 c 136 § 4, part; 1921 c 182 § 6, part;

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1919 c 131 § 6, part; 1911 c 74 § 10, part; Rem. Supp. 1947 § 7684, part.]

**51.04.082 Notices and orders—Mail or personal service.** Any notice or order required by this title to be mailed to any employer may be served in the manner prescribed by law for personal service of summons and complaint in the commencement of actions in the superior courts of the state, but if the notice or order is mailed, it shall be addressed to the address of the employer as shown by the records of the department, or, if no such address is shown, to such address as the department is able to ascertain by reasonable effort. Failure of the employer to receive such notice or order whether served or mailed shall not release the employer from any tax or any increases or penalties thereon. [1986 c 9 § 2.]

**51.04.085 Transmission of amounts payable.** The department may, at any time, on receipt of written authorization, transmit amounts payable to a claimant, beneficiary, or any supplier of goods or services to the account of such person in a bank or other financial institution regulated by state or federal authority. [1977 ex.s. c 323 § 26.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.04.090 Effect of adjudication of applicability.** If any employer shall be adjudicated to be outside the lawful scope of this title, the title shall not apply to him or her or his or her worker, or if any worker shall be adjudicated to be outside the lawful scope of this title because of remoteness of his or her work from the hazard of his or her employer's work, any such adjudication shall not impair the validity of this title in other respects, and in every such case an accounting in accordance with the justice of the case shall be had of moneys received. If the provisions for the creation of the accident fund, or the provisions of this title making the compensation to the worker provided in it exclusive of any other remedy on the part of the worker shall be held invalid the entire title shall be thereby invalidated. In other respects an adjudication of invalidity of any part of this title shall not affect the validity of the title as a whole or any other part thereof. [1977 ex.s. c 350 § 5; 1961 c 23 § 51.04.090. Prior: 1911 c 74 § 27; RRS § 7706.]

**51.04.100 Statutes of limitation saved.** If the provisions of this title relative to compensation for injuries to or death of workers become invalid because of any adjudication, or be repealed, the period intervening between the occurrence of an injury or death, not previously compensated for under this title by lump payment or completed monthly payments, and such repeal or the rendition of the final adjudication of invalidity shall not be computed as a part of the time limited by law for the commencement of any action relating to such injury or death: PROVIDED, That such action be commenced within one year after such repeal or adjudication; but in any such action any sum paid out of the accident fund to the worker on account of injury, to whom the action is prosecuted, shall be taken into account or disposed of as follows: If the defendant employer shall have paid without delinquency into the accident fund the payment provided by this title, such sums shall be credited upon the recovery as pay-

ment thereon, otherwise the sum shall not be so credited but shall be deducted from the sum collected and be paid into the said fund from which they had been previously disbursed. [1977 ex.s. c 350 § 6; 1961 c 23 § 51.04.100. Prior: 1911 c 74 § 28; RRS § 7707.]

**51.04.105 Continuation of medical aid contracts.** The obligations of all medical aid contracts approved by the supervisor prior to the repeal of any section of this title pertaining to medical aid contracts shall continue until the expiration of such contracts notwithstanding any such repeal and all provisions of this title pertaining to the operation of medical aid contracts and the control and supervision of such contracts which were in effect at the time of such approval shall, notwithstanding any other provision of law, remain in full force and effect. [1977 ex.s. c 323 § 25.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.04.110 Workers' compensation advisory committee.** The director shall appoint a workers' compensation advisory committee composed of ten members: Three representing subject workers, three representing subject employers, one representing self-insurers, one representing workers of self-insurers, and two ex officio members, without a vote, one of whom shall be the chair of the board of industrial appeals and the other the representative of the department. The member representing the department shall be chair. This committee shall conduct a continuing study of any aspects of workers' compensation as the committee shall determine require their consideration. The committee shall report its findings to the department or the board of industrial insurance appeals for such action as deemed appropriate. The members of the committee shall be appointed for a term of three years commencing on July 1, 1971 and the terms of the members representing the workers and employers shall be staggered so that the director shall designate one member from each such group initially appointed whose term shall expire on June 30, 1972 and one member from each such group whose term shall expire on June 30, 1973. The members shall serve without compensation, but shall be entitled to travel expenses as provided in RCW 43.03.050 and 43.03.060 as now existing or hereafter amended. The committee may hire such experts, if any, as it shall require to discharge its duties, and may utilize such personnel and facilities of the department and board of industrial insurance appeals as it shall need without charge. All expenses of this committee shall be paid by the department. [2010 c 8 § 14001; 1982 c 109 § 2; 1980 c 14 § 3. Prior: 1977 ex.s. c 350 § 7; 1977 c 75 § 78; 1975-'76 2nd ex.s. c 34 § 150; 1975 ex.s. c 224 § 1; 1972 ex.s. c 43 § 37; 1971 ex.s. c 289 § 67.]

*Managed care pilot projects: RCW 43.72.860.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.04.120 Certificate of coverage required—Contents.** Any employer other than a self-insurer subject to this title shall, under such rules as the department shall prescribe, apply for and obtain from the department a certificate of coverage. The certificate shall be personal and nontransferable and shall be valid as long as the employer continues in business and pays the taxes due the state. In case the employer

maintains more than one place of business, a separate certificate of coverage for each place at which business is transacted shall be required. Each certificate shall be numbered and shall show the name, residence, and place and character of business of the employer and such other information as the department deems necessary and shall be posted conspicuously at the place of business for which it is issued. Where a place of business of the employer is changed, the employer must notify the department within thirty days of the new address and a new certificate shall be issued for the new place of business. No employer may engage in any business for which taxes are due under this title without having a certificate of coverage in compliance with this section, except that the department, by general rule, may provide for the issuance of a certificate of coverage to employers with temporary places of business. [1986 c 9 § 1.]

*Engaging in business without certificate of coverage—Unlawful actions—Penalties: RCW 51.48.103.*

**51.04.130 Industrial insurance coverage for Hanford workers—Special agreements.** The department of labor and industries upon the request of the secretary of defense of the United States or the secretary of the United States department of energy, may in its discretion approve special insuring agreements providing industrial insurance coverage for workers engaged in the performance of work, either directly or indirectly, for the United States, regarding projects and contracts at the Hanford Nuclear Reservation. The agreements need not conform to the requirements specified in the industrial insurance law of this state if the department finds that the application of the plan will effectively aid the national interest. The department may also approve or direct changes or modifications of the agreements as it deems necessary.

An agreement entered into under this section remains in full force and effect for as long as the department deems it necessary to accomplish the purposes of this section. [1997 c 109 § 1; 1951 c 144 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.04.150 Education and outreach—Workers' compensation, premium responsibilities, and independent contractor issues.** The department shall conduct education and outreach to employers on workers' compensation requirements and premium responsibilities, including independent contractor issues. The department shall work with new employers on an individual basis and also establish mass education campaigns. [2009 c 432 § 10.]

**Report—2009 c 432:** See note following RCW 18.27.062.

## Chapter 51.08 RCW DEFINITIONS

### Sections

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**51.08.010 Meaning of words.** Unless the context indicates otherwise, words used in this title shall have the meaning given in this chapter. [1961 c 23 § 51.08.010. Prior: 1939 c 41 § 2, part; 1929 c 132 § 1, part; 1927 c 310 § 2, part; 1921 c 182 § 2, part; 1919 c 131 § 2, part; 1917 c 120 § 1, part; 1911 c 74 § 3, part; RRS § 7675, part.]

**51.08.012 "Accredited school."** For the purposes of this title, "accredited school" means a school or course of instruction which is:

(1) Approved by the state superintendent of public instruction, the state board of education, the \*state board for community college education, or the state division of vocational education of the \*\*coordinating council for occupational education; or

(2) Regulated or licensed as to course content by any agency of the state or under any occupational licensing act of the state, or recognized by the apprenticeship council under an agreement registered with the apprenticeship council pursuant to chapter 49.04 RCW. [1975 1st ex.s. c 224 § 2; 1969 ex.s. c 77 § 3.]

**Reviser's note:** \*(1) The state board for community college education was renamed the state board for community and technical colleges by 1991 c 238 § 30.

\*\* (2) The coordinating council for occupational education was abolished by 1975 1st ex.s. c 174 § 9.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.08.013 "Acting in the course of employment."** (1) "Acting in the course of employment" means the worker acting at his or her employer's direction or in the furtherance of his or her employer's business which shall include time spent going to and from work on the jobsite, as defined in RCW 51.32.015 and 51.36.040, insofar as such time is immediate to the actual time that the worker is engaged in the work process in areas controlled by his or her employer, except parking area. It is not necessary that at the time an injury is sustained by a worker he or she is doing the work on which his or her compensation is based or that the event is within the time limits on which industrial insurance or medical aid premiums or assessments are paid.

(2) "Acting in the course of employment" does not include:

(a) Time spent going to or coming from the employer's place of business in an alternative commute mode, notwithstanding that the employer (i) paid directly or indirectly, in whole or in part, the cost of a fare, pass, or other expense associated with the alternative commute mode; (ii) promoted and encouraged employee use of one or more alternative commute modes; or (iii) otherwise participated in the provision of the alternative commute mode.

(b) An employee's participation in social activities, recreational or athletic activities, events, or competitions, and parties or picnics, whether or not the employer pays some or all of the costs thereof, unless: (i) The participation is during the employee's working hours, not including paid leave; (ii) the employee was paid monetary compensation by the employer to participate; or (iii) the employee was ordered or directed by the employer to participate or reasonably believed the employee was ordered or directed to participate.

(3) "Alternative commute mode" means (a) a carpool or vanpool arrangement whereby a group of at least two but not more than fifteen persons including passengers and driver, is transported between their places of abode or termini near those places, and their places of employment or educational or other institutions, where the driver is also on the way to or from his or her place of employment or educational or other institution; (b) a bus, ferry, or other public transportation service; or (c) a nonmotorized means of commuting such as bicycling or walking. [1997 c 250 § 10; 1995 c 179 § 1; 1993 c 138 § 1; 1979 c 111 § 15; 1977 ex.s. c 350 § 8; 1961 c 107 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.08.014 "Agriculture."** "Agriculture" means the business of growing or producing any agricultural or horticultural produce or crop, including the raising of any animal, bird, or insect, or the milk, eggs, wool, fur, meat, honey, or other substances obtained therefrom. [1971 ex.s. c 289 § 75.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.08.015 "Amount," "payment," "premium," "contribution," "assessment."** Wherever and whenever in any of the provisions of this title relating to any payments by an employer or worker the words "amount" and/or "amounts," "payment" and/or "payments," "premium" and/or "premiums," "contribution" and/or "contributions," and "assessment" and/or "assessments" appear said words shall be construed to mean taxes, which are the money payments by an employer or worker which are required by this title to be made to the state treasury for the accident fund, the medical aid fund, the supplemental pension fund, or any other fund created by this title. [1977 ex.s. c 350 § 9; 1972 ex.s. c 43 § 3; 1961 c 23 § 51.08.015. Prior: 1959 c 308 § 25.]

**51.08.018 "Average monthly wage."** For purposes of this title, the average monthly wage in the state shall be the average annual wage as determined under RCW 50.04.355 as now or hereafter amended divided by twelve. [1977 ex.s. c 323 § 3; 1971 ex.s. c 289 § 15.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.08.020 "Beneficiary."** "Beneficiary" means a husband, wife, child, or dependent of a worker in whom shall vest a right to receive payment under this title: PROVIDED, That a husband or wife of an injured worker, living separate and apart in a state of abandonment, regardless of the party responsible therefor, for more than one year at the time of the injury or subsequently, shall not be a beneficiary. A spouse who has lived separate and apart from the other spouse for the period of two years and who has not, during that time, received, or attempted by process of law to collect, funds for maintenance, shall be deemed living in a state of abandonment. [1977 ex.s. c 350 § 10; 1973 1st ex.s. c 154 § 91; 1961 c 23 § 51.08.020. Prior: 1957 c 70 § 6; prior: (i) 1939 c 41 § 2, part; 1929 c 132 § 1, part; 1927 c 310 § 2, part; 1921 c 182 § 2, part; 1919 c 131 § 2, part; 1917 c 120 § 1, part; 1911 c 74 § 3, part; RRS § 7675, part. (ii) 1949 c 219 § 1, part; 1947 c 246 § 1, part; 1929 c 132 § 2, part; 1927 c 310 § 4, part; 1923 c 136 § 2, part; 1919 c 131 § 4, part; 1917 c 28 § 1, part; 1913 c 148 § 1, part; 1911 c 74 § 5, part; Rem. Supp. 1949 § 7679, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.08.030 "Child."** "Child" means every natural born child, posthumous child, stepchild, child legally adopted prior to the injury, child born after the injury where conception occurred prior to the injury, and dependent child in the legal custody and control of the worker, all while under the age of eighteen years, or under the age of twenty-three years while permanently enrolled at a full time course in an accredited school, and over the age of eighteen years if the child is a dependent as a result of a physical, mental, or sensory handicap. [1986 c 293 § 1; 1980 c 14 § 4. Prior: 1977 ex.s. c 323 § 4; 1977 ex.s. c 80 § 36; 1975-'76 2nd ex.s. c 42 § 37; 1972 ex.s. c 65 § 1; 1969 ex.s. c 77 § 1; 1961 c 23 § 51.08.030; prior: 1957 c 70 § 7; prior: (i) 1939 c 41 § 2, part; 1929 c 132 § 1, part; 1927 c 310 § 2, part; 1921 c 182 § 2, part; 1919 c 131 § 2, part; 1917 c 120 § 1, part; 1911 c 74 § 3, part; RRS § 7675, part. (ii) 1941 c 209 § 3, part; Rem. Supp. 1941 § 7679, part.]

**Purpose—Intent—Severability—1977 ex.s. c 80:** See notes following RCW 4.16.190.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.08.040 "Department."** "Department" means department of labor and industries. [1961 c 23 § 51.08.040.]

*Department of labor and industries: Chapter 43.22 RCW.*

**51.08.050 "Dependent."** "Dependent" means any of the following named relatives of a worker whose death results from any injury and who leaves surviving no widow, widower, or child, viz: Father, mother, grandfather, grandmother, stepfather, stepmother, grandson, granddaughter, brother, sister, half-sister, half-brother, niece, nephew, who at the time of the accident are actually and necessarily dependent in whole or in part for their support upon the earnings of the worker. [1997 c 325 § 6; 1977 ex.s. c 350 § 11; 1961 c 23 § 51.08.050. Prior: 1957 c 70 § 8; prior: 1939 c 41 § 2, part; 1929 c 132 § 1, part; 1927 c 310 § 2, part; 1921 c 182 § 2, part; 1919 c 131 § 2, part; 1917 c 120 § 1, part; 1911 c 74 § 3, part; RRS § 7675, part.]

**51.08.060 "Director."** "Director" means the director of labor and industries. [1961 c 23 § 51.08.060.]

**51.08.070 "Employer"—Exception.** "Employer" means any person, body of persons, corporate or otherwise, and the legal representatives of a deceased employer, all while engaged in this state in any work covered by the provisions of this title, by way of trade or business, or who contracts with one or more workers, the essence of which is the personal labor of such worker or workers. Or as an exception to the definition of employer, persons or entities are not employers when they contract or agree to remunerate the services performed by an individual who meets the tests set forth in subsections (1) through (6) of RCW 51.08.195 or the separate tests set forth in RCW 51.08.181 for work performed that requires registration under chapter 18.27 RCW or licensing under chapter 19.28 RCW. [2008 c 102 § 2; 1991 c 246 § 2; 1981 c 128 § 1; 1977 ex.s. c 350 § 12; 1971 ex.s. c 289 § 1; 1961 c 23 § 51.08.070. Prior: 1957 c 70 § 9; prior: (i) 1939 c 41 § 2, part; 1929 c 132 § 1, part; 1927 c 310 § 2, part; 1921 c 182 § 2, part; 1919 c 131 § 2, part; 1917 c 120 § 1, part; 1911 c 74 § 3, part; RRS § 7675, part. (ii) 1949 c 219 § 1, part; 1947 c 246 § 1, part; 1929 c 132 § 2, part; 1927 c 310 § 4, part; 1923 c 136 § 2, part; 1919 c 131 § 4, part; 1917 c 28 § 1, part; 1913 c 148 § 1, part; 1911 c 74 § 5, part; Rem. Supp. 1949 § 7679, part.]

**Conflict with federal requirements—2008 c 102:** "If any part of this act is found to be in conflict with federal requirements which are a prescribed condition to the allocation of federal funds to the state or the eligibility of employers in this state for federal unemployment tax credits, the conflicting part of this act is hereby declared to be inoperative solely to the extent of the conflict, and such finding or determination may not affect the operation of the remainder of this act. The rules under this act shall meet federal requirements which are a necessary condition to the receipt of federal funds by the state or the granting of federal unemployment tax credits to employers in this state." [2008 c 102 § 6.]

**Severability—2008 c 102:** "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [2008 c 102 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.08.095 "Health services provider"—"Provider."** "Health services provider" or "provider" means any person, firm, corporation, partnership, association, agency, institution, or other legal entity providing any kind of services related to the treatment of an industrially injured worker. [1986 c 200 § 12.]

**51.08.100 "Injury."** "Injury" means a sudden and tangible happening, of a traumatic nature, producing an immediate or prompt result, and occurring from without, and such physical conditions as result therefrom. [1961 c 23 § 51.08.100. Prior: 1959 c 308 § 3; 1957 c 70 § 12; prior: 1939 c 41 § 2, part; 1929 c 132 § 1, part; 1927 c 310 § 2, part; 1921 c 182 § 2, part; 1919 c 131 § 2, part; 1917 c 120 § 1, part; 1911 c 74 § 3, part; RRS § 7675, part.]

**51.08.110 "Invalid."** "Invalid" means one who is physically or mentally incapacitated from earning. [1961 c 23 § 51.08.110. Prior: 1957 c 70 § 13; prior: 1939 c 41 § 2, part; 1929 c 132 § 1, part; 1927 c 310 § 2, part; 1921 c 182 § 2,

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part; 1919 c 131 § 2, part; 1917 c 120 § 1, part; 1911 c 74 § 3, part; RRS § 7675, part.]

**51.08.140 "Occupational disease."** "Occupational disease" means such disease or infection as arises naturally and proximately out of employment under the mandatory or elective adoption provisions of this title. [1961 c 23 § 51.08.140. Prior: 1959 c 308 § 4; 1957 c 70 § 16; prior: 1951 c 236 § 1; 1941 c 235 § 1, part; 1939 c 135 § 1, part; 1937 c 212 § 1, part; Rem. Supp. 1941 § 7679-1, part.]

**51.08.142 "Occupational disease"—Exclusion of mental conditions caused by stress.** The department shall adopt a rule pursuant to chapter 34.05 RCW that claims based on mental conditions or mental disabilities caused by stress do not fall within the definition of occupational disease in RCW 51.08.140. [1988 c 161 § 16.]

**51.08.150 "Permanent partial disability."** "Permanent partial disability" means the loss of either one foot, one leg, one hand, one arm, one eye, one or more fingers, one or more toes, any dislocation where ligaments were severed where repair is not complete, or any other injury known in surgery to be permanent partial disability. [1961 c 23 § 51.08.150. Prior: 1957 c 70 § 17; prior: 1949 c 219 § 1, part; 1947 c 246 § 1, part; 1929 c 132 § 2, part; 1927 c 310 § 4, part; 1923 c 136 § 2, part; 1919 c 131 § 4, part; 1917 c 28 § 1, part; 1913 c 148 § 1, part; 1911 c 74 § 5, part; Rem. Supp. 1949 § 7679, part.]

**51.08.160 "Permanent total disability."** "Permanent total disability" means loss of both legs, or arms, or one leg and one arm, total loss of eyesight, paralysis or other condition permanently incapacitating the worker from performing any work at any gainful occupation. [1977 ex.s. c 350 § 13; 1961 c 23 § 51.08.160. Prior: 1957 c 70 § 18; prior: 1949 c 219 § 1, part; 1947 c 246 § 1, part; 1929 c 132 § 2, part; 1927 c 310 § 4, part; 1923 c 136 § 2, part; 1919 c 131 § 4, part; 1917 c 28 § 1, part; 1913 c 148 § 1, part; 1911 c 74 § 5, part; Rem. Supp. 1949 § 7679, part.]

**51.08.173 "Self-insurer."** "Self-insurer" means an employer or group of employers which has been authorized under this title to carry its own liability to its employees covered by this title. [1983 c 174 § 1; 1971 ex.s. c 289 § 80.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.08.175 "State fund"—"State of Washington industrial insurance fund."** "State fund" means those funds held by the state or any agency thereof for the purposes of this title. The "state of Washington industrial insurance fund" means the department when acting as the agency to insure the industrial insurance obligation of employers. The terms "state fund" and "state of Washington industrial insurance fund" shall be deemed synonymous when applied to the functions of the department connected with the insuring of employers who secure the payment of industrial insurance benefits through the state. The director shall manage the state fund and the state of Washington industrial insurance fund and shall have such powers as are necessary to carry out its func-

tions and may reinsure any risk insured by the state fund. [1977 ex.s. c 323 § 5; 1972 ex.s. c 43 § 5; 1971 ex.s. c 289 § 88.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.08.177 "Successor."** "Successor" means any person to whom a taxpayer quitting, selling out, exchanging, or disposing of a business sells or otherwise conveys, directly or indirectly, in bulk and not in the ordinary course of the taxpayer's business, a major part of the property, whether real or personal, tangible or intangible, of the taxpayer. [2004 c 243 § 1; 1986 c 9 § 3.]

**Adoption of rules—2004 c 243:** "The department shall adopt rules to implement this act." [2004 c 243 § 10.]

**51.08.178 "Wages"—Monthly wages as basis of compensation—Computation thereof.** (1) For the purposes of this title, the monthly wages the worker was receiving from all employment at the time of injury shall be the basis upon which compensation is computed unless otherwise provided specifically in the statute concerned. In cases where the worker's wages are not fixed by the month, they shall be determined by multiplying the daily wage the worker was receiving at the time of the injury:

(a) By five, if the worker was normally employed one day a week;

(b) By nine, if the worker was normally employed two days a week;

(c) By thirteen, if the worker was normally employed three days a week;

(d) By eighteen, if the worker was normally employed four days a week;

(e) By twenty-two, if the worker was normally employed five days a week;

(f) By twenty-six, if the worker was normally employed six days a week;

(g) By thirty, if the worker was normally employed seven days a week.

The term "wages" shall include the reasonable value of board, housing, fuel, or other consideration of like nature received from the employer as part of the contract of hire, but shall not include overtime pay except in cases under subsection (2) of this section. As consideration of like nature to board, housing, and fuel, wages shall also include the employer's payment or contributions, or appropriate portions thereof, for health care benefits unless the employer continues ongoing and current payment or contributions for these benefits at the same level as provided at the time of injury. However, tips shall also be considered wages only to the extent such tips are reported to the employer for federal income tax purposes. The daily wage shall be the hourly wage multiplied by the number of hours the worker is normally employed. The number of hours the worker is normally employed shall be determined by the department in a fair and reasonable manner, which may include averaging the number of hours worked per day.

(2) In cases where (a) the worker's employment is exclusively seasonal in nature or (b) the worker's current employment or his or her relation to his or her employment is essentially part-time or intermittent, the monthly wage shall be determined by dividing by twelve the total wages earned,

including overtime, from all employment in any twelve successive calendar months preceding the injury which fairly represent the claimant's employment pattern.

(3) If, within the twelve months immediately preceding the injury, the worker has received from the employer at the time of injury a bonus as part of the contract of hire, the average monthly value of such bonus shall be included in determining the worker's monthly wages.

(4) In cases where a wage has not been fixed or cannot be reasonably and fairly determined, the monthly wage shall be computed on the basis of the usual wage paid other employees engaged in like or similar occupations where the wages are fixed. [2007 c 297 § 1; 1988 c 161 § 12; 1980 c 14 § 5. Prior: 1977 ex.s. c 350 § 14; 1977 ex.s. c 323 § 6; 1971 ex.s. c 289 § 14.]

**Application—2007 c 297 § 1:** "Section 1 of this act applies to all wage determinations issued on or after July 22, 2007." [2007 c 297 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.08.180 "Worker"—Exceptions.** "Worker" means every person in this state who is engaged in the employment of an employer under this title, whether by way of manual labor or otherwise in the course of his or her employment; also every person in this state who is engaged in the employment of or who is working under an independent contract, the essence of which is his or her personal labor for an employer under this title, whether by way of manual labor or otherwise, in the course of his or her employment, or as an exception to the definition of worker, a person is not a worker if he or she meets the tests set forth in subsections (1) through (6) of RCW 51.08.195 or the separate tests set forth in RCW 51.08.181 for work performed that requires registration under chapter 18.27 RCW or licensing under chapter 19.28 RCW: PROVIDED, That a person is not a worker for the purpose of this title, with respect to his or her activities attendant to operating a truck which he or she owns, and which is leased to a common or contract carrier. [2008 c 102 § 3; 1991 c 246 § 3; 1987 c 175 § 3; 1983 c 97 § 1; 1982 c 80 § 1; 1981 c 128 § 2; 1977 ex.s. c 350 § 15; 1961 c 23 § 51.08.180. Prior: 1957 c 70 § 20; prior: (i) 1939 c 41 § 2, part; 1929 c 132 § 1, part; 1927 c 310 § 2, part; 1921 c 182 § 2, part; 1919 c 131 § 2, part; 1917 c 120 § 1, part; 1911 c 74 § 3, part; RRS § 7675, part. (ii) 1937 c 211 § 2; RRS § 7674-1.]

**Conflict with federal requirements—Severability—2008 c 102:** See notes following RCW 51.08.070.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.08.181 "Worker"—Registered contractor and electrician exclusions.** For the purposes of this title, any individual performing services that require registration under chapter 18.27 RCW or licensing under chapter 19.28 RCW for remuneration under an independent contract is not a worker when:

(1) The individual has been, and will continue to be, free from control or direction over the performance of the service, both under the contract of service and in fact;

(2) The service is either outside the usual course of business for which the service is performed, or the service is performed outside all of the places of business of the enterprise for which the service is performed, or the individual is responsible, both under the contract and in fact, for the costs

of the principal place of business from which the service is performed;

(3) The individual is customarily engaged in an independently established trade, occupation, profession, or business, of the same nature as that involved in the contract of service, or the individual has a principal place of business for the business the individual is conducting that is eligible for a business deduction for federal income tax purposes other than that furnished by the employer for which the business has contracted to furnish services;

(4) On the effective date of the contract of service, the individual is responsible for filing at the next applicable filing period, both under the contract of service and in fact, a schedule of expenses with the internal revenue service for the type of business the individual is conducting;

(5) On the effective date of the contract of service, or within a reasonable period after the effective date of the contract, the individual has an active and valid certificate of registration with the department of revenue, and an active and valid account with any other state agencies as required by the particular case, for the business the individual is conducting for the payment of all state taxes normally paid by employers and businesses and has registered for and received a unified business identifier number from the state of Washington;

(6) On the effective date of the contract of service, the individual is maintaining a separate set of books or records that reflect all items of income and expenses of the business which the individual is conducting; and

(7) On the effective date of the contract of service, the individual has a valid contractor registration pursuant to chapter 18.27 RCW or an electrical contractor license pursuant to chapter 19.28 RCW. [2008 c 102 § 5.]

**Conflict with federal requirements—Severability—2008 c 102:** See notes following RCW 51.08.070.

**51.08.185 "Employee."** "Employee" shall have the same meaning as "worker" when the context would so indicate, and shall include all officers of the state, state agencies, counties, municipal corporations, or other public corporations, or political subdivisions. [1977 ex.s. c 350 § 16; 1972 ex.s. c 43 § 4.]

**51.08.195 "Employer" and "worker"—Additional exception.** As an exception to the definition of "employer" under RCW 51.08.070 and the definition of "worker" under RCW 51.08.180, services performed by an individual for remuneration shall not constitute employment subject to this title if it is shown that:

(1) The individual has been and will continue to be free from control or direction over the performance of the service, both under the contract of service and in fact; and

(2) The service is either outside the usual course of business for which the service is performed, or the service is performed outside all of the places of business of the enterprise for which the service is performed, or the individual is responsible, both under the contract and in fact, for the costs of the principal place of business from which the service is performed; and

(3) The individual is customarily engaged in an independently established trade, occupation, profession, or business, of the same nature as that involved in the contract of service,

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or the individual has a principal place of business for the business the individual is conducting that is eligible for a business deduction for federal income tax purposes; and

(4) On the effective date of the contract of service, the individual is responsible for filing at the next applicable filing period, both under the contract of service and in fact, a schedule of expenses with the internal revenue service for the type of business the individual is conducting; and

(5) On the effective date of the contract of service, or within a reasonable period after the effective date of the contract, the individual has established an account with the department of revenue, and other state agencies as required by the particular case, for the business the individual is conducting for the payment of all state taxes normally paid by employers and businesses and has registered for and received a unified business identifier number from the state of Washington; and

(6) On the effective date of the contract of service, the individual is maintaining a separate set of books or records that reflect all items of income and expenses of the business which the individual is conducting. [2008 c 102 § 4; 1991 c 246 § 1.]

**Conflict with federal requirements—Severability—2008 c 102:** See notes following RCW 51.08.070.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.08.900 Construction—Title applicable to state registered domestic partnerships—2009 c 521.** For the purposes of this title, the terms spouse, marriage, marital, husband, wife, widow, widower, next of kin, and family shall be interpreted as applying equally to state registered domestic partnerships or individuals in state registered domestic partnerships as well as to marital relationships and married persons, and references to dissolution of marriage shall apply equally to state registered domestic partnerships that have been terminated, dissolved, or invalidated, to the extent that such interpretation does not conflict with federal law. Where necessary to implement chapter 521, Laws of 2009, gender-specific terms such as husband and wife used in any statute, rule, or other law shall be construed to be gender neutral, and applicable to individuals in state registered domestic partnerships. [2009 c 521 § 138.]

## Chapter 51.12 RCW

### EMPLOYMENTS AND OCCUPATIONS COVERED

#### Sections

51.12.010	Employments included—Declaration of policy.
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51.12.060	Federal projects.
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- 51.12.130 Registered apprentices or trainees.
- 51.12.140 Volunteer law enforcement officers.
- 51.12.150 Musicians and entertainers.
- 51.12.160 Foreign degree-granting institutions—Employee services in country of domicile.
- 51.12.170 Student volunteers.

*Ferry system employees: RCW 47.64.070.*

*Health and safety of underground workers: Chapter 49.24 RCW.*

**51.12.010 Employments included—Declaration of policy.** There is a hazard in all employment and it is the purpose of this title to embrace all employments which are within the legislative jurisdiction of the state.

This title shall be liberally construed for the purpose of reducing to a minimum the suffering and economic loss arising from injuries and/or death occurring in the course of employment. [1972 ex.s. c 43 § 6; 1971 ex.s. c 289 § 2; 1961 c 23 § 51.12.010. Prior: 1959 c 55 § 1; 1955 c 74 § 2; prior: (i) 1947 c 281 § 1, part; 1943 c 210 § 1, part; 1939 c 41 § 1, part; 1937 c 211 § 1, part; 1927 c 310 § 1, part; 1921 c 182 § 1, part; 1919 c 131 § 1, part; 1911 c 74 § 2, part; Rem. Supp. 1947 § 7674, part. (ii) 1923 c 128 § 1, part; RRS § 7674a, part.]

**51.12.020 Employments excluded.** The following are the only employments which shall not be included within the mandatory coverage of this title:

(1) Any person employed as a domestic servant in a private home by an employer who has less than two employees regularly employed forty or more hours a week in such employment.

(2) Any person employed to do gardening, maintenance, or repair, in or about the private home of the employer. For the purposes of this subsection, "maintenance" means the work of keeping in proper condition, "repair" means to restore to sound condition after damage, and "private home" means a person's place of residence.

(3) A person whose employment is not in the course of the trade, business, or profession of his or her employer and is not in or about the private home of the employer.

(4) Any person performing services in return for aid or sustenance only, received from any religious or charitable organization.

(5) Sole proprietors or partners.

(6) Any child under eighteen years of age employed by his or her parent or parents in agricultural activities on the family farm.

(7) Jockeys while participating in or preparing horses for race meets licensed by the Washington horse racing commission pursuant to chapter 67.16 RCW.

(8)(a) Except as otherwise provided in (b) of this subsection, any bona fide officer of a corporation voluntarily elected or voluntarily appointed in accordance with the articles of incorporation or bylaws of the corporation, who at all times during the period involved is also a bona fide director, and who is also a shareholder of the corporation. Only such officers who exercise substantial control in the daily management of the corporation and whose primary responsibilities do not include the performance of manual labor are included within this subsection.

(b) Alternatively, a corporation that is not a "public company" as defined in \*RCW 23B.01.400(24) may exempt eight

or fewer bona fide officers, who are voluntarily elected or voluntarily appointed in accordance with the articles of incorporation or bylaws of the corporation and who exercise substantial control in the daily management of the corporation, from coverage under this title without regard to the officers' performance of manual labor if the exempted officer is a shareholder of the corporation, or may exempt any number of officers if all the exempted officers are related by blood within the third degree or marriage. If a corporation that is not a "public company" elects to be covered under subsection (8)(a) of this section, the corporation's election must be made on a form prescribed by the department and under such reasonable rules as the department may adopt.

(c) Determinations respecting the status of persons performing services for a corporation shall be made, in part, by reference to Title 23B RCW and to compliance by the corporation with its own articles of incorporation and bylaws. For the purpose of determining coverage under this title, substance shall control over form, and mandatory coverage under this title shall extend to all workers of this state, regardless of honorary titles conferred upon those actually serving as workers.

(d) A corporation may elect to cover officers who are exempted by this subsection in the manner provided by RCW 51.12.110.

(9) Services rendered by a musician or entertainer under a contract with a purchaser of the services, for a specific engagement or engagements when such musician or entertainer performs no other duties for the purchaser and is not regularly and continuously employed by the purchaser. A purchaser does not include the leader of a group or recognized entity who employs other than on a casual basis musicians or entertainers.

(10) Services performed by a newspaper carrier selling or distributing newspapers on the street or from house to house.

(11) Services performed by an insurance producer, as defined in \*\*RCW 48.17.010(5), or a surplus line broker licensed under chapter 48.15 RCW.

(12) Services performed by a booth renter. However, a person exempted under this subsection may elect coverage under RCW 51.32.030.

(13) Members of a limited liability company, if either:

(a) Management of the company is vested in its members, and the members for whom exemption is sought would qualify for exemption under subsection (5) of this section were the company a sole proprietorship or partnership; or

(b) Management of the company is vested in one or more managers, and the members for whom the exemption is sought are managers who would qualify for exemption under subsection (8) of this section were the company a corporation. [2009 c 162 § 33; 2008 c 217 § 98; 1999 c 68 § 1; 1997 c 314 § 18. Prior: 1991 c 324 § 18; 1991 c 246 § 4; 1987 c 316 § 2; 1983 c 252 § 1; 1982 c 63 § 15; 1981 c 128 § 3; 1979 c 128 § 1; 1977 ex.s. c 323 § 7; 1973 c 124 § 1; 1972 ex.s. c 43 § 7; 1971 ex.s. c 289 § 3; 1961 c 23 § 51.12.020; prior: 1955 c 74 § 3; prior: 1947 c 281 § 1, part; 1943 c 210 § 1, part; 1939 c 41 § 1, part; 1937 c 211 § 1, part; 1927 c 310 § 1, part; 1921 c 182 § 1, part; 1919 c 131 § 1, part; 1911 c 74 § 2, part; Rem. Supp. 1947 § 7674, part.]

**Reviser's note:** \*(1) RCW 23B.01.400 was amended by 2009 c 189 § 1, changing subsection (24) to subsection (25).

\*\*\*(2) RCW 48.17.010 was amended by 2010 c 67 § 2, changing subsection (5) to subsection (6), effective June 27, 2011.

**Effective date—2009 c 162:** See note following RCW 48.03.020.

**Severability—Effective date—2008 c 217:** See notes following RCW 48.03.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.12.025 Persons working on parents' family farms—Optional exclusion from coverage.** (1) The parent or parents of a person at least eighteen years of age but under twenty-one years of age may elect to exclude from mandatory coverage under this title the parent's employment of that person in agricultural activities on their family farm if:

(a) The person resides with his or her parent or parents or resides on their family farm; and

(b) The parent or parents file a written notice with the department electing exclusion from coverage.

(2) A parent or parents who have elected to exclude a person under this subsection may subsequently obtain coverage for that person under RCW 51.12.110. [1996 c 8 § 1.]

**51.12.035 Volunteers.** (1) Volunteers shall be deemed employees and/or workers, as the case may be, for all purposes relating to medical aid benefits under chapter 51.36 RCW.

A "volunteer" shall mean a person who performs any assigned or authorized duties for the state or any agency thereof, except emergency services workers as described by chapter 38.52 RCW, brought about by one's own free choice, receives no wages, and is registered and accepted as a volunteer by the state or any agency thereof, prior to the occurrence of the injury or the contraction of an occupational disease, for the purpose of engaging in authorized volunteer service: PROVIDED, That such person shall be deemed to be a volunteer although he or she may be granted maintenance and reimbursement for actual expenses necessarily incurred in performing his or her assigned or authorized duties.

Any and all premiums or assessments due under this title on account of such volunteer service shall be the obligation of and be paid by the state or any agency thereof which has registered and accepted the services of volunteers.

(2) Except as provided in RCW 51.12.050, volunteers may be deemed employees and/or workers, as the case may be, for all purposes relating to medical aid benefits under chapter 51.36 RCW at the option of any city, county, town, special district, municipal corporation, or political subdivision of any type, or any private nonprofit charitable organization, when any such unit of local government or any such nonprofit organization has given notice of covering all of its volunteers to the director prior to the occurrence of the injury or contraction of an occupational disease.

A "volunteer" shall mean a person who performs any assigned or authorized duties for any such unit of local government, or any such organization, except emergency services workers as described by chapter 38.52 RCW, or firefighters covered by chapter 41.24 RCW, brought about by one's own free choice, receives no wages, and is registered and accepted as a volunteer by any such unit of local government, or any such organization which has given such notice,

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for the purpose of engaging in authorized volunteer services: PROVIDED, That such person shall be deemed to be a volunteer although he or she may be granted maintenance and reimbursement for actual expenses necessarily incurred in performing his or her assigned or authorized duties: PROVIDED FURTHER, That juveniles performing community restitution under chapter 13.40 RCW may not be granted coverage as volunteers under this section.

Any and all premiums or assessments due under this title on account of such volunteer service for any such unit of local government, or any such organization shall be the obligation of and be paid by such organization which has registered and accepted the services of volunteers and exercised its option to secure the medical aid benefits under chapter 51.36 RCW for such volunteers. [2002 c 175 § 39; 2001 c 138 § 3; 1981 c 266 § 3; 1977 ex.s. c 350 § 17; 1975 1st ex.s. c 79 § 1; 1974 ex.s. c 171 § 44; 1971 c 20 § 1.]

**Effective date—2002 c 175:** See note following RCW 7.80.130.

**Finding—Purpose—2001 c 138:** See note following RCW 51.12.050.

**51.12.045 Offenders performing community restitution.** Offenders performing community restitution pursuant to court order or under RCW 13.40.080 may be deemed employees and/or workers under this title at the option of the state, county, city, town, or nonprofit organization under whose authorization the community restitution is performed. Any premiums or assessments due under this title for community restitution work shall be the obligation of and be paid for by the state agency, county, city, town, or nonprofit organization for which the offender performed the community restitution. Coverage commences when a state agency, county, city, town, or nonprofit organization has given notice to the director that it wishes to cover offenders performing community restitution before the occurrence of an injury or contraction of an occupational disease. [2002 c 175 § 40; 1986 c 193 § 1; 1984 c 24 § 4; 1981 c 266 § 1.]

**Effective date—2002 c 175:** See note following RCW 7.80.130.

*Offenders treated as employees or workers by local governments: RCW 35.21.209, 35A.21.220, 36.16.139.*

**51.12.050 Public entity work—Partnerships with volunteer groups and businesses for community improvement projects.** (1) Whenever a public entity engages in any work, or let a contract therefor, in which workers are employed for wages, this title shall be applicable thereto. The employer's payments into the accident fund shall be made from the treasury of the public entity. If the work is being done by contract, the payroll of the contractor and the subcontractor shall be the basis of computation and, in the case of contract work consuming less than one year in performance, the required payment into the accident fund shall be based upon the total payroll. The contractor and any subcontractor shall be subject to the provisions of this title, and the state for its general fund, the county, municipal corporation, or other taxing district shall be entitled to collect from the contractor the full amount payable to the accident fund and the contractor, in turn, shall be entitled to collect from the subcontractor his or her proportionate amount of the payment.

(2)(a) A public entity may seek partnerships with volunteer groups and businesses to engage in community improvement projects to benefit the public entity. In administering a project, the public entity must:

(i) Provide prospective donors and participants written notice of the risks and responsibilities to be assumed by the public entity and the donors or participants. A volunteer donating labor on the project must, before beginning work, document in writing that he or she has received the notice and that he or she is donating labor as a result of his or her own free choice; and

(ii) Pay premiums and assessments required under this title to secure medical aid benefits under chapter 51.36 RCW for volunteers donating labor on the project.

(b) A contractor or employer donating equipment or materials for use on a community improvement project shall not, for the purposes of this title, be considered the employer of an individual donating labor unless the contractor or employer pays the individual wages for working on the project or makes working on the project a condition of employment. This subsection applies regardless of whether:

(i) The contractor or employer informs the individual about the community improvement project or encourages the individual to donate labor on the project;

(ii) The individual uses equipment or materials on the project that are donated by the contractor or the individual's employer; or

(iii) The individual is granted maintenance or reimbursement for actual expenses necessarily incurred in performing labor for the project.

(3) Whenever and so long as, by state law, city charter, or municipal ordinance, provision is made for employees or peace officers injured in the course of employment, such employees shall not be entitled to the benefits of this title and shall not be included in the payroll of the municipality under this title: PROVIDED, That whenever any state law, city charter, or municipal ordinance only provides for payment to the employee of the difference between his or her actual wages and that received under this title such employees shall be entitled to the benefits of this title and may be included in the payroll of the municipality.

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

(a) "Community improvement project" means a project sponsored by a public entity that uses donated labor, materials, or equipment and includes, but is not limited to, projects to repair, restore, or preserve historic property.

(b) "Historic property" means real property owned by a public entity including, but not limited to, barns, schools, military structures, and cemeteries.

(c) "Public entity" means the state, county, any municipal corporation, or other taxing district. [2001 c 138 § 2; 1977 ex.s. c 350 § 18; 1972 ex.s. c 43 § 8; 1961 c 23 § 51.12.050. Prior: 1955 c 74 § 6; prior: (i) 1923 c 136 § 5, part; 1921 c 182 § 8, part; 1915 c 188 § 6, part; 1911 c 74 § 17, part; RRS § 7692, part. (ii) 1923 c 128 § 1, part; RRS § 7674a, part.]

**Finding—Purpose—2001 c 138:** "The legislature finds that government and business partnerships on projects for community improvement can assist communities to preserve historic property and create opportunities for volunteer service. The legislature also recognizes that uncertainty about risks

and obligations may deter employers who would otherwise be willing to donate materials and equipment to a community project. The purpose of this act is to encourage participation by establishing clear criteria for determining industrial insurance obligations with respect to donated labor on certain community projects." [2001 c 138 § 1.]

**51.12.060 Federal projects.** The application of this title and related safety laws is hereby extended to all lands and premises owned or held by the United States of America, by deed or act of cession, by purchase or otherwise, which are within the exterior boundaries of the state of Washington, and to all projects, buildings, constructions, improvements, and property belonging to the United States of America, which are within the exterior boundaries of the state, in the same way and to the same extent as if said premises were under the exclusive jurisdiction of the state, and as fully as is permitted under the provisions of that act of the congress of the United States approved June 25, 1936, granting to the several states jurisdiction and authority to apply their state workers' compensation laws on all property and premises belonging to the United States of America, being 49 United States Statutes at large 1938, title 40, section 290 United States code, 1958 edition: PROVIDED, That this title shall not apply to employees of the United States of America. [1977 ex.s. c 350 § 19; 1961 c 23 § 51.12.060. Prior: 1937 c 147 § 1; RRS § 7676-2.]

**51.12.070 Work done by contract—Subcontractors.** The provisions of this title apply to all work done by contract; the person, firm, or corporation who lets a contract for such work is responsible primarily and directly for all premiums upon the work. The contractor and any subcontractor are subject to the provisions of this title and the person, firm, or corporation letting the contract is entitled to collect from the contractor the full amount payable in premiums and the contractor in turn is entitled to collect from the subcontractor his or her proportionate amount of the payment.

For the purposes of this section, a contractor registered under chapter 18.27 RCW or licensed under chapter 19.28 RCW is not responsible for any premiums upon the work of any subcontractor if:

(1) The subcontractor is currently engaging in a business which is registered under chapter 18.27 RCW or licensed under chapter 19.28 RCW;

(2) The subcontractor has a principal place of business which would be eligible for a business deduction for internal revenue service tax purposes other than that furnished by the contractor for which the business has contracted to furnish services;

(3) The subcontractor maintains a separate set of books or records that reflect all items of income and expenses of the business;

(4) The subcontractor has contracted to perform:

(a) The work of a contractor as defined in RCW 18.27.010; or

(b) The work of installing wires or equipment to convey electric current or installing apparatus to be operated by such current as it pertains to the electrical industry as described in chapter 19.28 RCW; and

(5) The subcontractor has an industrial insurance account in good standing with the department or is a self-insurer. For the purposes of this subsection, a contractor may

consider a subcontractor's account to be in good standing if, within a year prior to letting the contract or master service agreement, and at least once a year thereafter, the contractor has verified with the department that the account is in good standing and the contractor has not received written notice from the department that the subcontractor's account status has changed. Acceptable documentation of verification includes a department document which includes an issued date or a dated printout of information from the department's internet web site showing a subcontractor's good standing. The department shall develop an approach to provide contractors with verification of the date of inquiries validating that the subcontractor's account is in good standing.

It is unlawful for any county, city, or town to issue a construction building permit to any person who has not submitted to the department an estimate of payroll and paid premium thereon as provided by chapter 51.16 RCW of this title or proof of qualification as a self-insurer. [2004 c 243 § 2; 1981 c 128 § 4; 1971 ex.s. c 289 § 81; 1965 ex.s. c 20 § 1; 1961 c 23 § 51.12.070. Prior: 1955 c 74 § 7; prior: 1923 c 136 § 5, part; 1921 c 182 § 8, part; 1915 c 188 § 6, part; 1911 c 74 § 17, part; RRS § 7692, part.]

**Adoption of rules—2004 c 243:** See note following RCW 51.08.177.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.12.080 Railway employees.** Inasmuch as it has proved impossible in the case of employees of common carriers by railroad, engaged in maintenance and operation of railways doing interstate, foreign, and intrastate commerce, and in maintenance and construction of their equipment, to separate and distinguish the connection of such employees with interstate or foreign commerce from their connection with intrastate commerce, and such employees have, in fact, received no compensation under this title, the provisions of this title shall not apply to work performed by such employees in the maintenance and operation of such railroads or performed in the maintenance or construction of their equipment, or to the employees of such common carriers by railroad engaged therein, but nothing herein shall be construed as excluding from the operation of this title railroad construction work, or the employees engaged thereon: PROVIDED, That common carriers by railroad engaged in such interstate or foreign commerce and in intrastate commerce shall, in all cases where liability does not exist under the laws of the United States, be liable in damages to any person suffering injury while employed by such carrier, or in case of the death of such employee, to the surviving spouse and child, or children, and if no surviving spouse or child or children, then to the parents, minor sisters, or minor brothers, residents of the United States at the time of such death, and who were dependent upon such deceased for support, to the same extent and subject to the same limitations as the liability now existing, or hereafter created, by the laws of the United States governing recoveries by railroad employees injured while engaged in interstate commerce: PROVIDED FURTHER, That if any interstate common carrier by railroad shall also be engaged in one or more intrastate enterprises or industries (including street railways and power plants) other than its railroad, the foregoing provisions of this section shall not exclude from the operation of the other sections of this title or bring under

the foregoing proviso of this section any work of such other enterprise or industry, the payroll of which may be clearly separable and distinguishable from the payroll of the maintenance or operation of such railroad, or of the maintenance or construction of its equipment: PROVIDED FURTHER, That nothing in this section shall be construed as relieving an independent contractor engaged through or by his or her employees in performing work for a common carrier by railroad, from the duty of complying with the terms of this title, nor as depriving any employee of such independent contractor of the benefits of this title. [2010 c 8 § 14002; 1973 1st ex.s. c 154 § 92; 1972 ex.s. c 43 § 9; 1961 c 23 § 51.12.080. Prior: 1925 ex.s. c 84 § 1; 1919 c 67 § 1; 1917 c 29 § 19; 1911 c 74 § 18; RRS § 7693.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.12.090 Intrastate and interstate commerce.** The provisions of this title shall apply to employers and workers (other than railways and their workers) engaged in intrastate and also in interstate or foreign commerce, for whom a rule of liability or method of compensation now exists under or may hereafter be established by the congress of the United States, only to the extent that the payroll of such workers may and shall be clearly separable and distinguishable from the payroll of workers engaged in interstate or foreign commerce: PROVIDED, That as to workers whose payroll is not so clearly separable and distinguishable the employer shall in all cases be liable in damages for injuries to the same extent and under the same circumstances as is specified in the case of railroads in the first proviso of RCW 51.12.080: PROVIDED FURTHER, That nothing in this title shall be construed to exclude goods or materials and/or workers brought into this state for the purpose of engaging in work. [1983 c 170 § 1; 1982 c 63 § 16; 1977 ex.s. c 350 § 20; 1972 ex.s. c 43 § 10; 1961 c 23 § 51.12.090. Prior: 1959 c 308 § 10; 1919 c 67 § 3; RRS § 7695.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.12.095 Common carrier employees—Owners and operators of trucks.** (1) Common or contract carriers doing business in this state that are engaged exclusively in interstate or foreign commerce, or any combination thereof, shall provide coverage under this title for their Washington employees, unless the employer has furnished workers' compensation insurance coverage under the laws of another state for the coverage of employees in this state: PROVIDED, That any common or contract carrier or its successor that formerly had coverage under this title and by virtue of being exclusively engaged in interstate or foreign commerce, or any combination thereof, withdrew its acceptance of liability under this title by filing written notice with the director of the withdrawal of its acceptance prior to January 2, 1987, shall be governed by the provisions of this section that were in effect as of that date.

(2) A person who is domiciled in this state and who owns and operates a truck engaged in intrastate, interstate, or foreign commerce, or any combination thereof, may elect coverage under this title in the manner provided by RCW 51.32.030, whether or not the truck is leased to a common or contract carrier. [1989 c 368 § 1; 1983 c 170 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.12.100 Maritime occupations—Segregation of payrolls—Common enterprise—Geoduck harvesting.** (1) Except as otherwise provided in this section, the provisions of this title shall not apply to a master or member of a crew of any vessel, or to employers and workers for whom a right or obligation exists under the maritime laws or federal employees' compensation act for personal injuries or death of such workers.

(2) If an accurate segregation of payrolls of workers for whom such a right or obligation exists under the maritime laws cannot be made by the employer, the director is hereby authorized and directed to fix from time to time a basis for the approximate segregation of the payrolls of employees to cover the part of their work for which no right or obligation exists under the maritime laws for injuries or death occurring in such work, and the employer, if not a self-insurer, shall pay premiums on that basis for the time such workers are engaged in their work.

(3) Where two or more employers are simultaneously engaged in a common enterprise at one and the same site or place in maritime occupations under circumstances in which no right or obligation exists under the maritime laws for personal injuries or death of such workers, such site or place shall be deemed for the purposes of this title to be the common plant of such employers.

(4) In the event payments are made both under this title and under the maritime laws or federal employees' compensation act, such benefits paid under this title shall be repaid by the worker or beneficiary. For any claims made under the Jones Act, the employer is deemed a third party, and the injured worker's cause of action is subject to RCW 51.24.030 through 51.24.120.

(5) Commercial divers harvesting geoduck clams under an agreement made pursuant to RCW 79.135.210 and the employers of such divers shall be subject to the provisions of this title whether or not such work is performed from a vessel. [2008 c 70 § 1; 2007 c 324 § 1; 1991 c 88 § 3; 1988 c 271 § 2; 1977 ex.s. c 350 § 21; 1975 1st ex.s. c 224 § 3; 1972 ex.s. c 43 § 11; 1961 c 23 § 51.12.100. Prior: 1931 c 79 § 1; 1925 ex.s. c 111 § 1; RRS § 7693a.]

**Effective date—2008 c 70:** "This act takes effect January 1, 2009." [2008 c 70 § 2.]

*Ferry system employees in extrahazardous employment:* RCW 47.64.070.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.12.102 Maritime workers—Asbestos-related disease.** (1) The department shall furnish the benefits provided under this title to any worker or beneficiary who may have a right or claim for benefits under the maritime laws of the United States resulting from an asbestos-related disease if (a) there are objective clinical findings to substantiate that the worker has an asbestos-related claim for occupational disease and (b) the worker's employment history has a prima facie indicia of injurious exposure to asbestos fibers while employed in the state of Washington in employment covered under this title. The department shall render a decision as to the liable insurer and shall continue to pay benefits until the liable insurer initiates payments or benefits are otherwise properly terminated under this title.

(2) The benefits authorized under subsection (1) of this section shall be paid from the medical aid fund, with the self-insurers and the state fund each paying a pro rata share, based on number of worker hours, of the costs necessary to fund the payments. For the purposes of this subsection only, the employees of self-insured employers shall pay an amount equal to one-half of the share charged to the self-insured employer.

(3) If the department determines that the benefits paid under subsection (1) of this section are owed to the worker or beneficiary by a self-insurer or the state fund, then the self-insurer or state fund shall reimburse the medical aid fund for all benefits paid and costs incurred by the fund.

(4) If the department determines that the benefits paid under subsection (1) of this section are owed to the worker or beneficiary by a federal program other than the federal social security, old age survivors, and disability insurance act, 42 U.S.C. or an insurer under the maritime laws of the United States:

(a) The department shall pursue the federal program insurer on behalf of the worker or beneficiary to recover from the federal program insurer the benefits due the worker or beneficiary and on its own behalf to recover the benefits previously paid to the worker or beneficiary and costs incurred;

(b) For the purpose of pursuing recovery under this subsection, the department shall be subrogated to all of the rights of the worker or beneficiary receiving compensation under subsection (1) of this section; and

(c) The department shall not pursue the worker or beneficiary for the recovery of benefits paid under subsection (1) of this section unless the worker or beneficiary receives recovery from the federal program insurer, in addition to receiving benefits authorized under this section. The director may exercise his or her discretion to waive, in whole or in part, the recovery of any such benefits where the recovery would be against equity and good conscience.

(d) Actions pursued against federal program insurers determined by the department to be liable for benefits under this section may be prosecuted by special assistant attorneys general. The attorney general shall select special assistant attorneys general from a list compiled by the department and the Washington state bar association. The attorney general, in conjunction with the department and the Washington state bar association, shall adopt rules and regulations outlining the criteria and the procedure by which private attorneys may have their names placed on the list of attorneys available for appointment as special assistant attorneys general to litigate actions under this subsection. Attorneys' fees and costs shall be paid in conformity with applicable federal and state law. Any legal costs remaining as an obligation of the department shall be paid from the medical aid fund.

(5) The provisions of subsection (1) of this section shall not apply if the worker or beneficiary refuses, for whatever reason, to assist the department in making a proper determination of coverage. If a worker or beneficiary refuses to cooperate with the department, self-insurer, or federal program insurer by failing to provide information that, in the opinion of the department, is relevant in determining the liable insurer, or if a worker refuses to submit to medical examination, or obstructs or fails to cooperate with the examination, or if the worker or beneficiary fails to cooperate with the

department in pursuing benefits from the federal program insurer, the department shall reject the application for benefits. No information obtained under this section is subject to release by subpoena or other legal process.

(6) The amount of any third party recovery by the worker or beneficiary shall be subject to a lien by the department to the full extent that the medical aid fund has not been otherwise reimbursed by another insurer. Reimbursement shall be made immediately to the medical aid fund upon recovery from the third party suit. If the department determines that the benefits paid under subsection (1) of this section are owed to the worker or beneficiary by a federal program insurer, the department shall not participate in the costs or attorneys' fees incurred in bringing the third party suit. [1993 c 168 § 1; 1988 c 271 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.12.110 Elective adoption—Withdrawal—Cancellation.** Any employer who has in his or her employment any person or persons excluded from mandatory coverage pursuant to RCW 51.12.020 may file notice in writing with the director, on such forms as the department may provide, of his or her election to make such persons otherwise excluded subject to this title. The employer shall forthwith display in a conspicuous manner about his or her works, and in a sufficient number of places to reasonably inform his or her workers of the fact, printed notices furnished by the department stating that he or she has so elected. Said election shall become effective upon the filing of said notice in writing. The employer and his or her workers shall be subject to all the provisions of this title and entitled to all of the benefits thereof. PROVIDED, That those who have heretofore complied with the foregoing conditions and are carried and considered by the department as within the purview of this title shall be deemed and considered as having fully complied with its terms and shall be continued by the department as entitled to all of the benefits and subject to all of the liabilities without other or further action. Any employer who has complied with this section may withdraw his or her acceptance of liability under this title by filing written notice with the director of the withdrawal of his or her acceptance. Such withdrawal shall become effective thirty days after the filing of such notice or on the date of the termination of the security for payment of compensation, whichever last occurs. The employer shall, at least thirty days before the effective date of the withdrawal, post reasonable notice of such withdrawal where the affected worker or workers work and shall otherwise notify personally the affected workers. Withdrawal of acceptance of this title shall not affect the liability of the department or self-insurer for compensation for any injury occurring during the period of acceptance.

The department shall have the power to cancel the elective adoption coverage if any required payments or reports have not been made. Cancellation by the department shall be no later than thirty days from the date of notice in writing by the department advising of cancellation being made. [1991 c 246 § 5; 1982 c 63 § 17; 1980 c 14 § 6. Prior: 1977 ex.s. c 350 § 22; 1977 ex.s. c 323 § 8; 1971 ex.s. c 289 § 85; 1961 c 23 § 51.12.110; prior: 1959 c 308 § 11; 1929 c 132 § 5; 1923 c 136 § 6; 1911 c 74 § 19; RRS § 7696.]

(2010 Ed.)

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.12.120 Extraterritorial coverage.** (1) If a worker, while working outside the territorial limits of this state, suffers an injury on account of which he or she, or his or her beneficiaries, would have been entitled to compensation under this title had the injury occurred within this state, the worker, or his or her beneficiaries, shall be entitled to compensation under this title if at the time of the injury:

(a) His or her employment is principally localized in this state; or

(b) He or she is working under a contract of hire made in this state for employment not principally localized in any state; or

(c) He or she is working under a contract of hire made in this state for employment principally localized in another state whose workers' compensation law is not applicable to his or her employer; or

(d) He or she is working under a contract of hire made in this state for employment outside the United States and Canada.

(2) The payment or award of compensation or other recoveries, including settlement proceeds, under the workers' compensation law of another state, territory, province, or foreign nation to a worker or his or her beneficiaries otherwise entitled on account of such injury to compensation under this title shall not be a bar to a claim for compensation under this title if that claim under this title is timely filed. If compensation is paid or awarded under this title, the total amount of compensation or other recoveries, including settlement proceeds, paid or awarded the worker or beneficiary under such other workers' compensation law shall be credited against the compensation due the worker or beneficiary under this title.

(3)(a) An employer not domiciled in this state who is employing workers in this state in work for which the employer must be registered under chapter 18.27 RCW or licensed under chapter 19.28 RCW, or prequalified under RCW 47.28.070, must secure the payment of compensation under this title by:

(i) Insuring the employer's workers' compensation obligation under this title with the department;

(ii) Being qualified as a self-insurer under this title; or

(iii) For employers domiciled in a state or province of Canada subject to an agreement entered into under subsection (7) of this section, as permitted by the agreement, filing with the department a certificate of coverage issued by the agency that administers the workers' compensation law in the employer's state or province of domicile certifying that the employer has secured the payment of compensation under the other state's or province's workers' compensation law.

(b) The department shall adopt rules to implement this subsection.

(4) If a worker or beneficiary is entitled to compensation under this title by reason of an injury sustained in this state while in the employ of an employer who is domiciled in another state or province of Canada and the employer:

(a) Is not subject to subsection (3) of this section and has neither opened an account with the department nor qualified as a self-insurer under this title, the employer or his or her insurance carrier shall file with the director a certificate issued by the agency that administers the workers' compen-

sation law in the state of the employer's domicile, certifying that the employer has secured the payment of compensation under the workers' compensation law of the other state and that with respect to the injury the worker or beneficiary is entitled to the benefits provided under the other state's law.

(b) Has filed a certificate under subsection (3)(a)(iii) of this section or (a) of this subsection (4):

(i) The filing of the certificate constitutes appointment by the employer or his or her insurance carrier of the director as its agent for acceptance of the service of process in any proceeding brought by any claimant to enforce rights under this title;

(ii) The director shall send to such employer or his or her insurance carrier, by registered or certified mail to the address shown on such certificate, a true copy of any notice of claim or other process served on the director by the claimant in any proceeding brought to enforce rights under this title;

(iii) If the employer is a self-insurer under the workers' compensation law of the other state or province of Canada, the employer shall, upon submission of evidence or security, satisfactory to the director, of his or her ability to meet his or her liability to the claimant under this title, be deemed to be a qualified self-insurer under this title; and

(iv) If the employer's liability under the workers' compensation law of the other state or province of Canada is insured:

(A) The employer's carrier, as to such claimant only, shall be deemed to be subject to this title. However, unless the insurer's contract with the employer requires the insurer to pay an amount equivalent to the compensation benefits provided by this title, the insurer's liability for compensation shall not exceed the insurer's liability under the workers' compensation law of the other state or province; and

(B) If the total amount for which the employer's insurer is liable under (b)(iv)(A) of this subsection is less than the total of the compensation to which the claimant is entitled under this title, the director may require the employer to file security satisfactory to the director to secure the payment of compensation under this title.

(c) If subject to subsection (3) of this section, has not complied with subsection (3) of this section or, if not subject to subsection (3) of this section, has neither qualified as a self-insurer nor secured insurance coverage under the workers' compensation law of another state or province of Canada, the claimant shall be paid compensation by the department and the employer shall have the same rights and obligations, and is subject to the same penalties, as other employers subject to this title.

(5) As used in this section:

(a) A person's employment is principally localized in this or another state when: (i) His or her employer has a place of business in this or the other state and he or she regularly works at or from the place of business; or (ii) if (a)(i) of this subsection is not applicable, he or she is domiciled in and spends a substantial part of his or her working time in the service of his or her employer in this or the other state;

(b) "Workers' compensation law" includes "occupational disease law" for the purposes of this section.

(6) A worker whose duties require him or her to travel regularly in the service of his or her employer in this and one

or more other states may agree in writing with his or her employer that his or her employment is principally localized in this or another state, and, unless the other state refuses jurisdiction, the agreement shall govern as to any injury occurring after the effective date of the agreement.

(7) The director is authorized to enter into agreements with the appropriate agencies of other states and provinces of Canada that administer their workers' compensation law with respect to conflicts of jurisdiction and the assumption of jurisdiction in cases where the contract of employment arises in one state or province and the injury occurs in another. If the other state's or province's law requires Washington employers to secure the payment of compensation under the other state's or province's workers' compensation laws for work performed in that state or province, then employers domiciled in that state or province must purchase compensation covering their workers engaged in that work in this state under this state's industrial insurance law. When an agreement under this subsection has been executed and adopted as a rule of the department under chapter 34.05 RCW, it binds all employers and workers subject to this title and the jurisdiction of this title is governed by this rule.

(8) Washington employers who are not self-insured under chapter 51.14 RCW shall obtain workers' compensation coverage from the state fund for temporary and incidental work performed on jobs or at jobsites in another state by their Washington workers. The department is authorized to adopt rules governing premium liability and reporting requirements for hours of work in excess of temporary and incidental as defined in this chapter.

(9) "Temporary and incidental" means work performed by Washington employers on jobs or at jobsites in another state for thirty or fewer consecutive or nonconsecutive full or partial days within a calendar year. Temporary and incidental days are considered on a per state basis.

(10) By December 1, 2011, the department shall report to the workers' compensation advisory committee on the effect of this section on the revenue and costs to the state fund. [2008 c 88 § 1; 1999 c 394 § 1; 1998 c 279 § 2; 1995 c 199 § 1; 1977 ex.s. c 350 § 23; 1972 ex.s. c 43 § 12; 1971 ex.s. c 289 § 82.]

**Finding—Intent—1998 c 279:** "The legislature finds that a competitive disadvantage exists in the construction industry because of a disparity in workers' compensation coverage requirements among the states. The intent of this act is (1) to provide an equal footing for all contractors bidding on or engaging in construction work in this state, (2) to ensure that all workers injured while in the course of employment in this state receive the benefits to which they are entitled, and (3) to not create disincentives for employers to hire workers in this state." [1998 c 279 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.12.130 Registered apprentices or trainees.** (1) All persons registered as apprentices or trainees with the state apprenticeship council and participating in supplemental and related instruction classes conducted by a school district, a community college, a vocational school, or a local joint apprenticeship committee, shall be considered as workers of the state apprenticeship council and subject to the provisions of Title 51 RCW, for the time spent in actual attendance at such supplemental and related instruction classes.

(2) The assumed wage rate for all apprentices or trainees during the hours they are participating in supplemental and

related instruction classes, shall be three dollars per hour. This amount shall be used for purposes of computations of premiums. For purposes of computing disability compensation payments, the actual wage rate during employment shall be used.

(3) Only those apprentices or trainees who are registered with the state apprenticeship council prior to their injury or death and who incur such injury or death while participating in supplemental and related instruction classes shall be entitled to benefits under the provisions of Title 51 RCW.

(4) The filing of claims for benefits under the authority of this section shall be the exclusive remedy of apprentices or trainees and their beneficiaries for injuries or death compensable under the provisions of Title 51 RCW against the state, its political subdivisions, the school district, community college, or vocational school and their members, officers or employees or any employer regardless of negligence.

(5) This section shall not apply to any apprentice or trainee who has earned wages for the time spent in participating in supplemental and related instruction classes. [1988 c 140 § 1; 1987 c 185 § 31; 1973 c 110 § 1.]

**Intent—1987 c 185:** "In 1977, in two separate pieces of legislation relating to industrial insurance, the Washington legislature changed certain references from "workmen's" or "workman's" compensation to "workers" compensation. The purpose of this act is to correct remaining obsolete references to "workmen's compensation" and "workmen." [1987 c 185 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.12.140 Volunteer law enforcement officers.** (1) As used in this section:

(a) "Municipal corporation" means any city, town, or county authorized by law to maintain and operate a law enforcement department;

(b) "Law enforcement department" means any regularly organized police department, sheriff's department, department of public safety, or other similar organization which has as its primary purpose the enforcement of state or local penal laws and the preservation of public order, which consists wholly of volunteer law enforcement officers or a combination of volunteer and paid law enforcement officers, and which is duly organized and maintained by a municipal corporation;

(c) "Volunteer law enforcement officer" means a person who is a member of a law enforcement department and who (i) performs assigned or authorized duties for the law enforcement department by his or her own free choice; (ii) serves in a position that is not basically clerical or secretarial in nature; (iii) is registered and accepted as a volunteer by the law enforcement department; and (iv) receives no monetary remuneration other than maintenance and reimbursement for actual expenses necessarily incurred in performing assigned duties; and

(d) "Performance of duty" includes any work in and about the volunteer law enforcement officers' quarters, police station, or any other place under the direction or general orders of the officer having the authority to order a volunteer law enforcement officer to perform the work; providing law enforcement assistance; patrol; drill; and any work of an emergency nature performed in accordance with the rules of the law enforcement department.

(2010 Ed.)

(2) Any municipal corporation maintaining and operating a law enforcement department may elect to provide coverage under this title for all of its volunteer law enforcement officers for death or disability occurring in the performance of their duties as volunteer law enforcement officers. Any municipal corporation electing to provide the coverage shall file a written notice of coverage with the director.

(3) Coverage under this section shall be for all the applicable death, disability, and medical aid benefits of this title and shall be effective only for injuries which occur and occupational diseases which are contracted after the notice of coverage has been filed with the director.

Nothing in this subsection shall be construed to prohibit a municipal corporation from covering its volunteer law enforcement officers and other volunteers under RCW 51.12.035(2), as now or hereafter amended, for medical aid benefits only.

(4) Volunteer law enforcement officers for whom municipal corporations have given notice of coverage under this section shall be deemed workers or employees, as the case may be, and the performance of their duties shall be deemed employment or in the course of employment, as the case may be, for all purposes of this title except where expressly excluded or where the context clearly requires otherwise.

(5) All premiums, assessments, contributions, and penalties due under this title because coverage is provided under this section shall be the obligation of and be paid by the municipal corporation giving the notice of coverage to the director.

(6) Any municipal corporation electing coverage under this section shall maintain a time log in which the number of hours worked by each of its volunteer law enforcement officers is recorded. The log shall be made available for inspection upon the request of any authorized employee of the department.

(7) Any municipal corporation electing coverage under this section may withdraw the coverage by filing a written notice of the withdrawal with the director. The withdrawal shall become effective thirty days after filing the notice or on the date of the termination of the security for payment of compensation, whichever occurs later. At least thirty days before the effective date of the withdrawal, the municipal corporation shall notify each of its volunteer law enforcement officers of the withdrawal. Withdrawal of coverage under this section shall not affect the liability of the department or self-insurer for compensation for any injury occurring during the period in which coverage was provided. [1977 ex.s. c 113 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.12.150 Musicians and entertainers.** Any musician or entertainer who performs as a member of a group or recognized entity is deemed an employee of the group or entity and the leader of the group or entity shall be required to properly register as an employer with the department and pay industrial insurance premiums on behalf of his or her employees. If a musician or entertainer is a sole performer or performs as a partner in a group or entity, or performs on a casual basis, the musician or entertainer shall be exempted from mandatory

coverage of this title. However, any such sole performer, partner, or casual performer may elect to be covered under this title and shall be subject to all the provisions and entitled to all the benefits under this title. [1983 c 252 § 2.]

*Employments excluded—Musicians and entertainers: RCW 51.12.020.*

**51.12.160 Foreign degree-granting institutions—Employee services in country of domicile.** The services of employees of a foreign degree-granting institution who are nonimmigrant aliens under the immigration laws of the United States, shall, for the purposes of RCW 51.12.120, be considered to be localized or principally localized, in the country of domicile of the foreign degree-granting institution as defined in RCW 28B.90.010 in those instances where the income of those employees would be exempt from taxation by virtue of the terms and provisions of any treaty between the United States and the country of domicile of the foreign degree-granting institution. However, a foreign degree-granting institution is not precluded from otherwise establishing that a nonimmigrant employee's services are, for the purpose of such statutes, principally located in its country of domicile. [1993 c 181 § 9.]

**51.12.170 Student volunteers.** (1) An employer covered under this title may elect to include student volunteers as employees or workers for all purposes relating to medical aid benefits under chapter 51.36 RCW. The employer shall give notice of its intent to cover all of its student volunteers to the director prior to the occurrence of the injury or contraction of an occupational disease.

(2) A student volunteer is an enrolled student in a public school as defined in RCW 28A.150.010 who is participating as a volunteer under a program authorized by the public school. The student volunteer shall perform duties for the employer without wages. The student volunteer shall be deemed to be a volunteer even if the student is granted maintenance and reimbursement for actual expenses necessarily incurred in performing his or her assigned or authorized duties. A person who earns wages for the services performed is not a student volunteer.

(3) Any and all premiums or assessments due under this title on account of service by a student volunteer shall be paid by the employer who has registered and accepted the services of volunteers and has exercised its option to secure the medical aid benefits under chapter 51.36 RCW for the student volunteers. [1994 c 246 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

## Chapter 51.14 RCW SELF-INSURERS

### Sections

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#### SELF-INSURED EMPLOYERS

**51.14.010 Duty to secure payment of compensation—Options.** Every employer under this title shall secure the payment of compensation under this title by:

(1) Insuring and keeping insured the payment of such benefits with the state fund; or

(2) Qualifying as a self-insurer under this title. [1971 ex.s. c 289 § 26.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.14.020 Qualification.** (1) An employer may qualify as a self-insurer by establishing to the director's satisfaction that he or she has sufficient financial ability to make certain the prompt payment of all compensation under this title and all assessments which may become due from such employer. Each application for certification as a self-insurer submitted by an employer shall be accompanied by payment of a fee of one hundred fifty dollars or such larger sum as the director shall find necessary for the administrative costs of evaluation of the applicant's qualifications. Any employer who has formerly been certified as a self-insurer and thereafter ceases to be so certified may not apply for certification within three years of ceasing to have been so certified.

(2)(a) A self-insurer may be required by the director to supplement existing financial ability by depositing in an escrow account in a depository designated by the director, money and/or corporate or governmental securities approved by the director, or a surety bond written by any company admitted to transact surety business in this state, or provide an irrevocable letter of credit issued by a federally or state chartered commercial banking institution authorized to conduct business in the state of Washington filed with the depart-

ment. The money, securities, bond, or letter of credit shall be in an amount reasonably sufficient in the director's discretion to insure payment of reasonably foreseeable compensation and assessments but not less than the employer's normal expected annual claim liabilities and in no event less than one hundred thousand dollars. In arriving at the amount of money, securities, bond, or letter of credit required under this subsection, the director shall take into consideration the financial ability of the employer to pay compensation and assessments and his or her probable continuity of operation. However, a letter of credit shall be acceptable only if the self-insurer has a net worth of not less than five hundred million dollars as evidenced in an annual financial statement prepared by a qualified, independent auditor using generally accepted accounting principles. The money, securities, bond, or letter of credit so deposited shall be held by the director solely for the payment of compensation by the self-insurer and his or her assessments. In the event of default the self-insurer loses all right and title to, any interest in, and any right to control the surety. The amount of surety may be increased or decreased from time to time by the director. The income from any securities deposited may be distributed currently to the self-insurer.

(b) The letter of credit option authorized in (a) of this subsection shall not apply to self-insurers authorized under RCW 51.14.150 or to self-insurers who are counties, cities, or municipal corporations.

(3) Securities or money deposited by an employer pursuant to subsection (2) of this section shall be returned to him or her upon his or her written request provided the employer files the bond required by such subsection.

(4) If the employer seeking to qualify as a self-insurer has previously insured with the state fund, the director shall require the employer to make up his or her proper share of any deficit or insufficiency in the state fund as a condition to certification as a self-insurer.

(5) A self-insurer may reinsure a portion of his or her liability under this title with any reinsurer authorized to transact such reinsurance in this state: PROVIDED, That the reinsurer may not participate in the administration of the responsibilities of the self-insurer under this title. Such reinsurance may not exceed eighty percent of the liabilities under this title.

(6) For purposes of the application of this section, the department may adopt separate rules establishing the security requirements applicable to units of local government. In setting such requirements, the department shall take into consideration the ability of the governmental unit to meet its self-insured obligations, such as but not limited to source of funds, permanency, and right of default.

(7) The director shall adopt rules to carry out the purposes of this section including, but not limited to, rules respecting the terms and conditions of letters of credit and the establishment of the appropriate level of net worth of the self-insurer to qualify for use of the letter of credit. Only letters of credit issued in strict compliance with the rules shall be deemed acceptable. [1995 c 31 § 1; 1990 c 209 § 1; 1986 c 57 § 1; 1977 ex.s. c 323 § 9; 1972 ex.s. c 43 § 16; 1971 ex.s. c 289 § 27.]

**Intent—1986 c 57:** See note following RCW 51.14.077.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### 51.14.030 Certification of employer as self-insurer.

The director may issue a certification that an employer is qualified as a self-insurer when such employer meets the following requirements:

(1) He or she has fulfilled the requirements of RCW 51.14.020.

(2) He or she has submitted to the department a payroll report for the preceding consecutive twelve month period.

(3) He or she has submitted to the department a sworn itemized statement accompanied by an independent audit of the employer's books demonstrating to the director's satisfaction that the employer has sufficient liquid assets to meet his or her estimated liabilities as a self-insurer.

(4) He or she has demonstrated to the department the existence of the safety organization maintained by him or her within his or her establishment that indicates a record of accident prevention.

(5) He or she has submitted to the department a description of the administrative organization to be maintained by him or her to manage industrial insurance matters including:

(a) The reporting of injuries;

(b) The authorization of medical care;

(c) The payment of compensation;

(d) The handling of claims for compensation;

(e) The name and location of each business location of the employer; and

(f) The qualifications of the personnel of the employer to perform this service.

(6) He or she has demonstrated to the department the ability and commitment to submit electronically the claims [data] required by RCW 51.14.110.

Such certification shall remain in effect until withdrawn by the director or surrendered by the employer with the approval of the director. An employer's qualification as a self-insurer shall become effective on the date of certification or any date specified in the certificate after the date of certification. [2005 c 145 § 3; 1977 ex.s. c 323 § 10; 1971 ex.s. c 289 § 28.]

**Effective date—2005 c 145 §§ 2 and 3:** See note following RCW 51.14.110.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.14.040 Surety liability—Termination.** (1) The surety on a bond filed by a self-insurer pursuant to this title may terminate its liability thereon by giving the director written notice stating when, not less than thirty days thereafter, such termination shall be effective.

(2) In case of such termination, the surety shall remain liable, in accordance with the terms of the bond, with respect to future compensation for injuries to employees of the self-insurer occurring prior to the termination of the surety's liability.

(3) If the bond is terminated for any reason other than the employer's terminating his or her status as a self-insurer, the employer shall, prior to the date of termination of the surety's liability, otherwise comply with the requirements of this title.

(4) The liability of a surety on any bond filed pursuant to this section shall be released and extinguished and the bond returned to the employer or surety provided either such liability is secured by another bond filed, or money or securities

deposited as required by this title. [2010 c 8 § 14003; 1971 ex.s. c 289 § 29.]

**51.14.050 Termination of status—Notice—Financial requirements.** (1) Any employer may at any time terminate his or her status as a self-insurer by giving the director written notice stating when, not less than thirty days thereafter, such termination shall be effective, provided such termination shall not be effective until the employer either shall have ceased to be an employer or shall have filed with the director for state industrial insurance coverage under this title.

(2) An employer who ceases to be a self-insurer, and who so files with the director, must maintain money, securities, or surety bonds deemed sufficient in the director's discretion to cover the entire liability of such employer for injuries or occupational diseases to his or her employees which occurred during the period of self-insurance: PROVIDED, That the director may agree for the medical aid and accident funds to assume the obligation of such claims, in whole or in part, and shall adjust the employer's premium rate to provide for the payment of such obligations on behalf of the employer. [2010 c 8 § 14004; 1971 ex.s. c 289 § 30.]

**51.14.060 Default by self-insurer—Authority of director—Liability for reimbursement.** (1) The director may, in cases of default upon any obligation under this title by the self-insurer, after ten days notice by certified mail to the defaulting self-insurer of the intention to do so, bring suit upon such bond or collect the interest and principal of any of the securities as they may become due or sell the securities or any of them as may be required or apply the money deposited, all in order to pay compensation and discharge the obligations of the defaulting self-insurer under this title.

(2) The director shall be authorized to fulfill the defaulting self-insured employer's obligations under this title from the defaulting self-insured employer's deposit or from other funds provided under this title for the satisfaction of claims against the defaulting self-insured employer. The defaulting self-insured employer is liable to and shall reimburse the director for the amounts necessary to fulfill the obligations of the defaulting self-insured employer that are in excess of the amounts received by the director from any bond filed, or securities or money deposited, by the defaulting self-insured employer pursuant to chapter 51.14 RCW. The amounts to be reimbursed shall include all amounts paid or payable as compensation under this title together with administrative costs, including attorneys' fees, and shall be considered taxes due the state of Washington.

(3) The department shall transfer the balance of any defaulted self-insured employer's deposit as required by RCW 51.14.020 into the insolvency trust fund when the following have occurred:

(a) All claims against the defaulted self-insured employer are closed; and

(b) The self-insured employer has been in default for ten years. [2010 c 213 § 2; 1986 c 57 § 2; 1971 ex.s. c 289 § 31.]

**Intent—1986 c 57:** See note following RCW 51.14.077.

**51.14.070 Payments upon default.** Whenever compensation due under this title is not paid because of an uncor-

rected default of a self-insurer, such compensation shall be paid from the medical aid and accidents funds, and any moneys obtained by the director from the bonds or other security provided under RCW 51.14.020 shall be deposited to the appropriate fund for the payment of compensation and administrative costs, including attorneys' fees. [1986 c 57 § 3; 1971 ex.s. c 289 § 36.]

**Intent—1986 c 57:** See note following RCW 51.14.077.

**51.14.073 Default lien.** (1) In all cases of probate, insolvency, assignment for the benefit of creditors, or bankruptcy, the claim of the state for the amounts necessary to fulfill the obligations of a defaulting self-insured employer together with administrative costs and attorneys' fees is a lien prior to all other liens or claims and on a parity with prior tax liens and the mere existence of a default by a self-insured employer is sufficient to create the lien without any prior or subsequent action by the state. All administrators, receivers, and assignees for the benefit of creditors shall notify the director of such administration, receivership, or assignment within thirty days of their appointment or qualification.

(2) Separate and apart and in addition to the lien established by this section, the department may issue an assessment, as provided for in RCW 51.48.120, for the amount necessary to fulfill the defaulting self-insured employer's obligations, including all amounts paid and payable as compensation under this title and administrative costs, including attorneys' fees. [1986 c 57 § 4.]

**Intent—1986 c 57:** See note following RCW 51.14.077.

**51.14.077 Self-insurers' insolvency trust—Assessments—Rules.** (1) A self-insurers' insolvency trust is established to provide for the unsecured benefits paid to the injured workers of self-insured employers under this title for insolvent or defaulting self-insured employers and for the department's associated administrative costs, including attorneys' fees. The self-insurers' insolvency trust shall be funded by an insolvency assessment which shall be levied on a post-insolvency basis and after the defaulting self-insured employer's security deposit, assets, and reinsurance, if any, have been exhausted. Insolvency assessments shall be imposed on all self-insured employers, except school districts, cities, and counties. The manner of imposing and collecting assessments to the insolvency fund shall be set forth in rules adopted by the department to ensure that self-insured employers pay into the fund in proportion to their claim costs. The department's rules shall provide that self-insured employers who have surrendered their certification shall be assessed for a period of not more than three calendar years following the termination date of their certification.

(2) The director shall adopt rules to carry out the purposes of this section, including but not limited to:

(a) Governing the formation of the self-insurers' insolvency trust for the purpose of this chapter;

(b) Governing the organization and operation of the self-insurers' insolvency trust to assure compliance with the requirements of this chapter;

(c) Requiring adequate accountability of the collection and disbursement of funds in the self-insurers' insolvency trust; and

(d) Any other provisions necessary to carry out the requirements of this chapter. [1986 c 57 § 6.]

**Intent—1986 c 57:** "It is the intent of the legislature to provide for the continuation of workers' compensation benefits in the event of the failure of a self-insured employer to meet its compensation obligations when the employer's security deposit, assets, and reinsurance are inadequate. The legislature finds and declares that the establishment of a self-insurers' insolvency trust is necessary to assure that benefit payments to injured workers of self-insured employers will not become the responsibility of the state fund." [1986 c 57 § 5.]

#### **51.14.080 Withdrawal of certification—Grounds.**

Certification of a self-insurer shall be withdrawn by the director upon one or more of the following grounds:

- (1) The employer no longer meets the requirements of a self-insurer; or
- (2) The self-insurer's deposit is insufficient; or
- (3) The self-insurer intentionally or repeatedly induces employees to fail to report injuries, induces claimants to treat injuries in the course of employment as off-the-job injuries, persuades claimants to accept less than the compensation due, or unreasonably makes it necessary for claimants to resort to proceedings against the employer to obtain compensation; or
- (4) The self-insurer habitually fails to comply with rules and regulations of the director regarding reports or other requirements necessary to carry out the purposes of this title; or
- (5) The self-insurer habitually engages in a practice of arbitrarily or unreasonably refusing employment to applicants for employment or discharging employees because of nondisabling bodily conditions; or
- (6) The self-insurer fails to pay an insolvency assessment under the procedures established pursuant to RCW 51.14.077. [1986 c 57 § 7; 1971 ex.s. c 289 § 32.]

**Intent—1986 c 57:** See note following RCW 51.14.077.

**51.14.090 Withdrawal of certification, corrective action upon employees' petition.** (1) Upon the petition of any employee or union or association having a substantial number of employees in the employ of the self-insurer the director or the director's designee may, in the director or designee's sole discretion, hold a hearing to determine whether or not there are grounds for the withdrawal of certification of a self-insurer or for corrective action by the department.

(2) The director shall serve upon the self-insurer and upon any employee or union or association having a substantial number of employees in the employ of said self-insurer, personally or by certified mail, a notice of intention to withdraw, or not to withdraw, certification of the self-insurer, which notice shall describe the nature and location or locations of the plants or operations involved; and the specific nature of the reasons for the decision. Similar notice shall be provided for decisions regarding corrective actions. The corrective action notice shall also include a directive to the self-insurer specifying the program deficiencies to be eliminated.

(3) If the decision is to withdraw certification, it shall include: The period of time within which the ground or grounds therefor existed or arose; and the date, not less than ninety days after the self-insurer's receipt of the notice, when the certification will be withdrawn.

(4) An appeal of any action taken by the director under this section may be taken by the self-insurer, or by any employee or union or association having a substantial number of employees in the employ of the self-insurer. Proceedings on the appeal shall be as prescribed in this title. Appeal by a self-insurer of notice of intention to withdraw certification or to take corrective action shall not act as a stay of the withdrawal or corrective action, unless the board or court, for good cause shown, orders otherwise.

(5) The director may adopt rules to carry out the purposes of this section. [1996 c 58 § 1; 1983 c 21 § 1; 1971 ex.s. c 289 § 33.]

**51.14.095 Corrective action—Appeal.** (1) The director shall take corrective action against a self-insured employer if the director determines that:

- (a) The employer is not following proper industrial insurance claims procedures;
- (b) The employer's accident prevention program is inadequate; or
- (c) Any condition described in RCW 51.14.080 (1) through (5) exists.

(2) Corrective actions may be taken upon the director's initiative or in response to a petition filed under RCW 51.14.090. Corrective actions which may be taken by the director shall include:

- (a) Probationary certification for a period of time determined by the director;
- (b) Mandatory training for employers in areas including claims management, safety procedures, and administrative reporting requirements; and
- (c) Monitoring of the activities of the employer to determine progress towards compliance.

The director shall adopt rules defining the corrective actions which may be taken in response to a given condition.

Corrective actions shall be limited to those described in (a), (b), and (c) of this subsection.

(3) Upon the termination of the corrective action, the director shall review the employer's program for compliance with state statutes and regulations. A written report regarding the employer's compliance shall be provided to the employer and to any party to a petition filed under RCW 51.14.090. If the director determines that compliance has been attained, no further action shall be taken. If compliance has not been attained, the director may take additional corrective action as defined in this section, or proceed toward decertification as described in RCW 51.14.080.

(4) An employer may appeal any action taken by the director under this section. Proceedings during the appeal shall be as prescribed in this title. An appeal by a self-insurer shall not act as a stay of the corrective action, unless the board or court, for good cause shown, orders otherwise.

(5) This section shall not be construed to limit the responsibilities or authority of the department under RCW 51.14.080 or 51.14.090. [1983 c 21 § 2.]

**51.14.100 Notice of compliance to be posted—Penalty.** (1) Every employer subject to the provisions of this title shall post and keep posted in a conspicuous place or places in and about his or her place or places of business a reasonable

number of typewritten or printed notices of compliance substantially identical to a form prescribed by the director, stating that such employer is subject to the provisions of this title. Such notice shall advise whether the employer is self-insured or has insured with the department, and shall designate a person or persons on the premises to whom report of injury shall be made.

(2) Any employer who has failed to open an account with the department or qualify as a self-insurer shall not post or permit to be posted on or about his or her place of business or premises any notice of compliance with this title and any wilful violation of this subsection by any officer or supervisory employee of an employer shall be a misdemeanor. [2010 c 8 § 14005; 1971 ex.s. c 289 § 34.]

**51.14.110 Employer's duty to maintain records, furnish information—Electronic reporting system—Requirement and penalties—Confidentiality of claims data—Rules.** (1) Every self-insurer shall maintain a record of all payments of compensation made under this title. The self-insurer shall furnish to the director all information the self-insurer has in its possession as to any disputed claim, upon forms approved by the director.

(2)(a) The department shall establish an electronic reporting system for the submission to the department of specified self-insurance claims data to more effectively monitor the performance of self-insurers and to obtain claims information in an efficient manner.

(b) Self-insurers shall submit claims data electronically in the format and frequency prescribed by the department.

(c) Electronic submittal to the department of specified claims data is required to maintain self-insurance certification. The department shall establish an escalating schedule of penalties for noncompliance with this requirement, up to and including withdrawal of self-insurance certification.

(d) Claims data reported to the department electronically by individual self-insurers are confidential in accordance with RCW 51.16.070 and 51.28.070. The department may publish, for statistical purposes, aggregated claims data that contain no personal identifiers.

(3) The department shall adopt rules to administer this section. [2005 c 145 § 2; (2005 c 145 § 1 expired July 1, 2008); 1971 ex.s. c 289 § 35.]

**Effective date—2005 c 145 §§ 2 and 3:** "Sections 2 and 3 of this act take effect July 1, 2008." [2005 c 145 § 5.]

**Expiration date—2005 c 145 § 1:** "Section 1 of this act expires July 1, 2008." [2005 c 145 § 4.]

**51.14.120 Copy of claim file—Notice of protest or appeal—Medical report.** (1) The self-insurer shall provide, when authorized under RCW 51.28.070, a copy of the employee's claim file at no cost within fifteen days of receipt of a request by the employee or the employee's representative, and shall provide the physician performing an examination with all relevant medical records from the worker's claim file, but only to the extent required of the department under RCW 51.36.070. If the self-insured employer determines that release of the claim file to an unrepresented worker in whole or in part, may not be in the worker's best interests, the employer must submit a request for denial with an explanation along with a copy of that portion of the claim

file not previously provided within twenty days after the request from the worker. In the case of second or subsequent requests, a reasonable charge for copying may be made. The self-insurer shall provide the entire contents of the claim file unless the request is for only a particular portion of the file. Any new material added to the claim file after the initial request shall be provided under the same terms and conditions as the initial request.

(2) The self-insurer shall transmit notice to the department of any protest or appeal by an employee relating to the administration of an industrial injury or occupational disease claim under this chapter within five working days of receipt. The date that the protest or appeal is received by the self-insurer shall be deemed to be the date the protest is received by the department for the purpose of RCW 51.52.050.

(3) The self-insurer shall submit a medical report with the request for closure of a claim under this chapter. [2001 c 152 § 1; 1993 c 122 § 2.]

**51.14.130 Request for claim resolution—Time.** The self-insurer shall request allowance or denial of a claim within sixty days from the date that the claim is filed. If the self-insurer fails to act within sixty days, the department shall promptly intervene and adjudicate the claim. [1993 c 122 § 3.]

**51.14.140 Violations of disclosure or request for resolution—Order by director.** Failure of a self-insurer to comply with RCW 51.14.120 and 51.14.130 shall subject the self-insurer to a penalty under RCW 51.48.080, which shall accrue for the benefit of the employee. The director shall issue an order conforming with RCW 51.52.050 determining whether a violation has occurred within thirty days of a request by an employee. [1993 c 122 § 4.]

**51.14.150 School districts, ESDs, public hospital districts, or hospitals as self-insurers—Authorized—Organization—Qualifications.** (1) For the purposes of this section, "hospital" means a hospital as defined in \*RCW 70.41.020(2) or a psychiatric hospital regulated under chapter 71.12 RCW, but does not include beds utilized by a comprehensive cancer center for cancer research.

(2)(a) Any two or more employers which are school districts or educational service districts, or (b) any two or more employers which are public hospital districts or hospitals, and are owned or operated by a state agency or municipal corporation of this state, or (c) any two or more employers which are hospitals, no one of which is owned or operated by a state agency or municipal corporation of this state, may enter into agreements to form self-insurance groups for the purposes of this chapter.

(3) No more than one group may be formed under subsection (2)(b) of this section and no more than one group may be formed under subsection (2)(c) of this section.

(4) The self-insurance groups shall be organized and operated under rules promulgated by the director under RCW 51.14.160. Such a self-insurance group shall be deemed an employer for the purposes of this chapter, and may qualify as a self-insurer if it meets all the other requirements of this

chapter. [1997 c 35 § 1; 1993 c 158 § 1; 1983 c 174 § 2; 1982 c 191 § 7.]

**\*Reviser's note:** RCW 70.41.020 was amended by 2002 c 116 § 2, changing subsection (2) to subsection (4).

*Educational service district as self-insurer—Authority:* RCW 28A.310.440.

*School district as self-insurer—Authority:* RCW 28A.320.070.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.14.160 School districts, ESDs, or hospitals as self-insurers—Rules—Scope.** The director shall promulgate rules to carry out the purposes of RCW 51.14.150:

(1) Governing the formation of self-insurance groups for the purposes of this chapter;

(2) Governing the organization and operation of the groups to assure their compliance with the requirements of this chapter;

(3) Requiring adequate monetary reserves, determined under accepted actuarial practices, to be maintained by each group to assure financial solvency of the group; and

(4) Requiring each group to carry adequate reinsurance. [1983 c 174 § 3; 1982 c 191 § 8.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

## OFFICE OF THE OMBUDSMAN

**51.14.300 Ombudsman office created—Appointment—Open and competitive contracting.** The office of the ombudsman for workers of industrial insurance self-insured employers is created. The ombudsman shall be appointed by the governor and report directly to the director of the department. The office of the ombudsman may be openly and competitively contracted by the governor in accordance with chapter 39.29 RCW but shall not be physically housed within the industrial insurance division. [2007 c 281 § 1.]

**51.14.310 Ombudsman—Term of office—Removal—Vacancies.** The person appointed ombudsman shall hold office for a term of six years and shall continue to hold office until reappointed or until his or her successor is appointed. The governor may remove the ombudsman only for neglect of duty, misconduct, or inability to perform duties. Any vacancy shall be filled by similar appointment for the remainder of the unexpired term. [2007 c 281 § 2.]

**51.14.320 Ombudsman—Training or experience qualifications.** Any ombudsman appointed under this chapter shall have training or experience, or both, in the following areas:

(1) Washington state industrial insurance including self-insurance programs;

(2) The Washington state legal system;

(3) Dispute or problem resolution techniques, including investigation, mediation, and negotiation. [2007 c 281 § 3.]

**51.14.330 Ombudsman office—Staffing level.** During the first two years after the office of the ombudsman is created, the staffing level shall be no more than four persons, including the ombudsman and any administrative staff. Thereafter, the staffing levels shall be determined based upon

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the office of the ombudsman's workload and whether any additional locations are needed. [2007 c 281 § 4.]

### **51.14.340 Ombudsman office—Powers and duties.**

The office of the ombudsman shall have the following powers and duties:

(1) To act as an advocate for injured workers of self-insured employers;

(2) To offer and provide information on industrial insurance as appropriate to workers of self-insured employers;

(3) To identify, investigate, and facilitate resolution of industrial insurance complaints from workers of self-insured employers;

(4) To maintain a statewide toll-free telephone number for the receipt of complaints and inquiries; and

(5) To refer complaints to the department when appropriate. [2007 c 281 § 5.]

### **51.14.350 Ombudsman office—Referral procedures—Department response to referred complaints.**

(1) The office of the ombudsman shall develop referral procedures for complaints by workers of self-insured employers. The department shall act as quickly as possible on any complaint referred to them by the office of the ombudsman.

(2) The department shall respond to any complaint against a self-insured employer referred to it by the office of the ombudsman and shall forward the office of the ombudsman a summary of the results of the investigation and action proposed or taken. [2007 c 281 § 6.]

**51.14.360 Ombudsman liability—Discriminatory, disciplinary, or retaliatory actions—Communications privileged and confidential—Testimony.** (1) No ombudsman is liable for good faith performance of responsibilities under this chapter.

(2) No discriminatory, disciplinary, or retaliatory action may be taken against any employee of a self-insured employer for any communication made, or information given or disclosed, to assist the ombudsman in carrying out its duties and responsibilities, unless the same was done maliciously. This subsection is not intended to infringe on the rights of the employer to supervise, discipline, or terminate an employee for other reasons.

(3) All communications by the ombudsman, if reasonably related to the requirements of his or her responsibilities under this chapter and done in good faith, are privileged and confidential, and this shall serve as a defense to any action in libel or slander.

(4) Representatives of the office of the ombudsman are exempt from being required to testify as to any privileged or confidential matters except as the court may deem necessary to enforce this chapter. [2007 c 281 § 7.]

### **51.14.370 Confidentiality of ombudsman records and files—Disclosure prohibited—Exception.**

All records and files of the ombudsman relating to any complaint or investigation made pursuant to carrying out its duties and the identities of complainants, witnesses, or injured workers shall remain confidential unless disclosure is authorized by the complainant or injured worker or his or her guardian or legal

representative. No disclosures may be made outside the office of the ombudsman without the consent of any named witness or complainant unless the disclosure is made without the identity of any of these individuals being disclosed. [2007 c 281 § 8.]

**51.14.380 Explaining ombudsman program—Posters and brochures.** The ombudsman shall integrate into existing posters and brochures information explaining the ombudsman program. Both the posters and the brochures shall contain the ombudsman's toll-free telephone number. Every self-insured employer must place a poster in an area where all workers have access to it. The self-insured employer must provide a brochure to all injured workers at the time the employer is notified of the worker's injury. [2007 c 281 § 9.]

**51.14.390 Ombudsman office—Funding.** (1) To provide start-up funding for the office of the ombudsman, the department shall impose a one-time assessment on all self-insurers. The amount of the assessment shall be determined by the department and shall not exceed the amount needed to pay the start-up costs.

(2) Ongoing funding for the office of the ombudsman shall be obtained as part of an annual administrative assessment of self-insurers under RCW 51.44.150. This assessment shall be proportionately based on the number of claims for each self-insurer during the past year. [2007 c 281 § 10.]

**51.14.400 Ombudsman—Annual report to governor.** (1) The ombudsman shall provide the governor with an annual report that includes the following:

(a) A description of the issues addressed during the past year and a very brief description of case scenarios in a form that does not compromise confidentiality;

(b) An accounting of the monitoring activities by the ombudsman; and

(c) An identification of the deficiencies in the industrial insurance system related to self-insurers, if any, and recommendations for remedial action in policy or practice.

(2) The first annual report shall be due on or before October 1, 2008. Subsequent reports shall be due on or before October 1st. [2007 c 281 § 12.]

## Chapter 51.16 RCW

### ASSESSMENT AND COLLECTION OF PREMIUMS—PAYROLLS AND RECORDS

#### Sections

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51.16.235	Farm internship program—Compensation risk class—Rules.

**51.16.035 Classifications—Premiums—Rules—Workers' compensation advisory committee recommendations.** (1) The department shall classify all occupations or industries in accordance with their degree of hazard and fix therefor basic rates of premium which shall be:

(a) The lowest necessary to maintain actuarial solvency of the accident and medical aid funds in accordance with recognized insurance principles; and

(b) Designed to attempt to limit fluctuations in premium rates.

(2) The department shall formulate and adopt rules governing the method of premium calculation and collection and providing for a rating system consistent with recognized principles of workers' compensation insurance which shall be designed to stimulate and encourage accident prevention and to facilitate collection. The department may annually, or at such other times as it deems necessary to achieve the objectives under this section, readjust rates in accordance with the rating system to become effective on such dates as the department may designate.

(3)(a) After the first report is issued by the state auditor under RCW 51.44.115, the workers' compensation advisory committee shall review the report and, as the committee deems appropriate, may make recommendations to the department concerning:

(i) The level or levels of a contingency reserve that are appropriate to maintain actuarial solvency of the accident and medical aid funds, limit premium rate fluctuations, and account for economic conditions; and

(ii) When surplus funds exist in the trust funds, the circumstances under which the department should give premium dividends, or similar measures, or temporarily reduce rates below the rates fixed under subsection (1) of this section, including any recommendations regarding notifications that should be given before taking the action.

(b) Following subsequent reports issued by the state auditor under RCW 51.44.115, the workers' compensation advisory committee may, as it deems appropriate, update its recommendations to the department on the matters covered under (a) of this subsection.

(4) In providing a retrospective rating plan under RCW 51.18.010, the department may consider each individual retrospective rating group as a single employing entity for purposes of dividends or premium discounts. [2005 c 410 § 1; 1999 c 7 § 8; 1989 c 49 § 1; 1980 c 129 § 4; 1977 ex.s. c 350 § 24; 1971 ex.s. c 289 § 16.]

**Applicability—2005 c 410 § 1:** "Section 1 of this act applies to industrial insurance rates adopted by the department of labor and industries that take effect on or after January 1, 2008." [2005 c 410 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.16.040 Occupational diseases.** The compensation and benefits provided for occupational diseases shall be paid and in the same manner as compensation and benefits for injuries under this title. [1971 ex.s. c 289 § 83; 1961 c 23 § 51.16.040. Prior: 1959 c 308 § 12; 1941 c 235 § 2; Rem. Supp. 1941 7679-1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.16.042 Occupational and environmental research facility.** Inasmuch as business, industry and labor desire to provide for testing, research, training and teaching facilities and consulting services at the University of Washington for industrial and occupational health for workers in the environmental research facility thereat, all employers shall bear their proportionate share of the cost therefor. The director may require payments to the department from all employers under this title and may make rules and regulations in connection therewith, which costs shall be paid from the department, in lieu of the previous provisions of RCW 28B.20.458. [1977 ex.s. c 350 § 25; 1971 ex.s. c 289 § 84; 1963 c 151 § 2.]

*Occupational and environmental research facility at University of Washington: RCW 28B.20.450 through 28B.20.458.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.16.060 Quarterly report of payrolls.** Every employer not qualifying as a self-insurer, shall insure with the state and shall, on or before the last day of January, April, July and October of each year thereafter, furnish the department with a true and accurate payroll for the period in which workers were employed by it during the preceding calendar quarter, the total amount paid to such workers during such preceding calendar quarter, and a segregation of employment in the different classes established pursuant to this title, and shall pay its premium thereon to the appropriate fund. Premiums for a calendar quarter, whether reported or not, shall become due and delinquent on the day immediately following the last day of the month following the calendar quarter. The sufficiency of such statement shall be subject to the approval of the director: PROVIDED, That the director may in his or her discretion and for the effective administration of this title require an employer in individual instances to furnish a supplementary report containing the name of each individual worker, his or her hours worked, his or her rate of pay and the class or classes in which such work was performed: PROVIDED FURTHER, That in the event an employer shall furnish the department with four consecutive quarterly reports wherein each such quarterly report indicates that no premium is due the department may close the account: PROVIDED FURTHER, That the department may promulgate rules and regulations in accordance with chapter 34.05 RCW to establish other reporting periods and payment due dates in lieu of reports and payments following each calendar quarter, and may also establish terms and conditions for payment of premiums and assessments based on estimated payrolls, with such payments being subject to approval as to sufficiency of the estimated payroll by the department, and also

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subject to appropriate periodic adjustments made by the department based on actual payroll: AND PROVIDED FURTHER, That a temporary help company which provides workers on a temporary basis to its customers shall be considered the employer for purposes of reporting and paying premiums and assessments under this title according to the appropriate rate classifications as determined by the department: PROVIDED, That the employer shall be liable for paying premiums and assessments, should the temporary help company fail to pay the premiums and assessments under this title. [1985 c 315 § 1; 1981 c 260 § 13. Prior: 1977 ex.s. c 350 § 26; 1977 ex.s. c 323 § 11; 1973 1st ex.s. c 32 § 1; 1971 ex.s. c 289 § 76; 1965 ex.s. c 80 § 1; 1961 c 23 § 51.16.060; prior: 1959 c 308 § 14; 1957 c 70 § 47; prior: 1947 c 247 § 1, part; Rem. Supp. 1947 § 7676c, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.16.070 Employer's records—Unified business identifier—Confidentiality.** (1)(a) Every employer shall keep at his or her place of business a record of his or her employment from which the information needed by the department may be obtained and such record shall at all times be open to the inspection of the director, supervisor of industrial insurance, or the traveling auditors, agents, or assistants of the department, as provided in RCW 51.48.040.

(b) An employer who contracts with another person or entity for work subject to chapter 18.27 or 19.28 RCW shall obtain and preserve a record of the unified business identifier account number for and the compensation paid to the person or entity performing the work. Failure to obtain or maintain the record is subject to RCW 39.06.010 and to a penalty under RCW 51.48.030.

(2) Information obtained from employing unit records under the provisions of this title shall be deemed confidential and shall not be open to public inspection (other than to public employees in the performance of their official duties), but any interested party shall be supplied with information from such records to the extent necessary for the proper presentation of the case in question: PROVIDED, That any employing unit may authorize inspection of its records by written consent. [2008 c 120 § 5; 1997 c 54 § 3; 1961 c 23 § 51.16.070. Prior: 1957 c 70 § 48; prior: 1947 c 247 § 1, part; Rem. Supp. 1947 § 7676c, part.]

**Conflict with federal requirements—Severability—2008 c 120:** See notes following RCW 18.27.030.

**51.16.090 Continuity of cost experience.** To the end that no employer shall evade the burdens imposed by an unfavorable or high cost experience, the director may determine whether or not an increase, decrease, or change (1) of operating property; (2) of interest in operating property; (3) of employer; (4) of personnel or interest in employer is sufficient to show a bona fide change which would make inoperative any high cost experience: PROVIDED, That where an employer is now or has prior to January 1, 1958, been covered under the provisions of this title for a period of at least two years and subsequent thereto the legal structure of the employer changes by way of incorporation, disincorporation, merger, consolidation, transfer of stock ownership, or by any other means, such person or entity as legally reconstituted shall be entitled to a continuation of the experience rating

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which existed prior to such change in the employer's legal structure unless there has been such a substantial change as provided in subdivisions (1), (2), (3) or (4) of this section as would warrant making inoperative any high cost experience. [1961 c 23 § 51.16.090. Prior: 1959 c 179 § 1; 1957 c 70 § 49; prior: 1947 c 247 § 1, part; Rem. Supp. 1947 § 7676c, part.]

**51.16.100 Classification changes.** It is the intent that the accident fund shall ultimately become neither more nor less than self-supporting, except as provided in RCW 51.16.105 and, if in the adjustment of premium rates by the director the moneys paid into the fund by any class or classes shall be insufficient to properly and safely distribute the burden of accidents occurring therein, the department may divide, rearrange, or consolidate such class or classes, making such adjustment or transfer of funds as it may deem proper. The director shall make corrections of classifications or subclassifications or changes in rates, classes and subclasses when the best interest of such classes or subclasses will be served thereby. [1961 c 23 § 51.16.100. Prior: 1953 c 218 § 1; prior: (i) 1947 c 247 § 1, part; Rem. Supp. 1947 § 7676d, part. (ii) 1947 c 247 § 1, part; Rem. Supp. 1947 § 7676e, part.]

**51.16.105 Departmental expenses, financing.** All department expenses relating to industrial safety and health services of the department pertaining to workers' compensation shall be paid by the department and financed by premiums and by assessments collected from a self-insurer as provided in this title. [1994 c 164 § 26; 1977 ex.s. c 350 § 27; 1973 1st ex.s. c 52 § 8; 1971 ex.s. c 289 § 86; 1961 c 23 § 51.16.105. Prior: 1953 c 218 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.16.107 Information and training on premium liability.** The department shall, working with business associations and other employer and employee groups when practical, publish information and provide training to promote understanding of the premium liability that may be incurred under this chapter. [2004 c 243 § 4.]

**Adoption of rules—2004 c 243:** See note following RCW 51.08.177.

**51.16.110 New businesses or resumed or continued operations.** Every employer who shall enter into any business, or who shall resume operations in any work or plant after the final adjustment of his or her payroll in connection therewith, or who was formerly a self-insurer and wishes to continue his or her operations subject to this title, shall, before so commencing or resuming or continuing operations, as the case may be, notify the department of such fact. [1991 c 88 § 4; 1977 ex.s. c 323 § 12; 1971 ex.s. c 289 § 4; 1961 c 23 § 51.16.110. Prior: 1959 c 179 § 2; 1959 c 308 § 15; prior: 1957 c 70 § 50; 1951 c 236 § 4; 1947 c 247 § 1, part; Rem. Supp. 1947 § 7676c, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.16.120 Distribution of further accident cost.** (1) Whenever a worker has a previous bodily disability from any previous injury or disease, whether known or unknown to the

employer, and shall suffer a further disability from injury or occupational disease in employment covered by this title and become totally and permanently disabled from the combined effects thereof or die when death was substantially accelerated by the combined effects thereof, then the experience record of an employer insured with the state fund at the time of the further injury or disease shall be charged and a self-insured employer shall pay directly into the reserve fund only the accident cost which would have resulted solely from the further injury or disease, had there been no preexisting disability, and which accident cost shall be based upon an evaluation of the disability by medical experts. The difference between the charge thus assessed to such employer at the time of the further injury or disease and the total cost of the pension reserve shall be assessed against the second injury fund. Except as provided in subsection (2) of this section, the department shall pass upon the application of this section in all cases where benefits are paid for total permanent disability or death and issue an order thereon appealable by the employer. Pending outcome of such appeal the transfer or payment shall be made as required by such order.

(2) If a self-insured employer is in default or the director has withdrawn the certification of a self-insured employer, the department shall not pass on the application of this section. In such cases, the total cost of the pension reserve shall first be assessed against the defaulting self-insured employer's deposit required by RCW 51.14.020 and in cases where the surety funds are insufficient the remaining cost of the pension reserve shall be assessed against the insolvency trust fund.

(3) The department shall, in cases of claims of workers sustaining injuries or occupational diseases in the employ of state fund employers, recompute the experience record of such employers when the claims of workers injured in their employ have been found to qualify for payments from the second injury fund after the regular time for computation of such experience records and the department may make appropriate adjustments in such cases including cash refunds or credits to such employers.

(4) To encourage employment of injured workers who are not reemployed by the employer at the time of injury, the department may adopt rules providing for the reduction or elimination of premiums or assessments from subsequent employers of such workers and may also adopt rules for the reduction or elimination of charges against such employers in the event of further injury to such workers in their employ.

(5) To encourage employment of injured workers who have a developmental disability as defined in RCW 71A.10.020, the department may adopt rules providing for the reduction or elimination of premiums or assessments from employers of such workers and may also adopt rules for the reduction or elimination of charges against their employers in the event of further injury to such workers in their employ. [2010 c 213 § 1; 2004 c 258 § 1; 1984 c 63 § 1; 1980 c 14 § 7. Prior: 1977 ex.s. c 350 § 28; 1977 ex.s. c 323 § 13; 1972 ex.s. c 43 § 13; 1961 c 23 § 51.16.120; prior: 1959 c 308 § 16; 1945 c 219 § 1; 1943 c 16 § 1; Rem. Supp. 1945 § 7676-1a.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.16.130 Distribution of catastrophe cost.** Whenever there shall occur an accident in which three or more employees of an employer insured with the state fund are fatally injured or sustain permanent total disability, the amount of total cost other than medical aid costs arising out of such accident that shall be charged to the account of the employer, shall be twice the average cost of the pension claims arising out of such accident. The entire cost of such accident, exclusive of medical aid costs, shall be charged against and defrayed by the catastrophe injury account. [1972 ex.s. c 43 § 14; 1961 c 23 § 51.16.130. Prior: 1957 c 70 § 22; prior: 1947 c 247 § 1, part; 1911 c 74 § 4, part; Rem. Supp. 1947 § 7676f, part.]

**51.16.140 Premium liability of worker.** (1) Every employer who is not a self-insurer shall deduct from the pay of each of his or her workers one-half of the amount he or she is required to pay, for medical benefits within each risk classification. Such amount shall be periodically determined by the director and reported by him or her to all employers under this title: PROVIDED, That the state governmental unit shall pay the entire amount into the medical aid fund for volunteers, as defined in RCW 51.12.035, and the state apprenticeship council shall pay the entire amount into the medical aid fund for registered apprentices or trainees, for the purposes of RCW 51.12.130. The deduction under this section is not authorized for premiums assessed under RCW 51.16.210.

(2) It shall be unlawful for the employer, unless specifically authorized by this title, to deduct or obtain any part of the premium or other costs required to be by him or her paid from the wages or earnings of any of his or her workers, and the making of or attempt to make any such deduction shall be a gross misdemeanor. [1989 c 385 § 3; 1977 ex.s. c 350 § 29; 1973 c 110 § 2; 1971 ex.s. c 289 § 77; 1971 c 20 § 2; 1961 c 23 § 51.16.140. Prior: (i) 1923 c 136 § 8, part; 1919 c 129 § 1, part; 1917 c 28 § 4, part; RRS § 7713, part. (ii) 1947 c 247 § 1, part; Rem. Supp. 1947 § 7676e, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.16.150 Delinquent employers—Penalty after demand—Injunctive relief.** If any employer shall default in any payment to any fund, the sum due may be collected by action at law in the name of the state as plaintiff, and such right of action shall be in addition to any other right of action or remedy. If such default occurs after demand, the director may require from the defaulting employer a bond to the state for the benefit of any fund, with surety to the director's satisfaction, in the penalty of double the amount of the estimated payments which will be required from such employer into the said funds for and during the ensuing one year, together with any penalty or penalties incurred. In case of refusal or failure after written demand personally served to furnish such bond, the state shall be entitled to an injunction restraining the delinquent from prosecuting an occupation or work until such bond is furnished, and until all delinquent premiums, penalties, interest, and costs are paid, conditioned for the prompt and punctual making of all payments into said funds during such periods, and any sale, transfer, or lease attempted to be made by such delinquent during the period of any of the defaults herein mentioned, of his or her works, plant, or lease thereto, shall be invalid until all past delinquencies are made

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good, and such bond furnished. [2010 c 8 § 14006; 1986 c 9 § 4; 1985 c 315 § 2; 1972 ex.s. c 43 § 15; 1961 c 23 § 51.16.150. Prior: 1959 c 308 § 22; prior: 1929 c 132 § 4, part; 1923 c 136 § 3, part; 1917 c 120 § 5, part; 1917 c 28 § 2, part; 1915 c 188 § 3, part; 1911 c 74 § 8, part; RRS § 7682, part.]

**51.16.155 Failure or refusal of employer to report or pay premiums due—Collection.** In every case where an employer insured with the state fails or refuses to file any report of payroll required by the department and fails or refuses to pay the premiums due on such unreported payroll, the department shall have authority to estimate such payroll and the premiums due thereon and collect premiums on the basis of such estimate.

If the report required and the premiums due thereon are not made within ten days from the mailing of such demand by the department, which shall include the amount of premiums estimated by the department, the employer shall be in default as provided by this title and the department may have and recover judgment, warrant, or file liens for such estimated premium or the actual premium, whichever is greater.

The director or the director's designee may compromise the amount of premiums estimated by the department, whether reduced to judgment or otherwise, arising under this title if collection of the premiums estimated by the department would be against equity and good conscience. [1996 c 60 § 1; 1985 c 315 § 3; 1971 ex.s. c 289 § 87.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.16.160 Lien for payments due—Priority—Probate, insolvency, etc.** In all cases of probate, insolvency, assignment for the benefit of creditors, or bankruptcy, the claim of the state for the payments due shall be a lien prior to all other liens or claims and on a parity with prior tax liens and the mere existence of such cases or conditions shall be sufficient to create such lien without any prior or subsequent action by the state, and all administrators, receivers, or assignees for the benefit of creditors shall notify the department of such administration, receivership, or assignment within thirty days from date of their appointment and qualification. In any action or proceeding brought for the recovery of payments due upon the payroll of an employer, the certificate of the department that an audit has been made of the payroll of such employer pursuant to the direction of the department and the amount of such payroll for the period stated in the certificate shall be prima facie evidence of such fact. [1985 c 315 § 4; 1971 ex.s. c 289 § 78; 1961 c 23 § 51.16.160. Prior: 1959 c 308 § 23; prior: 1929 c 132 § 4, part; 1923 c 136 § 3, part; 1917 c 120 § 5, part; 1917 c 28 § 2, part; 1915 c 188 § 3, part; 1911 c 74 § 8, part; RRS § 7682, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.16.170 Lien for premiums, assessments, contributions, and penalties—Priority—In general—Notice.** Separate and apart from and in addition to the foregoing provisions in this chapter, the claims of the state for payments and penalties due under this title shall be a lien prior to all other liens or claims and on a parity with prior tax liens not only against the interest of any employer, in real estate, plant,

works, equipment, and buildings improved, operated, or constructed by any employer, and also upon any products or articles manufactured by such employer.

The lien created by this section shall attach from the date of the commencement of the labor upon such property for which such premiums are due. In order to avail itself of the lien hereby created, the department shall, within four months after the employer has made report of his or her payroll and has defaulted in the payment of his or her premiums thereupon, file with the county auditor of the county within which such property is then situated, a statement in writing describing in general terms the property upon which a lien is claimed and stating the amount of the lien claimed by the department. If any employer fails or refuses to make report of his or her payroll, the lien hereby created shall continue in full force and effect, although the amount thereof is undetermined and the four months' time within which the department shall file its claim of lien shall not begin to run until the actual receipt by the department of such payroll report. From and after the filing of such claim of lien, the department shall be entitled to commence suit to cause such lien to be foreclosed in the manner provided by law for the foreclosure of other liens on real or personal property, and in such suit the certificate of the department stating the date of the actual receipt by the department of such payroll report shall be prima facie evidence of such fact. [2010 c 8 § 14007; 1986 c 9 § 5; 1961 c 23 § 51.16.170. Prior: 1959 c 308 § 24; prior: 1951 c 214 § 1; 1929 c 132 § 4, part; 1923 c 136 § 3, part; 1917 c 120 § 5, part; 1917 c 28 § 2, part; 1915 c 188 § 3, part; 1911 c 74 § 8, part; RRS § 7682, part.]

#### **51.16.180 Property acquired by state on execution.**

The director shall have the custody of all property acquired by the state at execution sale upon judgments obtained for delinquent payments and penalties therefor and costs, and may sell and dispose of the same at private sales for the sale purchase price, and shall pay the proceeds into the state treasury to the credit of the appropriate fund. In case of the sale of real estate the director shall execute the deed in the name of the state. [1971 ex.s. c 289 § 79; 1961 c 23 § 51.16.180. Prior: 1921 c 7 § 78, subdivision (4); RRS § 10836(4).]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.16.190 Limitation on collection actions.** (1) "Action" means, but is not limited to, a notice of assessment pursuant to RCW 51.48.120, an action at law pursuant to RCW 51.16.150, or any other administrative or civil process authorized by this title for the determination of liability for premiums, assessments, penalties, contributions, or other sums, or the collection of premiums, assessments, penalties, contributions, or other sums.

(2) Any action to collect any delinquent premium, assessment, contribution, penalty, or other sum due to the department from any employer subject to this title shall be brought within three years of the date any such sum became due.

(3) In case of a false or fraudulent report with intent to evade premiums, assessments, contributions, penalties, interest, or other sums, or in the event of a failure to file a report, action may be begun at any time.

(4) Any claim for refund or adjustment by an employer of any premium, assessment, contribution, penalty, or other sum collected by the department shall be made in writing to the department within three years of the date the sum became due. [1987 c 111 § 7; 1985 c 315 § 5; 1977 ex.s. c 323 § 27.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.16.200 Payment of tax by employer quitting business—Liability of successor.** Whenever any employer quits business, or sells out, exchanges, or otherwise disposes of the employer's business or stock of goods, any tax payable hereunder shall become immediately due and payable, and the employer shall, within ten days thereafter, make a return and pay the tax due; and any person who becomes a successor to such business shall become liable for the full amount of the tax and withhold from the purchase price a sum sufficient to pay any tax due from the employer until such time as the employer shall produce a receipt from the department showing payment in full of any tax due or a certificate that no tax is due and, if such tax is not paid by the employer within ten days from the date of such sale, exchange, or disposal, the successor shall become liable for the payment of the full amount of tax, and the payment thereof by such successor shall, to the extent thereof, be deemed a payment upon the purchase price, and if such payment is greater in amount than the purchase price the amount of the difference shall become a debt due such successor from the employer.

No successor may be liable for any tax due from the person from whom the successor has acquired a business or stock of goods if the successor gives written notice to the department of such acquisition and no assessment is issued by the department within one hundred eighty days of receipt of such notice against the former operator of the business and a copy thereof mailed to such successor. [1995 c 160 § 1; 1986 c 9 § 6.]

#### **51.16.210 Horse racing employment—Premiums.**

(1) The department shall assess premiums, under the provisions of this section, for certain horse racing employments licensed in accordance with chapter 67.16 RCW. This premium assessment shall be for the purpose of providing industrial insurance coverage for employees of trainers licensed under chapter 67.16 RCW, including but not limited to exercise riders, pony riders, and grooms, and including all on or off track employment. For the purposes of RCW 51.16.210, 67.16.300, 51.16.140, 51.32.073, and 67.16.020 a hotwalker shall be considered a groom. The department may adopt rules under chapter 34.05 RCW to carry out the purposes of this section, including rules providing for alternative reporting periods and payment due dates for coverage under this section. The department rules shall ensure that no licensee licensed prior to May 13, 1989, shall pay more than the assessment fixed at the basic manual rate.

(2) The department shall compute industrial insurance premium rates on a per license basis, which premiums shall be assessed at the time of each issuance or renewal of the license for owners, trainers, and grooms in amounts established by department rule for coverage under this section. Premium assessments shall be determined in accordance with the requirements of this title, except that assessments shall

not be experience rated and shall be fixed at the basic manual rate. However, rates may vary according to differences in working conditions at major tracks and fair tracks.

(3) For the purposes of paying premiums and assessments under this section and making reports under this title, individuals licensed as trainers by the Washington horse racing commission shall be considered employers. The premium assessment for a groom's license shall be paid by the trainer responsible for signing the groom's license application and shall be payable at the time of license issuance or renewal.

(4) The fee to be assessed on owner licenses as required by this section shall not exceed one hundred fifty dollars. However, those owners having less than a full ownership in a horse or horses shall pay a percentage of the required license fee that is equal to the total percentage of the ownership that the owner has in the horse or horses. In no event shall an owner having an ownership percentage in more than one horse pay more than a one hundred fifty-dollar license fee. The assessment on each owner's license shall not imply that an owner is an employer, but shall be required as part of the privilege of holding an owner's license.

(5) Premium assessments under this section shall be collected by the Washington horse racing commission and deposited in the industrial insurance trust funds as provided under department rules. [1989 c 385 § 1.]

**51.16.220 Reimbursement from disaster response account for nongovernment employees.** (1) When a worker of a nongovernment employer is injured or develops an occupational disease due to an exposure while assisting in the life and rescue phase of an emergency, in response to a request for assistance from a state or local government entity, including fire service or law enforcement, the cost of benefits shall be reimbursed from the disaster response account, RCW 38.52.105, to the appropriate workers' compensation fund, or to the self-insured employer, as the case may be. The cost of such injuries or occupational diseases shall not be charged to the experience record of a state fund employer.

(2) For the purposes of this section, "life and rescue phase" means the first seventy-two hours after the occurrence of a natural or man-made disaster in which a state or municipal entity, including fire service or law enforcement, acknowledges or declares such a disaster and requests assistance from the private sector in locating and rescuing survivors. The initial life and rescue phase may be extended for a finite period of time by declaration of the state or municipal entity requesting assistance. [2005 c 422 § 1.]

**Rules—2005 c 422:** "The department of labor and industries may adopt rules to implement this act." [2005 c 422 § 3.]

**Effective date—2005 c 422:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [May 11, 2005]." [2005 c 422 § 4.]

**51.16.230 Hospitals—Premiums—Rules—Reports.** (1) By January 1, 2007, the department shall develop rules to provide a reduced workers' compensation premium for hospitals that implement a safe patient handling program. The rules shall include any requirements for obtaining the reduced premium that must be met by hospitals.

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(2) The department shall complete an evaluation of the results of the reduced premium, including changes in claim frequency and costs, and shall report to the appropriate committees of the legislature by December 1, 2010, and 2012. [2006 c 165 § 4.]

**Findings—2006 c 165:** See note following RCW 70.41.390.

**51.16.235 Farm internship program—Compensation risk class—Rules. (Expires December 31, 2011.)** The department shall adopt rules to provide special workers' compensation risk class or classes for farm interns providing agricultural labor pursuant to a farm internship program. The rules must include any requirements for obtaining a special risk class that must be met by small farms. [2010 c 160 § 3.]

**Expiration date—2010 c 160:** See note following RCW 49.12.465.

## Chapter 51.18 RCW RETROSPECTIVE RATING PLAN

### Sections

51.18.005	Findings.
51.18.010	Availability—Rules—Coverage period.
51.18.020	Entrance criteria.
51.18.030	Sponsoring entities—New or existing retrospective rating groups.
51.18.040	Retrospective rating groups—Industry and business categories.
51.18.050	Retrospective rating groups—Probationary status—Denial of future enrollment.
51.18.060	Retrospective rating groups—Department approval.
51.18.900	Severability—1999 c 7.

**51.18.005 Findings.** The legislature finds that the retrospective rating plan provided for in RCW 51.16.035 has proven to be highly effective both in terms of improved workplace safety and injured worker outcomes. As a result, the number of industrial insurance claims of many employers participating in the retrospective rating plan have been reduced through sound risk management strategies and enhanced cooperation with department claims management activities.

The legislature further finds that entrance criteria for the retrospective rating plan under RCW 51.16.035 should be clear and understandable to both the department and potential retrospective rating plan participants.

The legislature therefore declares that a new retrospective rating plan is needed in order to protect and preserve the integrity and welfare of the retrospective rating system. [1999 c 7 § 1.]

**51.18.010 Availability—Rules—Coverage period.** (1) The department shall offer a retrospective rating plan to insure the workers' compensation obligations of employers and groups of employers. The plan is to be made available to any employer or group of employers who:

(a) Voluntarily elects to participate in the plan; and  
(b) Meets the requirements of this chapter and rules adopted by the department under subsection (2) of this section.

(2) The retrospective rating plan shall be consistent with recognized insurance principles and shall be administered according to rules adopted by the department. Rules adopted under this section shall encourage broad participation by

qualified employers and sponsors of retrospective rating groups.

(3) Each retrospective rating group approved by the department under this chapter shall select a coverage period and may be renewed at the end of each coverage period. For the purposes of this section, "coverage period" means a twelve-month period provided by the department by rule. [1999 c 7 § 2.]

**51.18.020 Entrance criteria.** Prior to allowing initial entrance into the state's retrospective rating plan, the department shall review each proposed retrospective rating group to ensure that the following criteria are met:

(1) The entity sponsoring the retrospective rating group must have been in existence for at least four years;

(2) The entity sponsoring the retrospective rating group must exist primarily for a purpose other than that of obtaining or offering insurance coverage or insurance related services;

(3) The entity sponsoring the retrospective rating group must have a written workplace safety and accident prevention plan in place for the proposed retrospective rating group and must propose methods by which the retrospective rating group will cooperate with department claims management activities;

(4) All employers in the retrospective rating group must be members of the sponsoring entity;

(5) All employers in the retrospective rating group must have an industrial insurance account in good standing with the department;

(6) Fifty percent of the original employers in the retrospective rating group must have been members of the sponsoring entity for one year prior to the group's entrance into the retrospective rating plan;

(7) The retrospective rating group must be composed of employers who are substantially similar considering the services or activities performed by the employees of those employers;

(8) The initial premium level for the retrospective rating group must be at least one million five hundred thousand dollars and shall be based on the standard premium of the proposed group members' most current previous coverage period; and

(9) The formation and operation of the retrospective rating group must seek to substantially improve workplace safety and accident prevention for the employers in the group. [1999 c 7 § 3.]

**51.18.030 Sponsoring entities—New or existing retrospective rating groups.** (1) Entities which sponsored retrospective rating groups prior to July 25, 1999, may not sponsor additional retrospective rating groups in a new business or industry category until the coverage period beginning January 1, 2003.

(2) For retrospective rating groups approved by the department on or after July 25, 1999, the sponsoring entity may not propose another retrospective rating group in a new business or industry category until the minimum mandatory adjustment periods required by the department for the first two coverage periods of the last formed retrospective rating group are completed.

(3) Subsections (1) and (2) of this section do not prohibit a sponsoring entity from proposing to:

(a) Divide an existing retrospective rating group into two or more groups provided that the proposed new groups fall within the same business or industry category as the group that is proposed to be divided; or

(b) Merge existing retrospective rating groups into one business or industry category provided that the proposed merged groups fall within the same business or industry category as the groups that are proposed to be merged.

(4) Under no circumstances may a sponsoring entity propose retrospective rating groups in multiple business or industry categories in the same application to the department.

(5) An insurer, insurance broker, agent, or solicitor may not:

(a) Participate in the formation of a retrospective rating group; or

(b) Sponsor a retrospective rating group. [1999 c 7 § 4.]

**51.18.040 Retrospective rating groups—Industry and business categories.** (1) In order to ensure that all retrospective rating groups are made up of employers who are substantially similar, considering the services or activities performed by the employees of those employers, the sponsoring entity of a retrospective rating group shall select a single, broad industry or business category for each retrospective rating group. Once an industry or business category is selected, the department shall allow all risk classifications reasonably related to that business or industry category into that retrospective rating group.

(2) The following broad industry and business categories shall be used by the sponsoring entity and the department in establishing retrospective rating groups:

(a) Agriculture and related services;

(b) Automotive, truck and boat manufacturing, sales, repair, and related services;

(c) Construction and related services;

(d) Distillation, chemical production, food, and related services;

(e) Facilities or property management, maintenance, and related services;

(f) Government, utilities, schools, health care, and related services;

(g) Health care, pharmaceutical, laboratories, and related services;

(h) Logging, wood products manufacturing, and related services;

(i) Manufacturing, processing, mining, quarrying, and related services;

(j) Retail stores, wholesale stores, professional services, and related services;

(k) Temporary help and related services; and

(l) Transportation, recycling, warehousing, facility maintenance, and related services.

(3) The industry and business categories in subsection (2) of this section are not exclusive. In response to significant changes in marketplace demographics or the discovery of unique business or industry categories, the department may, by rule, include additional broad industry or business category selections. The department may, by rule, remove an industry covered within an industry or business category in

the event that the business or industry is no longer found within this state.

(4) Given the broad nature of the industry and business categories in subsection (2) of this section, the risk classification or classifications assigned to an individual employer may appropriately fall into multiple business or industry categories.

(5) In order to simplify administration and keep the administrative costs associated with devising a different classification system for a retrospective rating plan to a minimum, the state's retrospective rating plan shall follow the same classification procedure established by the department to assign workers' compensation insurance classifications to an employer.

(6) Employers who have been a member of an existing, approved retrospective rating group prior to July 25, 1999, may continue in that group even if they are not substantially similar to the industry or business category selected pursuant to subsection (1) of this section. However, new employers proposed for addition to a retrospective rating group on or after July 25, 1999, must fall within the selected industry or business category. [1999 c 7 § 5.]

**51.18.050 Retrospective rating groups—Probationary status—Denial of future enrollment.** (1) Any retrospective rating group required to pay additional net premium assessments in two consecutive coverage periods shall be immediately placed on probationary status. Once a group is placed on probationary status, the department shall review the group's workplace safety and accident prevention plan and its methods for cooperation with department claims management activities. Following the review, the department shall make recommendations for corrective steps that may be taken to improve the group's performance.

(2) If the same retrospective rating group is required to pay an additional net premium assessment in the third consecutive coverage period, that group shall be denied future enrollment in the state's retrospective rating plan. In addition, the sponsoring entity of the failed group may not sponsor another group in the same business or industry category for five coverage periods from the ending date of the failed group's last coverage period.

(3) This section applies prospectively only and not retroactively. It applies only to net assessments received by a retrospective rating group for plan years beginning after July 25, 1999. [1999 c 7 § 6.]

**51.18.060 Retrospective rating groups—Department approval.** All retrospective rating groups approved by the department prior to July 25, 1999, under RCW 51.16.035 as it existed prior to July 25, 1999, remain approved and, with the exception of RCW 51.18.020, are subject to the provisions of this chapter. [1999 c 7 § 7.]

**51.18.900 Severability—1999 c 7.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1999 c 7 § 10.]

(2010 Ed.)

Chapter 51.24 RCW

ACTIONS AT LAW FOR INJURY OR DEATH

Sections

51.24.020	Action against employer for intentional injury.
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51.24.120	Rules.
51.24.900	Application—1977 ex.s. c 85.
51.24.902	Application—1984 c 218.

**51.24.020 Action against employer for intentional injury.** If injury results to a worker from the deliberate intention of his or her employer to produce such injury, the worker or beneficiary of the worker shall have the privilege to take under this title and also have cause of action against the employer as if this title had not been enacted, for any damages in excess of compensation and benefits paid or payable under this title. [1984 c 218 § 2; 1977 ex.s. c 350 § 31; 1973 1st ex.s. c 154 § 94; 1961 c 23 § 51.24.020. Prior: 1957 c 70 § 24; prior: 1927 c 310 § 5, part; 1919 c 131 § 5, part; 1911 c 74 § 6, part; RRS § 7680, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.24.030 Action against third person—Election by injured person or beneficiary—Underinsured motorist insurance coverage.** (1) If a third person, not in a worker's same employ, is or may become liable to pay damages on account of a worker's injury for which benefits and compensation are provided under this title, the injured worker or beneficiary may elect to seek damages from the third person.

(2) In every action brought under this section, the plaintiff shall give notice to the department or self-insurer when the action is filed. The department or self-insurer may file a notice of statutory interest in recovery. When such notice has been filed by the department or self-insurer, the parties shall thereafter serve copies of all notices, motions, pleadings, and other process on the department or self-insurer. The department or self-insurer may then intervene as a party in the action to protect its statutory interest in recovery.

(3) For the purposes of this chapter, "injury" shall include any physical or mental condition, disease, ailment or loss, including death, for which compensation and benefits are paid or payable under this title.

(4) Damages recoverable by a worker or beneficiary pursuant to the underinsured motorist coverage of an insurance policy shall be subject to this chapter only if the owner of the policy is the employer of the injured worker.

(5) For the purposes of this chapter, "recovery" includes all damages except loss of consortium. [1995 c 199 § 2; 1987 c 212 § 1701; 1986 c 58 § 1; 1984 c 218 § 3; 1977 ex.s. c 85 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.24.035 Immunity of design professional and employees.** (1) Notwithstanding RCW 51.24.030(1), the injured worker or beneficiary may not seek damages against a design professional who is a third person and who has been retained to perform professional services on a construction project, or any employee of a design professional who is assisting or representing the design professional in the performance of professional services on the site of the construction project, unless responsibility for safety practices is specifically assumed by contract, the provisions of which were mutually negotiated, or the design professional actually exercised control over the portion of the premises where the worker was injured.

(2) The immunity provided by this section does not apply to the negligent preparation of design plans and specifications.

(3) For the purposes of this section, "design professional" means an architect, professional engineer, land surveyor, or landscape architect, who is licensed or authorized by law to practice such profession, or any corporation organized under chapter 18.100 RCW or authorized under RCW 18.08.420 or 18.43.130 to render design services through the practice of one or more of such professions. [1987 c 212 § 1801.]

**51.24.040 Election or recovery no bar to compensation or benefits.** The injured worker or beneficiary shall be entitled to the full compensation and benefits provided by this title regardless of any election or recovery made under this chapter. [1977 ex.s. c 85 § 2.]

**51.24.050 Assignment of cause of action—Disposition of recovered amount.** (1) An election not to proceed against the third person operates as an assignment of the cause of action to the department or self-insurer, which may prosecute or compromise the action in its discretion in the name of the injured worker, beneficiary or legal representative.

(2) If an injury to a worker results in the worker's death, the department or self-insurer to which the cause of action has been assigned may petition a court for the appointment of a special personal representative for the limited purpose of maintaining an action under this chapter and chapter 4.20 RCW.

(3) If a beneficiary is a minor child, an election not to proceed against a third person on such beneficiary's cause of action may be exercised by the beneficiary's legal custodian or guardian.

(4) Any recovery made by the department or self-insurer shall be distributed as follows:

(a) The department or self-insurer shall be paid the expenses incurred in making the recovery including reasonable costs of legal services;

(b) The injured worker or beneficiary shall be paid twenty-five percent of the balance of the recovery made, which shall not be subject to subsection (5) of this section: PROVIDED, That in the event of a compromise and settlement by the parties, the injured worker or beneficiary may agree to a sum less than twenty-five percent;

(c) The department and/or self-insurer shall be paid the compensation and benefits paid to or on behalf of the injured

worker or beneficiary by the department and/or self-insurer; and

(d) The injured worker or beneficiary shall be paid any remaining balance.

(5) Thereafter no payment shall be made to or on behalf of a worker or beneficiary by the department and/or self-insurer for such injury until the amount of any further compensation and benefits shall equal any such remaining balance. Thereafter, such benefits shall be paid by the department and/or self-insurer to or on behalf of the worker or beneficiary as though no recovery had been made from a third person.

(6) When the cause of action has been assigned to the self-insurer and compensation and benefits have been paid and/or are payable from state funds for the same injury:

(a) The prosecution of such cause of action shall also be for the benefit of the department to the extent of compensation and benefits paid and payable from state funds;

(b) Any compromise or settlement of such cause of action which results in less than the entitlement under this title is void unless made with the written approval of the department;

(c) The department shall be reimbursed for compensation and benefits paid from state funds;

(d) The department shall bear its proportionate share of the costs and reasonable attorneys' fees incurred by the self-insurer in obtaining the award or settlement; and

(e) Any remaining balance under subsection (4)(d) of this section shall be applied, under subsection (5) of this section, to reduce the obligations of the department and self-insurer to pay further compensation and benefits in proportion to which the obligations of each bear to the remaining entitlement of the worker or beneficiary. [1995 c 199 § 3; 1984 c 218 § 4; 1983 c 211 § 1; 1977 ex.s. c 85 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.24.060 Distribution of amount recovered—Lien.**

(1) If the injured worker or beneficiary elects to seek damages from the third person, any recovery made shall be distributed as follows:

(a) The costs and reasonable attorneys' fees shall be paid proportionately by the injured worker or beneficiary and the department and/or self-insurer: PROVIDED, That the department and/or self-insurer may require court approval of costs and attorneys' fees or may petition a court for determination of the reasonableness of costs and attorneys' fees;

(b) The injured worker or beneficiary shall be paid twenty-five percent of the balance of the award: PROVIDED, That in the event of a compromise and settlement by the parties, the injured worker or beneficiary may agree to a sum less than twenty-five percent;

(c) The department and/or self-insurer shall be paid the balance of the recovery made, but only to the extent necessary to reimburse the department and/or self-insurer for benefits paid;

(i) The department and/or self-insurer shall bear its proportionate share of the costs and reasonable attorneys' fees incurred by the worker or beneficiary to the extent of the benefits paid under this title: PROVIDED, That the department's and/or self-insurer's proportionate share shall not

exceed one hundred percent of the costs and reasonable attorneys' fees;

(ii) The department's and/or self-insurer's proportionate share of the costs and reasonable attorneys' fees shall be determined by dividing the gross recovery amount into the benefits paid amount and multiplying this percentage times the costs and reasonable attorneys' fees incurred by the worker or beneficiary;

(iii) The department's and/or self-insurer's reimbursement share shall be determined by subtracting their proportionate share of the costs and reasonable attorneys' fees from the benefits paid amount;

(d) Any remaining balance shall be paid to the injured worker or beneficiary; and

(e) Thereafter no payment shall be made to or on behalf of a worker or beneficiary by the department and/or self-insurer for such injury until the amount of any further compensation and benefits shall equal any such remaining balance minus the department's and/or self-insurer's proportionate share of the costs and reasonable attorneys' fees in regards to the remaining balance. This proportionate share shall be determined by dividing the gross recovery amount into the remaining balance amount and multiplying this percentage times the costs and reasonable attorneys' fees incurred by the worker or beneficiary. Thereafter, such benefits shall be paid by the department and/or self-insurer to or on behalf of the worker or beneficiary as though no recovery had been made from a third person.

(2) The recovery made shall be subject to a lien by the department and/or self-insurer for its share under this section.

(3) The department or self-insurer has sole discretion to compromise the amount of its lien. In deciding whether or to what extent to compromise its lien, the department or self-insurer shall consider at least the following:

(a) The likelihood of collection of the award or settlement as may be affected by insurance coverage, solvency, or other factors relating to the third person;

(b) Factual and legal issues of liability as between the injured worker or beneficiary and the third person. Such issues include but are not limited to possible contributory negligence and novel theories of liability; and

(c) Problems of proof faced in obtaining the award or settlement.

(4) In an action under this section, the self-insurer may act on behalf and for the benefit of the department to the extent of any compensation and benefits paid or payable from state funds.

(5) It shall be the duty of the person to whom any recovery is paid before distribution under this section to advise the department or self-insurer of the fact and amount of such recovery, the costs and reasonable attorneys' fees associated with the recovery, and to distribute the recovery in compliance with this section.

(6) The distribution of any recovery made by award or settlement of the third party action shall be confirmed by department order, served by registered or certified mail, and shall be subject to chapter 51.52 RCW. In the event the order of distribution becomes final under chapter 51.52 RCW, the director or the director's designee may file with the clerk of any county within the state a warrant in the amount of the sum representing the unpaid lien plus interest accruing from

the date the order became final. The clerk of the county in which the warrant is filed shall immediately designate a superior court cause number for such warrant and the clerk shall cause to be entered in the judgment docket under the superior court cause number assigned to the warrant, the name of such worker or beneficiary mentioned in the warrant, the amount of the unpaid lien plus interest accrued and the date when the warrant was filed. The amount of such warrant as docketed shall become a lien upon the title to and interest in all real and personal property of the injured worker or beneficiary against whom the warrant is issued, the same as a judgment in a civil case docketed in the office of such clerk. The sheriff shall then proceed in the same manner and with like effect as prescribed by law with respect to execution or other process issued against rights or property upon judgment in the superior court. Such warrant so docketed shall be sufficient to support the issuance of writs of garnishment in favor of the department in the manner provided by law in the case of judgment, wholly or partially unsatisfied. The clerk of the court shall be entitled to a filing fee under RCW 36.18.012(10), which shall be added to the amount of the warrant. A copy of such warrant shall be mailed to the injured worker or beneficiary within three days of filing with the clerk.

(7) The director, or the director's designee, may issue to any person, firm, corporation, municipal corporation, political subdivision of the state, public corporation, or agency of the state, a notice and order to withhold and deliver property of any kind if he or she has reason to believe that there is in the possession of such person, firm, corporation, municipal corporation, political subdivision of the state, public corporation, or agency of the state, property which is due, owing, or belonging to any worker or beneficiary upon whom a warrant has been served by the department for payments due to the state fund. The notice and order to withhold and deliver shall be served by the sheriff of the county or by the sheriff's deputy; by certified mail, return receipt requested; or by any authorized representatives of the director. Any person, firm, corporation, municipal corporation, political subdivision of the state, public corporation, or agency of the state upon whom service has been made shall answer the notice within twenty days exclusive of the day of service, under oath and in writing, and shall make true answers to the matters inquired of in the notice and order to withhold and deliver. In the event there is in the possession of the party named and served with such notice and order, any property which may be subject to the claim of the department, such property shall be delivered forthwith to the director or the director's authorized representative upon demand. If the party served and named in the notice and order fails to answer the notice and order within the time prescribed in this section, the court may, after the time to answer such order has expired, render judgment by default against the party named in the notice for the full amount claimed by the director in the notice together with costs. In the event that a notice to withhold and deliver is served upon an employer and the property found to be subject thereto is wages, the employer may assert in the answer to all exemptions provided for by chapter 6.27 RCW to which the wage earner may be entitled. [2001 c 146 § 9; 1995 c 199 § 4; 1993 c 496 § 2; 1987 c 442 § 1118; 1986 c 305 § 403; 1984 c 218 § 5; 1983 c 211 § 2; 1977 ex.s. c 85 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.24.070 Required election—Procedures—Right of reelection.** (1) The department or self-insurer may require the injured worker or beneficiary to exercise the right of election under this chapter by serving a written demand by registered mail, certified mail, or personal service on the worker or beneficiary.

(2) Unless an election is made within sixty days of the receipt of the demand, and unless an action is instituted or settled within the time granted by the department or self-insurer, the injured worker or beneficiary is deemed to have assigned the action to the department or self-insurer. The department or self-insurer shall allow the worker or beneficiary at least ninety days from the election to institute or settle the action. When a beneficiary is a minor child the demand shall be served upon the legal custodian or guardian of such beneficiary.

(3) If an action which has been filed is not diligently prosecuted, the department or self-insurer may petition the court in which the action is pending for an order assigning the cause of action to the department or self-insurer. Upon a sufficient showing of a lack of diligent prosecution the court in its discretion may issue the order.

(4) If the department or self-insurer has taken an assignment of the third party cause of action under subsection (2) of this section, the injured worker or beneficiary may, at the discretion of the department or self-insurer, exercise a right of reelection and assume the cause of action subject to reimbursement of litigation expenses incurred by the department or self-insurer. [1984 c 218 § 6; 1977 ex.s. c 85 § 5.]

**51.24.080 Notice of election or copy of complaint to department or self-insurer—Filing notice.** (1) If the injured worker or beneficiary elects to seek damages from the third person, notice of the election must be given to the department or self-insurer. The notice shall be by registered mail, certified mail, or personal service. If an action is filed by the injured worker or beneficiary, a copy of the complaint must be sent by registered mail to the department or self-insurer.

(2) A return showing service of the notice on the department or self-insurer shall be filed with the court but shall not be part of the record except as necessary to give notice to the defendant of the lien imposed by RCW 51.24.060(2). [1977 ex.s. c 85 § 6.]

**51.24.090 Compromise or settlement less than benefits.** (1) Any compromise or settlement of the third party cause of action by the injured worker or beneficiary which results in less than the entitlement under this title is void unless made with the written approval of the department or self-insurer: PROVIDED, That for the purposes of this chapter, "entitlement" means benefits and compensation paid and estimated by the department to be paid in the future.

(2) If a compromise or settlement is void because of subsection (1) of this section, the department or self-insurer may petition the court in which the action was filed for an order assigning the cause of action to the department or self-insurer. If an action has not been filed, the department or self-

insurer may proceed as provided in chapter 7.24 RCW. [1995 c 199 § 5; 1984 c 218 § 7; 1977 ex.s. c 85 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.24.100 Right to compensation not pleadable or admissible—Challenge to right to bring action.** The fact that the injured worker or beneficiary is entitled to compensation under this title shall not be pleaded or admissible in evidence in any third party action under this chapter. Any challenge of the right to bring such action shall be made by supplemental pleadings only and shall be decided by the court as a matter of law. [1977 ex.s. c 85 § 8.]

**51.24.110 Assigned cases—Special assistant attorneys general.** (1) Actions against third persons that are assigned by the claimant to the department, voluntarily or by operation of law in accordance with chapter 51.24 RCW, may be prosecuted by special assistant attorneys general.

(2) The attorney general shall select special assistant attorneys general from a list compiled by the department and the Washington state bar association. The attorney general, in conjunction with the department and the Washington state bar association, shall promulgate rules and regulations outlining the criteria and the procedure by which private attorneys may have their names placed on the list of attorneys available for appointment as special assistant attorneys general to litigate third party actions under subsection (1) of this section. [1984 c 218 § 1.]

**51.24.120 Rules.** The department may adopt, amend, and rescind under chapter 34.05 RCW such rules as may be necessary to the administration of this chapter. [1984 c 218 § 8.]

**51.24.900 Application—1977 ex.s. c 85.** This 1977 amendatory act shall apply only to causes of action which arise on or after its effective date. [1977 ex.s. c 85 § 9.]

**51.24.902 Application—1984 c 218.** This act applies to all causes of action against third persons in which judgment or settlement of the underlying action has not taken place before June 7, 1984. [1984 c 218 § 9.]

## Chapter 51.28 RCW

### NOTICE AND REPORT OF ACCIDENT— APPLICATION FOR COMPENSATION

#### Sections

51.28.010	Notice of accident—Notification of worker's rights—Claim suppression.
51.28.015	Injury reporting—Findings—Department educational initiative—Pilot program, employers to assist workers in applying for benefits—Report.
51.28.020	Worker's application for compensation—Physician to aid in.
51.28.025	Duty of employer to report injury or disease—Contents of report—Claim suppression—Penalty.
51.28.030	Beneficiaries' application for compensation—Notification of rights.
51.28.040	Application for change in compensation.
51.28.050	Time limitation for filing application or enforcing claim for injury.
51.28.055	Time limitation for filing claim for occupational disease—Notice—Hearing loss claims—Rules.
51.28.060	Proof of dependency.

- 51.28.070 Claim files and records confidential.
- 51.28.080 Determination of compensation for temporary total disability—Notification of employer.
- 51.28.090 Notification of availability of basic health plan.
- 51.28.100 Physician assistant signatures—Documents required by the department.

**51.28.010 Notice of accident—Notification of worker’s rights—Claim suppression.** (1) Whenever any accident occurs to any worker it shall be the duty of such worker or someone in his or her behalf to forthwith report such accident to his or her employer, superintendent, or supervisor in charge of the work, and of the employer to at once report such accident and the injury resulting therefrom to the department pursuant to RCW 51.28.025 where the worker has received treatment from a physician or a licensed advanced registered nurse practitioner, has been hospitalized, disabled from work, or has died as the apparent result of such accident and injury.

(2) Upon receipt of such notice of accident, the department shall immediately forward to the worker or his or her beneficiaries or dependents notification, in nontechnical language, of their rights under this title. The notice must specify the worker’s right to receive health services from a physician or a licensed advanced registered nurse practitioner of the worker’s choice under RCW 51.36.010, including chiropractic services under RCW 51.36.015, and must list the types of providers authorized to provide these services.

(3) Employers shall not engage in claim suppression.

(4) For the purposes of this section, "claim suppression" means intentionally:

- (a) Inducing employees to fail to report injuries;
- (b) Inducing employees to treat injuries in the course of employment as off-the-job injuries; or
- (c) Acting otherwise to suppress legitimate industrial insurance claims.

(5) In determining whether an employer has engaged in claim suppression, the department shall consider the employer’s history of compliance with industrial insurance reporting requirements, and whether the employer has discouraged employees from reporting injuries or filing claims. The department has the burden of proving claim suppression by a preponderance of the evidence.

(6) Claim suppression does not include bona fide workplace safety and accident prevention programs or an employer’s provision at the worksite of first aid as defined by the department. The department shall adopt rules defining bona fide workplace safety and accident prevention programs and defining first aid. [2007 c 77 § 1; 2004 c 65 § 3; 2001 c 231 § 1; 1977 ex.s. c 350 § 32; 1975 1st ex.s. c 224 § 4; 1971 ex.s. c 289 § 5; 1961 c 23 § 51.28.010. Prior: 1915 c 188 § 9; 1911 c 74 § 14; RRS § 7689.]

**Implementation—2007 c 77:** "The department of labor and industries shall adopt rules necessary to implement this act." [2007 c 77 § 4.]

**Report to legislature—Effective date—Severability—2004 c 65:** See notes following RCW 51.04.030.

**Effective date—2001 c 231:** "This act takes effect January 1, 2002." [2001 c 231 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.28.015 Injury reporting—Findings—Department educational initiative—Pilot program, employers to assist**

(2010 Ed.)

**workers in applying for benefits—Report.** (1) The legislature finds that:

(a) In 1998, the joint legislative audit and review committee, in its performance audit of the Washington industrial insurance system, reported that one of the most significant causes for delayed benefit payments to workers and lack of employer involvement in claims was the manner in which claims were reported. Under this system of reporting, the worker generally reports the injury to a physician who, in turn, reports the injury to the department.

(b) The performance audit further reported that adopting a system in which the employee reports to the employer and the employer reports to the department would speed the first payment of benefits to the worker and involve the employer, from the beginning of the claim, in assisting in the management of the claim, including returning the worker to work.

(c) The performance audit also recognized that there would be instances in which workers would be reluctant to report injuries to employers and that, therefore, the system of physician reporting should be retained as an alternative, and employer reporting should be tested on a widespread basis.

(2) The department of labor and industries shall develop and implement an initiative to:

(a) Encourage the reporting of industrial injuries and occupational diseases by the worker to his or her employer and by the employer to the department;

(b) Encourage the employer to provide assistance to the worker in completing the application for compensation; and

(c) Educate workers and employers about the benefits and importance of prompt reporting of injuries and diseases.

(3)(a) By January 1, 2007, the department shall develop and begin a pilot program to allow employers to assist workers in completing an application for benefits. This pilot program does not replace the current method for reporting as provided in RCW 51.28.020.

(b) The department shall develop requirements or rules for employers who participate in the pilot program, including provisions to ensure prompt reporting of the claim and communicating a worker’s rights and responsibilities under the pilot program. The pilot program shall include the voluntary participation of employers that represent a cross-section of industries, geographic areas, union and nonunion workers, large and small businesses, and other criteria established by the department with input of business and labor leaders.

(c) During the pilot period, the department shall consider steps to address the unique needs and issues of small employers.

(d) The number of participating employers must not be more than five hundred during the first year of the pilot program. This number may be increased to seven hundred fifty during the second year of the pilot program.

(e) The pilot program expires July 1, 2009.

(4) On December 1, 2007, and December 1, 2008, the department of labor and industries shall report to the appropriate committees of the legislature the findings of a study of:

(a) Claims that are not reported promptly, including but not limited to a review of the circumstances of such claims, the type of injuries involved in such claims, and the reasons for the failure to report such claims promptly;

(b) The effect of the educational initiative required under subsection (2) of this section on whether the number of

claims reported to employers increased, whether there was a reduction in delays in benefit payments, and whether there was an improvement in employer involvement in assisting with claims management and an increase in appropriate return-to-work and better outcomes for injured workers and employers;

(c) The results of the efforts of the centers of occupational health education in early reporting and early notification of employers, and the general lessons that can be drawn from these results for the larger workers' compensation program; and

(d) The results of the pilot program for workers to begin the process of applying for compensation through the employer and whether additional statutory changes are required or recommended to implement this process for all employers and workers. [2006 c 254 § 1; 2005 c 108 § 1.]

**51.28.020 Worker's application for compensation—Physician to aid in.** (1)(a) Where a worker is entitled to compensation under this title he or she shall file with the department or his or her self-insured employer, as the case may be, his or her application for such, together with the certificate of the physician or licensed advanced registered nurse practitioner who attended him or her. An application form developed by the department shall include a notice specifying the worker's right to receive health services from a physician or licensed advanced registered nurse practitioner of the worker's choice under RCW 51.36.010, including chiropractic services under RCW 51.36.015, and listing the types of providers authorized to provide these services.

(b) The physician or licensed advanced registered nurse practitioner who attended the injured worker shall inform the injured worker of his or her rights under this title and lend all necessary assistance in making this application for compensation and such proof of other matters as required by the rules of the department without charge to the worker. The department shall provide physicians with a manual which outlines the procedures to be followed in applications for compensation involving occupational diseases, and which describes claimants' rights and responsibilities related to occupational disease claims.

(2) If the application required by this section is:

(a) Filed on behalf of the worker by the physician who attended the worker, the physician may transmit the application to the department electronically using facsimile mail;

(b) Made to the department and the employer has not received a copy of the application, the department shall immediately send a copy of the application to the employer; or

(c) Made to a self-insured employer, the employer shall forthwith send a copy of the application to the department. [2005 c 108 § 3; (2005 c 108 § 2 expired June 30, 2007); 2004 c 65 § 4; 2001 c 231 § 2; 1984 c 159 § 3; 1977 ex.s. c 350 § 33; 1971 ex.s. c 289 § 38; 1961 c 23 § 51.28.020. Prior: 1927 c 310 § 6, part; 1921 c 182 § 7, part; 1911 c 74 § 12, part; RRS § 7686, part.]

**Effective date—2005 c 108 § 3:** "Section 3 of this act takes effect June 30, 2007." [2005 c 108 § 6.]

**Expiration date—2005 c 108 § 2:** "Section 2 of this act expires June 30, 2007." [2005 c 108 § 5.]

**Report to legislature—Effective date—Severability—2004 c 65:** See notes following RCW 51.04.030.

**Effective date—2001 c 231:** See note following RCW 51.28.010.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.28.025 Duty of employer to report injury or disease—Contents of report—Claim suppression—Penalty.**

(1) Whenever an employer has notice or knowledge of an injury or occupational disease sustained by any worker in his or her employment who has received treatment from a physician or a licensed advanced registered nurse practitioner, has been hospitalized, disabled from work or has died as the apparent result of such injury or occupational disease, the employer shall immediately report the same to the department on forms prescribed by it. The report shall include:

(a) The name, address, and business of the employer;

(b) The name, address, and occupation of the worker;

(c) The date, time, cause, and nature of the injury or occupational disease;

(d) Whether the injury or occupational disease arose in the course of the injured worker's employment;

(e) All available information pertaining to the nature of the injury or occupational disease including but not limited to any visible signs, any complaints of the worker, any time lost from work, and the observable effect on the worker's bodily functions, so far as is known; and

(f) Such other pertinent information as the department may prescribe by regulation.

(2) The employer shall not engage in claim suppression. An employer found to have engaged in claim suppression shall be subject to a penalty of at least two hundred fifty dollars, not to exceed two thousand five hundred dollars, for each offense. The penalty shall be payable to the supplemental pension fund. The department shall adopt rules establishing the amount of penalties, taking into account the size of the employer and whether there are prior findings of claim suppression. When a determination of claim suppression has been made, the employer shall be prohibited from any current or future participation in a retrospective rating program. If self-insured, the director shall withdraw certification as provided in RCW 51.14.080.

(3) When a determination of claim suppression is made and the penalty is assessed, the department shall serve the employer and any affected retrospective rating group with a determination as provided in RCW 51.52.050. The determination may be protested to the department or appealed to the board of industrial insurance appeals. Once the order is final, the amount due shall be collected in accordance with the provisions of RCW 51.48.140 and 51.48.150.

(4) The director, or the director's designee, shall investigate reports or complaints that an employer has engaged in claim suppression as prohibited in RCW 51.28.010(3). The complaints or allegations must be received in writing, and must include the name or names of the individuals or organizations submitting the complaint. In cases where the department can show probable cause, the director may subpoena records from the employer, medical providers, and any other entity that the director believes may have relevant information. The director's investigative and subpoena authority in this subsection is limited solely to investigations into allega-

tions of claim suppression or where the director has probable cause that claim suppression might have occurred.

(5) If the director determines that an employer has engaged in claim suppression and, as a result, the worker has not filed a claim for industrial insurance benefits as prescribed by law, then the director in his or her sole discretion may waive the time limits for filing a claim provided in RCW 51.28.050, if the complaint or allegation of claim suppression is received within two years of the worker's accident or exposure. For the director to exercise this discretion, the claim must be filed with the department within ninety days of the date the determination of claim suppression is issued.

(6) For the purposes of this section, "claim suppression" has the same meaning as in RCW 51.28.010(4). [2007 c 77 § 2; 2004 c 65 § 5; 1987 c 185 § 32; 1985 c 347 § 1; 1975 1st ex.s. c 224 § 5; 1971 ex.s. c 289 § 39.]

**Implementation—2007 c 77:** See note following RCW 51.28.010.

**Report to legislature—Effective date—Severability—2004 c 65:** See notes following RCW 51.04.030.

**Intent—Severability—1987 c 185:** See notes following RCW 51.12.130.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.28.030 Beneficiaries' application for compensation—Notification of rights.** Where death results from injury the parties entitled to compensation under this title, or someone in their behalf, shall make application for the same to the department or self-insurer as the case may be, which application must be accompanied with proof of death and proof of relationship showing the parties to be entitled to compensation under this title, certificates of attending physician or licensed advanced registered nurse practitioner, if any, and such proof as required by the rules of the department.

Upon receipt of notice of accident under RCW 51.28.010, the director shall immediately forward to the party or parties required to make application for compensation under this section, notification, in nontechnical language, of their rights under this title. [2004 c 65 § 6; 1972 ex.s. c 43 § 17; 1971 ex.s. c 289 § 6; 1961 c 23 § 51.28.030. Prior: 1927 c 310 § 6, part; 1921 c 182 § 7, part; 1911 c 74 § 12, part; RRS § 7686, part.]

**Report to legislature—Effective date—Severability—2004 c 65:** See notes following RCW 51.04.030.

**51.28.040 Application for change in compensation.** If change of circumstances warrants an increase or rearrangement of compensation, like application shall be made therefor. Where the application has been granted, compensation and other benefits if in order shall be allowed for periods of time up to sixty days prior to the receipt of such application. [1977 ex.s. c 199 § 1; 1961 c 23 § 51.28.040. Prior: 1927 c 310 § 6, part; 1921 c 182 § 7, part; 1911 c 74 § 12, part; RRS § 7686, part.]

**51.28.050 Time limitation for filing application or enforcing claim for injury.** No application shall be valid or claim thereunder enforceable unless filed within one year after the day upon which the injury occurred or the rights of dependents or beneficiaries accrued, except as provided in RCW 51.28.055 and 51.28.025(5). [2007 c 77 § 3; 1984 c

159 § 1; 1961 c 23 § 51.28.050. Prior: 1927 c 310 § 6, part; 1921 c 182 § 7, part; 1911 c 74 § 12, part; RRS § 7686, part.]

**Implementation—2007 c 77:** See note following RCW 51.28.010.

**51.28.055 Time limitation for filing claim for occupational disease—Notice—Hearing loss claims—Rules.** (1) Except as provided in subsection (2) of this section for claims filed for occupational hearing loss, claims for occupational disease or infection to be valid and compensable must be filed within two years following the date the worker had written notice from a physician or a licensed advanced registered nurse practitioner: (a) Of the existence of his or her occupational disease, and (b) that a claim for disability benefits may be filed. The notice shall also contain a statement that the worker has two years from the date of the notice to file a claim. The physician or licensed advanced registered nurse practitioner shall file the notice with the department. The department shall send a copy to the worker and to the self-insurer if the worker's employer is self-insured. However, a claim is valid if it is filed within two years from the date of death of the worker suffering from an occupational disease.

(2)(a) Except as provided in (b) of this subsection, to be valid and compensable, claims for hearing loss due to occupational noise exposure must be filed within two years of the date of the worker's last injurious exposure to occupational noise in employment covered under this title or within one year of September 10, 2003, whichever is later.

(b) A claim for hearing loss due to occupational noise exposure that is not timely filed under (a) of this subsection can only be allowed for medical aid benefits under chapter 51.36 RCW.

(3) The department may adopt rules to implement this section. [2004 c 65 § 7; 2003 2nd sp.s. c 2 § 1; 1984 c 159 § 2; 1977 ex.s. c 350 § 34; 1961 c 23 § 51.28.055. Prior: 1959 c 308 § 18; prior: 1957 c 70 § 16, part; 1951 c 236 § 1, part.]

**Report to legislature—Effective date—Severability—2004 c 65:** See notes following RCW 51.04.030.

**51.28.060 Proof of dependency.** A dependent shall at all times furnish the department with proof satisfactory to the director of the nature, amount and extent of the contribution made by the deceased worker.

Proof of dependency by any beneficiary residing without the United States shall be made before the nearest United States consul or consular agency, under the seal of such consul or consular agent, and the department may cause any warrant or warrants to which such beneficiary is entitled to be transmitted to the beneficiary through the nearest United States consul or consular agent. [1977 ex.s. c 350 § 35; 1961 c 23 § 51.28.060. Prior: 1957 c 70 § 25; prior: (i) 1939 c 41 § 2, part; 1929 c 132 § 1, part; 1927 c 310 § 2, part; 1921 c 182 § 2, part; 1919 c 131 § 2, part; 1917 c 120 § 1, part; 1911 c 74 § 3, part; RRS § 7675, part. (ii) 1947 c 56 § 1, part; 1927 c 310 § 7, part; 1923 c 136 § 4, part; 1921 c 182 § 6, part; 1919 c 131 § 6, part; 1911 c 74 § 10, part; Rem. Supp. 1947 § 7684, part.]

**51.28.070 Claim files and records confidential.** Information contained in the claim files and records of injured workers, under the provisions of this title, shall be deemed

confidential and shall not be open to public inspection (other than to public employees in the performance of their official duties), but representatives of a claimant, be it an individual or an organization, may review a claim file or receive specific information therefrom upon the presentation of the signed authorization of the claimant. A claimant may review his or her claim file if the director determines, pursuant to criteria adopted by rule, that the review is in the claimant's interest. Employers or their duly authorized representatives may review any files of their own injured workers in connection with any pending claims. Physicians treating or examining workers claiming benefits under this title, or physicians giving medical advice to the department regarding any claim may, at the discretion of the department, inspect the claim files and records of injured workers, and other persons may make such inspection, at the department's discretion, when such persons are rendering assistance to the department at any stage of the proceedings on any matter pertaining to the administration of this title. [1990 c 209 § 2; 1977 ex.s. c 350 § 36; 1975 1st ex.s. c 224 § 6; 1961 c 23 § 51.28.070. Prior: 1957 c 70 § 51.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.28.080 Determination of compensation for temporary total disability—Notification of employer.** (1) An employer shall be promptly notified by the department when:

(a) The department has received an application for compensation under this title. If the employer is a state fund employer, the department shall instruct the employer to submit a report of accident form and provide a telephone number for assistance in the reporting process; and

(b) It has determined that a worker of that employer is entitled to compensation under RCW 51.32.090.

(2) Notification shall include, in nontechnical language, an explanation of the employer's rights under this title. [2005 c 108 § 4; 1985 c 338 § 2.]

**51.28.090 Notification of availability of basic health plan.** The director shall notify persons receiving time-loss payments under this chapter of the availability of basic health care coverage to qualified enrollees under chapter 70.47 RCW, unless the Washington basic health plan administrator has notified the director of closure of enrollment in the plan. The director shall maintain supplies of Washington basic health plan enrollment application forms in all field service offices where the plan is available, which shall be provided in reasonably necessary quantities by the administrator for the use of persons wishing to apply for enrollment in the Washington basic health plan. [1987 1st ex.s. c 5 § 17.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.28.100 Physician assistant signatures—Documents required by the department.** The department shall accept the signature of a physician assistant on any certificate, card, form, or other documentation required by the department that the physician assistant's supervising physician or physicians may sign, provided that it is within the physician assistant's scope of practice, and is consistent with the terms of the physician assistant's practice arrangement plan as required by chapters 18.57A and 18.71A RCW. Con-

sistent with the terms of this section, the authority of a physician assistant to sign such certificates, cards, forms, or other documentation includes, but is not limited to, the execution of the certificate required in RCW 51.28.020. A physician assistant may not rate a worker's permanent partial disability under RCW 51.32.055. [2007 c 263 § 1.]

**Report to legislature—2007 c 263:** "By December 1, 2008, the department of labor and industries shall report to the legislature on implementation of this act, including but not limited to the effects of this act on injured worker outcomes, claim costs, and disputed claims." [2007 c 263 § 2.]

**Effective date—2007 c 263:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2007." [2007 c 263 § 3.]

## Chapter 51.32 RCW

### COMPENSATION—RIGHT TO AND AMOUNT

#### Sections

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- 51.32.380 Injured offenders—Benefits sent in the care of the department of corrections—Exception—Liability.

*Self-insured employer overpayment reimbursement fund: RCW 51.44.142.*

*Victims of crimes, benefits: Chapter 7.68 RCW.*

**51.32.010 Who entitled to compensation.** Each worker injured in the course of his or her employment, or his or her family or dependents in case of death of the worker, shall receive compensation in accordance with this chapter, and, except as in this title otherwise provided, such payment shall be in lieu of any and all rights of action whatsoever against any person whomsoever: PROVIDED, That if an injured worker, or the surviving spouse of an injured worker shall not have the legal custody of a child for, or on account of whom payments are required to be made under this title, such payment or payments shall be made to the person or persons having the legal custody of such child but only for the periods of time after the department has been notified of the fact of such legal custody, and it shall be the duty of any such person or persons receiving payments because of legal custody of any child immediately to notify the department of any change in such legal custody. [1977 ex.s. c 350 § 37; 1975 1st ex.s. c 224 § 7; 1971 ex.s. c 289 § 40; 1961 c 23 § 51.32.010. Prior: 1957 c 70 § 26; prior: 1949 c 219 § 1, part; 1947 c 246 § 1, part; 1929 c 132 § 2, part; 1927 c 310 § 4, part; 1923 c 136 § 2, part; 1919 c 131 § 4, part; 1917 c 28 § 1, part; 1913 c 148 § 1, part; 1911 c 74 § 5, part; Rem. Supp. 1949 § 7679, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.32.015 Time and place of coverage—Lunch period.** The benefits of Title 51 RCW shall be provided to each worker receiving an injury, as defined therein, during the course of his or her employment and also during his or her lunch period as established by the employer while on the jobsite. The jobsite shall consist of the premises as are occupied, used or contracted for by the employer for the business or work process in which the employer is then engaged: PROVIDED, That if a worker by reason of his or her employment leaves such jobsite under the direction, control or request of the employer and if such worker is injured during his or her lunch period while so away from the jobsite, the worker shall receive the benefits as provided herein: AND PROVIDED FURTHER, That the employer need not consider the lunch period in his or her payroll for the purpose of reporting to the department unless the worker is actually paid for such period

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of time. [1977 ex.s. c 350 § 38; 1971 ex.s. c 289 § 41; 1961 c 107 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.32.020 Who not entitled to compensation.** If injury or death results to a worker from the deliberate intention of the worker himself or herself to produce such injury or death, or while the worker is engaged in the attempt to commit, or the commission of, a felony, neither the worker nor the widow, widower, child, or dependent of the worker shall receive any payment under this title.

If injury or death results to a worker from the deliberate intention of a beneficiary of that worker to produce the injury or death, or if injury or death results to a worker as a consequence of a beneficiary of that worker engaging in the attempt to commit, or the commission of, a felony, the beneficiary shall not receive any payment under this title.

An invalid child, while being supported and cared for in a state institution, shall not receive compensation under this chapter.

No payment shall be made to or for a natural child of a deceased worker and, at the same time, as the stepchild of a deceased worker. [1995 c 160 § 2; 1977 ex.s. c 350 § 39; 1971 ex.s. c 289 § 42; 1961 c 23 § 51.32.020. Prior: 1957 c 70 § 27; prior: (i) 1927 c 310 § 5, part; 1919 c 131 § 5, part; 1911 c 74 § 6, part; RRS § 7680, part. (ii) 1949 c 219 § 1, part; 1947 c 246 § 1, part; 1929 c 132 § 2, part; 1927 c 310 § 4, part; 1923 c 136 § 2, part; 1919 c 131 § 4, part; 1917 c 28 § 1, part; 1913 c 148 § 1, part; 1911 c 74 § 5, part; Rem. Supp. 1949 § 7679, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.32.025 Payments for children cease at age eighteen—Exceptions.** Any payments to or on account of any child or children of a deceased or temporarily or totally permanently disabled worker pursuant to any of the provisions of chapter 51.32 RCW shall terminate when any such child reaches the age of eighteen years unless such child is a dependent invalid child or is permanently enrolled at a full time course in an accredited school, in which case such payments after age eighteen shall be made directly to such child. Payments to any dependent invalid child over the age of eighteen years shall continue in the amount previously paid on account of such child until he or she shall cease to be dependent. Payments to any child over the age of eighteen years permanently enrolled at a full time course in an accredited school shall continue in the amount previously paid on account of such child until the child reaches an age over that provided for in the definition of "child" in this title or ceases to be permanently enrolled whichever occurs first. Where the worker sustains an injury or dies when any of the worker’s children is over the age of eighteen years and is either a dependent invalid child or is a child permanently enrolled at a full time course in an accredited school the payment to or on account of any such child shall be made as herein provided. [2010 c 8 § 14008; 1987 c 185 § 33; 1975 1st ex.s. c 224 § 11.]

**Intent—Severability—1987 c 185:** See notes following RCW 51.12.130.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.32.030 When compensation payable to employer or member of corporate employer.** Any sole proprietor, partner, or joint venturer who has requested coverage under this title and who shall thereafter be injured or sustain an occupational disease, shall be entitled to the benefit of this title, as and under the same circumstances and subject to the same obligations as a worker: PROVIDED, That no such person or the beneficiaries thereof shall be entitled to benefits under this title unless the department has received notice in writing of such request on such forms as the department may provide prior to the date of the injury or occupational disease as the result of which claims are made: PROVIDED, That the department shall have the power to cancel the personal coverage of any such person if any required payments or reports have not been made. [1980 c 14 § 8. Prior: 1977 ex.s. c 350 § 40; 1977 ex.s. c 323 § 14; 1961 c 23 § 51.32.030; prior: 1957 c 70 § 28; prior: 1939 c 41 § 2, part; 1929 c 132 § 1, part; 1927 c 310 § 2, part; 1921 c 182 § 2, part; 1919 c 131 § 2, part; 1917 c 120 § 1, part; 1911 c 74 § 3, part; RRS § 7675, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.32.040 Protection of awards—Payment after death—Time limitations for filing—Confinement in institution.** (1) Except as provided in RCW 43.20B.720, 72.09.111, 74.20A.260, and 51.32.380, no money paid or payable under this title shall, before the issuance and delivery of the check or warrant, be assigned, charged, or taken in execution, attached, garnished, or pass or be paid to any other person by operation of law, any form of voluntary assignment, or power of attorney. Any such assignment or charge is void unless the transfer is to a financial institution at the request of a worker or other beneficiary and made in accordance with RCW 51.32.045.

(2)(a) If any worker suffers (i) a permanent partial injury and dies from some other cause than the accident which produced the injury before he or she receives payment of the award for the permanent partial injury or (ii) any other injury before he or she receives payment of any monthly installment covering any period of time before his or her death, the amount of the permanent partial disability award or the monthly payment, or both, shall be paid to the surviving spouse or the child or children if there is no surviving spouse. If there is no surviving spouse and no child or children, the award or the amount of the monthly payment shall be paid by the department or self-insurer and distributed consistent with the terms of the decedent's will or, if the decedent dies intestate, consistent with the terms of RCW 11.04.015.

(b) If any worker suffers an injury and dies from it before he or she receives payment of any monthly installment covering time loss for any period of time before his or her death, the amount of the monthly payment shall be paid to the surviving spouse or the child or children if there is no surviving spouse. If there is no surviving spouse and no child or children, the amount of the monthly payment shall be paid by the department or self-insurer and distributed consistent with the terms of the decedent's will or, if the decedent dies intestate, consistent with the terms of RCW 11.04.015.

(c) Any application for compensation under this subsection (2) shall be filed with the department or self-insuring employer within one year of the date of death. The depart-

ment or self-insurer may satisfy its responsibilities under this subsection (2) by sending any payment due in the name of the decedent and to the last known address of the decedent.

(3)(a) Any worker or beneficiary receiving benefits under this title who is subsequently confined in, or who subsequently becomes eligible for benefits under this title while confined in, any institution under conviction and sentence shall have all payments of the compensation canceled during the period of confinement. After discharge from the institution, payment of benefits due afterward shall be paid if the worker or beneficiary would, except for the provisions of this subsection (3), otherwise be entitled to them.

(b) If any prisoner is injured in the course of his or her employment while participating in a work or training release program authorized by chapter 72.65 RCW and is subject to the provisions of this title, he or she is entitled to payments under this title, subject to the requirements of chapter 72.65 RCW, unless his or her participation in the program has been canceled, or unless he or she is returned to a state correctional institution, as defined in RCW 72.65.010(3), as a result of revocation of parole or new sentence.

(c) If the confined worker has any beneficiaries during the confinement period during which benefits are canceled under (a) or (b) of this subsection, they shall be paid directly the monthly benefits which would have been paid to the worker for himself or herself and the worker's beneficiaries had the worker not been confined.

(4) Any lump sum benefits to which a worker would otherwise be entitled but for the provisions of this section shall be paid on a monthly basis to his or her beneficiaries. [2003 c 379 § 27; 1999 c 185 § 1; 1996 c 47 § 1; 1995 c 160 § 3; 1987 c 75 § 7; 1983 c 2 § 13. Prior: 1982 c 201 § 8; 1982 c 109 § 10; 1979 ex.s. c 171 § 11; 1977 ex.s. c 350 § 41; 1975 1st ex.s. c 224 § 8; 1974 ex.s. c 30 § 1; prior: 1973 1st ex.s. c 154 § 95; 1972 ex.s. c 43 § 18; 1971 ex.s. c 289 § 43; 1965 ex.s. c 165 § 2; 1961 c 23 § 51.32.040; prior: 1957 c 70 § 29; prior: 1947 c 56 § 1, part; 1927 c 310 § 7, part; 1923 c 136 § 4, part; 1921 c 182 § 6, part; 1919 c 131 § 6, part; 1911 c 74 § 10, part; Rem. Supp. 1947 § 7684, part.]

**Severability—Effective dates—2003 c 379:** See notes following RCW 9.94A.728.

**Intent—Purpose—2003 c 379 §§ 13-27:** See note following RCW 9.94A.760.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.32.045 Direct deposit of benefits.** Any worker or other recipient of benefits under this title may elect to have any payments due transferred to such person's account in a financial institution for either: (1) Credit to the recipient's account in such financial institution; or (2) immediate transfer therefrom to the recipient's account in any other financial institution. A single warrant may be drawn in favor of such financial institution, for the total amount due the recipients involved, and written directions provided to such financial institution of the amount to be credited to the account of a recipient or to be transferred to an account in another financial institution for such recipient. The issuance and delivery by the disbursing officer of a warrant in accordance with the procedure set forth in this section and proper indorsement thereof by the financial institution shall have the same legal effect as payment directly to the recipient.

For the purposes of this section "financial institution" shall have the meaning given in RCW 41.04.240 as now or hereafter amended. [1982 c 109 § 11.]

**51.32.050 Death benefits.** (1) Where death results from the injury the expenses of burial not to exceed two hundred percent of the average monthly wage in the state as defined in RCW 51.08.018 shall be paid.

(2)(a) Where death results from the injury, a surviving spouse of a deceased worker eligible for benefits under this title shall receive monthly for life or until remarriage payments according to the following schedule:

(i) If there are no children of the deceased worker, sixty percent of the wages of the deceased worker;

(ii) If there is one child of the deceased worker and in the legal custody of such spouse, sixty-two percent of the wages of the deceased worker;

(iii) If there are two children of the deceased worker and in the legal custody of such spouse, sixty-four percent of the wages of the deceased worker;

(iv) If there are three children of the deceased worker and in the legal custody of such spouse, sixty-six percent of the wages of the deceased worker;

(v) If there are four children of the deceased worker and in the legal custody of such spouse, sixty-eight percent of the wages of the deceased worker; or

(vi) If there are five or more children of the deceased worker and in the legal custody of such spouse, seventy percent of the wages of the deceased worker.

(b) Where the surviving spouse does not have legal custody of any child or children of the deceased worker or where after the death of the worker legal custody of such child or children passes from such surviving spouse to another, any payment on account of such child or children not in the legal custody of the surviving spouse shall be made to the person or persons having legal custody of such child or children. The amount of such payments shall be five percent of the monthly benefits payable as a result of the worker's death for each such child but such payments shall not exceed twenty-five percent. Such payments on account of such child or children shall be subtracted from the amount to which such surviving spouse would have been entitled had such surviving spouse had legal custody of all of the children and the surviving spouse shall receive the remainder after such payments on account of such child or children have been subtracted. Such payments on account of a child or children not in the legal custody of such surviving spouse shall be apportioned equally among such children.

(c) Payments to the surviving spouse of the deceased worker shall cease at the end of the month in which remarriage occurs: PROVIDED, That a monthly payment shall be made to the child or children of the deceased worker from the month following such remarriage in a sum equal to five percent of the wages of the deceased worker for one child and a sum equal to five percent for each additional child up to a maximum of five such children. Payments to such child or children shall be apportioned equally among such children. Such sum shall be in place of any payments theretofore made for the benefit of or on account of any such child or children. If the surviving spouse does not have legal custody of any child or children of the deceased worker, or if after the death

of the worker, legal custody of such child or children passes from such surviving spouse to another, any payment on account of such child or children not in the legal custody of the surviving spouse shall be made to the person or persons having legal custody of such child or children.

(d) In no event shall the monthly payments provided in subsection (2) of this section:

(i) Exceed the applicable percentage of the average monthly wage in the state as computed under RCW 51.08.018 as follows:

AFTER	PERCENTAGE
June 30, 1993	105%
June 30, 1994	110%
June 30, 1995	115%
June 30, 1996	120%

(ii) For dates of injury or disease manifestation after July 1, 2008, be less than fifteen percent of the average monthly wage in the state as computed under RCW 51.08.018 plus an additional ten dollars per month for a surviving spouse and an additional ten dollars per month for each child of the worker up to a maximum of five children. However, if the monthly payment computed under this subsection (2)(d)(ii) is greater than one hundred percent of the wages of the deceased worker as determined under RCW 51.08.178, the monthly payment due to the surviving spouse shall be equal to the greater of the monthly wages of the deceased worker or the minimum benefit set forth in this section on June 30, 2008.

(e) In addition to the monthly payments provided for in subsection (2)(a) through (c) of this section, a surviving spouse or child or children of such worker if there is no surviving spouse, or dependent parent or parents, if there is no surviving spouse or child or children of any such deceased worker shall be forthwith paid a sum equal to one hundred percent of the average monthly wage in the state as defined in RCW 51.08.018, any such children, or parents to share and share alike in said sum.

(f) Upon remarriage of a surviving spouse the monthly payments for the child or children shall continue as provided in this section, but the monthly payments to such surviving spouse shall cease at the end of the month during which remarriage occurs. However, after September 8, 1975, an otherwise eligible surviving spouse of a worker who died at any time prior to or after September 8, 1975, shall have an option of:

(i)(A) Receiving, once and for all, a lump sum of twenty-four times the monthly compensation rate in effect on the date of remarriage allocable to the spouse for himself or herself pursuant to subsection (2)(a)(i) of this section and subject to any modifications specified under subsection (2)(d) of this section and RCW 51.32.075(3) or fifty percent of the then remaining annuity value of his or her pension, whichever is the lesser: PROVIDED, That if the injury occurred prior to July 28, 1991, the remarriage benefit lump sum available shall be as provided in the remarriage benefit schedules then in effect;

(B) If a surviving spouse is the surviving spouse of a member of the law enforcement officers' and firefighters' retirement system under chapter 41.26 RCW or the state patrol retirement system under chapter 43.43 RCW, the sur-

living spouse may receive a lump sum of thirty-six times the monthly compensation rate in effect on the date of remarriage allocable to the spouse for himself or herself pursuant to subsection (2)(a)(i) of this section and RCW 51.32.075(3) or fifty percent of the remaining annuity value of his or her pension provided under this chapter, whichever is the lesser: PROVIDED, That if the injury occurred prior to July 28, 1991, the lump sum benefit shall be as provided in the remarriage benefit schedules then in effect; or

(ii) If a surviving spouse does not choose the option specified in subsection (2)(f)(i) of this section to accept the lump sum payment, the remarriage of the surviving spouse of a worker shall not bar him or her from claiming the lump sum payment authorized in subsection (2)(f)(i) of this section during the life of the remarriage, or shall not prevent subsequent monthly payments to him or to her if the remarriage has been terminated by death or has been dissolved or annulled by valid court decree provided he or she has not previously accepted the lump sum payment.

(g) If the surviving spouse during the remarriage should die without having previously received the lump sum payment provided in subsection (2)(f)(i) of this section, his or her estate shall be entitled to receive the sum specified under subsection (2)(f)(i) of this section or fifty percent of the then remaining annuity value of his or her pension whichever is the lesser.

(h) The effective date of resumption of payments under subsection (2)(f)(ii) of this section to a surviving spouse based upon termination of a remarriage by death, annulment, or dissolution shall be the date of the death or the date the judicial decree of annulment or dissolution becomes final and when application for the payments has been received.

(i) If it should be necessary to increase the reserves in the reserve fund or to create a new pension reserve fund as a result of the amendments in chapter 45, Laws of 1975-'76 2nd ex. sess., the amount of such increase in pension reserve in any such case shall be transferred to the reserve fund from the supplemental pension fund.

(3) If there is a child or children and no surviving spouse of the deceased worker or the surviving spouse is not eligible for benefits under this title, a sum equal to thirty-five percent of the wages of the deceased worker shall be paid monthly for one child and a sum equivalent to fifteen percent of such wage shall be paid monthly for each additional child, the total of such sum to be divided among such children, share and share alike: PROVIDED, That benefits under this subsection or subsection (4) of this section shall not exceed the lesser of sixty-five percent of the wages of the deceased worker at the time of his or her death or the applicable percentage of the average monthly wage in the state as defined in RCW 51.08.018, as follows:

AFTER	PERCENTAGE
June 30, 1993	105%
June 30, 1994	110%
June 30, 1995	115%
June 30, 1996	120%

(4) In the event a surviving spouse receiving monthly payments dies, the child or children of the deceased worker

shall receive the same payment as provided in subsection (3) of this section.

(5) If the worker leaves no surviving spouse or child, but leaves a dependent or dependents, a monthly payment shall be made to each dependent equal to fifty percent of the average monthly support actually received by such dependent from the worker during the twelve months next preceding the occurrence of the injury, but the total payment to all dependents in any case shall not exceed the lesser of sixty-five percent of the wages of the deceased worker at the time of his or her death or the applicable percentage of the average monthly wage in the state as defined in RCW 51.08.018 as follows:

AFTER	PERCENTAGE
June 30, 1993	105%
June 30, 1994	110%
June 30, 1995	115%
June 30, 1996	120%

If any dependent is under the age of eighteen years at the time of the occurrence of the injury, the payment to such dependent shall cease when such dependent reaches the age of eighteen years except such payments shall continue until the dependent reaches age twenty-three while permanently enrolled at a full time course in an accredited school. The payment to any dependent shall cease if and when, under the same circumstances, the necessity creating the dependency would have ceased if the injury had not happened.

(6) For claims filed prior to July 1, 1986, if the injured worker dies during the period of permanent total disability, whatever the cause of death, leaving a surviving spouse, or child, or children, the surviving spouse or child or children shall receive benefits as if death resulted from the injury as provided in subsections (2) through (4) of this section. Upon remarriage or death of such surviving spouse, the payments to such child or children shall be made as provided in subsection (2) of this section when the surviving spouse of a deceased worker remarries.

(7) For claims filed on or after July 1, 1986, every worker who becomes eligible for permanent total disability benefits shall elect an option as provided in RCW 51.32.067. [2010 c 261 § 3; 2007 c 284 § 1; 1995 c 199 § 6; 1993 c 521 § 1; 1991 c 88 § 2; 1988 c 161 § 2; 1986 c 58 § 3; 1982 c 63 § 18; 1977 ex.s. c 350 § 42; 1975-'76 2nd ex.s. c 45 § 2; 1975 1st ex.s. c 179 § 1; 1973 1st ex.s. c 154 § 96; 1972 ex.s. c 43 § 19; 1971 ex.s. c 289 § 7; 1965 ex.s. c 122 § 1; 1961 c 274 § 1; 1961 c 23 § 51.32.050. Prior: 1957 c 70 § 30; 1951 c 115 § 1; prior: 1949 c 219 § 1, part; 1947 c 246 § 1, part; 1941 c 209 § 1; 1929 c 132 § 2, part; 1927 c 310 § 4, part; 1923 c 136 § 2, part; 1919 c 131 § 4, part; 1917 c 28 § 1, part; 1913 c 148 § 1, part; 1911 c 74 § 5, part; Rem. Supp. 1949 § 7679, part.]

**Effective date—2007 c 284:** "This act takes effect July 1, 2008." [2007 c 284 § 4.]

**Legislative intent—1975 1st ex.s. c 179:** "The legislative intent of chapter 179, Laws of 1975 1st ex. sess. (2nd SSB No. 2241) was in part to offer surviving spouses of eligible workmen two options upon remarriage; such options to be available to any otherwise eligible surviving spouse regardless of the date of death of the injured workman. Accordingly this 1976 amendatory act is required to clarify that intent." [1975-'76 2nd ex.s. c 45 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.32.055 Determination of permanent disabilities—**

**Closure of claims by self-insurers.** (1) One purpose of this title is to restore the injured worker as nearly as possible to the condition of self-support as an able-bodied worker. Benefits for permanent disability shall be determined under the director's supervision, except as otherwise authorized in subsection (9) of this section, only after the injured worker's condition becomes fixed.

(2) All determinations of permanent disabilities shall be made by the department, except as otherwise authorized in subsection (9) of this section. Either the worker, employer, or self-insurer may make a request or the inquiry may be initiated by the director or, as authorized in subsection (9) of this section, by the self-insurer on the director or the self-insurer's own motion. Determinations shall be required in every instance where permanent disability is likely to be present. All medical reports and other pertinent information in the possession of or under the control of the employer or, if the self-insurer has made a request to the department, in the possession of or under the control of the self-insurer shall be forwarded to the director with the request.

(3) A request for determination of permanent disability shall be examined by the department or, if authorized in subsection (9) of this section, the self-insurer, and the department shall issue an order in accordance with RCW 51.52.050 or, in the case of a self-insured employer, the self-insurer may: (a) Enter a written order, communicated to the worker and the department self-insurance section in accordance with subsection (9) of this section, or (b) request the department to issue an order in accordance with RCW 51.52.050.

(4) The department or, in cases authorized in subsection (9) of this section, the self-insurer may require that the worker present himself or herself for a special medical examination by a physician or physicians selected by the department, and the department or, in cases authorized in subsection (9) of this section, the self-insurer may require that the worker present himself or herself for a personal interview. The costs of the examination or interview, including payment of any reasonable travel expenses, shall be paid by the department or self-insurer, as the case may be.

(5) The director may establish a medical bureau within the department to perform medical examinations under this section. Physicians hired or retained for this purpose shall be grounded in industrial medicine and in the assessment of industrial physical impairment. Self-insurers shall bear a proportionate share of the cost of the medical bureau in a manner to be determined by the department.

(6) Where a dispute arises from the handling of any claim before the condition of the injured worker becomes fixed, the worker, employer, or self-insurer may request the department to resolve the dispute or the director may initiate an inquiry on his or her own motion. In these cases, the department shall proceed as provided in this section and an order shall issue in accordance with RCW 51.52.050.

(7)(a) If a claim (i) is accepted by a self-insurer after June 30, 1986, and before August 1, 1997, (ii) involves only medical treatment and the payment of temporary disability compensation under RCW 51.32.090 or only the payment of temporary disability compensation under RCW 51.32.090, (iii) at the time medical treatment is concluded does not involve permanent disability, (iv) is one with respect to

which the department has not intervened under subsection (6) of this section, and (v) the injured worker has returned to work with the self-insured employer of record, whether at the worker's previous job or at a job that has comparable wages and benefits, the claim may be closed by the self-insurer, subject to reporting of claims to the department in a manner prescribed by department rules adopted under chapter 34.05 RCW.

(b) All determinations of permanent disability for claims accepted under this subsection (7) by self-insurers shall be made by the self-insured section of the department under subsections (1) through (4) of this section.

(c) Upon closure of a claim under (a) of this subsection, the self-insurer shall enter a written order, communicated to the worker and the department self-insurance section, which contains the following statement clearly set forth in bold face type: "This order constitutes notification that your claim is being closed with medical benefits and temporary disability compensation only as provided, and with the condition you have returned to work with the self-insured employer. If for any reason you disagree with the conditions or duration of your return to work or the medical benefits or the temporary disability compensation that has been provided, you must protest in writing to the department of labor and industries, self-insurance section, within sixty days of the date you received this order."

(8)(a) If a claim (i) is accepted by a self-insurer after June 30, 1990, and before August 1, 1997, (ii) involves only medical treatment, (iii) does not involve payment of temporary disability compensation under RCW 51.32.090, and (iv) at the time medical treatment is concluded does not involve permanent disability, the claim may be closed by the self-insurer, subject to reporting of claims to the department in a manner prescribed by department rules adopted under chapter 34.05 RCW. Upon closure of a claim, the self-insurer shall enter a written order, communicated to the worker, which contains the following statement clearly set forth in bold-face type: "This order constitutes notification that your claim is being closed with medical benefits only, as provided. If for any reason you disagree with this closure, you must protest in writing to the Department of Labor and Industries, Olympia, within 60 days of the date you received this order. The department will then review your claim and enter a further determinative order."

(b) All determinations of permanent disability for claims accepted under this subsection (8) by self-insurers shall be made by the self-insured section of the department under subsections (1) through (4) of this section.

(9)(a) If a claim: (i) Is accepted by a self-insurer after July 31, 1997; (ii)(A) involves only medical treatment, or medical treatment and the payment of temporary disability compensation under RCW 51.32.090, and a determination of permanent partial disability, if applicable, has been made by the self-insurer as authorized in this subsection; or (B) involves only the payment of temporary disability compensation under RCW 51.32.090 and a determination of permanent partial disability, if applicable, has been made by the self-insurer as authorized in this subsection; (iii) is one with respect to which the department has not intervened under subsection (6) of this section; and (iv) concerns an injured worker who has returned to work with the self-insured

employer of record, whether at the worker's previous job or at a job that has comparable wages and benefits, the claim may be closed by the self-insurer, subject to reporting of claims to the department in a manner prescribed by department rules adopted under chapter 34.05 RCW.

(b) If a physician or licensed advanced registered nurse practitioner submits a report to the self-insurer that concludes that the worker's condition is fixed and stable and supports payment of a permanent partial disability award, and if within fourteen days from the date the self-insurer mailed the report to the attending or treating physician or licensed advanced registered nurse practitioner, the worker's attending or treating physician or licensed advanced registered nurse practitioner disagrees in writing that the worker's condition is fixed and stable, the self-insurer must get a supplemental medical opinion from a provider on the department's approved examiner's list before closing the claim. In the alternative, the self-insurer may forward the claim to the department, which must review the claim and enter a final order as provided for in RCW 51.52.050.

(c) Upon closure of a claim under this subsection (9), the self-insurer shall enter a written order, communicated to the worker and the department self-insurance section, which contains the following statement clearly set forth in bold-face type: "This order constitutes notification that your claim is being closed with such medical benefits and temporary disability compensation as provided to date and with such award for permanent partial disability, if any, as set forth below, and with the condition that you have returned to work with the self-insured employer. If for any reason you disagree with the conditions or duration of your return to work or the medical benefits, temporary disability compensation provided, or permanent partial disability that has been awarded, you must protest in writing to the Department of Labor and Industries, Self-Insurance Section, within sixty days of the date you received this order. If you do not protest this order to the department, this order will become final."

(d) All determinations of permanent partial disability for claims accepted by self-insurers under this subsection (9) may be made by the self-insurer or the self-insurer may request a determination by the self-insured section of the department. All determinations shall be made under subsections (1) through (4) of this section.

(10) If the department receives a protest of an order issued by a self-insurer under subsections (7) through (9) of this section, the self-insurer's closure order must be held in abeyance. The department shall review the claim closure action and enter a further determinative order as provided for in RCW 51.52.050. If no protest is timely filed, the closing order issued by the self-insurer shall become final and shall have the same force and effect as a department order that has become final under RCW 51.52.050.

(11) If within two years of claim closure under subsections (7) through (9) of this section, the department determines that the self-insurer has made payment of benefits because of clerical error, mistake of identity, or innocent misrepresentation or the department discovers a violation of the conditions of claim closure, the department may require the self-insurer to correct the benefits paid or payable. This subsection (11) does not limit in any way the application of RCW 51.32.240.

(12) For the purposes of this section, "comparable wages and benefits" means wages and benefits that are at least ninety-five percent of the wages and benefits received by the worker at the time of injury. [2004 c 65 § 8; 1997 c 416 § 1; 1994 c 97 § 1; 1988 c 161 § 13; 1986 c 55 § 1; 1981 c 326 § 1; 1977 ex.s. c 350 § 43; 1971 ex.s. c 289 § 46.]

**Report to legislature—Effective date—Severability—2004 c 65:** See notes following RCW 51.04.030.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.32.060 Permanent total disability compensation—Personal attendant.** (1) When the supervisor of industrial insurance shall determine that permanent total disability results from the injury, the worker shall receive monthly during the period of such disability:

(a) If married at the time of injury, sixty-five percent of his or her wages.

(b) If married with one child at the time of injury, sixty-seven percent of his or her wages.

(c) If married with two children at the time of injury, sixty-nine percent of his or her wages.

(d) If married with three children at the time of injury, seventy-one percent of his or her wages.

(e) If married with four children at the time of injury, seventy-three percent of his or her wages.

(f) If married with five or more children at the time of injury, seventy-five percent of his or her wages.

(g) If unmarried at the time of the injury, sixty percent of his or her wages.

(h) If unmarried with one child at the time of injury, sixty-two percent of his or her wages.

(i) If unmarried with two children at the time of injury, sixty-four percent of his or her wages.

(j) If unmarried with three children at the time of injury, sixty-six percent of his or her wages.

(k) If unmarried with four children at the time of injury, sixty-eight percent of his or her wages.

(l) If unmarried with five or more children at the time of injury, seventy percent of his or her wages.

(2) For any period of time where both husband and wife are entitled to compensation as temporarily or totally disabled workers, only that spouse having the higher wages of the two shall be entitled to claim their child or children for compensation purposes.

(3) In case of permanent total disability, if the character of the injury is such as to render the worker so physically helpless as to require the hiring of the services of an attendant, the department shall make monthly payments to such attendant for such services as long as such requirement continues, but such payments shall not obtain or be operative while the worker is receiving care under or pursuant to the provisions of chapter 51.36 RCW and RCW 51.04.105.

(4) Should any further accident result in the permanent total disability of an injured worker, he or she shall receive the pension to which he or she would be entitled, notwithstanding the payment of a lump sum for his or her prior injury.

(5) In no event shall the monthly payments provided in this section:

(a) Exceed the applicable percentage of the average monthly wage in the state as computed under the provisions of RCW 51.08.018 as follows:

AFTER	PERCENTAGE
June 30, 1993	105%
June 30, 1994	110%
June 30, 1995	115%
June 30, 1996	120%

(b) For dates of injury or disease manifestation after July 1, 2008, be less than fifteen percent of the average monthly wage in the state as computed under RCW 51.08.018 plus an additional ten dollars per month if a worker is married and an additional ten dollars per month for each child of the worker up to a maximum of five children. However, if the monthly payment computed under this subsection (5)(b) is greater than one hundred percent of the wages of the worker as determined under RCW 51.08.178, the monthly payment due to the worker shall be equal to the greater of the monthly wages of the worker or the minimum benefit set forth in this section on June 30, 2008.

The limitations under this subsection shall not apply to the payments provided for in subsection (3) of this section.

(6) In the case of new or reopened claims, if the supervisor of industrial insurance determines that, at the time of filing or reopening, the worker is voluntarily retired and is no longer attached to the workforce, benefits shall not be paid under this section.

(7) The benefits provided by this section are subject to modification under RCW 51.32.067. [2007 c 284 § 2; 1993 c 521 § 2; 1988 c 161 § 1. Prior: 1986 c 59 § 1; 1986 c 58 § 5; 1983 c 3 § 159; 1977 ex.s. c 350 § 44; 1975 1st ex.s. c 224 § 9; 1973 c 147 § 1; 1972 ex.s. c 43 § 20; 1971 ex.s. c 289 § 8; 1965 ex.s. c 122 § 2; 1961 c 274 § 2; 1961 c 23 § 51.32.060; prior: 1957 c 70 § 31; 1951 c 115 § 2; prior: 1949 c 219 § 1, part; 1947 c 246 § 1, part; 1929 c 132 § 2, part; 1927 c 310 § 4, part; 1923 c 136 § 2, part; 1919 c 131 § 4, part; 1917 c 28 § 1, part; 1913 c 148 § 1, part; 1911 c 74 § 5, part; Rem. Supp. 1949 § 7679, part.]

**Effective date—2007 c 284:** See note following RCW 51.32.050.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.32.067 Permanent total disability—Death benefit options—Election.** (1) After a worker elects one of the options in (a), (b), or (c) of this subsection, that option shall apply only if the worker dies during a period of permanent total disability from a cause unrelated to the injury, leaving a surviving spouse, child, children, or other dependent. If, after making an election under this subsection, a worker dies from a cause related to the injury during a period of permanent total disability, his or her beneficiaries shall receive benefits under RCW 51.32.050 (2) through (5).

(a) **Option I.** An injured worker selecting this option shall receive the benefits provided by RCW 51.32.060, with no benefits being paid to the worker’s surviving spouse, children, or others.

(b) **Option II.** An injured worker selecting this option shall receive an actuarially reduced benefit which upon death shall be continued throughout the life of and paid to the surviving spouse, child, or other dependent as the worker has

nominated by written designation duly executed and filed with the department.

(c) **Option III.** An injured worker selecting this option shall receive an actuarially reduced benefit and, upon death, one-half of the reduced benefit shall be continued throughout the life of and paid to the surviving spouse, child, or other dependent as the worker has nominated by written designation duly executed and filed with the department.

(2) The worker shall make the election in writing and the worker’s spouse, if any, shall consent in writing as a prerequisite to the election of Option I.

(3) If the worker’s nominated beneficiary is the worker’s spouse, and the worker and spouse enter into a dissolution of marriage after the nomination has been made, the worker may apply to receive benefits as calculated under Option I. This change is effective the date of the decree of dissolution of marriage, but no more than one year prior to the date application for the change is received in the department, provided the worker submits legally certified documentation of the decree of dissolution of marriage.

(4) If the worker’s nominated beneficiary dies, the worker may apply to receive benefits as calculated under Option I. This change is effective the date of death, but no more than one year prior to the date application for the change is received in the department, provided the worker submits a certified copy of the death certificate.

(5) The change in benefits authorized by subsections (3) and (4) of this section is a one-time adjustment and will be permanent for the life of the worker.

(6) The department shall adopt such rules as may be necessary to implement this section. [2006 c 154 § 1; 1986 c 58 § 4.]

**51.32.072 Additional payments for prior pensioners—Children—Remarriage—Attendant.** Notwithstanding any other provision of law, every surviving spouse and every permanently totally disabled worker or temporarily totally disabled worker, if such worker was unmarried at the time of the worker’s injury or was then married but the marriage was later terminated by judicial action, receiving a pension or compensation for temporary total disability under this title pursuant to compensation schedules in effect prior to July 1, 1971, shall after July 1, 1975, be paid fifty percent of the average monthly wage in the state as computed under RCW 51.08.018 per month and an amount equal to five percent of such average monthly wage per month to such totally disabled worker if married at the time of the worker’s injury and the marriage was not later terminated by judicial action, and an additional two percent of such average monthly wage for each child of such totally disabled worker at the time of injury in the legal custody of such totally disabled worker or such surviving spouse up to a maximum of five such children. The monthly payments such surviving spouse or totally disabled worker are receiving pursuant to compensation schedules in effect prior to July 1, 1971 shall be deducted from the monthly payments above specified.

Where such a surviving spouse has remarried, or where any such child of such worker, whether living or deceased, is not in the legal custody of such worker or such surviving spouse there shall be paid for the benefit of and on account of each such child a sum equal to two percent of such average

monthly wage up to a maximum of five such children in addition to any payments theretofore paid under compensation schedules in effect prior to July 1, 1971 for the benefit of and on account of each such child. In the case of any child or children of a deceased worker not leaving a surviving spouse or where the surviving spouse has later died, there shall be paid for the benefit of and on account of each such child a sum equal to two percent of such average monthly wage up to a maximum of five such children in addition to any payments theretofore paid under such schedules for the benefit of and on account of each such child.

If the character of the injury or occupational disease is such as to render the worker so physically helpless as to require the hiring of the services of an attendant, the department shall make monthly payments to such attendant for such services as long as such requirement continues but such payments shall not obtain or be operative while the worker is receiving care under or pursuant to the provisions of this title except for care granted at the discretion of the supervisor pursuant to RCW 51.36.010: PROVIDED, That such payments shall not be considered compensation nor shall they be subject to any limitation upon total compensation payments.

No part of such additional payments shall be payable from the accident fund.

The director shall pay monthly from the supplemental pension fund such an amount as will, when added to the compensation theretofore paid under compensation schedules in effect prior to July 1, 1971, equal the amounts hereinabove specified.

In cases where money has been or shall be advanced to any such person from the pension reserve, the additional amount to be paid under this section shall be reduced by the amount of monthly pension which was or is predicated upon such advanced portion of the pension reserve. [1987 c 185 § 34; 1975 1st ex.s. c 224 § 12.]

**Intent—Severability—1987 c 185:** See notes following RCW 51.12.130.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.32.073 Additional payments for prior pensioners—Premium liability of worker and employer for additional payments.** (1) Except as provided in subsection (2) of this section, each employer shall retain from the earnings of each worker that amount as shall be fixed from time to time by the director, the basis for measuring said amount to be determined by the director. The money so retained shall be matched in an equal amount by each employer, and all such moneys shall be remitted to the department in such manner and at such intervals as the department directs and shall be placed in the supplemental pension fund: PROVIDED, That the state apprenticeship council shall pay the entire amount into the supplemental pension fund for registered apprentices or trainees during their participation in supplemental and related instruction classes. The moneys so collected shall be used exclusively for the additional payments from the supplemental pension fund prescribed in this title and for the amount of any increase payable under the provisions of RCW 51.32.075, as now or hereafter amended, and shall be no more than necessary to make such payments on a current basis. The department may require a self-insurer to make any additional payments which are payable from the supplementen-

tal pension fund and thereafter such self-insurer shall be reimbursed therefrom.

(2) None of the amount assessed for the supplemental pension fund under RCW 51.16.210 may be retained from the earnings of workers covered under RCW 51.16.210. [1989 c 385 § 4; 1980 c 14 § 9. Prior: 1977 ex.s. c 350 § 45; 1977 ex.s. c 323 § 15; 1977 ex.s. c 202 § 1; 1975-'76 2nd ex.s. c 19 § 1; prior: 1975 1st ex.s. c 286 § 1; 1975 1st ex.s. c 224 § 10; 1973 c 110 § 3; 1972 ex.s. c 43 § 24; 1971 ex.s. c 289 § 17.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.32.075 Adjustments in compensation or death benefits.** The compensation or death benefits payable pursuant to the provisions of this chapter for temporary total disability, permanent total disability, or death arising out of injuries or occupational diseases shall be adjusted as follows:

(1) On July 1, 1982, there shall be an adjustment for those whose right to compensation was established on or after July 1, 1971, and before July 1, 1982. The adjustment shall be determined by multiplying the amount of compensation to which they are entitled by a fraction, the denominator of which shall be the average monthly wage in the state under RCW 51.08.018 for the fiscal year in which such person's right to compensation was established, and the numerator of which shall be the average monthly wage in the state under RCW 51.08.018 on July 1, 1982.

(2) In addition to the adjustment established by subsection (1) of this section, there shall be another adjustment on July 1, 1983, for those whose right to compensation was established on or after July 1, 1971, and before July 1983, which shall be determined by multiplying the amount of compensation to which they are entitled by a fraction, the denominator of which shall be the average monthly wage in the state under RCW 51.08.018 for the fiscal year in which such person's right to compensation was established, and the numerator of which shall be the average monthly wage in the state under RCW 51.08.018 on July 1, 1983.

(3) In addition to the adjustments under subsections (1) and (2) of this section, further adjustments shall be made beginning on July 1, 1984, and on each July 1st thereafter for those whose right to compensation was established on or after July 1, 1971. The adjustment shall be determined by multiplying the amount of compensation to which they are entitled by a fraction, the denominator of which shall be the average monthly wage in the state under RCW 51.08.018 for the fiscal year in which such person's right to compensation was established, and the numerator of which shall be the average monthly wage in the state under RCW 51.08.018 on July 1st of the year in which the adjustment is being made. The department or self-insurer shall adjust the resulting compensation rate to the nearest whole cent, not to exceed the average monthly wage in the state as computed under RCW 51.08.018. [1988 c 161 § 7; 1983 c 203 § 1; 1982 1st ex.s. c 20 § 1; 1979 c 108 § 1; 1977 ex.s. c 202 § 2; 1975 1st ex.s. c 286 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.32.080 Permanent partial disability—Specified—Unspecified, rules for classification—Injury after perma-**

**ment partial disability.** (1)(a) Until July 1, 1993, for the permanent partial disabilities here specifically described, the injured worker shall receive compensation as follows:

LOSS BY AMPUTATION	
Of leg above the knee joint with short thigh stump (3" or less below the tuberosity of ischium) . . . . .	\$54,000.00
Of leg at or above knee joint with functional stump . . . . .	48,600.00
Of leg below knee joint . . . . .	43,200.00
Of leg at ankle (Syme) . . . . .	37,800.00
Of foot at mid-metatarsals . . . . .	18,900.00
Of great toe with resection of metatarsal bone . . . . .	11,340.00
Of great toe at metatarsophalangeal joint . . . . .	6,804.00
Of great toe at interphalangeal joint . . . . .	3,600.00
Of lesser toe (2nd to 5th) with resection of metatarsal bone . . . . .	4,140.00
Of lesser toe at metatarsophalangeal joint . . . . .	2,016.00
Of lesser toe at proximal interphalangeal joint . . . . .	1,494.00
Of lesser toe at distal interphalangeal joint . . . . .	378.00
Of arm at or above the deltoid insertion or by disarticulation at the shoulder. . . . .	54,000.00
Of arm at any point from below the deltoid insertion to below the elbow joint at the insertion of the biceps tendon . . . . .	51,300.00
Of arm at any point from below the elbow joint distal to the insertion of the biceps tendon to and including mid-metacarpal amputation of the hand . . . . .	48,600.00
Of all fingers except the thumb at metacarpophalangeal joints . . . . .	29,160.00
Of thumb at metacarpophalangeal joint or with resection of carpometacarpal bone . . . . .	19,440.00
Of thumb at interphalangeal joint. . . . .	9,720.00
Of index finger at metacarpophalangeal joint or with resection of metacarpal bone . . . . .	12,150.00
Of index finger at proximal interphalangeal joint . . . . .	9,720.00
Of index finger at distal interphalangeal joint . . . . .	5,346.00
Of middle finger at metacarpophalangeal joint or with resection of metacarpal bone . . . . .	9,720.00
Of middle finger at proximal interphalangeal joint . . . . .	7,776.00
Of middle finger at distal interphalangeal joint . . . . .	4,374.00
Of ring finger at metacarpophalangeal joint or with resection of metacarpal bone . . . . .	4,860.00
Of ring finger at proximal interphalangeal joint . . . . .	3,888.00

Of ring finger at distal interphalangeal joint . . . . .	2,430.00
Of little finger at metacarpophalangeal joint or with resection of metacarpal bone . . . . .	2,430.00
Of little finger at proximal interphalangeal joint . . . . .	1,944.00
Of little finger at distal interphalangeal joint . . . . .	972.00
MISCELLANEOUS	
Loss of one eye by enucleation . . . . .	21,600.00
Loss of central visual acuity in one eye . . . . .	18,000.00
Complete loss of hearing in both ears . . . . .	43,200.00
Complete loss of hearing in one ear . . . . .	7,200.00

(b) Beginning on July 1, 1993, compensation under this subsection shall be computed as follows:

(i) Beginning on July 1, 1993, the compensation amounts for the specified disabilities listed in (a) of this subsection shall be increased by thirty-two percent; and

(ii) Beginning on July 1, 1994, and each July 1 thereafter, the compensation amounts for the specified disabilities listed in (a) of this subsection, as adjusted under (b)(i) of this subsection, shall be readjusted to reflect the percentage change in the consumer price index, calculated as follows: The index for the calendar year preceding the year in which the July calculation is made, to be known as "calendar year A," is divided by the index for the calendar year preceding calendar year A, and the resulting ratio is multiplied by the compensation amount in effect on June 30 immediately preceding the July 1st on which the respective calculation is made. For the purposes of this subsection, "index" means the same as the definition in RCW 2.12.037(1).

(2) Compensation for amputation of a member or part thereof at a site other than those specified in subsection (1) of this section, and for loss of central visual acuity and loss of hearing other than complete, shall be in proportion to that which such other amputation or partial loss of visual acuity or hearing most closely resembles and approximates. Compensation shall be calculated based on the adjusted schedule of compensation in effect for the respective time period as prescribed in subsection (1) of this section.

(3)(a) Compensation for any other permanent partial disability not involving amputation shall be in the proportion which the extent of such other disability, called unspecified disability, shall bear to the disabilities specified in subsection (1) of this section, which most closely resembles and approximates in degree of disability such other disability, and compensation for any other unspecified permanent partial disability shall be in an amount as measured and compared to total bodily impairment. To reduce litigation and establish more certainty and uniformity in the rating of unspecified permanent partial disabilities, the department shall enact rules having the force of law classifying such disabilities in the proportion which the department shall determine such disabilities reasonably bear to total bodily impairment. In enacting such rules, the department shall give consideration to, but need not necessarily adopt, any nationally recognized medical standards or guides for determining various bodily impairments.

(b) Until July 1, 1993, for purposes of calculating monetary benefits under (a) of this subsection, the amount payable for total bodily impairment shall be deemed to be ninety thousand dollars. Beginning on July 1, 1993, for purposes of calculating monetary benefits under (a) of this subsection, the amount payable for total bodily impairment shall be adjusted as follows:

(i) Beginning on July 1, 1993, the amount payable for total bodily impairment under this section shall be increased to one hundred eighteen thousand eight hundred dollars; and

(ii) Beginning on July 1, 1994, and each July 1 thereafter, the amount payable for total bodily impairment prescribed in (b)(i) of this subsection shall be adjusted as provided in subsection (1)(b)(ii) of this section.

(c) Until July 1, 1993, the total compensation for all unspecified permanent partial disabilities resulting from the same injury shall not exceed the sum of ninety thousand dollars. Beginning on July 1, 1993, total compensation for all unspecified permanent partial disabilities resulting from the same injury shall not exceed a sum calculated as follows:

(i) Beginning on July 1, 1993, the sum shall be increased to one hundred eighteen thousand eight hundred dollars; and

(ii) Beginning on July 1, 1994, and each July 1 thereafter, the sum prescribed in (b)(i) of this subsection shall be adjusted as provided in subsection (1)(b)(ii) of this section.

(4) If permanent partial disability compensation is followed by permanent total disability compensation, any portion of the permanent partial disability compensation which exceeds the amount that would have been paid the injured worker if permanent total disability compensation had been paid in the first instance shall be, at the choosing of the injured worker, either: (a) Deducted from the worker's monthly pension benefits in an amount not to exceed twenty-five percent of the monthly amount due from the department or self-insurer or one-sixth of the total overpayment, whichever is less; or (b) deducted from the pension reserve of such injured worker and his or her monthly compensation payments shall be reduced accordingly.

(5) Should a worker receive an injury to a member or part of his or her body already, from whatever cause, permanently partially disabled, resulting in the amputation thereof or in an aggravation or increase in such permanent partial disability but not resulting in the permanent total disability of such worker, his or her compensation for such partial disability shall be adjudged with regard to the previous disability of the injured member or part and the degree or extent of the aggravation or increase of disability thereof.

(6) When the compensation provided for in subsections (1) through (3) of this section exceeds three times the average monthly wage in the state as computed under the provisions of RCW 51.08.018, payment shall be made in monthly payments in accordance with the schedule of temporary total disability payments set forth in RCW 51.32.090 until such compensation is paid to the injured worker in full, except that the first monthly payment shall be in an amount equal to three times the average monthly wage in the state as computed under the provisions of RCW 51.08.018, and interest shall be paid at the rate of eight percent on the unpaid balance of such compensation commencing with the second monthly payment. However, upon application of the injured worker or survivor the monthly payment may be converted, in whole or

in part, into a lump sum payment, in which event the monthly payment shall cease in whole or in part. Such conversion may be made only upon written application of the injured worker or survivor to the department and shall rest in the discretion of the department depending upon the merits of each individual application. Upon the death of a worker all unpaid installments accrued shall be paid according to the payment schedule established prior to the death of the worker to the widow or widower, or if there is no widow or widower surviving, to the dependent children of such claimant, and if there are no such dependent children, then to such other dependents as defined by this title.

(7) Awards payable under this section are governed by the schedule in effect on the date of injury. [2007 c 172 § 1; 1993 c 520 § 1; 1988 c 161 § 6; 1986 c 58 § 2; 1982 1st ex.s. c 20 § 2; 1979 c 104 § 1; 1977 ex.s. c 350 § 46; 1972 ex.s. c 43 § 21; 1971 ex.s. c 289 § 10; 1965 ex.s. c 165 § 1; 1961 c 274 § 3; 1961 c 23 § 51.32.080. Prior: 1957 c 70 § 32; prior: 1951 c 115 § 4; 1949 c 219 § 1, part; 1947 c 246 § 1, part; 1929 c 132 § 2, part; 1927 c 310 § 4, part; 1923 c 136 § 2, part; 1919 c 131 § 4, part; 1917 c 28 § 1, part; 1913 c 148 § 1, part; 1911 c 74 § 5, part; Rem. Supp. 1949 § 7679, part.]

**Application—2007 c 172:** "This act applies to all pension orders issued on or after July 22, 2007." [2007 c 172 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.32.090 Temporary total disability—Partial restoration of earning power—Return to available work—When employer continues wages—Limitations.** (1) When the total disability is only temporary, the schedule of payments contained in RCW 51.32.060 (1) and (2) shall apply, so long as the total disability continues.

(2) Any compensation payable under this section for children not in the custody of the injured worker as of the date of injury shall be payable only to such person as actually is providing the support for such child or children pursuant to the order of a court of record providing for support of such child or children.

(3)(a) As soon as recovery is so complete that the present earning power of the worker, at any kind of work, is restored to that existing at the time of the occurrence of the injury, the payments shall cease. If and so long as the present earning power is only partially restored, the payments shall:

(i) For claims for injuries that occurred before May 7, 1993, continue in the proportion which the new earning power shall bear to the old; or

(ii) For claims for injuries occurring on or after May 7, 1993, equal eighty percent of the actual difference between the worker's present wages and earning power at the time of injury, but: (A) The total of these payments and the worker's present wages may not exceed one hundred fifty percent of the average monthly wage in the state as computed under RCW 51.08.018; (B) the payments may not exceed one hundred percent of the entitlement as computed under subsection (1) of this section; and (C) the payments may not be less than the worker would have received if (a)(i) of this subsection had been applicable to the worker's claim.

(b) No compensation shall be payable under this subsection (3) unless the loss of earning power shall exceed five percent.

(c) The prior closure of the claim or the receipt of permanent partial disability benefits shall not affect the rate at which loss of earning power benefits are calculated upon reopening the claim.

(4)(a) Whenever the employer of injury requests that a worker who is entitled to temporary total disability under this chapter be certified by a physician or licensed advanced registered nurse practitioner as able to perform available work other than his or her usual work, the employer shall furnish to the physician or licensed advanced registered nurse practitioner, with a copy to the worker, a statement describing the work available with the employer of injury in terms that will enable the physician or licensed advanced registered nurse practitioner to relate the physical activities of the job to the worker's disability. The physician or licensed advanced registered nurse practitioner shall then determine whether the worker is physically able to perform the work described. The worker's temporary total disability payments shall continue until the worker is released by his or her physician or licensed advanced registered nurse practitioner for the work, and begins the work with the employer of injury. If the work thereafter comes to an end before the worker's recovery is sufficient in the judgment of his or her physician or licensed advanced registered nurse practitioner to permit him or her to return to his or her usual job, or to perform other available work offered by the employer of injury, the worker's temporary total disability payments shall be resumed. Should the available work described, once undertaken by the worker, impede his or her recovery to the extent that in the judgment of his or her physician or licensed advanced registered nurse practitioner he or she should not continue to work, the worker's temporary total disability payments shall be resumed when the worker ceases such work.

(b) Once the worker returns to work under the terms of this subsection (4), he or she shall not be assigned by the employer to work other than the available work described without the worker's written consent, or without prior review and approval by the worker's physician or licensed advanced registered nurse practitioner.

(c) If the worker returns to work under this subsection (4), any employee health and welfare benefits that the worker was receiving at the time of injury shall continue or be resumed at the level provided at the time of injury. Such benefits shall not be continued or resumed if to do so is inconsistent with the terms of the benefit program, or with the terms of the collective bargaining agreement currently in force.

(d) In the event of any dispute as to the worker's ability to perform the available work offered by the employer, the department shall make the final determination.

(5) No worker shall receive compensation for or during the day on which injury was received or the three days following the same, unless his or her disability shall continue for a period of fourteen consecutive calendar days from date of injury: PROVIDED, That attempts to return to work in the first fourteen days following the injury shall not serve to break the continuity of the period of disability if the disability continues fourteen days after the injury occurs.

(6) Should a worker suffer a temporary total disability and should his or her employer at the time of the injury continue to pay him or her the wages which he or she was earning at the time of such injury, such injured worker shall not

receive any payment provided in subsection (1) of this section during the period his or her employer shall so pay such wages: PROVIDED, That holiday pay, vacation pay, sick leave, or other similar benefits shall not be deemed to be payments by the employer for the purposes of this subsection.

(7) In no event shall the monthly payments provided in this section:

(a) Exceed the applicable percentage of the average monthly wage in the state as computed under the provisions of RCW 51.08.018 as follows:

AFTER	PERCENTAGE
June 30, 1993	105%
June 30, 1994	110%
June 30, 1995	115%
June 30, 1996	120%

(b) For dates of injury or disease manifestation after July 1, 2008, be less than fifteen percent of the average monthly wage in the state as computed under RCW 51.08.018 plus an additional ten dollars per month if the worker is married and an additional ten dollars per month for each child of the worker up to a maximum of five children. However, if the monthly payment computed under this subsection (7)(b) is greater than one hundred percent of the wages of the worker as determined under RCW 51.08.178, the monthly payment due to the worker shall be equal to the greater of the monthly wages of the worker or the minimum benefit set forth in this section on June 30, 2008.

(8) If the supervisor of industrial insurance determines that the worker is voluntarily retired and is no longer attached to the workforce, benefits shall not be paid under this section. [2007 c 284 § 3; 2007 c 190 § 1; 2004 c 65 § 9. Prior: 1993 c 521 § 3; 1993 c 299 § 1; 1993 c 271 § 1; 1988 c 161 § 4; prior: 1988 c 161 § 3; 1986 c 59 § 3; (1986 c 59 § 2 expired June 30, 1989); prior: 1985 c 462 § 6; 1980 c 129 § 1; 1977 ex.s. c 350 § 47; 1975 1st ex.s. c 235 § 1; 1972 ex.s. c 43 § 22; 1971 ex.s. c 289 § 11; 1965 ex.s. c 122 § 3; 1961 c 274 § 4; 1961 c 23 § 51.32.090; prior: 1957 c 70 § 33; 1955 c 74 § 8; prior: 1951 c 115 § 3; 1949 c 219 § 1, part; 1947 c 246 § 1, part; 1929 c 132 § 2, part; 1927 c 310 § 4, part; 1923 c 136 § 2, part; 1919 c 131 § 4, part; 1917 c 28 § 1, part; 1913 c 148 § 1, part; 1911 c 74 § 5, part; Rem. Supp. 1949 § 7679, part.]

**Reviser's note:** This section was amended by 2007 c 190 § 1 and by 2007 c 284 § 3, each without reference to the other. Both amendments are incorporated in the publication of this section under RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

**Effective date—2007 c 284:** See note following RCW 51.32.050.

**Report to legislature—Effective date—Severability—2004 c 65:** See notes following RCW 51.04.030.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.32.095 Vocational rehabilitation services—Benefits—Priorities—Allowable costs—Performance criteria. (Expires June 30, 2013.)** (1) One of the primary purposes of this title is to enable the injured worker to become employable at gainful employment. To this end, the department or self-insurers shall utilize the services of individuals and organizations, public or private, whose experience, training, and interests in vocational rehabilitation and retraining qualify them to lend expert assistance to the supervisor of industrial insurance in such programs of vocational rehabili-

tation as may be reasonable to make the worker employable consistent with his or her physical and mental status. Where, after evaluation and recommendation by such individuals or organizations and prior to final evaluation of the worker's permanent disability and in the sole opinion of the supervisor or supervisor's designee, whether or not medical treatment has been concluded, vocational rehabilitation is both necessary and likely to enable the injured worker to become employable at gainful employment, the supervisor or supervisor's designee may, in his or her sole discretion, pay or, if the employer is a self-insurer, direct the self-insurer to pay the cost as provided in subsection (3) of this section or RCW 51.32.099, as appropriate. An injured worker may not participate in vocational rehabilitation under this section or RCW 51.32.099 if such participation would result in a payment of benefits as described in RCW 51.32.240(5), and any benefits so paid shall be recovered according to the terms of that section.

(2) When in the sole discretion of the supervisor or the supervisor's designee vocational rehabilitation is both necessary and likely to make the worker employable at gainful employment, then the following order of priorities shall be used:

- (a) Return to the previous job with the same employer;
- (b) Modification of the previous job with the same employer including transitional return to work;
- (c) A new job with the same employer in keeping with any limitations or restrictions;
- (d) Modification of a new job with the same employer including transitional return to work;
- (e) Modification of the previous job with a new employer;
- (f) A new job with a new employer or self-employment based upon transferable skills;
- (g) Modification of a new job with a new employer;
- (h) A new job with a new employer or self-employment involving on-the-job training;
- (i) Short-term retraining and job placement.

(3)(a) For vocational plans approved prior to July 1, 1999, costs for vocational rehabilitation benefits allowed by the supervisor or supervisor's designee under subsection (1) of this section may include the cost of books, tuition, fees, supplies, equipment, transportation, child or dependent care, and other necessary expenses for any such worker in an amount not to exceed three thousand dollars in any fifty-two week period except as authorized by \*RCW 51.60.060, and the cost of continuing the temporary total disability compensation under RCW 51.32.090 while the worker is actively and successfully undergoing a formal program of vocational rehabilitation.

(b) When the department has approved a vocational plan for a worker between July 1, 1999, through December 31, 2007, costs for vocational rehabilitation benefits allowed by the supervisor or supervisor's designee under subsection (1) of this section may include the cost of books, tuition, fees, supplies, equipment, child or dependent care, and other necessary expenses for any such worker in an amount not to exceed four thousand dollars in any fifty-two week period except as authorized by \*RCW 51.60.060, and the cost of transportation and continuing the temporary total disability compensation under RCW 51.32.090 while the worker is

actively and successfully undergoing a formal program of vocational rehabilitation.

(c) The expenses allowed under (a) or (b) of this subsection may include training fees for on-the-job training and the cost of furnishing tools and other equipment necessary for self-employment or reemployment. However, compensation or payment of retraining with job placement expenses under (a) or (b) of this subsection may not be authorized for a period of more than fifty-two weeks, except that such period may, in the sole discretion of the supervisor after his or her review, be extended for an additional fifty-two weeks or portion thereof by written order of the supervisor.

(d) In cases where the worker is required to reside away from his or her customary residence, the reasonable cost of board and lodging shall also be paid.

(e) Costs paid under this subsection shall be chargeable to the employer's cost experience or shall be paid by the self-insurer as the case may be.

(4) In addition to the vocational rehabilitation expenditures provided for under subsection (3) of this section and RCW 51.32.099, an additional five thousand dollars may, upon authorization of the supervisor or the supervisor's designee, be expended for: (a) Accommodations for an injured worker that are medically necessary for the worker to participate in an approved retraining plan; and (b) accommodations necessary to perform the essential functions of an occupation in which an injured worker is seeking employment, consistent with the retraining plan or the recommendations of a vocational evaluation. The injured worker's attending physician or licensed advanced registered nurse practitioner must verify the necessity of the modifications or accommodations. The total expenditures authorized in this subsection and the expenditures authorized under RCW 51.32.250 shall not exceed five thousand dollars.

(5) When the department has approved a vocational plan for a worker prior to January 1, 2008, regardless of whether the worker has begun participating in the approved plan, costs for vocational rehabilitation benefits allowed by the supervisor or supervisor's designee under subsection (1) of this section are limited to those provided under subsections (3) and (4) of this section.

For vocational plans approved for a worker between January 1, 2008, through June 30, 2013, total vocational costs allowed by the supervisor or supervisor's designee under subsection (1) of this section shall be limited to those provided under the pilot program established in RCW 51.32.099, and vocational rehabilitation services shall conform to the requirements in RCW 51.32.099.

(6) The department shall establish criteria to monitor the quality and effectiveness of rehabilitation services provided by the individuals and organizations used under subsection (1) of this section and under RCW 51.32.099. The state fund shall make referrals for vocational rehabilitation services based on these performance criteria.

(7) The department shall engage in, where feasible and cost-effective, a cooperative program with the state employment security department to provide job placement services under this section and RCW 51.32.099.

(8) The benefits in this section and RCW 51.32.099 shall be provided for the injured workers of self-insured employers. Self-insurers shall report both benefits provided and ben-

effits denied under this section and RCW 51.32.099 in the manner prescribed by the department by rule adopted under chapter 34.05 RCW. The director may, in his or her sole discretion and upon his or her own initiative or at any time that a dispute arises under this section or RCW 51.32.099, promptly make such inquiries as circumstances require and take such other action as he or she considers will properly determine the matter and protect the rights of the parties.

(9) Except as otherwise provided in this section or RCW 51.32.099, the benefits provided for in this section and RCW 51.32.099 are available to any otherwise eligible worker regardless of the date of industrial injury. However, claims shall not be reopened solely for vocational rehabilitation purposes. [2007 c 72 § 1; 2004 c 65 § 10; 1999 c 110 § 1. Prior: 1996 c 151 § 1; 1996 c 59 § 1; 1988 c 161 § 9; 1985 c 339 § 2; 1983 c 70 § 2; 1982 c 63 § 11; 1980 c 14 § 10. Prior: 1977 ex.s. c 350 § 48; 1977 ex.s. c 323 § 16; 1972 ex.s. c 43 § 23; 1971 ex.s. c 289 § 12.]

**\*Reviser's note:** RCW 51.60.060 expired June 30, 1999, pursuant to 1994 c 29 § 8.

**Implementation—Effective date—Expiration date—2007 c 72:** See notes following RCW 51.32.099.

**Report to legislature—Effective date—Severability—2004 c 65:** See notes following RCW 51.04.030.

**Legislative finding—1985 c 339:** "The legislature finds that the vocational rehabilitation program created by chapter 63, Laws of 1982, has failed to assist injured workers to return to suitable gainful employment without undue loss of time from work and has increased costs of industrial insurance for employers and employees alike. The legislature further finds that the administrative structure established within the industrial insurance division of the department of labor and industries to develop and oversee the provision of vocational rehabilitation services has not provided efficient delivery of vocational rehabilitation services. The legislature finds that restructuring the state's vocational rehabilitation program under the department of labor and industries is necessary." [1985 c 339 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.32.095 Vocational rehabilitation services—Benefits—Priorities—Allowable costs—Performance criteria. (Effective June 30, 2013.)** (1) One of the primary purposes of this title is to enable the injured worker to become employable at gainful employment. To this end, the department or self-insurers shall utilize the services of individuals and organizations, public or private, whose experience, training, and interests in vocational rehabilitation and retraining qualify them to lend expert assistance to the supervisor of industrial insurance in such programs of vocational rehabilitation as may be reasonable to make the worker employable consistent with his or her physical and mental status. Where, after evaluation and recommendation by such individuals or organizations and prior to final evaluation of the worker's permanent disability and in the sole opinion of the supervisor or supervisor's designee, whether or not medical treatment has been concluded, vocational rehabilitation is both necessary and likely to enable the injured worker to become employable at gainful employment, the supervisor or supervisor's designee may, in his or her sole discretion, pay or, if the employer is a self-insurer, direct the self-insurer to pay the cost as provided in subsection (3) of this section.

(2) When in the sole discretion of the supervisor or the supervisor's designee vocational rehabilitation is both necessary and likely to make the worker employable at gainful

employment, then the following order of priorities shall be used:

- (a) Return to the previous job with the same employer;
- (b) Modification of the previous job with the same employer including transitional return to work;
- (c) A new job with the same employer in keeping with any limitations or restrictions;
- (d) Modification of a new job with the same employer including transitional return to work;
- (e) Modification of the previous job with a new employer;
- (f) A new job with a new employer or self-employment based upon transferable skills;
- (g) Modification of a new job with a new employer;
- (h) A new job with a new employer or self-employment involving on-the-job training;
- (i) Short-term retraining and job placement.

(3)(a) Except as provided in (b) of this subsection, costs for vocational rehabilitation benefits allowed by the supervisor or supervisor's designee under subsection (1) of this section may include the cost of books, tuition, fees, supplies, equipment, transportation, child or dependent care, and other necessary expenses for any such worker in an amount not to exceed three thousand dollars in any fifty-two week period except as authorized by \*RCW 51.60.060, and the cost of continuing the temporary total disability compensation under RCW 51.32.090 while the worker is actively and successfully undergoing a formal program of vocational rehabilitation.

(b) Beginning with vocational rehabilitation plans approved on or after July 1, 1999, costs for vocational rehabilitation benefits allowed by the supervisor or supervisor's designee under subsection (1) of this section may include the cost of books, tuition, fees, supplies, equipment, child or dependent care, and other necessary expenses for any such worker in an amount not to exceed four thousand dollars in any fifty-two week period except as authorized by \*RCW 51.60.060, and the cost of transportation and continuing the temporary total disability compensation under RCW 51.32.090 while the worker is actively and successfully undergoing a formal program of vocational rehabilitation.

(c) The expenses allowed under (a) or (b) of this subsection may include training fees for on-the-job training and the cost of furnishing tools and other equipment necessary for self-employment or reemployment. However, compensation or payment of retraining with job placement expenses under (a) or (b) of this subsection may not be authorized for a period of more than fifty-two weeks, except that such period may, in the sole discretion of the supervisor after his or her review, be extended for an additional fifty-two weeks or portion thereof by written order of the supervisor.

(d) In cases where the worker is required to reside away from his or her customary residence, the reasonable cost of board and lodging shall also be paid.

(e) Costs paid under this subsection shall be chargeable to the employer's cost experience or shall be paid by the self-insurer as the case may be.

(4) In addition to the vocational rehabilitation expenditures provided for under subsection (3) of this section, an additional five thousand dollars may, upon authorization of the supervisor or the supervisor's designee, be expended for: (a) Accommodations for an injured worker that are medically

necessary for the worker to participate in an approved retraining plan; and (b) accommodations necessary to perform the essential functions of an occupation in which an injured worker is seeking employment, consistent with the retraining plan or the recommendations of a vocational evaluation. The injured worker's attending physician or licensed advanced registered nurse practitioner must verify the necessity of the modifications or accommodations. The total expenditures authorized in this subsection and the expenditures authorized under RCW 51.32.250 shall not exceed five thousand dollars.

(5) The department shall establish criteria to monitor the quality and effectiveness of rehabilitation services provided by the individuals and organizations used under subsection (1) of this section. The state fund shall make referrals for vocational rehabilitation services based on these performance criteria.

(6) The department shall engage in, where feasible and cost-effective, a cooperative program with the state employment security department to provide job placement services under this section.

(7) The benefits in this section shall be provided for the injured workers of self-insured employers. Self-insurers shall report both benefits provided and benefits denied under this section in the manner prescribed by the department by rule adopted under chapter 34.05 RCW. The director may, in his or her sole discretion and upon his or her own initiative or at any time that a dispute arises under this section, promptly make such inquiries as circumstances require and take such other action as he or she considers will properly determine the matter and protect the rights of the parties.

(8) Except as otherwise provided in this section, the benefits provided for in this section are available to any otherwise eligible worker regardless of the date of industrial injury. However, claims shall not be reopened solely for vocational rehabilitation purposes. [2004 c 65 § 10; 1999 c 110 § 1. Prior: 1996 c 151 § 1; 1996 c 59 § 1; 1988 c 161 § 9; 1985 c 339 § 2; 1983 c 70 § 2; 1982 c 63 § 11; 1980 c 14 § 10. Prior: 1977 ex.s. c 350 § 48; 1977 ex.s. c 323 § 16; 1972 ex.s. c 43 § 23; 1971 ex.s. c 289 § 12.]

**\*Reviser's note:** RCW 51.60.060 expired June 30, 1999, pursuant to 1994 c 29 § 8.

**Report to legislature—Effective date—Severability—2004 c 65:** See notes following RCW 51.04.030.

**Legislative finding—1985 c 339:** "The legislature finds that the vocational rehabilitation program created by chapter 63, Laws of 1982, has failed to assist injured workers to return to suitable gainful employment without undue loss of time from work and has increased costs of industrial insurance for employers and employees alike. The legislature further finds that the administrative structure established within the industrial insurance division of the department of labor and industries to develop and oversee the provision of vocational rehabilitation services has not provided efficient delivery of vocational rehabilitation services. The legislature finds that restructuring the state's vocational rehabilitation program under the department of labor and industries is necessary." [1985 c 339 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.32.098 Vocational rehabilitation services—Applicability.** Nothing in RCW 51.32.095 or in the repeal of chapter 51.41 RCW by section 5, chapter 339, Laws of 1985 shall be construed as prohibiting the completion of vocational rehabilitation plans approved under this title prior to May 16, 1985. Injured workers referred for vocational rehabilitation services under this title, but for whom vocational rehabilita-

tion plans have not been approved by the department under this title before May 16, 1985, may only be provided vocational rehabilitation services, if applicable, by the department according to the provisions of RCW 51.32.095. [1985 c 339 § 4.]

**Legislative finding—Severability—1985 c 339:** See notes following RCW 51.32.095.

**51.32.099 Vocational rehabilitation pilot program—Vocational plans. (Expires June 30, 2013.)** (1)(a) The legislature intends to create improved vocational outcomes for Washington state injured workers and employers through legislative and regulatory change under a pilot program for the period of January 1, 2008, through June 30, 2013. This pilot vocational system is intended to allow opportunities for eligible workers to participate in meaningful retraining in high-demand occupations, improve successful return to work and achieve positive outcomes for workers, reduce the incidence of repeat vocational services, increase accountability and responsibility, and improve cost predictability. To facilitate the study and evaluation of the results of the proposed changes, the department shall establish the temporary funding of certain state fund vocational costs through the medical aid account to ensure the appropriate assessments to employers for the costs of their claims for vocational services in accordance with RCW 51.32.0991.

(b) An independent review and study of the effects of the pilot program shall be conducted to determine whether it has achieved the appropriate outcomes at reasonable cost to the system. The review shall include, at a minimum, a report on the department's performance with regard to the provision of vocational services, the skills acquired by workers who receive retraining services, the types of training programs approved, whether the workers are employed, at what jobs and wages after completion of the training program and at various times subsequent to their claim closure, the number and demographics of workers who choose the option provided in subsection (4)(b) of this section, and their employment and earnings status at various times subsequent to claim closure. The department may adopt rules, in collaboration with the subcommittee created under (c)(iii) of this subsection, to further define the scope and elements of the required study. Reports of the independent researcher are due on December 1, 2010, December 1, 2011, and December 1, 2012.

(c) In implementing the pilot program, the department shall:

(i) Establish a vocational initiative project that includes participation by the department as a partner with WorkSource, the established state system that administers the federal workforce investment act of 1998. As a partner, the department shall place vocational professional full-time employees at pilot WorkSource locations; refer some workers for vocational services to these vocational professionals; and work with employers in work source pilot areas to market the benefits of on-the-job training programs and with community colleges to reserve slots in high employer demand programs of study as defined in RCW 28B.50.030. These on-the-job training programs and community college slots may be considered by both department and private sector vocational professionals for vocational plan development. The

department will also assist stakeholders in developing additional vocational training programs in various industries, including but not limited to agriculture and construction. These programs will expand the choices available to injured workers in developing their vocational training plans with the assistance of vocational professionals.

(ii) Develop and maintain a register of state fund and self-insured workers who have been retrained or have selected any of the vocational options described in this section for at least the duration of the pilot program.

(iii) Create a vocational rehabilitation subcommittee made up of members appointed by the director for at least the duration of the pilot program. This subcommittee shall provide the business and labor partnership needed to maintain focus on the intent of the pilot program, as described in this section, and provide consistency and transparency to the development of rules and policies. The subcommittee shall report to the director at least annually and recommend to the director and the legislature any additional statutory changes needed, which may include extension of the pilot period. The subcommittee shall provide input and oversight with the department concerning the study required under (b) of this subsection. The subcommittee shall provide recommendations for additional changes or incentives for injured workers to return to work with their employer of injury.

(iv) The department shall develop an annual report concerning Washington's workers' compensation vocational rehabilitation system to the legislature and to the subcommittee by December 1, 2009, and annually thereafter with the final report due by December 1, 2012. The annual report shall include the number of workers who have participated in more than one vocational training plan beginning with plans approved on January 1, 2008, and in which industries those workers were employed. The final report shall include the department's assessment and recommendations for further legislative action, in collaboration with the subcommittee.

(2)(a) For the purposes of this section, the day the worker commences vocational plan development means the date the department or self-insurer notifies the worker of his or her eligibility for plan development services.

(b) When vocational rehabilitation is both necessary and likely to make the worker employable at gainful employment, he or she shall be provided with services necessary to develop a vocational plan that, if completed, would render the worker employable. The vocational professional assigned to the claim shall, at the initial meeting with the worker, fully inform the worker of the return-to-work priorities set forth in RCW 51.32.095(2) and of his or her rights and responsibilities under the workers' compensation vocational system. The department shall provide tools to the vocational professional for communicating this and other information required by RCW 51.32.095 and this section to the worker.

(c) On the date the worker commences vocational plan development, the department shall also inform the employer in writing of the employer's right to make a valid return-to-work offer during the first fifteen days following the commencement of vocational plan development. To be valid, the offer must be for bona fide employment with the employer of injury, consistent with the worker's documented physical and mental restrictions as provided by the worker's health care provider. When the employer makes a valid return-to-work

offer, the vocational plan development services and temporary total disability compensation shall be terminated effective on the starting date for the job without regard to whether the worker accepts the return-to-work offer. Following the fifteen-day period, the employer may still provide, and the worker may accept, any valid return-to-work offer. The worker's acceptance of such an offer shall result in the termination of vocational plan development or implementation services and temporary total disability compensation effective the day the employment begins.

(3)(a) All vocational plans must contain an accountability agreement signed by the worker detailing expectations regarding progress, attendance, and other factors influencing successful participation in the plan. Failure to abide by the agreed expectations shall result in suspension of vocational benefits pursuant to RCW 51.32.110.

(b) Any formal education included as part of the vocational plan must be for an accredited or licensed program or other program approved by the department. The department shall develop rules that provide criteria for the approval of nonaccredited or unlicensed programs.

(c) The vocational plan for an individual worker must be completed and submitted to the department within ninety days of the day the worker commences vocational plan development. The department may extend the ninety days for good cause. Criteria for good cause shall be provided in rule. The frequency and reasons for good cause extensions shall be reported to the subcommittee created under subsection (1)(c)(iii) of this section.

(d) Costs for the vocational plan may include books, tuition, fees, supplies, equipment, child or dependent care, training fees for on-the-job training, the cost of furnishing tools and other equipment necessary for self-employment or reemployment, and other necessary expenses in an amount not to exceed twelve thousand dollars. This amount shall be adjusted effective July 1 of each year for vocational plans or retraining benefits available under subsection (4)(b) of this section approved on or after this date but before June 30 of the next year based on the average percentage change in tuition for the next fall quarter for all Washington state community colleges.

(e) The duration of the vocational plan shall not exceed two years from the date the plan is implemented. The worker shall receive temporary total disability compensation under RCW 51.32.090 and the cost of transportation while he or she is actively and successfully participating in a vocational plan.

(f) If the worker is required to reside away from his or her customary residence, the reasonable cost of board and lodging shall also be paid.

(4) Vocational plan development services shall be completed within ninety days of commencing. During vocational plan development the worker shall, with the assistance of a vocational professional, participate in vocational counseling and occupational exploration to include, but not be limited to, identifying possible job goals, training needs, resources, and expenses, consistent with the worker's physical and mental status. A vocational rehabilitation plan shall be developed by the worker and the vocational professional and submitted to the department or self-insurer. Following this submission, the worker shall elect one of the following options:

(a) Option 1: The department or self-insurer implements and the worker participates in the vocational plan developed by the vocational professional and approved by the worker and the department or self-insurer. For state fund claims, the department must review and approve the vocational plan before implementation may begin. If the department takes no action within fifteen days, the plan is deemed approved. The worker may, within fifteen days of approval of the plan by the department, elect option 2.

(i) Following successful completion of the vocational plan, any subsequent assessment of whether vocational rehabilitation is both necessary and likely to enable the injured worker to become employable at gainful employment under RCW 51.32.095(1) shall include consideration of transferable skills obtained in the vocational plan.

(ii) If a vocational plan is successfully completed on a claim which is thereafter reopened as provided in RCW 51.32.160, the cost and duration available for any subsequent vocational plan is limited to that in subsection (3)(d) and (e) of this section, less that previously expended.

(b) Option 2: The worker declines further vocational services under the claim and receives an amount equal to six months of temporary total disability compensation under RCW 51.32.090. The award is payable in biweekly payments in accordance with the schedule of temporary total disability payments, until such award is paid in full. These payments shall not include interest on the unpaid balance. However, upon application by the worker, and at the discretion of the department, the compensation may be converted to a lump sum payment. The vocational costs defined in subsection (3)(d) of this section shall remain available to the worker, upon application to the department or self-insurer, for a period of five years. The vocational costs shall, if expended, be available for programs or courses at any accredited or licensed institution or program from a list of those approved by the department for tuition, books, fees, supplies, equipment, and tools, without department or self-insurer oversight. The department shall issue an order as provided in RCW 51.52.050 confirming the option 2 election, setting a payment schedule, and terminating temporary total disability benefits. The department shall thereafter close the claim.

(i) If within five years from the date the option 2 order becomes final, the worker is subsequently injured or suffers an occupational disease or reopens the claim as provided in RCW 51.32.160, and vocational rehabilitation is found both necessary and likely to enable the injured worker to become employable at gainful employment under RCW 51.32.095(1), the duration of any vocational plan under subsection (3)(e) of this section shall not exceed eighteen months.

(ii) If the available vocational costs are utilized by the worker, any subsequent assessment of whether vocational rehabilitation is both necessary and likely to enable the injured worker to become employable at gainful employment under RCW 51.32.095(1) shall include consideration of the transferable skills obtained.

(iii) If the available vocational costs are utilized by the worker and the claim is thereafter reopened as provided in RCW 51.32.160, the cost available for any vocational plan is limited to that in subsection (3)(d) of this section less that previously expended.

(iv) Option 2 may only be elected once per worker.

(c) The director, in his or her sole discretion, may provide the worker vocational assistance not to exceed that in subsection (3) of this section, without regard to the worker's prior option selection or benefits expended, where vocational assistance would prevent permanent total disability under RCW 51.32.060.

(5)(a) As used in this section, "vocational plan interruption" means an occurrence which disrupts the plan to the extent the employability goal is no longer attainable. "Vocational plan interruption" does not include institutionally scheduled breaks in educational programs, occasional absence due to illness, or modifications to the plan which will allow it to be completed within the cost and time provisions of subsection (3)(d) and (e) of this section.

(b) When a vocational plan interruption is beyond the control of the worker, the department or self-insurer shall recommence plan development. If necessary to complete vocational services, the cost and duration of the plan may include credit for that expended prior to the interruption. A vocational plan interruption is considered outside the control of the worker when it is due to the closure of the accredited institution, when it is due to a death in the worker's immediate family, or when documented changes in the worker's accepted medical conditions prevent further participation in the vocational plan.

(c) When a vocational plan interruption is the result of the worker's actions, the worker's entitlement to benefits shall be suspended in accordance with RCW 51.32.110. If plan development or implementation is recommenced, the cost and duration of the plan shall not include credit for that expended prior to the interruption. A vocational plan interruption is considered a result of the worker's actions when it is due to the failure to meet attendance expectations set by the training or educational institution, failure to achieve passing grades or acceptable performance review, unaccepted or postinjury conditions that prevent further participation in the vocational plan, or the worker's failure to abide by the accountability agreement per subsection (3)(a) of this section. [2009 c 353 § 5; 2007 c 72 § 2.]

**Expiration date—2009 c 353 § 5:** "Section 5 of this act expires June 30, 2013." [2009 c 353 § 7.]

**Implementation—2007 c 72:** "The department of labor and industries shall adopt rules necessary to implement this act." [2007 c 72 § 4.]

**Effective date—2007 c 72:** "This act takes effect January 1, 2008." [2007 c 72 § 5.]

**Expiration date—2007 c 72:** "This act expires June 30, 2013." [2007 c 72 § 6.]

**51.32.0991 Vocational services and plans—Costs—Medical aid fund expenses. (Expires June 30, 2013.)** (1) Costs paid for vocational services and plans shall be chargeable to the employer's cost experience or shall be paid by the self-insurer, as the case may be. For state fund vocational plans implemented on or after January 1, 2008, the costs may be paid from the medical aid fund at the sole discretion of the director under the following circumstances:

(a) The worker previously participated in a vocational plan or selected a worker option as described in RCW 51.32.099(4);

(b) The worker's prior vocational plan or selected option was based on an approved plan or option on or after January 1, 2008;

(c) For state fund employers, the date of injury or disease manifestation of the subsequent claim is within the period of time used to calculate their experience factor;

(d) The subsequent claim is for an injury or occupational disease that resulted from employment and work-related activities beyond the worker's documented restrictions.

(2) The vocational plan costs payable from the medical aid fund shall include the costs of temporary total disability benefits, except those payable from the supplemental pension fund, from the date the vocational plan is implemented to the date the worker completes the plan or ceases participation. The vocational costs paid from the medical aid fund shall not be charged to the state fund employer's cost experience.

(3) For the duration of the vocational pilot program, all expenses to the medical aid fund resulting from the director's discretionary decisions as provided in subsection (1) of this section shall be separately documented as a medical aid fund expenditure and reported to the vocational rehabilitation subcommittee and the legislature annually. This report shall include the number of claims for which relief to the state fund employer was provided and the average cost per claim. A report to the vocational rehabilitation subcommittee and the legislature shall also be made annually including the number of claims and average cost per claim reported by self-insured employers for claims meeting the requirements in subsection (1)(a), (b), and (d) of this section. [2007 c 72 § 3.]

**Implementation—Effective date—Expiration date—2007 c 72:** See notes following RCW 51.32.099.

**51.32.100 Preexisting disease.** If it is determined that an injured worker had, at the time of his or her injury, a pre-existing disease and that such disease delays or prevents complete recovery from such injury, it shall be ascertained, as nearly as possible, the period over which the injury would have caused disability were it not for the diseased condition and the extent of permanent partial disability which the injury would have caused were it not for the disease, and compensation shall be awarded only therefor. [1977 ex.s. c 350 § 49; 1971 ex.s. c 289 § 44; 1961 c 23 § 51.32.100. Prior: 1957 c 70 § 34; prior: 1949 c 219 § 1, part; 1947 c 246 § 1, part; 1929 c 132 § 2, part; 1927 c 310 § 4, part; 1923 c 136 § 2, part; 1919 c 131 § 4, part; 1917 c 28 § 1, part; 1913 c 148 § 1, part; 1911 c 74 § 5, part; Rem. Supp. 1949 § 7679, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.32.110 Medical examination—Refusal to submit—Traveling expenses—Pay for time lost.** (1) Any worker entitled to receive any benefits or claiming such under this title shall, if requested by the department or self-insurer, submit himself or herself for medical examination, at a time and from time to time, at a place reasonably convenient for the worker and as may be provided by the rules of the department. An injured worker, whether an alien or other injured worker, who is not residing in the United States at the time that a medical examination is requested may be required to submit to an examination at any location in the United States determined by the department or self-insurer.

(2010 Ed.)

(2) If the worker refuses to submit to medical examination, or obstructs the same, or, if any injured worker shall persist in unsanitary or injurious practices which tend to imperil or retard his or her recovery, or shall refuse to submit to such medical or surgical treatment as is reasonably essential to his or her recovery or refuse or obstruct evaluation or examination for the purpose of vocational rehabilitation or does not cooperate in reasonable efforts at such rehabilitation, the department or the self-insurer upon approval by the department, with notice to the worker may suspend any further action on any claim of such worker so long as such refusal, obstruction, noncooperation, or practice continues and reduce, suspend, or deny any compensation for such period: PROVIDED, That the department or the self-insurer shall not suspend any further action on any claim of a worker or reduce, suspend, or deny any compensation if a worker has good cause for refusing to submit to or to obstruct any examination, evaluation, treatment or practice requested by the department or required under this section.

(3) If the worker necessarily incurs traveling expenses in attending the examination pursuant to the request of the department, such traveling expenses shall be repaid to him or her out of the accident fund upon proper voucher and audit or shall be repaid by the self-insurer, as the case may be.

(4)(a) If the medical examination required by this section causes the worker to be absent from his or her work without pay:

(i) In the case of a worker insured by the department, the worker shall be paid compensation out of the accident fund in an amount equal to his or her usual wages for the time lost from work while attending the medical examination; or

(ii) In the case of a worker of a self-insurer, the self-insurer shall pay the worker an amount equal to his or her usual wages for the time lost from work while attending the medical examination.

(b) This subsection (4) shall apply prospectively to all claims regardless of the date of injury. [1997 c 325 § 3; 1993 c 375 § 1; 1980 c 14 § 11. Prior: 1977 ex.s. c 350 § 50; 1977 ex.s. c 323 § 17; 1971 ex.s. c 289 § 13; 1961 c 23 § 51.32.110; prior: 1917 c 28 § 18; 1915 c 188 § 5; 1911 c 74 § 13; RRS § 7688.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.32.112 Medical examination—Standards and criteria—Special examinations by chiropractors—Compensation guidelines and reporting criteria.** (1) The department shall develop standards for the conduct of special medical examinations to determine permanent disabilities, including, but not limited to:

(a) The qualifications of persons conducting the examinations;

(b) The criteria for conducting the examinations, including guidelines for the appropriate treatment of injured workers during the examination; and

(c) The content of examination reports.

(2) Within the appropriate scope of practice, chiropractors licensed under chapter 18.25 RCW may conduct special medical examinations to determine permanent disabilities in consultation with physicians licensed under chapter 18.57 or 18.71 RCW. The department, in its discretion, may request

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that a special medical examination be conducted by a single chiropractor if the department determines that the sole issues involved in the examination are within the scope of practice under chapter 18.25 RCW. However, nothing in this section authorizes the use as evidence before the board of a chiropractor's determination of the extent of a worker's permanent disability if the determination is not requested by the department.

(3) The department shall investigate the amount of examination fees received by persons conducting special medical examinations to determine permanent disabilities, including total compensation received for examinations of department and self-insured claimants, and establish compensation guidelines and compensation reporting criteria.

(4) The department shall investigate the level of compliance of self-insurers with the requirement of full reporting of claims information to the department, particularly with respect to medical examinations, and develop effective enforcement procedures or recommendations for legislation if needed. [1993 c 515 § 4; 1988 c 114 § 2.]

**Intent—1988 c 114:** "It is the intent of the legislature that medical examinations for determining permanent disabilities be conducted fairly and objectively by qualified examiners and with respect for the dignity of the injured worker." [1988 c 114 § 1.]

**51.32.114 Medical examination—Department to monitor quality and objectivity.** The department shall examine the credentials of persons conducting special medical examinations and shall monitor the quality and objectivity of examinations and reports for the department and self-insured claimants. The department shall adopt rules to ensure that examinations are performed only by qualified persons meeting department standards. [1988 c 114 § 3.]

**Intent—1988 c 114:** See note following RCW 51.32.112.

**51.32.120 Further accident after lump sum payment.** Should a further accident occur to a worker who has been previously the recipient of a lump sum payment under this title, his or her future compensation shall be adjusted according to the other provisions of this chapter and with regard to the combined effect of his or her injuries and his or her past receipt of money under this title. [1977 ex.s. c 350 § 51; 1961 c 23 § 51.32.120. Prior: 1957 c 70 § 35; prior: 1949 c 219 § 1, part; 1947 c 246 § 1, part; 1929 c 132 § 2, part; 1927 c 310 § 4, part; 1923 c 136 § 2, part; 1919 c 131 § 4, part; 1917 c 28 § 1, part; 1913 c 148 § 1, part; 1911 c 74 § 5, part; Rem. Supp. 1949 § 7679, part.]

**51.32.130 Lump sum for death or permanent total disability.** In case of death or permanent total disability, the monthly payment provided may be converted, in whole or in part, into a lump sum payment, not in any case to exceed eight thousand five hundred dollars, equal or proportionate, as the case may be, to the value of the annuity then remaining, to be fixed and certified by the state insurance commissioner, in which event the monthly payments shall cease in whole or in part accordingly or proportionately. Such conversion may be made only upon written application (in case of minor children the application may be by either parent) to the department and shall rest in the discretion of the department. Within the rule aforesaid the amount and value of the lump sum pay-

ment may be agreed upon between the department and applicant. In the event any payment shall be due to an alien residing in a foreign country, the department may settle the same by making a lump sum payment in such amount as may be agreed to by such alien, not to exceed fifty percent of the value of the annuity then remaining.

Nothing herein shall preclude the department from making, and authority is hereby given it to make, on its own motion, lump sum payments equal or proportionate, as the case may be, to the value of the annuity then remaining, in full satisfaction of claims due to dependents. [1961 c 23 § 51.32.130. Prior: 1957 c 70 § 45; prior: 1941 c 209 § 2; 1929 c 132 § 3; 1927 c 310 § 6(i); 1917 c 29 § 22; 1911 c 74 § 7; Rem. Supp. 1941 § 7681.]

**51.32.135 Closing of claim in pension cases—Consent of spouse.** In pension cases when a worker or beneficiary closes his or her claim by full conversion to a lump sum or in any other manner as provided in RCW 51.32.130 and 51.32.150, such action shall be conclusive and effective to bar any subsequent application or claim relative thereto by the worker or any beneficiary which would otherwise exist had such person not elected to close the claim: PROVIDED, The director may require the spouse of such worker to consent in writing as a prerequisite to conversion and/or the closing of such claim. [1977 ex.s. c 350 § 52; 1973 1st ex.s. c 154 § 98; 1961 c 23 § 51.32.135. Prior: 1953 c 143 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.32.140 Nonresident alien beneficiary.** Except as otherwise provided by treaty or this title, whenever compensation is payable to a beneficiary who is an alien not residing in the United States, the department or self-insurer, as the case may be, shall pay the compensation to which a resident beneficiary is entitled under this title. But if a nonresident alien beneficiary is a citizen of a government having a compensation law which excludes citizens of the United States, either resident or nonresident, from partaking of the benefit of such law in as favorable a degree as herein extended to nonresident aliens, he or she shall receive no compensation. No payment shall be made to any beneficiary residing in any country with which the United States does not maintain diplomatic relations when such payment is due. [1997 c 325 § 5; 1971 ex.s. c 289 § 45; 1961 c 23 § 51.32.140. Prior: 1957 c 70 § 36; prior: 1947 c 56 § 1, part; 1927 c 310 § 7, part; 1923 c 136 § 4, part; 1921 c 182 § 6, part; 1919 c 131 § 6, part; 1911 c 74 § 10, part; Rem. Supp. 1947 § 7684, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.32.150 Lump sum to beneficiary outside state.** If a beneficiary shall reside or move out of the state, the department may, with the written consent of the beneficiary, convert any monthly payments provided for such cases into a lump sum payment (not in any case to exceed the value of the annuity then remaining, to be fixed and certified by the state insurance commissioner, but in no case to exceed the sum provided in RCW 51.32.130 as now or hereafter amended). [1977 ex.s. c 323 § 18; 1961 c 23 § 51.32.150. Prior: 1959 c 308 § 5; 1957 c 70 § 37; prior: 1949 c 219 § 1, part; 1947 c 246 § 1, part; 1929 c 132 § 2, part; 1927 c 310 § 4, part; 1923

c 136 § 2, part; 1919 c 131 § 4, part; 1917 c 28 § 1, part; 1913 c 148 § 1, part; 1911 c 74 § 5, part; Rem. Supp. 1949 § 7679, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **51.32.160 Aggravation, diminution, or termination.**

(1)(a) If aggravation, diminution, or termination of disability takes place, the director may, upon the application of the beneficiary, made within seven years from the date the first closing order becomes final, or at any time upon his or her own motion, readjust the rate of compensation in accordance with the rules in this section provided for the same, or in a proper case terminate the payment: PROVIDED, That the director may, upon application of the worker made at any time, provide proper and necessary medical and surgical services as authorized under RCW 51.36.010. The department shall promptly mail a copy of the application to the employer at the employer's last known address as shown by the records of the department.

(b) "Closing order" as used in this section means an order based on factors which include medical recommendation, advice, or examination.

(c) Applications for benefits where the claim has been closed without medical recommendation, advice, or examination are not subject to the seven year limitation of this section. The preceding sentence shall not apply to any closing order issued prior to July 1, 1981. First closing orders issued between July 1, 1981, and July 1, 1985, shall, for the purposes of this section only, be deemed issued on July 1, 1985. The time limitation of this section shall be ten years in claims involving loss of vision or function of the eyes.

(d) If an order denying an application to reopen filed on or after July 1, 1988, is not issued within ninety days of receipt of such application by the self-insured employer or the department, such application shall be deemed granted. However, for good cause, the department may extend the time for making the final determination on the application for an additional sixty days.

(2) If a worker receiving a pension for total disability returns to gainful employment for wages, the director may suspend or terminate the rate of compensation established for the disability without producing medical evidence that shows that a diminution of the disability has occurred.

(3) No act done or ordered to be done by the director, or the department prior to the signing and filing in the matter of a written order for such readjustment shall be grounds for such readjustment. [1995 c 253 § 2; 1988 c 161 § 11; 1986 c 59 § 4; 1973 1st ex.s. c 192 § 1; 1961 c 23 § 51.32.160. Prior: 1957 c 70 § 38; prior: 1951 c 115 § 5; 1949 c 219 § 1, part; 1947 c 246 § 1, part; 1929 c 132 § 2, part; 1927 c 310 § 4, part; 1923 c 136 § 2, part; 1919 c 131 § 4, part; 1917 c 28 § 1, part; 1913 c 148 § 1, part; 1911 c 74 § 5, part; Rem. Supp. 1949 § 7679, part.]

**51.32.180 Occupational diseases—Limitation.** Every worker who suffers disability from an occupational disease in the course of employment under the mandatory or elective adoption provisions of this title, or his or her family and dependents in case of death of the worker from such disease or infection, shall receive the same compensation benefits

and medical, surgical and hospital care and treatment as would be paid and provided for a worker injured or killed in employment under this title, except as follows: (a) [(1)] This section and RCW 51.16.040 shall not apply where the last exposure to the hazards of the disease or infection occurred prior to January 1, 1937; and (b) [(2)] for claims filed on or after July 1, 1988, the rate of compensation for occupational diseases shall be established as of the date the disease requires medical treatment or becomes totally or partially disabling, whichever occurs first, and without regard to the date of the contraction of the disease or the date of filing the claim. [1988 c 161 § 5; 1977 ex.s. c 350 § 53; 1971 ex.s. c 289 § 49; 1961 c 23 § 51.32.180. Prior: 1959 c 308 § 19; prior: 1941 c 235 § 1, part; 1939 c 135 § 1, part; 1937 c 212 § 1, part; Rem. Supp. 1941 § 7679-1, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **51.32.185 Occupational diseases—Presumption of occupational disease for firefighters—Limitations—Exception—Rules.**

(1) In the case of firefighters as defined in \*RCW 41.26.030(4) (a), (b), and (c) who are covered under Title 51 RCW and firefighters, including supervisors, employed on a full-time, fully compensated basis as a firefighter of a private sector employer's fire department that includes over fifty such firefighters, there shall exist a prima facie presumption that: (a) Respiratory disease; (b) any heart problems, experienced within seventy-two hours of exposure to smoke, fumes, or toxic substances, or experienced within twenty-four hours of strenuous physical exertion due to firefighting activities; (c) cancer; and (d) infectious diseases are occupational diseases under RCW 51.08.140. This presumption of occupational disease may be rebutted by a preponderance of the evidence. Such evidence may include, but is not limited to, use of tobacco products, physical fitness and weight, lifestyle, hereditary factors, and exposure from other employment or nonemployment activities.

(2) The presumptions established in subsection (1) of this section shall be extended to an applicable member following termination of service for a period of three calendar months for each year of requisite service, but may not extend more than sixty months following the last date of employment.

(3) The presumption established in subsection (1)(c) of this section shall only apply to any active or former firefighter who has cancer that develops or manifests itself after the firefighter has served at least ten years and who was given a qualifying medical examination upon becoming a firefighter that showed no evidence of cancer. The presumption within subsection (1)(c) of this section shall only apply to prostate cancer diagnosed prior to the age of fifty, primary brain cancer, malignant melanoma, leukemia, non-Hodgkin's lymphoma, bladder cancer, ureter cancer, colorectal cancer, multiple myeloma, testicular cancer, and kidney cancer.

(4) The presumption established in subsection (1)(d) of this section shall be extended to any firefighter who has contracted any of the following infectious diseases: Human immunodeficiency virus/acquired immunodeficiency syndrome, all strains of hepatitis, meningococcal meningitis, or mycobacterium tuberculosis.

(5) Beginning July 1, 2003, this section does not apply to a firefighter who develops a heart or lung condition and who is a regular user of tobacco products or who has a history of tobacco use. The department, using existing medical research, shall define in rule the extent of tobacco use that shall exclude a firefighter from the provisions of this section.

(6) For purposes of this section, "firefighting activities" means fire suppression, fire prevention, emergency medical services, rescue operations, hazardous materials response, aircraft rescue, and training and other assigned duties related to emergency response.

(7)(a) When a determination involving the presumption established in this section is appealed to the board of industrial insurance appeals and the final decision allows the claim for benefits, the board of industrial insurance appeals shall order that all reasonable costs of the appeal, including attorney fees and witness fees, be paid to the firefighter or his or her beneficiary by the opposing party.

(b) When a determination involving the presumption established in this section is appealed to any court and the final decision allows the claim for benefits, the court shall order that all reasonable costs of the appeal, including attorney fees and witness fees, be paid to the firefighter or his or her beneficiary by the opposing party.

(c) When reasonable costs of the appeal must be paid by the department under this section in a state fund case, the costs shall be paid from the accident fund and charged to the costs of the claim. [2007 c 490 § 2; 2002 c 337 § 2; 1987 c 515 § 2.]

**\*Reviser's note:** RCW 41.26.030 was alphabetized pursuant to RCW 1.08.015(2)(k), changing subsection (4)(a), (b), and (c) to subsection (16)(a), (b), and (c).

**Legislative findings—1987 c 515:** "The legislature finds that the employment of firefighters exposes them to smoke, fumes, and toxic or chemical substances. The legislature recognizes that firefighters as a class have a higher rate of respiratory disease than the general public. The legislature therefore finds that respiratory disease should be presumed to be occupationally related for industrial insurance purposes for firefighters." [1987 c 515 § 1.]

**51.32.190 Self-insurers—Notice of denial of claim, reasons—Procedure—Powers and duties of director.** (1) If the self-insurer denies a claim for compensation, written notice of such denial, clearly informing the claimant of the reasons therefor and that the director will rule on the matter shall be mailed or given to the claimant and the director within thirty days after the self-insurer has notice of the claim.

(2) Until such time as the department has entered an order in a disputed case acceptance of compensation by the claimant shall not be considered a binding determination of his or her rights under this title. Likewise the payment of compensation shall not be considered a binding determination of the obligations of the self-insurer as to future compensation payments.

(3) Upon making the first payment of income benefits, the self-insurer shall immediately notify the director in accordance with a form to be prescribed by the director. Upon request of the department on a form prescribed by the department, the self-insurer shall submit a record of the payment of income benefits including initial, termination or terminations, and change or changes to the benefits. Where tempo-

rary disability compensation is payable, the first payment thereof shall be made within fourteen days after notice of claim and shall continue at regular semimonthly or biweekly intervals.

(4) If, after the payment of compensation without an award, the self-insurer elects to controvert the right to compensation, the payment of compensation shall not be considered a binding determination of the obligations of the self-insurer as to future compensation payments. The acceptance of compensation by the worker or his or her beneficiaries shall not be considered a binding determination of their rights under this title.

(5) The director: (a) May, upon his or her own initiative at any time in a case in which payments are being made without an award; and (b) shall, upon receipt of information from any person claiming to be entitled to compensation, from the self-insurer, or otherwise that the right to compensation is controverted, or that payment of compensation has been opposed, stopped or changed, whether or not claim has been filed, promptly make such inquiry as circumstances require, cause such medical examinations to be made, hold such hearings, require the submission of further information, make such orders, decisions or awards, and take such further action as he or she considers will properly determine the matter and protect the rights of all parties.

(6) The director, upon his or her own initiative, may make such inquiry as circumstances require or is necessary to protect the rights of all the parties and he or she may enact rules and regulations providing for procedures to ensure fair and prompt handling by self-insurers of the claims of workers and beneficiaries. [1996 c 58 § 2; 1982 1st ex.s. c 20 § 3; 1977 ex.s. c 350 § 54; 1972 ex.s. c 43 § 25; 1971 ex.s. c 289 § 47.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.32.195 Self-insurers—Information to department.** On any industrial injury claim where the self-insured employer or injured worker has requested a determination by the department, the self-insurer must submit all medical reports and any other specified information not previously submitted to the department. When the department requests information from a self-insurer by certified mail, the self-insurer shall submit all information in its possession concerning a claim within ten working days from the date of receipt of such certified notice. [1987 c 290 § 1.]

**51.32.200 Self-insurers—Enforcement of compensation order against.** (1) If a self-insurer fails, refuses, or neglects to comply with a compensation order which has become final and is not subject to review or appeal, the director or any person entitled to compensation under the order may institute proceedings for injunctive or other appropriate relief for enforcement of the order. These proceedings may be instituted in the superior court for the county in which the claimant resides, or, if the claimant is not then a resident of this state, in the superior court for the county in which the self-insurer may be served with process.

(2) The court shall enforce obedience to the order by proper means, enjoining compliance upon the person obligated to comply with the compensation order. The court may

issue such writs and processes as are necessary to carry out its orders.

(3) A proceeding under this section does not preclude other methods of enforcement provided for in this title. [1971 ex.s. c 289 § 48.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.32.210 Claims of injured workers, prompt action—Payment—Acceptance—Effect.** Claims of injured workers of employers who have secured the payment of compensation by insuring with the department shall be promptly acted upon by the department. Where temporary disability compensation is payable, the first payment thereof shall be mailed within fourteen days after receipt of the claim at the department's offices in Olympia and shall continue at regular semimonthly intervals. The payment of this or any other benefits under this title, prior to the entry of an order by the department in accordance with RCW 51.52.050 as now or hereafter amended, shall be not considered a binding determination of the obligations of the department under this title. The acceptance of compensation by the worker or his or her beneficiaries prior to such order shall likewise not be considered a binding determination of their rights under this title. [1977 ex.s. c 350 § 55; 1972 ex.s. c 43 § 26.]

**51.32.215 Payment of compensation after appeal—Enforcement of order—Penalty.** (1)(a) If the worker or beneficiary in a state fund claim prevails in an appeal by any party to the board or the court, the department shall comply with the board or court's order with respect to the payment of compensation within the later of the following time periods:

(i) Sixty days after the compensation order has become final and is not subject to review or appeal; or

(ii) If the order has become final and is not subject to review or appeal and the department has, within the period specified in (a)(i) of this subsection, requested the filing by the worker or beneficiary of documents necessary to make payment of compensation, sixty days after all requested documents are filed with the department.

The department may extend the sixty-day time period for an additional thirty days for good cause.

(b) If the department fails to comply with (a) of this subsection, any person entitled to compensation under the order may institute proceedings for injunctive or other appropriate relief for enforcement of the order. These proceedings may be instituted in the superior court for the county in which the claimant resides, or, if the claimant is not then a resident of this state, in the superior court for Thurston county.

(2) In a proceeding under this section, the court shall enforce obedience to the order by proper means, enjoining compliance upon the person obligated to comply with the compensation order. The court may issue such writs and processes as are necessary to carry out its orders and may award a penalty of up to one thousand dollars to the person entitled to compensation under the order.

(3) A proceeding under this section does not preclude other methods of enforcement provided for in this title. [1995 c 276 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

(2010 Ed.)

**51.32.220 Reduction in total disability compensation—Limitations—Notice—Waiver—Adjustment for retroactive reduction in federal social security disability benefit—Restrictions.** (1) For persons receiving compensation for temporary or permanent total disability pursuant to the provisions of this chapter, such compensation shall be reduced by an amount equal to the benefits payable under the federal old-age, survivors, and disability insurance act as now or hereafter amended not to exceed the amount of the reduction established pursuant to 42 U.S.C. Sec. 424a. However, such reduction shall not apply when the combined compensation provided pursuant to this chapter and the federal old-age, survivors, and disability insurance act is less than the total benefits to which the federal reduction would apply, pursuant to 42 U.S.C. 424a. Where any person described in this section refuses to authorize the release of information concerning the amount of benefits payable under said federal act the department's estimate of said amount shall be deemed to be correct unless and until the actual amount is established and no adjustment shall be made for any period of time covered by any such refusal.

(2) Any reduction under subsection (1) of this section shall be effective the month following the month in which the department or self-insurer is notified by the federal social security administration that the person is receiving disability benefits under the federal old-age, survivors, and disability insurance act: PROVIDED, That in the event of an overpayment of benefits the department or self-insurer may not recover more than the overpayments for the six months immediately preceding the date the department or self-insurer notifies the worker that an overpayment has occurred: PROVIDED FURTHER, That upon determining that there has been an overpayment, the department or self-insurer shall immediately notify the person who received the overpayment that he or she shall be required to make repayment pursuant to this section and RCW 51.32.230.

(3) Recovery of any overpayment must be taken from future temporary or permanent total disability benefits or permanent partial disability benefits provided by this title. In the case of temporary or permanent total disability benefits, the recovery shall not exceed twenty-five percent of the monthly amount due from the department or self-insurer or one-sixth of the total overpayment, whichever is the lesser.

(4) No reduction may be made unless the worker receives notice of the reduction prior to the month in which the reduction is made.

(5) In no event shall the reduction reduce total benefits to less than the greater amount the worker may be entitled to under this title or the federal old-age, survivors, and disability insurance act.

(6) The director, pursuant to rules adopted in accordance with the procedures provided in the administrative procedure act, chapter 34.05 RCW, may exercise his or her discretion to waive, in whole or in part, the amount of any overpayment where the recovery would be against equity and good conscience.

(7) Subsection (1) of this section applies to:

(a) Workers under the age of sixty-two whose effective entitlement to total disability compensation begins before January 2, 1983;

(b) Workers under the age of sixty-five whose effective entitlement to total disability compensation begins after January 1, 1983; and

(c) Workers who will become sixty-five years of age on or after June 10, 2004.

(8)(a) If the federal social security administration makes a retroactive reduction in the federal social security disability benefit entitlement of a worker for periods of temporary total, temporary partial, or total permanent disability for which the department or self-insurer also reduced the worker's benefit amounts under this section, the department or self-insurer, as the case may be, shall make adjustments in the calculation of benefits and pay the additional benefits to the worker as appropriate. However, the department or self-insurer shall not make changes in the calculation or pay additional benefits unless the worker submits a written request, along with documentation satisfactory to the director of an overpayment assessment by the social security administration, to the department or self-insurer, as the case may be.

(b) Additional benefits paid under this subsection:

(i) Are paid without interest and without regard to whether the worker's claim under this title is closed; and

(ii) Do not affect the status or the date of the claim's closure.

(c) This subsection does not apply to requests on claims for which a determination on the request has been made and is not subject to further appeal. [2007 c 255 § 1; 2005 c 198 § 1; 2004 c 92 § 1; 1982 c 63 § 19; 1979 ex.s. c 231 § 1; 1979 ex.s. c 151 § 1; 1977 ex.s. c 323 § 19; 1975 1st ex.s. c 286 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.32.225 Reduction in total disability compensation—Offset for social security retirement benefits.** (1) For persons receiving compensation for temporary or permanent total disability under this title, the compensation shall be reduced by the department to allow an offset for social security retirement benefits payable under the federal social security, old age survivors, and disability insurance act, 42 U.S.C. This reduction shall not apply to any worker who is receiving permanent total disability benefits prior to July 1, 1986.

(2) Reductions for social security retirement benefits under this section shall comply with the procedures in RCW 51.32.220 (1) through (6) and with any other procedures established by the department to administer this section. For any worker whose entitlement to social security retirement benefits is immediately preceded by an entitlement to social security disability benefits, the offset shall be based on the formulas provided under 42 U.S.C. Sec. 424a. For all other workers entitled to social security retirement benefits, the offset shall be based on procedures established and determined by the department to most closely follow the intent of RCW 51.32.220.

(3) Any reduction in compensation made under chapter 58, Laws of 1986, shall be made before the reduction established in this section. [2006 c 163 § 1; 1986 c 59 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.32.230 Recovery of overpayments.** Notwithstanding any other provisions of law, any overpayments previously

recovered under the provisions of RCW 51.32.220 as now or hereafter amended shall be limited to six months' overpayments. Where greater recovery has already been made, the director, in his or her discretion, may make restitution in those cases where an extraordinary hardship has been created. [2010 c 8 § 14009; 1979 ex.s. c 151 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.32.240 Erroneous payments—Payments induced by willful misrepresentation—Adjustment for self-insurer's failure to pay benefits—Recoupment of overpayments by self-insurer—Penalty—Appeal—Enforcement of orders.** (1)(a) Whenever any payment of benefits under this title is made because of clerical error, mistake of identity, innocent misrepresentation by or on behalf of the recipient thereof mistakenly acted upon, or any other circumstance of a similar nature, all not induced by willful misrepresentation, the recipient thereof shall repay it and recoupment may be made from any future payments due to the recipient on any claim with the state fund or self-insurer, as the case may be. The department or self-insurer, as the case may be, must make claim for such repayment or recoupment within one year of the making of any such payment or it will be deemed any claim therefor has been waived.

(b) Except as provided in subsections (3), (4), and (5) of this section, the department may only assess an overpayment of benefits because of adjudicator error when the order upon which the overpayment is based is not yet final as provided in RCW 51.52.050 and 51.52.060. "Adjudicator error" includes the failure to consider information in the claim file, failure to secure adequate information, or an error in judgment.

(c) The director, pursuant to rules adopted in accordance with the procedures provided in the administrative procedure act, chapter 34.05 RCW, may exercise his or her discretion to waive, in whole or in part, the amount of any such timely claim where the recovery would be against equity and good conscience.

(2) Whenever the department or self-insurer fails to pay benefits because of clerical error, mistake of identity, or innocent misrepresentation, all not induced by recipient willful misrepresentation, the recipient may request an adjustment of benefits to be paid from the state fund or by the self-insurer, as the case may be, subject to the following:

(a) The recipient must request an adjustment in benefits within one year from the date of the incorrect payment or it will be deemed any claim therefore has been waived.

(b) The recipient may not seek an adjustment of benefits because of adjudicator error. Adjustments due to adjudicator error are addressed by the filing of a written request for reconsideration with the department of labor and industries or an appeal with the board of industrial insurance appeals within sixty days from the date the order is communicated as provided in RCW 51.52.050. "Adjudicator error" includes the failure to consider information in the claim file, failure to secure adequate information, or an error in judgment.

(3) Whenever the department issues an order rejecting a claim for benefits paid pursuant to RCW 51.32.190 or 51.32.210, after payment for temporary disability benefits has been paid by a self-insurer pursuant to RCW 51.32.190(3) or by the department pursuant to RCW

51.32.210, the recipient thereof shall repay such benefits and recoupment may be made from any future payments due to the recipient on any claim with the state fund or self-insurer, as the case may be. The director, under rules adopted in accordance with the procedures provided in the administrative procedure act, chapter 34.05 RCW, may exercise discretion to waive, in whole or in part, the amount of any such payments where the recovery would be against equity and good conscience.

(4) Whenever any payment of benefits under this title has been made pursuant to an adjudication by the department or by order of the board or any court and timely appeal therefrom has been made where the final decision is that any such payment was made pursuant to an erroneous adjudication, the recipient thereof shall repay it and recoupment may be made from any future payments due to the recipient on any claim whether state fund or self-insured.

(a) The director, pursuant to rules adopted in accordance with the procedures provided in the administrative procedure act, chapter 34.05 RCW, may exercise discretion to waive, in whole or in part, the amount of any such payments where the recovery would be against equity and good conscience. However, if the director waives in whole or in part any such payments due a self-insurer, the self-insurer shall be reimbursed the amount waived from the self-insured employer overpayment reimbursement fund.

(b) The department shall collect information regarding self-insured claim overpayments resulting from final decisions of the board and the courts, and recoup such overpayments on behalf of the self-insurer from any open, new, or reopened state fund or self-insured claims. The department shall forward the amounts collected to the self-insurer to whom the payment is owed. The department may provide information as needed to any self-insurers from whom payments may be collected on behalf of the department or another self-insurer. Notwithstanding RCW 51.32.040, any self-insurer requested by the department to forward payments to the department pursuant to this subsection shall pay the department directly. The department shall credit the amounts recovered to the appropriate fund, or forward amounts collected to the appropriate self-insurer, as the case may be.

(c) If a self-insurer is not fully reimbursed within twenty-four months of the first attempt at recovery through the collection process pursuant to this subsection and by means of processes pursuant to subsection (6) of this section, the self-insurer shall be reimbursed for the remainder of the amount due from the self-insured employer overpayment reimbursement fund.

(d) For purposes of this subsection, "recipient" does not include health service providers whose treatment or services were authorized by the department or self-insurer.

(e) The department or self-insurer shall first attempt recovery of overpayments for health services from any entity that provided health insurance to the worker to the extent that the health insurance entity would have provided health insurance benefits but for workers' compensation coverage.

(5)(a) Whenever any payment of benefits under this title has been induced by willful misrepresentation the recipient thereof shall repay any such payment together with a penalty of fifty percent of the total of any such payments and the amount of such total sum may be recouped from any future

payments due to the recipient on any claim with the state fund or self-insurer against whom the willful misrepresentation was committed, as the case may be, and the amount of such penalty shall be placed in the supplemental pension fund. Such repayment or recoupment must be demanded or ordered within three years of the discovery of the willful misrepresentation.

(b) For purposes of this subsection (5), it is willful misrepresentation for a person to obtain payments or other benefits under this title in an amount greater than that to which the person otherwise would be entitled. Willful misrepresentation includes:

(i) Willful false statement; or

(ii) Willful misrepresentation, omission, or concealment of any material fact.

(c) For purposes of this subsection (5), "willful" means a conscious or deliberate false statement, misrepresentation, omission, or concealment of a material fact with the specific intent of obtaining, continuing, or increasing benefits under this title.

(d) For purposes of this subsection (5), failure to disclose a work-type activity must be willful in order for a misrepresentation to have occurred.

(e) For purposes of this subsection (5), a material fact is one which would result in additional, increased, or continued benefits, including but not limited to facts about physical restrictions, or work-type activities which either result in wages or income or would be reasonably expected to do so. Wages or income include the receipt of any goods or services. For a work-type activity to be reasonably expected to result in wages or income, a pattern of repeated activity must exist. For those activities that would reasonably be expected to result in wages or produce income, but for which actual wage or income information cannot be reasonably determined, the department shall impute wages pursuant to RCW 51.08.178(4).

(6) The worker, beneficiary, or other person affected thereby shall have the right to contest an order assessing an overpayment pursuant to this section in the same manner and to the same extent as provided under RCW 51.52.050 and 51.52.060. In the event such an order becomes final under chapter 51.52 RCW and notwithstanding the provisions of subsections (1) through (5) of this section, the director, director's designee, or self-insurer may file with the clerk in any county within the state a warrant in the amount of the sum representing the unpaid overpayment and/or penalty plus interest accruing from the date the order became final. The clerk of the county in which the warrant is filed shall immediately designate a superior court cause number for such warrant and the clerk shall cause to be entered in the judgment docket under the superior court cause number assigned to the warrant, the name of the worker, beneficiary, or other person mentioned in the warrant, the amount of the unpaid overpayment and/or penalty plus interest accrued, and the date the warrant was filed. The amount of the warrant as docketed shall become a lien upon the title to and interest in all real and personal property of the worker, beneficiary, or other person against whom the warrant is issued, the same as a judgment in a civil case docketed in the office of such clerk. The sheriff shall then proceed in the same manner and with like effect as prescribed by law with respect to execution or other process

issued against rights or property upon judgment in the superior court. Such warrant so docketed shall be sufficient to support the issuance of writs of garnishment in favor of the department or self-insurer in the manner provided by law in the case of judgment, wholly or partially unsatisfied. The clerk of the court shall be entitled to a filing fee under RCW 36.18.012(10), which shall be added to the amount of the warrant. A copy of such warrant shall be mailed to the worker, beneficiary, or other person within three days of filing with the clerk.

The director, director's designee, or self-insurer may issue to any person, firm, corporation, municipal corporation, political subdivision of the state, public corporation, or agency of the state, a notice to withhold and deliver property of any kind if there is reason to believe that there is in the possession of such person, firm, corporation, municipal corporation, political subdivision of the state, public corporation, or agency of the state, property that is due, owing, or belonging to any worker, beneficiary, or other person upon whom a warrant has been served for payments due the department or self-insurer. The notice and order to withhold and deliver shall be served by certified mail accompanied by an affidavit of service by mailing or served by the sheriff of the county, or by the sheriff's deputy, or by any authorized representative of the director, director's designee, or self-insurer. Any person, firm, corporation, municipal corporation, political subdivision of the state, public corporation, or agency of the state upon whom service has been made shall answer the notice within twenty days exclusive of the day of service, under oath and in writing, and shall make true answers to the matters inquired or in the notice and order to withhold and deliver. In the event there is in the possession of the party named and served with such notice and order, any property that may be subject to the claim of the department or self-insurer, such property shall be delivered forthwith to the director, the director's authorized representative, or self-insurer upon demand. If the party served and named in the notice and order fails to answer the notice and order within the time prescribed in this section, the court may, after the time to answer such order has expired, render judgment by default against the party named in the notice for the full amount, plus costs, claimed by the director, director's designee, or self-insurer in the notice. In the event that a notice to withhold and deliver is served upon an employer and the property found to be subject thereto is wages, the employer may assert in the answer all exemptions provided for by chapter 6.27 RCW to which the wage earner may be entitled.

This subsection shall only apply to orders assessing an overpayment which are issued on or after July 28, 1991: PROVIDED, That this subsection shall apply retroactively to all orders assessing an overpayment resulting from fraud, civil or criminal.

(7) Orders assessing an overpayment which are issued on or after July 28, 1991, shall include a conspicuous notice of the collection methods available to the department or self-insurer. [2008 c 280 § 2; 2004 c 243 § 7; 2001 c 146 § 10. Prior: 1999 c 396 § 1; 1999 c 119 § 1; 1991 c 88 § 1; 1986 c 54 § 1; 1975 1st ex.s. c 224 § 13.]

**Effective date—2008 c 280:** "Section 2 of this act takes effect January 1, 2008." [2008 c 280 § 6.]

**Application—2008 c 280:** See note following RCW 51.52.050.

**Application—2004 c 243 § 7:** "Section 7 of this act applies to willful misrepresentation determinations issued on or after July 1, 2004." [2004 c 243 § 9.]

**Adoption of rules—2004 c 243:** See note following RCW 51.08.177.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **51.32.242 Self-insured employer overpayment reimbursement fund—Withholding from worker earnings—**

**Use of funds—Exception.** (1) Except as provided in subsection (2) of this section, each self-insured employer shall retain from the earnings of each of its workers that amount as shall be fixed from time to time by the director, the basis for measuring said amount to be determined by the director. These moneys shall only be retained from employees and remitted to the department in such manner and at such intervals as the department directs and shall be placed in the self-insured employer overpayment reimbursement fund. The moneys so collected shall be used exclusively for reimbursement to the reserve fund and to self-insured employers for benefits overpaid during the pendency of board or court appeals in which the self-insured employer prevails and has not recovered, and shall be no more than necessary to make such payments on a current basis.

(2) None of the amount assessed for the employer overpayment reimbursement fund under this section may be retained from the earnings of workers covered under RCW 51.16.210. [2008 c 280 § 3.]

**Application—2008 c 280:** See note following RCW 51.52.050.

**51.32.250 Payment of job modification costs.** Modification of the injured worker's previous job or modification of a new job is recognized as a desirable method of returning the injured worker to gainful employment. In order to assist employers in meeting the costs of job modification, and to encourage employers to modify jobs to accommodate retaining or hiring workers with disabilities resulting from work-related injury, the supervisor or the supervisor's designee, in his or her discretion, may pay job modification costs in an amount not to exceed five thousand dollars per worker per job modification. This payment is intended to be a cooperative participation with the employer and funds shall be taken from the appropriate account within the second injury fund.

The benefits provided for in this section are available to any otherwise eligible worker regardless of the date of industrial injury. [1988 c 161 § 10; 1983 c 70 § 3; 1982 c 63 § 13.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.32.260 Compensation for loss or damage to personal effects.** Workers otherwise entitled to compensation under this title may also claim compensation for loss of or damage to the worker's personal clothing, footwear or protective equipment resulting from the industrial accident or incurred in the course of emergency medical treatment for injuries. [1983 c 111 § 1.]

**51.32.300 State employee vocational rehabilitation coordinator.** The director shall appoint a state employee vocational rehabilitation coordinator who shall provide technical assistance and coordination of claims management to state agencies and institutions of higher education under the

state return-to-work programs created by RCW 41.06.490 and \*28B.16.300. [1990 c 204 § 5.]

\*Reviser's note: RCW 28B.16.300 was repealed by 1993 c 281 § 68, effective July 1, 1993.

**Findings—Purpose—1990 c 204:** See note following RCW 51.44.170.

**51.32.350 Chemically related illness—Criteria and procedures for claims—Claims management.** (1) By July 1, 1994, the department shall establish interim criteria and procedures for management of claims involving chemically related illness to ensure consistency and fairness in the adjudication of these claims. The criteria and procedures shall apply to employees covered by the state fund and employees of self-insured employers. The department shall adopt final criteria and procedures by December 31, 1994, and report the criteria and procedures as required under section 5, chapter 265, Laws of 1994.

(2) The special procedures developed by the department shall include procedures to determine which claims involving chemically related illness require expert management. The department shall assign claims managers with special training or expertise to manage these claims. [1994 c 265 § 1.]

**51.32.360 Chemically related illness—Centers for research and clinical assessment.** The department shall work with the department of health to establish one or more centers for research and clinical assessment of chemically related illness. [1994 c 265 § 3.]

**51.32.370 Chemically related illness—Research projects—Implementation plan—Funding—Deductions from employees' pay.** (1) The department shall conduct research on chemically related illnesses, which shall include contracting with recognized medical research institutions. The department shall develop an implementation plan for research based on sound scientific research criteria, such as double blind studies, and shall include adequate provisions for peer review, and submit the plan to the worker's [workers'] compensation advisory committee for review and approval. Following approval of the plan, all specific proposals for projects under the plan shall be submitted for review to a scientific advisory committee, established to provide scientific oversight of research projects, and to the workers' compensation advisory committee. The department shall include a research project that encourages regional cooperation in addressing chemically related illness.

(2) Expenditures for research projects shall be within legislative appropriations from the medical aid fund, with self-insured employers and the state fund each paying a pro rata share, based on the number of worker hours, of the authorized expenditures. For the purposes of this subsection only, self-insured employers may deduct from the pay of each of their employees one-half of the share charged to the employer for the expenditures from the medical aid fund. [1994 c 265 § 4.]

**51.32.380 Injured offenders—Benefits sent in the care of the department of corrections—Exception—Liability.** If the department of labor and industries has received notice that an injured worker entitled to benefits payable

under this chapter is in the custody of the department of corrections pursuant to a conviction and sentence, the department shall send all such benefits to the worker in care of the department of corrections, except those benefits payable to a beneficiary as provided in RCW 51.32.040 (3)(c) and (4). Failure of the department to send such benefits to the department of corrections shall not result in liability to any party for either department. [2003 c 379 § 26.]

**Severability—Effective dates—2003 c 379:** See notes following RCW 9.94A.728.

**Intent—Purpose—2003 c 379 §§ 13-27:** See note following RCW 9.94A.760.

### Chapter 51.36 RCW MEDICAL AID

Sections

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**51.36.010 Extent and duration.** Upon the occurrence of any injury to a worker entitled to compensation under the provisions of this title, he or she shall receive proper and necessary medical and surgical services at the hands of a physician or licensed advanced registered nurse practitioner of his or her own choice, if conveniently located, and proper and necessary hospital care and services during the period of his or her disability from such injury. The department for state fund claims shall pay, in accordance with the department's fee schedule, for any alleged injury for which a worker files a claim, any initial prescription drugs provided in relation to that initial visit, without regard to whether the worker's claim for benefits is allowed. In all accepted claims, treatment shall be limited in point of duration as follows:

In the case of permanent partial disability, not to extend beyond the date when compensation shall be awarded him or her, except when the worker returned to work before permanent partial disability award is made, in such case not to extend beyond the time when monthly allowances to him or her shall cease; in case of temporary disability not to extend beyond the time when monthly allowances to him or her shall cease: PROVIDED, That after any injured worker has returned to his or her work his or her medical and surgical

treatment may be continued if, and so long as, such continuation is deemed necessary by the supervisor of industrial insurance to be necessary to his or her more complete recovery; in case of a permanent total disability not to extend beyond the date on which a lump sum settlement is made with him or her or he or she is placed upon the permanent pension roll: PROVIDED, HOWEVER, That the supervisor of industrial insurance, solely in his or her discretion, may authorize continued medical and surgical treatment for conditions previously accepted by the department when such medical and surgical treatment is deemed necessary by the supervisor of industrial insurance to protect such worker's life or provide for the administration of medical and therapeutic measures including payment of prescription medications, but not including those controlled substances currently scheduled by the state board of pharmacy as Schedule I, II, III, or IV substances under chapter 69.50 RCW, which are necessary to alleviate continuing pain which results from the industrial injury. In order to authorize such continued treatment the written order of the supervisor of industrial insurance issued in advance of the continuation shall be necessary.

The supervisor of industrial insurance, the supervisor's designee, or a self-insurer, in his or her sole discretion, may authorize inoculation or other immunological treatment in cases in which a work-related activity has resulted in probable exposure of the worker to a potential infectious occupational disease. Authorization of such treatment does not bind the department or self-insurer in any adjudication of a claim by the same worker or the worker's beneficiary for an occupational disease. [2007 c 134 § 1; 2004 c 65 § 11; 1986 c 58 § 6; 1977 ex.s. c 350 § 56; 1975 1st ex.s. c 234 § 1; 1971 ex.s. c 289 § 50; 1965 ex.s. c 166 § 2; 1961 c 23 § 51.36.010. Prior: 1959 c 256 § 2; prior: 1943 c 186 § 2, part; 1923 c 136 § 9, part; 1921 c 182 § 11, part; 1919 c 129 § 2, part; 1917 c 28 § 5, part; Rem. Supp. 1943 § 7714, part.]

**Report to legislature—2007 c 134:** "By December 1, 2009, the department of labor and industries must report to the senate labor, commerce, research and development committee and the house of representatives commerce and labor committee, or successor committees, on the implementation of this act." [2007 c 134 § 2.]

**Effective date—2007 c 134:** "This act takes effect January 1, 2008." [2007 c 134 § 3.]

**Report to legislature—Effective date—Severability—2004 c 65:** See notes following RCW 51.04.030.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.36.015 Chiropractic care and evaluation.** Subject to the other provisions of this title, the health services that are available to an injured worker under RCW 51.36.010 include chiropractic care and evaluation. For the purposes of assisting the department in making claims determinations, an injured worker may be required by the department to undergo examination by a chiropractor licensed under chapter 18.25 RCW. [1994 c 94 § 1.]

**51.36.017 Licensed advanced registered nurse practitioners.** Licensed advanced registered nurse practitioners are recognized as independent practitioners and, subject to the provisions of this title, the health services available to an injured worker under RCW 51.36.010 include health services

provided by licensed advanced registered nurse practitioners within their scope of practice. [2004 c 65 § 16.]

**Report to legislature—Effective date—Severability—2004 c 65:** See notes following RCW 51.04.030.

**51.36.020 Transportation to treatment—Artificial substitutes and mechanical aids—Modifications to residences or motor vehicles.** (1) When the injury to any worker is so serious as to require his or her being taken from the place of injury to a place of treatment, his or her employer shall, at the expense of the medical aid fund, or self-insurer, as the case may be, furnish transportation to the nearest place of proper treatment.

(2) Every worker whose injury results in the loss of one or more limbs or eyes shall be provided with proper artificial substitutes and every worker, who suffers an injury to an eye producing an error of refraction, shall be once provided proper and properly equipped lenses to correct such error of refraction and his or her disability rating shall be based upon the loss of sight before correction.

(3) Every worker whose accident results in damage to or destruction of an artificial limb, eye, or tooth, shall have same repaired or replaced.

(4) Every worker whose hearing aid or eyeglasses or lenses are damaged, destroyed, or lost as a result of an industrial accident shall have the same restored or replaced. The department or self-insurer shall be liable only for the cost of restoring damaged hearing aids or eyeglasses to their condition at the time of the accident.

(5)(a) All mechanical appliances necessary in the treatment of an injured worker, such as braces, belts, casts, and crutches, shall be provided and all mechanical appliances required as permanent equipment after treatment has been completed shall continue to be provided or replaced without regard to the date of injury or date treatment was completed, notwithstanding any other provision of law.

(b) Injured workers shall be reimbursed for reasonable travel expenses when travel is required in order to repair, replace, or otherwise alter prosthetics, orthotics, or similar permanent mechanical appliances after closure of the claim. This subsection (5)(b) does not include travel for the repair or replacement of hearing aid devices.

(6) A worker, whose injury is of such short duration as to bring him or her within the time limit provisions of RCW 51.32.090, shall nevertheless receive during the omitted period medical, surgical, and hospital care and service and transportation under the provisions of this chapter.

(7) Whenever in the sole discretion of the supervisor it is reasonable and necessary to provide residence modifications necessary to meet the needs and requirements of the worker who has sustained catastrophic injury, the department or self-insurer may be ordered to pay an amount not to exceed the state's average annual wage for one year as determined under RCW 50.04.355, as now existing or hereafter amended, toward the cost of such modifications or construction. Such payment shall only be made for the construction or modification of a residence in which the injured worker resides. Only one residence of any worker may be modified or constructed under this subsection, although the supervisor may order more than one payment for any one home, up to the maximum amount permitted by this section.

(8)(a) Whenever in the sole discretion of the supervisor it is reasonable and necessary to modify a motor vehicle owned by a worker who has become an amputee or becomes paralyzed because of an industrial injury, the supervisor may order up to fifty percent of the state's average annual wage for one year, as determined under RCW 50.04.355, to be paid by the department or self-insurer toward the costs thereof.

(b) In the sole discretion of the supervisor after his or her review, the amount paid under this subsection may be increased by no more than four thousand dollars by written order of the supervisor.

(9) The benefits provided by subsections (7) and (8) of this section are available to any otherwise eligible worker regardless of the date of industrial injury. [2008 c 54 § 1; 1999 c 395 § 1; 1982 c 63 § 12; 1977 ex.s. c 350 § 57; 1975 1st ex.s. c 224 § 14; 1971 ex.s. c 289 § 51; 1965 ex.s. c 166 § 3; 1961 c 23 § 51.36.020. Prior: 1959 c 256 § 3; prior: 1951 c 236 § 6; 1943 c 186 § 2, part; 1923 c 136 § 9, part; 1921 c 182 § 11, part; 1919 c 129 § 2, part; 1917 c 28 § 5, part; Rem. Supp. 1943 § 7714, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.36.022 Residence modification assistance—Rules—Report to legislature.** (1) The legislature finds that there is a need to clarify the process and standards under which the department provides residence modification assistance to workers who have sustained catastrophic injury.

(2) The director shall adopt rules that take effect no later than nine months after July 24, 2005, to establish guidelines and processes for residence modification pursuant to RCW 51.36.020(7).

(3) In developing rules under this section, the director shall consult with interested persons, including persons with expertise in the rehabilitation of catastrophically disabled individuals and modifications for adaptive housing.

(4) These rules must address at least the following:

(a) The process for a catastrophically injured worker to access the residence modification benefits provided by RCW 51.36.020; and

(b) How the department may address the needs and preferences of the individual worker on a case-by-case basis taking into account information provided by the injured worker. For purposes of determining the needs and requirements of the worker under RCW 51.36.020, including whether a modification is medically necessary, the department must consider all available information regarding the medical condition and physical restrictions of the injured worker, including the opinion of the worker's attending health services provider.

(5) The rules should be based upon nationally accepted guidelines and publications addressing adaptive residential housing. The department must consider the guidelines established by the United States department of veterans affairs in their publication entitled "Handbook for Design: Specially Adapted Housing," and the recommendations published in "The Accessible Housing Design File" by Barrier Free Environments, Inc.

(6) In developing rules under this section, the director shall consult with other persons with an interest in improving standards for adaptive housing.

(2010 Ed.)

(7) The director shall report by December 2007 to the appropriate committees of the legislature on the rules adopted under this section. [2005 c 411 § 1.]

**51.36.030 First aid.** Every employer, who employs workers, shall keep as required by the department's rules a first aid kit or kits equipped as required by such rules with materials for first aid to his or her injured workers. Every employer who employs fifty or more workers, shall keep one first aid station equipped as required by the department's rules with materials for first aid to his or her injured workers, and shall cooperate with the department in training one or more employees in first aid to the injured. The maintenance of such first aid kits and stations shall be deemed to be a part of any safety and health standards established under Title 49 RCW. [1980 c 14 § 12. Prior: 1977 ex.s. c 350 § 58; 1977 ex.s. c 323 § 20; 1961 c 23 § 51.36.030; prior: 1959 c 256 § 4; prior: 1943 c 186 § 2, part; 1923 c 136 § 9, part; 1921 c 182 § 11, part; 1919 c 129 § 2, part; 1917 c 28 § 5, part; Rem. Supp. 1943 § 7714, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.36.040 Time and place of coverage—Lunch period.** The benefits of Title 51 RCW shall be provided to each worker receiving an injury, as defined therein, during the course of his or her employment and also during his or her lunch period as established by the employer while on the jobsite. The jobsite shall consist of the premises as are occupied, used or contracted for by the employer for the business of work process in which the employer is then engaged: PROVIDED, That if a worker by reason of his or her employment leaves such jobsite under the direction, control or request of the employer and if such worker is injured during his or her lunch period while so away from the jobsite, the worker shall receive the benefits as provided herein: AND PROVIDED FURTHER, That the employer need not consider the lunch period in worker hours for the purpose of reporting to the department unless the worker is actually paid for such period of time. [1977 ex.s. c 350 § 59; 1961 c 107 § 2.]

**51.36.050 Rehabilitation center—Contracts with self-insurers and others.** The department may operate and control a rehabilitation center and may contract with self-insurers, and any other persons who may be interested, for use of any such center on such terms as the director deems reasonable. [1979 ex.s. c 42 § 1; 1971 ex.s. c 289 § 52.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.36.060 Duties of attending physician or licensed advanced registered nurse practitioner—Medical information.** Physicians or licensed advanced registered nurse practitioners examining or attending injured workers under this title shall comply with rules and regulations adopted by the director, and shall make such reports as may be requested by the department or self-insurer upon the condition or treatment of any such worker, or upon any other matters concerning such workers in their care. Except under RCW 49.17.210 and 49.17.250, all medical information in the possession or control of any person and relevant to the particular injury in the opinion of the department pertaining to any worker whose

injury or occupational disease is the basis of a claim under this title shall be made available at any stage of the proceedings to the employer, the claimant's representative, and the department upon request, and no person shall incur any legal liability by reason of releasing such information. [2004 c 65 § 12; 1991 c 89 § 3; 1989 c 12 § 17; 1975 1st ex.s. c 224 § 15; 1971 ex.s. c 289 § 53.]

**Report to legislature—Effective date—Severability—2004 c 65:** See notes following RCW 51.04.030.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

### 51.36.070 Medical examination—Reports—Costs.

Whenever the director or the self-insurer deems it necessary in order to resolve any medical issue, a worker shall submit to examination by a physician or physicians selected by the director, with the rendition of a report to the person ordering the examination. The department or self-insurer shall provide the physician performing an examination with all relevant medical records from the worker's claim file. The director, in his or her discretion, may charge the cost of such examination or examinations to the self-insurer or to the medical aid fund as the case may be. The cost of said examination shall include payment to the worker of reasonable expenses connected therewith. [2001 c 152 § 2; 1977 ex.s. c 350 § 60; 1971 ex.s. c 289 § 54.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.36.080 Payment of fees and medical charges by department—Interest—Cost-effective payment methods—Audits.** (1) All fees and medical charges under this title shall conform to the fee schedule established by the director and shall be paid within sixty days of receipt by the department of a proper billing in the form prescribed by department rule or sixty days after the claim is allowed by final order or judgment, if an otherwise proper billing is received by the department prior to final adjudication of claim allowance. The department shall pay interest at the rate of one percent per month, but at least one dollar per month, whenever the payment period exceeds the applicable sixty-day period on all proper fees and medical charges.

Beginning in fiscal year 1987, interest payments under this subsection may be paid only from funds appropriated to the department for administrative purposes.

Nothing in this section may be construed to require the payment of interest on any billing, fee, or charge if the industrial insurance claim on which the billing, fee, or charge is predicated is ultimately rejected or the billing, fee, or charge is otherwise not allowable.

In establishing fees for medical and other health care services, the director shall consider the director's duty to purchase health care in a prudent, cost-effective manner without unduly restricting access to necessary care by persons entitled to the care. With respect to workers admitted as hospital inpatients on or after July 1, 1987, the director shall pay for inpatient hospital services on the basis of diagnosis-related groups, contracting for services, or other prudent, cost-effective payment method, which the director shall establish by rules adopted in accordance with chapter 34.05 RCW.

(2) The director may establish procedures for selectively or randomly auditing the accuracy of fees and medical bill-

ings submitted to the department under this title. [1998 c 245 § 104; 1993 c 159 § 2; 1987 c 470 § 1; 1985 c 368 § 2; 1985 c 338 § 1; 1971 ex.s. c 289 § 55.]

**Legislative findings—1985 c 368:** "The legislature finds that:

(1) The governor's steering committee on the six-year state health care purchasing plan has estimated that health care expenditures by the department of labor and industries will rise from \$172.5 million in fiscal year 1985 to \$581.5 million in fiscal year 1991, an increase of two hundred thirty-seven percent in six years, while the number of persons receiving the care will rise only fifteen percent in the same period;

(2) The growing cost of health care for covered workers is a major cause of recent industrial insurance premium increases, adversely affecting both employers and employees;

(3) The department of labor and industries has not developed adequate means of controlling the costs of health care services to which covered workers are entitled by law;

(4) There is a need for all agencies of the state to act as prudent buyers in purchasing health care." [1985 c 368 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.36.085 Payment of fees and medical charges by self-insurers—Interest.** All fees and medical charges under this title shall conform to regulations promulgated, and the fee schedule established by the director and shall be paid within sixty days of receipt by the self-insured of a proper billing in the form prescribed by department rule or sixty days after the claim is allowed by final order or judgment, if an otherwise proper billing is received by the self-insured prior to final adjudication of claim allowance. The self-insured shall pay interest at the rate of one percent per month, but at least one dollar per month, whenever the payment period exceeds the applicable sixty-day period on all proper fees and medical charges. [1993 c 159 § 3; 1987 c 316 § 4.]

**51.36.090 Review of billings—Investigation of unauthorized services.** An employer may request review of billings for any medical and surgical services received by a worker by submitting written notice to the department. The department shall investigate the billings and determine whether the worker received services authorized under this title. Whenever such medical or surgical services are determined to be unauthorized, the department shall not charge the costs of such services to the employer's account. [1985 c 337 § 3.]

**51.36.100 Audits of health care providers authorized.** The legislature finds and declares it to be in the public interest of the residents of the state of Washington that a proper regulatory and inspection program be instituted in connection with the provision of medical, chiropractic, dental, vocational, and other health services to industrially injured workers pursuant to Title 51 RCW. In order to effectively accomplish such purpose and to assure that the industrially injured worker receives such services as are paid for by the state of Washington, the acceptance by the industrially injured worker of such services, and the request by a provider of services for reimbursement for providing such services, shall authorize the director of the department of labor and industries or the director's authorized representative to inspect and audit all records in connection with the provision of such services. [1993 c 515 § 5; 1986 c 200 § 1.]

**51.36.110 Audits of health care providers—Powers of department.** The director of the department of labor and industries or the director's authorized representative shall have the authority to:

(1) Conduct audits and investigations of providers of medical, chiropractic, dental, vocational, and other health services furnished to industrially injured workers pursuant to Title 51 RCW. In the conduct of such audits or investigations, the director or the director's authorized representatives may examine all records, or portions thereof, including patient records, for which services were rendered by a health services provider and reimbursed by the department, notwithstanding the provisions of any other statute which may make or purport to make such records privileged or confidential: PROVIDED, That no original patient records shall be removed from the premises of the health services provider, and that the disclosure of any records or information obtained under authority of this section by the department of labor and industries is prohibited and constitutes a violation of RCW 42.52.050, unless such disclosure is directly connected to the official duties of the department: AND PROVIDED FURTHER, That the disclosure of patient information as required under this section shall not subject any physician, licensed advanced registered nurse practitioner, or other health services provider to any liability for breach of any confidential relationships between the provider and the patient: AND PROVIDED FURTHER, That the director or the director's authorized representative shall destroy all copies of patient medical records in their possession upon completion of the audit, investigation, or proceedings;

(2) Approve or deny applications to participate as a provider of services furnished to industrially injured workers pursuant to Title 51 RCW;

(3) Terminate or suspend eligibility to participate as a provider of services furnished to industrially injured workers pursuant to Title 51 RCW; and

(4) Pursue collection of unpaid overpayments and/or penalties plus interest accrued from health care providers pursuant to RCW 51.32.240(6). [2004 c 243 § 6; 2004 c 65 § 13; 1994 c 154 § 312; 1993 c 515 § 6; 1986 c 200 § 2.]

**Reviser's note:** This section was amended by 2004 c 65 § 13 and by 2004 c 243 § 6, each without reference to the other. Both amendments are incorporated in the publication of this section under RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

**Adoption of rules—2004 c 243:** See note following RCW 51.08.177.

**Report to legislature—Effective date—Severability—2004 c 65:** See notes following RCW 51.04.030.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.36.120 Confidential information.** When contracting for health care services and equipment, the department, upon request of a contractor, shall keep confidential financial and valuable trade information, which shall be exempt from public inspection and copying under chapter 42.56 RCW. [2005 c 274 § 325; 1989 c 189 § 2.]

**Part headings not law—Effective date—2005 c 274:** See RCW 42.56.901 and 42.56.902.

**51.36.130 False, misleading, or deceptive advertising or representations.** In addition to other authority granted under this chapter, the department may deny applications of

health care providers to participate as a provider of services to injured workers under this title, or terminate or suspend providers' eligibility to participate, if the provider uses or causes or promotes the use of, advertising matter, promotional materials, or other representation, however disseminated or published, that is false, misleading, or deceptive with respect to the industrial insurance system or benefits for injured workers under this title. [1997 c 336 § 2.]

**51.36.140 Industrial insurance medical advisory committee—Duties—Membership.**

(1) The department shall establish an industrial insurance medical advisory committee. The industrial insurance medical advisory committee shall advise the department on matters related to the provision of safe, effective, and cost-effective treatments for injured workers, including but not limited to the development of practice guidelines and coverage criteria, review of coverage decisions and technology assessments, review of medical programs, and review of rules pertaining to health care issues. The industrial insurance medical advisory committee may provide peer review and assist the department in the resolution of controversies, disputes, and problems between the department and the providers of medical care. The industrial insurance medical advisory committee must consider the best available scientific evidence and expert opinion of committee members. The department may hire any expert or service or create an ad hoc committee, group, or subcommittee it deems necessary to fulfill the purposes of the industrial insurance medical advisory committee. In addition, the industrial insurance medical advisory committee may consult nationally recognized experts in evidence-based health care on particularly controversial issues.

(2) The industrial insurance medical advisory committee is composed of up to fourteen members appointed by the director. The members must not include any department employees. The director shall select twelve members from the nominations provided by statewide clinical groups, specialties, and associations, including but not limited to the following: Family or general practice, orthopedics, neurology, neurosurgery, general surgery, physical medicine and rehabilitation, psychiatry, internal medicine, osteopathic, pain management, and occupational medicine. At least two members must be physicians who are recognized for expertise in evidence-based medicine. The director may choose up to two additional members, not necessarily from the nominations submitted, who have expertise in occupational medicine.

(3) The industrial insurance medical advisory committee shall choose its chair from among its membership.

(4) The members of the industrial insurance medical advisory committee, including hired experts and any ad hoc group or subcommittee: (a) Are immune from civil liability for any official acts performed in good faith to further the purposes of the industrial insurance medical advisory committee; and (b) may be compensated for participation in the work of the industrial insurance medical advisory committee in accordance with a personal services contract to be executed after appointment and before commencement of activities related to the work of the industrial insurance medical advisory committee.

(5) The members of the industrial insurance medical advisory committee shall disclose all potential financial con-

flicts of interest including contracts with or employment by a manufacturer, provider, or vendor of health technologies, drugs, medical devices, diagnostic tools, or other medical services during their term or for eighteen months before their appointment. As a condition of appointment, each person must agree to the terms and conditions regarding conflicts of interest as determined by the director.

(6) The industrial insurance medical advisory committee shall meet at the times and places designated by the director and hold meetings during the year as necessary to provide advice to the director. Meetings of the industrial insurance medical advisory committee are subject to chapter 42.30 RCW, the open public meetings act.

(7) The industrial insurance medical advisory committee shall coordinate with the state health technology assessment program and state prescription drug program as necessary. As provided by RCW 70.14.100 and 70.14.050, the decisions of the state health technology assessment program and those of the state prescription drug program hold greater weight than decisions made by the department's industrial insurance medical advisory committee under Title 51 RCW.

(8) Neither the industrial insurance medical advisory committee nor any group is an agency for purposes of chapter 34.05 RCW.

(9) The department shall provide administrative support to the industrial insurance medical advisory committee and adopt rules to carry out the purposes of this section.

(10) The chair and ranking minority member of the house of representatives commerce and labor committee or the chair and ranking minority member of the senate labor, commerce, research and development committee, or successor committees, may request that the industrial insurance medical advisory committee review a medical issue related to industrial insurance and provide a written report to the house of representatives commerce and labor committee and the senate labor, commerce, research and development committee, or successor committees. The industrial insurance medical advisory committee is not required to act on the request.

(11) The workers' compensation advisory committee may request that the industrial insurance medical advisory committee consider specific medical issues that have arisen multiple times during the work of the workers' compensation advisory committee. The industrial insurance medical advisory committee is not required to act on the request. [2007 c 282 § 1.]

**Report to legislature—2007 c 282:** "The director, the industrial insurance medical advisory committee, and the industrial insurance chiropractic advisory committee shall report to the appropriate committees of the legislature on the following:

(1) A summary of the types of issues reviewed by the industrial insurance medical advisory committee and the industrial insurance chiropractic advisory committee and decisions in each matter;

(2) Whether the industrial insurance medical advisory committee or the industrial insurance chiropractic advisory committee became involved in the resolution of any disputes or controversies and the results of those disputes or controversies as a result of the involvement of the industrial insurance medical advisory committee or the industrial insurance chiropractic advisory committee;

(3) The extent to which the industrial insurance medical advisory committee and the industrial insurance chiropractic advisory committee conducted any peer reviews and the results of those reviews;

(4) The extent of any practice guidelines or coverage criteria developed by the industrial insurance medical advisory committee or the industrial insurance chiropractic advisory committee and the success of those develop-

ments; and

(5) The extent to which the industrial insurance medical advisory committee and the industrial insurance chiropractic advisory committee provided advice on coverage decisions and technology assessments.

The report is due no later than June 30, 2011, and must contain a recommendation about whether the industrial insurance medical advisory committee and the industrial insurance chiropractic advisory committee should continue as originally configured or whether any changes are needed." [2007 c 282 § 3.]

**51.36.150 Industrial insurance chiropractic advisory committee—Duties—Membership.**

(1) The department shall establish an industrial insurance chiropractic advisory committee. The industrial insurance chiropractic advisory committee shall advise the department on matters related to the provision of safe, effective, and cost-effective chiropractic treatments for injured workers. The industrial insurance chiropractic advisory committee may provide peer review and advise and assist the department in the resolution of controversies, disputes, and problems between the department and the providers of chiropractic care.

(2) The industrial insurance chiropractic advisory committee is composed of up to nine members appointed by the director. The members must not include any department employees. The director must consider nominations from recognized statewide chiropractic groups such as the Washington state chiropractic association. At least two members must be chiropractors who are recognized for expertise in evidence-based practice or occupational health.

(3) The industrial insurance chiropractic advisory committee shall choose its chair from among its membership.

(4) The members of the industrial insurance chiropractic advisory committee and any ad hoc group or subcommittee: (a) Are immune from civil liability for any official acts performed in good faith to further the purposes of the industrial insurance chiropractic advisory committee; and (b) may be compensated for participation in the work of the industrial insurance chiropractic advisory committee in accordance with a personal services contract to be executed after appointment and before commencement of activities related to the work of the industrial insurance chiropractic advisory committee.

(5) The members of the industrial insurance chiropractic advisory committee shall disclose all potential financial conflicts of interest including contracts with or employment by a manufacturer, provider, or vendor of health technologies, drugs, medical devices, diagnostic tools, or other medical services during their term or for eighteen months before their appointment. As a condition of appointment, each person must agree to the terms and conditions regarding conflicts of interest as determined by the director.

(6) The industrial insurance chiropractic advisory committee shall meet at the times and places designated by the director and hold meetings during the year as necessary to provide advice to the director. Meetings of the industrial insurance chiropractic advisory committee are subject to chapter 42.30 RCW, the open public meetings act.

(7) The industrial insurance chiropractic advisory committee shall coordinate with the state health technology assessment program and state prescription drug program as necessary. As provided by RCW 70.14.100 and 70.14.050, the decisions of the state health technology assessment pro-

gram and those of the state prescription drug program hold greater weight than decisions made by the department's industrial insurance chiropractic advisory committee under Title 51 RCW.

(8) Neither the industrial insurance chiropractic advisory committee nor any group is an agency for purposes of chapter 34.05 RCW.

(9) The department shall provide administrative support to the industrial insurance chiropractic advisory committee and adopt rules to carry out the purposes of this section.

(10) The chair and ranking minority member of the house of representatives commerce and labor committee or the chair and ranking minority member of the senate labor, commerce, research and development committee, or successor committees, may request that the industrial insurance chiropractic advisory committee review a medical issue related to industrial insurance and provide a written report to the house of representatives commerce and labor committee and the senate labor, commerce, research and development committee, or successor committees. The industrial insurance chiropractic advisory committee is not required to act on the request.

(11) The workers' compensation advisory committee may request that the industrial insurance chiropractic advisory committee consider specific medical issues that have arisen multiple times during the work of the workers' compensation advisory committee. The industrial insurance chiropractic advisory committee is not required to act on the request. [2007 c 282 § 2.]

**Report to legislature—2007 c 282:** See note following RCW 51.36.140.

## Chapter 51.44 RCW

### FUNDS

#### Sections

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*Self-insured employer overpayment reimbursement fund—Withholding from worker earnings—Use of funds—Exception: RCW 51.32.242.*

**51.44.010 Accident fund.** There shall be, in the office of the state treasurer, a fund to be known and designated as

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the "accident fund." [1961 c 23 § 51.44.010. Prior: 1947 c 247 § 1(4d), part; Rem. Supp. 1947 § 7676d, part.]

**51.44.020 Medical aid fund.** There shall be, in the office of the state treasurer, a fund to be known and designated as the "medical aid fund." [1961 c 23 § 51.44.020. Prior: 1923 c 136 § 8, part; 1919 c 129 § 1, part; 1917 c 28 § 4, part; RRS § 7713, part.]

**51.44.030 Reserve fund.** There shall be, in the office of the state treasurer, a fund to be known and designated as the "reserve fund." [1961 c 23 § 51.44.030. Prior: 1957 c 70 § 39; prior: 1949 c 219 § 1, part; 1947 c 246 § 1, part; 1929 c 132 § 2, part; 1927 c 310 § 4, part; 1923 c 136 § 2, part; 1919 c 131 § 4, part; 1917 c 28 § 1, part; 1913 c 148 § 1, part; 1911 c 74 § 5, part; Rem. Supp. 1949 § 7679, part.]

**51.44.033 Supplemental pension fund.** There shall be, in the office of the state treasurer, a fund to be known and designated as the "supplemental pension fund". The director shall be the administrator thereof. The fund shall be used for the sole purposes of making the additional payments therefrom prescribed in this title and the loans therefrom authorized in RCW 49.86.190. [2007 c 357 § 23; 1975 1st ex.s. c 224 § 16; 1971 ex.s. c 289 § 18.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.44.040 Second injury fund. (Contingent expiration date.)** (1) There shall be in the office of the state treasurer, a fund to be known and designated as the "second injury fund", which shall be used only for the purpose of defraying charges against it as provided in RCW 51.16.120 and 51.32.250. The fund shall be administered by the director. The state treasurer shall be the custodian of the second injury fund and shall be authorized to disburse moneys from it only upon written order of the director.

(2) Payments to the second injury fund from the accident fund shall be made pursuant to rules adopted by the director.

(3)(a) Assessments for the second injury fund shall be imposed on self-insurers pursuant to rules adopted by the director. Such rules shall provide for at least the following:

(i) Except as provided in (a)(ii) of this subsection, the amount assessed each self-insurer must be in the proportion that the payments made from the fund on account of claims made against self-insurers bears to the total sum of payments from the fund.

(ii) Except as provided in section 2, chapter 475, Laws of 2005, beginning with assessments imposed on or after July 1, 2009, the department shall experience rate the amount assessed each self-insurer as long as the aggregate amount assessed is in the proportion that the payments made from the fund on account of claims made against self-insurers bears to the total sum of payments from the fund. The experience rating factor must provide equal weight to the ratio between expenditures made by the second injury fund for claims of the self-insurer to the total expenditures made by the second injury fund for claims of all self-insurers for the prior three fiscal years and the ratio of workers' compensation claim payments under this title made by the self-insurer to the total worker's compensation claim payments made by all self-

insurers under this title for the prior three fiscal years. The weighted average of these two ratios must be divided by the latter ratio to arrive at the experience factor.

(b) For purposes of this subsection, "expenditures made by the second injury fund" mean the costs and charges described under RCW 51.32.250 and \*51.16.120 (3) and (4), and the amounts assessed to the second injury fund as described under RCW 51.16.120(1). Under no circumstances does "expenditures made by the second injury fund" include any subsequent payments, assessments, or adjustments for pensions, where the applicable second injury fund entitlement was established outside of the three fiscal years. [2005 c 475 § 1; 1982 c 63 § 14; 1977 ex.s. c 323 § 21; 1972 ex.s. c 43 § 27; 1961 c 23 § 51.44.040. Prior: 1959 c 308 § 17; 1947 c 183 § 1; 1945 c 219 § 2; Rem. Supp. 1947 § 7676-1b.]

**\*Reviser's note:** RCW 51.16.120 was amended by 2010 c 213 § 1, changing subsections (3) and (4) to subsections (4) and (5), respectively.

**Contingent expiration date—Outcome study—Report—2005 c 475:** "(1) If the outcome study conducted by the department of labor and industries under subsection (2)(a)(i) or (ii) of this section shows a negative impact of fifteen percent or more to workers following claim closure among non-pension self-insured claimants, section 1, chapter 475, Laws of 2005 expires June 30, 2013.

(2) The department shall conduct an outcome study of the experience rating system established in section 1, chapter 475, Laws of 2005. In conducting the study, the department must:

(a) Compare the outcomes for workers of self-insured employers whose industrial insurance claims with temporary total disability benefits for more than thirty days are closed between July 1, 2002, and June 30, 2004, with similar claims of workers of self-insured employers closed between July 1, 2009, and June 30, 2011. For the purposes of subsection (1) of this section, the department must provide two separate comparisons of such workers as follows: (i) The first comparison includes the aggregate preinjury wages for all nonpension injured workers compared with their aggregate wages at claim closure in each of the two study groups; and (ii) the second comparison includes the proportion of all nonpension injured workers who are found able to work but have not returned to work, as reported by self-insurers in the eligibility assessment reports submitted to the department on the claims in the first study group, compared with the proportion of such workers who are found able to work but have not returned to work, as reported in the eligibility assessment reports submitted on claims in the second study group;

(b) Study whether the workers potentially impacted by the experience rating program have improved return-to-work outcomes, whether the number of impacted workers found to be employable increases, whether there is a change in long-term disability outcomes among the impacted workers, and whether the number of permanent total disability pensions among impacted workers is affected and, if so, the nature of the impact; and

(c) Develop, in consultation with representatives of the impacted workers and the self-insured community, a study methodology that must be provided to the workers' compensation advisory committee for review and comment. The study methodology must include appropriate controls to account for economic fluctuation, wage inflation, and other independent variables.

(3) The department must report to the appropriate committees of the legislature by December 1, 2012, on the results of the study." [2005 c 475 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.44.040 Second injury fund. (Contingent effective date.)** (1) There shall be in the office of the state treasurer, a fund to be known and designated as the "second injury fund", which shall be used only for the purpose of defraying charges against it as provided in RCW 51.16.120 and 51.32.250, as now or hereafter amended. Said fund shall be administered by the director. The state treasurer shall be the custodian of the second injury fund and shall be authorized to disburse moneys from it only upon written order of the director.

(2) Payments to the second injury fund from the accident fund shall be made pursuant to rules and regulations promulgated by the director.

(3) Assessments for the second injury fund shall be imposed on self-insurers pursuant to rules and regulations promulgated by the director to ensure that self-insurers shall pay to such fund in the proportion that the payments made from such fund on account of claims made against self-insurers bears to the total sum of payments from such fund. [1982 c 63 § 14; 1977 ex.s. c 323 § 21; 1972 ex.s. c 43 § 27; 1961 c 23 § 51.44.040. Prior: 1959 c 308 § 17; 1947 c 183 § 1; 1945 c 219 § 2; Rem. Supp. 1947 § 7676-1b.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.44.050 Catastrophe injury account.** There shall be a special account within the accident fund to be known as the "catastrophe injury account" which shall be used only for the purpose of defraying charges against it as provided in RCW 51.16.130. [1961 c 23 § 51.44.050. Prior: 1959 c 308 § 6; 1957 c 70 § 40; prior: 1947 c 247 § 1(4f), part; 1911 c 74 § 4, part; Rem. Supp. 1947 § 7676f, part.]

**51.44.060 Charge to accident fund for the catastrophe injury account.** The charge to the accident fund to defray charges against the catastrophe injury account shall be made pursuant to rules and regulations promulgated by the director. [1972 ex.s. c 43 § 28; 1961 c 23 § 51.44.060. Prior: 1959 c 308 § 7; 1957 c 70 § 41; prior: 1947 c 247 § 1(4f), part; 1911 c 74 § 4, part; Rem. Supp. 1947 § 7676f, part.]

**51.44.070 Transfer from accident fund, accounts to reserve fund—Annuity values—Self-insurers—Penalty for delay or refusal of reimbursement.** (1) For every case resulting in death or permanent total disability the department shall transfer on its books from the accident fund of the proper class and/or appropriate account to the "reserve fund" a sum of money for that case equal to the estimated present cash value of the monthly payments provided for it, to be calculated upon the basis of an annuity covering the payments in this title provided to be made for the case. Such annuity values shall be based upon rates of mortality, disability, remarriage, and interest as determined by the department, taking into account the experience of the reserve fund in such respects.

Similarly, a self-insurer in these circumstances shall pay into the reserve fund a sum of money computed in the same manner, and the disbursements therefrom shall be made as in other cases.

(2) As an alternative to payment procedures otherwise provided under law, in the event of death or permanent total disability to workers of self-insured employers, a self-insured employer may upon establishment of such obligation file with the department a bond, an assignment of account from a federally or state chartered commercial banking institution authorized to conduct business in the state of Washington, or purchase an annuity, in an amount deemed by the department to be reasonably sufficient to insure payment of the pension benefits provided by law. Any purchase of an annuity shall be from an institution meeting the following minimum requirements: (a) The institution must be rated no less than "A+" by

A.M. Best, and no less than "AA" by Moody's and by Standard & Poor's; (b) the value of the assets of the institution must not be less than ten billion dollars; (c) not more than ten percent of the institution's assets may include bonds that are rated less than "BBB" by Moody's and Standard & Poor's; (d) not more than five percent of the assets may be held as equity in real estate; and (e) not more than twenty-five percent of the assets may be first mortgages, and not more than five percent may be second mortgages. The department shall adopt rules governing assignments of account and annuities. Such rules shall ensure that the funds are available if needed, even in the case of failure of the banking institution, the institution authorized to provide annuities, or the employer's business.

The annuity value for every such case shall be determined by the department based upon the department's experience as to rates of mortality, disability, remarriage, and interest. The amount of the required bond, assignment of account, or annuity may be reviewed and adjusted periodically by the department, based upon periodic redeterminations by the department as to the outstanding annuity value for the case.

Under such alternative, the department shall administer the payment of this obligation to the beneficiary or beneficiaries. The department shall be reimbursed for all such payments from the self-insured employer through periodic charges not less than quarterly in a manner to be determined by the director. The self-insured employer shall additionally pay to the department a deposit equal to the first three months' payments otherwise required under RCW 51.32.050 and 51.32.060. Such deposit shall be placed in the reserve fund in accordance with RCW 51.44.140 and shall be returned to the respective self-insured employer when monthly payments are no longer required for such particular obligation.

If a self-insurer delays or refuses to reimburse the department beyond fifteen days after the reimbursement charges become due, there shall be a penalty paid by the self-insurer upon order of the director of an additional amount equal to twenty-five percent of the amount then due which shall be paid into the pension reserve fund. Such an order shall conform to the requirements of RCW 51.52.050. [1992 c 124 § 1; 1989 c 190 § 1; 1983 c 312 § 1; 1981 c 325 § 1; 1971 ex.s. c 289 § 56; 1961 c 274 § 5; 1961 c 23 § 51.44.070. Prior: 1959 c 308 § 8; 1957 c 70 § 42; prior: 1951 c 236 § 7; 1941 c 169 § 1; Rem. Supp. 1941 § 7705-2; prior: 1929 c 132 § 2, part; 1927 c 310 § 4, part; 1923 c 136 § 2, part; 1919 c 131 § 4, part; 1917 c 28 § 1, part; 1913 c 148 § 1, part; 1911 c 74 § 5, part; Rem. Supp. 1949 § 7679, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.44.080 Reserve fund—Transfers from state fund—Surplus—Deficiency.** The department shall notify the state treasurer from time to time, of such transfers as a whole from the state fund to the reserve fund and the interest or other earnings of the reserve fund shall become a part of the reserve fund itself. As soon as possible after June 30th of each year the department shall expert the reserve fund to ascertain its standing as of June 30th of that year and the relation of its outstanding annuities at their then value to the cash

on hand or at interest belonging to the fund. The department shall promptly report the result of the examination to the state treasurer in writing not later than September 30th following. If the report shows that there was on said June 30th, in the reserve fund in cash or at interest, a greater sum than the then annuity value of the outstanding pension obligations, the surplus shall be forthwith turned over to the state fund but, if the report shows the contrary condition of the reserve fund, the deficiency shall be forthwith made good out of the state fund. [1989 c 190 § 2; 1988 c 161 § 8; 1972 ex.s. c 43 § 29; 1971 ex.s. c 289 § 57; 1961 c 23 § 51.44.080. Prior: 1957 c 70 § 43; prior: 1949 c 219 § 1, part; 1947 c 246 § 1, part; 1929 c 132 § 2, part; 1927 c 310 § 4, part; 1923 c 136 § 2, part; 1919 c 131 § 4, part; 1917 c 28 § 1, part; 1913 c 148 § 1, part; 1911 c 74 § 5, part; Rem. Supp. 1949 § 7679, part.]

**51.44.090 Reserve fund record and maintenance by state treasurer.** The state treasurer shall keep accurate accounts of the reserve fund and the investment and earnings thereof, to the end that the total reserve fund shall at all times, as nearly as may be, be properly and fully invested and, to meet current demands for pension or lump sum payments, may, if necessary, make temporary loans to the reserve fund out of the accident fund, repaying the same from the earnings of the reserve fund or from collections of its investments or, if necessary, sales of the same. [1972 ex.s. c 43 § 31; 1961 c 23 § 51.44.090. Prior: 1957 c 70 § 44; prior: 1949 c 219 § 1, part; 1947 c 246 § 1, part; 1929 c 132 § 2, part; 1927 c 310 § 4, part; 1923 c 136 § 2, part; 1919 c 131 § 4, part; 1917 c 28 § 1, part; 1913 c 148 § 1, part; 1911 c 74 § 5, part; Rem. Supp. 1949 § 7679, part.]

**51.44.100 Investment of accident, medical aid, reserve, supplemental pension funds.** Whenever, in the judgment of the state investment board, there shall be in the accident fund, medical aid fund, reserve fund, or the supplemental pension fund, funds in excess of that amount deemed by the state investment board to be sufficient to meet the current expenditures properly payable therefrom, the state investment board may invest and reinvest such excess funds in the manner prescribed by RCW 43.84.150, and not otherwise.

The state investment board may give consideration to the investment of excess funds in federally insured student loans made to persons in vocational training or retraining or reeducation programs. The state investment board may make such investments by purchasing from savings and loan associations, commercial banks, mutual savings banks, credit unions and other institutions authorized to be lenders under the federally insured student loan act, organized under federal or state law and operating in this state loans made by such institutions to residents of the state of Washington particularly for the purpose of vocational training or reeducation: PROVIDED, That the state investment board shall purchase only that portion of any loan which is guaranteed or insured by the United States of America, or by any agency or instrumentality of the United States of America: PROVIDED FURTHER, That the state investment board is authorized to enter into contracts with such savings and loan associations, commercial banks, mutual savings banks, credit unions, and other

institutions authorized to be lenders under the federally insured student loan act to service loans purchased pursuant to this section at an agreed upon contract price. [1990 c 80 § 1; 1981 c 3 § 41; 1973 1st ex.s. c 103 § 6; 1972 ex.s. c 92 § 2; 1965 ex.s. c 41 § 1; 1961 c 281 § 10; 1961 c 23 § 51.44.100. Prior: 1959 c 244 § 1; 1935 c 90 § 1; RRS § 7705-1.]

**Legislative finding—Purpose—1972 ex.s. c 92:** "The legislature finds that the accident fund, medical aid fund and reserve funds could be invested in such a manner as to promote vocational training and retraining or reeducation among the workers of this state. The legislature recognizes that federally insured student loans are already available to students at institutions of higher education. The legislature declares that the purpose of this 1972 amendatory act is to encourage the state finance committee to consider making some investment funds available for investment in federally insured student loans made to persons enrolled in vocational training and retraining or reeducation programs." [1972 ex.s. c 92 § 1.]

*Motor vehicle fund warrants for state highway acquisition:* RCW 47.12.180 through 47.12.240.

*Rehabilitation services for individuals with disabilities:* Chapter 74.29 RCW.

*Student loans:* RCW 28B.10.280.

*Uniform Minor Student Capacity to Borrow Act:* Chapter 26.30 RCW.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.44.110 Disbursements of funds.** Disbursement out of the several funds shall be made only upon warrants drawn by the department. The state treasurer shall pay every warrant out of the fund upon which it is drawn. If, at any time, there shall not be sufficient money in the fund on which any such warrant is drawn wherewith to pay the same, the employer on account of whose worker it was that the warrant was drawn shall pay the same, and he or she shall be credited upon his or her next following contribution to such fund the amount so paid with interest thereon at the legal rate from the date of such payment to the date such next following contribution became payable and, if the amount of the credit shall exceed the amount of the contribution, he or she shall have a warrant upon the same fund for the excess and, if any such warrant shall not be so paid, it shall remain, nevertheless, payable out of the fund. [1977 ex.s. c 350 § 68; 1973 c 106 § 30; 1961 c 23 § 51.44.110. Prior: 1911 c 74 § 26, part; RRS § 7705, part.]

**51.44.115 Financial statements and information—Annual audit and report.** (1) The department shall:

(a) Prepare financial statements on the state fund in accordance with generally accepted accounting principles, including but not limited to financial statements on the accident fund, the medical aid fund, the supplemental pension fund, and the second injury fund. Statements must be presented separately by fund and in the aggregate; and

(b) Prepare financial information for the accident fund, medical aid fund, and pension reserve fund based on statutory accounting practices and principles promulgated by the national association of insurance commissioners for the purpose of maintaining actuarial solvency of these funds.

(2) Beginning in 2006, and, to avoid duplication, coordinated with any audit that may be conducted under RCW 43.09.310, the state auditor shall conduct annual audits of the state fund. As part of the audits required under this section, the state auditor may contract with firms qualified to perform all or part of the financial audit, as necessary.

(a) The firm or firms conducting the reviews shall be familiar with the accounting standards applicable to the accounts under review and shall have experience in workers' compensation reserving, discounting, and rate making.

(b) The scope of the financial audit shall include, but is not limited to:

(i) An opinion on whether the financial statements were prepared in accordance with generally accepted accounting principles;

(ii) An assessment of the financial impact of the proposed rate level on the actuarial solvency of the accident, medical aid, and pension reserve funds, taking into consideration the risks inherent with insurance and the effects of the actuarial assumptions, discount rates, reserving, retrospective rating program, refunds, and individual employer rate classes, as well as the standard accounting principles used for insurance underwriting purposes; and

(iii) A statement of actuarial opinion on whether the loss and loss adjustment expense reserves for the accident, medical aid, and pension reserve funds were prepared in accordance with generally accepted actuarial principles.

(c) The department shall cooperate with the state auditor in all respects and shall permit the state auditor full access to all information deemed necessary for a true and complete review.

(d) The cost of the audit shall be paid by the state fund under separate contract.

(3) The state auditor shall issue an annual report to the governor, the leaders of the majority and minority caucuses in the senate and the house of representatives, the director of the office of financial management, and the director of the department, on the results of the financial audit and reviews, within six months of the end of the fiscal year. The report may include recommendations.

(4) The audit report shall be available for public inspection.

(5) Within ninety days after the state auditor completes and delivers to the appropriate authority an audit under subsection (2) of this section, the director of the department shall notify the state auditor in writing of the measures taken and proposed to be taken, if any, to respond to the recommendations of the audit report. The state auditor may extend the ninety-day period for good cause. [2005 c 387 § 1.]

**51.44.120 Liability of state treasurer.** The state treasurer shall be liable on his or her official bond for the safe custody of the moneys and securities of the several funds, but all of the provisions of law relating to state depositaries and to the deposit of state moneys therein shall apply to the several funds and securities. [2010 c 8 § 14010; 1961 c 23 § 51.44.120. Prior: (i) 1911 c 74 § 26, part; RRS § 7705, part. (ii) 1917 c 28 § 14; RRS § 7723.]

**51.44.140 Self-insurer deposits into reserve fund—Accounts within fund—Surpluses and deficits.** Each self-insurer shall make such deposits, into the reserve fund, as the department shall require pursuant to RCW 51.44.070, as are necessary to guarantee the payments of the pensions established pursuant to RCW 51.32.050 and 51.32.060.

Each self-insurer shall have an account within the reserve fund. Each such account shall be credited with its proportionate share of interest or other earnings as determined in RCW 51.44.080.

Each such account in the reserve fund shall be expeted by the insurance commissioner as required in RCW 51.44.080. Any surpluses shall be forthwith returned to the respective self-insurers, and each deficit shall forthwith be made good to the reserve fund by the self-insurer. [1972 ex.s. c 43 § 30; 1971 ex.s. c 289 § 58.]

**51.44.142 Self-insured employer overpayment reimbursement fund.** The self-insured employer overpayment reimbursement fund is created in the custody of the state treasurer. Expenditures from the account may be used only for reimbursing the reserve fund and self-insured employers for benefits overpaid during the pendency of board or court appeals in which the self-insured employer prevails and has not recovered. Only the director or the director’s designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures. [2008 c 280 § 4.]

**Application—2008 c 280:** See note following RCW 51.52.050.

**51.44.150 Assessments upon self-insurers for administration costs.** The director shall impose and collect assessments each fiscal year upon all self-insurers in the amount of the estimated costs of administering their portion of this title during such fiscal year. These assessments shall also include the assessments for the ombudsman’s office provided for in RCW 51.14.390. The time and manner of imposing and collecting assessments due the department shall be set forth in regulations promulgated by the director in accordance with chapter 34.05 RCW. [2007 c 281 § 11; 1971 ex.s. c 289 § 59.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.44.160 Interfund loans between reserve and supplemental pension funds—Audit.** The director is authorized to make periodic temporary interfund transfers between the reserve and supplemental pension funds as may be necessary to provide for payments from the supplemental pension fund as prescribed in this title. At least once annually, the director shall cause an audit to be made of all pension funds administered by the department to insure that proper crediting of funds has been made, and further to direct transfers between the funds for any interfund loans which may have been made in the preceding year and not fully reimbursed. [1975 1st ex.s. c 224 § 17; 1971 ex.s. c 289 § 60.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.44.170 Industrial insurance premium refund account.** The industrial insurance premium refund account is created in the custody of the state treasurer. All industrial insurance refunds earned by state agencies or institutions of higher education under the state fund retrospective rating program shall be deposited into the account. The account is subject to the allotment procedures under chapter 43.88 RCW, but no appropriation is required for expenditures from

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the account. Only the executive head of the agency or institution of higher education, or designee, may authorize expenditures from the account. No agency or institution of higher education may make an expenditure from the account for an amount greater than the refund earned by the agency. If the agency or institution of higher education has staff dedicated to workers’ compensation claims management, expenditures from the account must be used to pay for that staff, but additional expenditure from the account may be used for any program within an agency or institution of higher education that promotes or provides incentives for employee workplace safety and health and early, appropriate return-to-work for injured employees. During the 2003-2005 fiscal biennium, the legislature may transfer from the industrial insurance premium refund account to the state general fund such amounts as reflect the excess fund balance of the account. [2003 1st sp.s. c 25 § 926; 2002 c 371 § 916; 1997 c 327 § 1; 1991 sp.s. c 13 § 29; 1990 c 204 § 2.]

**Severability—Effective date—2003 1st sp.s. c 25:** See notes following RCW 19.28.351.

**Severability—Effective date—2002 c 371:** See notes following RCW 9.46.100.

**Findings—Purpose—1990 c 204:** "The legislature finds that workplace safety in state employment is of paramount importance in maintaining a productive and committed state workforce. The legislature also finds that recognition in state agencies and institutions of higher education of industrial insurance programs that provide safe working environments and promote early return-to-work for injured employees will encourage agencies and institutions of higher education to develop these programs. A purpose of this act is to provide incentives for agencies and institutions of higher education to participate in industrial insurance safety programs and return-to-work programs by authorizing use of the industrial insurance premium refunds earned by agencies or institutions of higher education participating in industrial insurance retrospective rating programs. Since agency and institution of higher education retrospective rating refunds are generated from safety performance and cannot be set at predictable levels determined by the budget process, the incentive awards should not impact an agency’s or institution of higher education’s legislatively approved budget." [1997 c 327 § 2; 1990 c 204 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**Chapter 51.48 RCW  
PENALTIES**

Sections	
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51.48.020	Employer’s false reporting or failure to secure payment of compensation—False information by claimants—Unlawful actions—Penalties.
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- 51.48.160 Revocation of certificate of coverage for failure to pay warrants or taxes.
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- 51.48.210 Delinquent taxes.
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- 51.48.240 Agents and employees of department not personally liable—Conditions.
- 51.48.250 Liability of persons wilfully obtaining erroneous payments—Civil penalties.
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- 51.48.270 Criminal liability of persons making false statements or concealing information.
- 51.48.280 Kickbacks, bribes, and rebates—Representation fees—Criminal liability—Exceptions.
- 51.48.290 Written verification by health services providers.

**51.48.010 Employer's liability for penalties, injury or disease occurring before payment of compensation secured.** Every employer shall be liable for the penalties described in this title and may also be liable if an injury or occupational disease has been sustained by a worker prior to the time he or she has secured the payment of such compensation to a penalty in a sum not less than fifty percent nor more than one hundred percent of the cost for such injury or occupational disease. Any employer who has failed to secure payment of compensation for his or her workers covered under this title may also be liable to a maximum penalty in a sum of five hundred dollars or in a sum double the amount of premiums incurred prior to securing payment of compensation under this title, whichever is greater, for the benefit of the medical aid fund. [1985 c 347 § 2; 1982 c 63 § 20; 1977 ex.s. c 350 § 69; 1971 ex.s. c 289 § 61; 1961 c 23 § 51.48.010. Prior: 1947 c 247 § 1(4d), part; Rem. Supp. 1947 § 7676d, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.48.017 Self-insurer delaying or refusing to pay benefits.** If a self-insurer unreasonably delays or refuses to pay benefits as they become due there shall be paid by the self-insurer upon order of the director an additional amount equal to five hundred dollars or twenty-five percent of the amount then due, whichever is greater, which shall accrue for the benefit of the claimant and shall be paid to him or her with the benefits which may be assessed under this title. The director shall issue an order determining whether there was an unreasonable delay or refusal to pay benefits within thirty days upon the request of the claimant. Such an order shall conform to the requirements of RCW 51.52.050. [2010 c 8 § 14011; 1985 c 347 § 3; 1971 ex.s. c 289 § 66.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.48.020 Employer's false reporting or failure to secure payment of compensation—False information by claimants—Unlawful actions—Penalties.** (1)(a) Any employer, who knowingly misrepresents to the department the amount of his or her payroll or employee hours upon which the premium under this title is based, shall be liable to the state for up to ten times the amount of the difference in premiums paid and the amount the employer should have paid and for the reasonable expenses of auditing his or her books and collecting such sums. Such liability may be enforced in the name of the department.

(b) An employer is guilty of a class C felony, if:

(i) The employer, with intent to evade determination and payment of the correct amount of the premiums, knowingly makes misrepresentations regarding payroll or employee hours; or

(ii) The employer engages in employment covered under this title and, with intent to evade determination and payment of the correct amount of the premiums, knowingly fails to secure payment of compensation under this title or knowingly fails to report the payroll or employee hours related to that employment.

(c) Upon conviction under (b) of this subsection, the employer shall be ordered by the court to pay the premium due and owing, a penalty in the amount of one hundred percent of the premium due and owing, and interest on the premium and penalty from the time the premium was due until the date of payment. The court shall:

(i) Collect the premium and interest and transmit it to the department of labor and industries; and

(ii) Collect the penalty and disburse it pro rata as follows: One-third to the investigative agencies involved; one-third to the prosecuting authority; and one-third to the general fund of the county in which the matter was prosecuted.

Payments collected under this subsection must be applied until satisfaction of the obligation in the following order: Premium payments; penalty; and interest.

(d) An employer found to have violated this subsection shall, in addition to any other penalties, be subject to the penalties in RCW 39.12.055.

(2) Any person claiming benefits under this title, who knowingly gives false information required in any claim or application under this title shall be guilty of a felony, or gross misdemeanor in accordance with the theft and anticipatory provisions of Title 9A RCW. [2008 c 120 § 9; 1997 c 324 § 1; 1995 c 160 § 4; 1987 c 221 § 1; 1977 ex.s. c 323 § 22; 1971 ex.s. c 289 § 63; 1961 c 23 § 51.48.020. Prior: 1947 c 247 § 1(4d), part; Rem. Supp. 1947 § 7676d, part.]

**Conflict with federal requirements—Severability—2008 c 120:** See notes following RCW 18.27.030.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.48.022 Failure to secure payment of compensation—Stop work order—Penalty—Rules.** (1) In addition to the penalties provided by this chapter, an employer performing services that require registration under chapter 18.27 RCW or licensing under chapter 19.28 RCW who violates RCW 51.14.010 may be subject to a stop work order issued under this section.

(2) If the director determines after an investigation that an employer is in violation of RCW 51.14.010, the director

may issue a stop work order against the employer requiring the cessation of business operations of the employer. Service of the order must be in accordance with subsection (3) of this section.

(3) When a stop work order is served on a worksite by posting a copy of the stop work order in a conspicuous location at the worksite, it is effective as to the employer's operations on that worksite. When a stop work order is served on the employer, the order is effective to all employer worksites for which the employer is not in compliance. Business operations of the employer must cease immediately upon service consistent with the stop work order. The order remains in effect until the director issues an order releasing the stop work order upon finding that the employer has come into compliance and has paid any premiums, penalties, and interest under this title or issues an order of conditional release pursuant to subsection (6) of this section.

(4) An employer who violates a stop work order is subject to a one thousand dollar penalty for each day not in compliance.

(5) An employer against whom a stop work order has been issued may request reconsideration from the department or may appeal to the board of industrial insurance appeals. The request must be made in writing to the department or the board within ten days of receiving the stop work order at the worksite or in person. If the department conducts a reconsideration, it must be concluded within ten days of receiving the request for reconsideration by the employer. The stop work order remains in effect during the period of reconsideration or appeal, unless the employer furnishes to the department a cash deposit or bond in the amount of five thousand dollars or one thousand dollars per covered worker identified, whichever is greater. At time of a final order upholding a stop work order, the bond or cash deposit will be seized and applied to the premium, penalty, and interest balance of that employer. In an appeal before the board, the appellant has the burden of proceeding with the evidence to establish a prima facie case for the relief sought in such appeal. RCW 51.52.080 through 51.52.106 govern appeals under this section. Further appeals taken from a final decision of the board under this section are governed by the provisions relating to judicial review of administrative decisions contained in RCW 34.05.510 through 34.05.598, and the department has the same right of review from the board's decisions as do employers.

(6) The director may issue an order of conditional release from the stop work order if the employer has complied with the coverage requirements of this title and agreed to pay premiums, penalties, and interest through a payment schedule. If the terms of the schedule are not met, the stop work order may be reinstated and the unpaid balance will become due.

(7) Stop work orders and penalties assessed under this chapter remain in effect against any successor corporation or business entity that has one or more of the same principals or officers as the employer against whom the stop work order was issued and which is engaged in the same or equivalent trade or activity.

(8) The department may adopt rules to carry out this section. [2009 c 196 § 1.]

**51.48.025 Retaliation by employer prohibited—Investigation—Remedies.** (1) No employer may discharge

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or in any manner discriminate against any employee because such employee has filed or communicated to the employer an intent to file a claim for compensation or exercises any rights provided under this title. However, nothing in this section prevents an employer from taking any action against a worker for other reasons including, but not limited to, the worker's failure to observe health or safety standards adopted by the employer, or the frequency or nature of the worker's job-related accidents.

(2) Any employee who believes that he or she has been discharged or otherwise discriminated against by an employer in violation of this section may file a complaint with the director alleging discrimination within ninety days of the date of the alleged violation. Upon receipt of such complaint, the director shall cause an investigation to be made as the director deems appropriate. Within ninety days of the receipt of a complaint filed under this section, the director shall notify the complainant of his or her determination. If upon such investigation, it is determined that this section has been violated, the director shall bring an action in the superior court of the county in which the violation is alleged to have occurred.

(3) If the director determines that this section has not been violated, the employee may institute the action on his or her own behalf.

(4) In any action brought under this section, the superior court shall have jurisdiction, for cause shown, to restrain violations of subsection (1) of this section and to order all appropriate relief including rehiring or reinstatement of the employee with back pay. [1985 c 347 § 8.]

**51.48.030 Failure to keep records and make reports.**

Every employer who fails to keep and preserve the records required by this title or fails to make the reports provided in this title shall be subject to a penalty determined by the director but not to exceed two hundred fifty dollars or two hundred percent of the quarterly tax for each such offense, whichever is greater. Any employer who fails to keep and preserve the records adequate to determine taxes due shall be forever barred from questioning, in an appeal before the board of industrial insurance appeals or the courts, the correctness of any assessment by the department based on any period for which such records have not been kept and preserved. [1986 c 9 § 8; 1985 c 347 § 4; 1982 c 63 § 21; 1971 ex.s. c 289 § 64; 1961 c 23 § 51.48.030. Prior: 1947 c 247 § 1(4d), part; Rem. Supp. 1947 § 7676d, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.48.040 Inspection of employer's records.** (1) The books, records and payrolls of the employer pertinent to the administration of this title shall always be open to inspection by the department or its traveling auditor, agent or assistant, for the purpose of ascertaining the correctness of the payroll, the persons employed, and such other information as may be necessary for the department and its management under this title.

(2) Refusal on the part of the employer to submit his or her books, records and payrolls for such inspection to the department, or any assistant presenting written authority from the director, shall subject the offending employer to a

penalty determined by the director but not to exceed two hundred fifty dollars for each offense and the individual who personally gives such refusal is guilty of a misdemeanor.

(3) Any employer who fails to allow adequate inspection in accordance with the requirements of this section is subject to having its certificate of coverage revoked by order of the department and is forever barred from questioning in any proceeding in front of the board of industrial insurance appeals or any court, the correctness of any assessment by the department based on any period for which such records have not been produced for inspection. [2003 c 53 § 282; 1986 c 9 § 9; 1985 c 347 § 5; 1961 c 23 § 51.48.040. Prior: 1911 c 74 § 15, part; RRS § 7690, part.]

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

**51.48.050 Liability for illegal collections for medical aid.** It shall be unlawful for any employer to directly or indirectly demand or collect from any of his or her workers any sum of money whatsoever for or on account of medical, surgical, hospital, or other treatment or transportation of injured workers, other than as specified in RCW 51.16.140, and any employer who directly or indirectly violates the foregoing provisions of this section shall be liable to the state for the benefit of the medical aid fund in ten times the amount so demanded or collected, and such employer and every officer, agent, or servant of such employer knowingly participating therein shall also be guilty of a misdemeanor. [1980 c 14 § 13. Prior: 1977 ex.s. c 350 § 70; 1977 ex.s. c 323 § 23; 1961 c 23 § 51.48.050; prior: 1917 c 28 § 17; RRS § 7726.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.48.055 Termination, dissolution, or abandonment of business—Personal liability for unpaid premiums.** (1) Upon termination, dissolution, or abandonment of a corporate or limited liability company business, any officer, member, manager, or other person having control or supervision of payment and/or reporting of industrial insurance, or who is charged with the responsibility for the filing of returns, is personally liable for any unpaid premiums and interest and penalties on those premiums if such officer or other person willfully fails to pay or to cause to be paid any premiums due the department under chapter 51.16 RCW.

For purposes of this subsection "willfully fails to pay or to cause to be paid" means that the failure was the result of an intentional, conscious, and voluntary course of action.

(2) The officer, member, manager, or other person is liable only for premiums that became due during the period he or she had the control, supervision, responsibility, or duty to act for the corporation described in subsection (1) of this section, plus interest and penalties on those premiums.

(3) The officer, member, manager, or other person is not liable if that person is not exempt from mandatory coverage under RCW 51.12.020 and was directed not to pay the employer's premiums by someone who is exempt.

(4) The officer, member, manager, or other person is not liable if all of the assets of the corporation or limited liability company have been applied to its debts through bankruptcy or receivership.

(5) Any person having been issued a notice of assessment under this section is entitled to the appeal procedures under RCW 51.48.131.

(6) This section does not relieve the corporation or limited liability company of its liabilities under Title 51 RCW or otherwise impair other tax collection remedies afforded by law.

(7) Collection authority and procedures prescribed in this chapter apply to collections under this section. [2004 c 243 § 3.]

**Adoption of rules—2004 c 243:** See note following RCW 51.08.177.

**51.48.060 Physician or licensed advanced registered nurse practitioner—Failure to report or comply.** Any physician or licensed advanced registered nurse practitioner who fails, neglects or refuses to file a report with the director, as required by this title, within five days of the date of treatment, showing the condition of the injured worker at the time of treatment, a description of the treatment given, and an estimate of the probable duration of the injury, or who fails or refuses to render all necessary assistance to the injured worker, as required by this title, shall be subject to a civil penalty determined by the director but not to exceed two hundred fifty dollars. [2004 c 65 § 14; 1985 c 347 § 6; 1977 ex.s. c 350 § 71; 1971 ex.s. c 289 § 20; 1961 c 23 § 51.48.060. Prior: 1927 c 310 § 6(e), part; 1921 c 182 § 7, part; 1911 c 74 § 12, part; RRS § 7686(e), part.]

**Report to legislature—Effective date—Severability—2004 c 65:** See notes following RCW 51.04.030.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.48.075 Information and training on premium liability.** The department shall, working with business associations and other employer and employee groups when practical, publish information and provide training to promote understanding of the premium liability that may be incurred under this chapter. [2004 c 243 § 5.]

**Adoption of rules—2004 c 243:** See note following RCW 51.08.177.

**51.48.080 Violation of rules.** Every person, firm or corporation who violates or fails to obey, observe or comply with any rule of the department promulgated under authority of this title, shall be subject to a penalty of not to exceed five hundred dollars. [1985 c 347 § 7; 1961 c 23 § 51.48.080. Prior: 1915 c 188 § 8; RRS § 7704.]

**51.48.090 Collection.** Civil penalties to the state under this title shall be collected by civil action in the name of the state and paid into the accident fund unless a different fund is designated. [1961 c 23 § 51.48.090. Prior: (i) 1947 c 247 § 1, part; Rem. Supp. 1947 § 7676d, part. (ii) 1911 c 74 § 15, part; RRS § 7690, part. (iii) 1917 c 28 § 17, part; RRS § 7726, part.]

**51.48.100 Waiver—Penalty-free periods.** (1) The director may waive the whole or any part of any penalty charged under this title.

(2) Until June 30, 1986: (a) The director may, at his or her discretion, declare a penalty-free period of no more than three months only for employers who have never previously

registered under RCW 51.16.110 for eligible employees under Title 51 RCW; and (b) such employers may qualify once for penalty-free status upon payment of up to one year's past due premium in full and satisfaction of the requirements of RCW 51.16.110. Such employers shall be subject to all penalties for any subsequent failure to comply with the requirements of this title. [1985 c 227 § 1; 1961 c 23 § 51.48.100. Prior: 1947 c 247 § 1, part; Rem. Supp. 1947 § 7676d, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.48.103 Engaging in business without certificate of coverage—Unlawful actions—Penalties.** (1) It is a gross misdemeanor:

(a) For any employer to engage in business subject to this title without having obtained a certificate of coverage as provided for in this title;

(b) For the president, vice president, secretary, treasurer, or other officer of any company to cause or permit the company to engage in business subject to this title without having obtained a certificate of coverage as provided for in this title.

(2) It is a class C felony punishable according to chapter 9A.20 RCW:

(a) For any employer to engage in business subject to this title after the employer's certificate of coverage has been revoked by order of the department;

(b) For the president, vice president, secretary, treasurer, or other officer of any company to cause or permit the company to engage in business subject to this title after revocation of a certificate of coverage.

(3) An employer found to have violated this section shall, in addition to any other penalties, be subject to the penalties in RCW 39.12.055. [2008 c 120 § 8; 2003 c 53 § 283; 1986 c 9 § 12.]

**Conflict with federal requirements—Severability—2008 c 120:** See notes following RCW 18.27.030.

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

**51.48.105 Failure to apply for coverage of employees—Not applicable, when.** The penalties provided under this title for failure to apply for coverage for employees as required by the provisions of Title 51 RCW, the worker's compensation law, shall not be applicable prior to March 1, 1972, as to any employer whose work first became subject to this title on or after January 1, 1972. [1977 ex.s. c 350 § 73; 1972 ex.s. c 78 § 1.]

**51.48.110 Decedent having no beneficiaries—Payment into supplemental pension fund.** Where death results from the injury or occupational disease and the deceased leaves no beneficiaries, a self-insurer shall pay into the supplemental pension fund the sum of ten thousand dollars, less any amount that the self-insurer paid under RCW 51.32.040(2) as payment due for the period of time before the worker's death. [1999 c 185 § 2; 1986 c 56 § 1; 1971 ex.s. c 289 § 65.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.48.120 Notice of assessment for default in payments by employer—Issuance—Service—Contents.** If any employer should default in any payment due to the state fund the director or the director's designee may issue a notice of assessment certifying the amount due, which notice shall be served upon the employer by mailing such notice to the employer by certified mail to the employer's last known address or served in the manner prescribed for the service of a summons in a civil action. Such notice shall contain the information that an appeal must be filed with the board of industrial insurance appeals and the director by mail or personally within thirty days of the date of service of the notice of assessment in order to appeal the assessment unless a written request for reconsideration is filed with the department of labor and industries. [1995 c 160 § 5; 1986 c 9 § 10; 1985 c 315 § 6; 1972 ex.s. c 43 § 32.]

**51.48.131 Notice of assessment for default in payments by employer—Appeal.** A notice of assessment becomes final thirty days from the date the notice of assessment was served upon the employer unless: (1) A written request for reconsideration is filed with the department of labor and industries, or (2) an appeal is filed with the board of industrial insurance appeals and sent to the director of labor and industries by mail or delivered in person. The appeal shall not be denied solely on the basis that it was not filed with both the board and the director if it was filed with either the board or the director. The appeal shall set forth with particularity the reason for the employer's appeal and the amounts, if any, that the employer admits are due.

The department, within thirty days after receiving a notice of appeal, may modify, reverse, or change any notice of assessment, or may hold any such notice of assessment in abeyance pending further investigation, and the board shall thereupon deny the appeal, without prejudice to the employer's right to appeal from any subsequent determinative notice of assessment issued by the department.

The burden of proof rests upon the employer in an appeal to prove that the taxes and penalties assessed upon the employer in the notice of assessment are incorrect. The department shall promptly transmit its original record, or a legible copy thereof, produced by mechanical, photographic, or electronic means, in such matter to the board. RCW 51.52.080 through 51.52.106 govern appeals under this section. Further appeals taken from a final decision of the board under this section are governed by the provisions relating to judicial review of administrative decisions contained in RCW 34.05.510 through 34.05.598, and the department has the same right of review from the board's decisions as do employers. [1989 c 175 § 120; 1987 c 316 § 3; 1985 c 315 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.48.140 Notice of assessment for employer's default in payments—When amount becomes final—Warrant—Execution—Garnishment—Fees.** If a notice of appeal is not served on the director and the board of industrial insurance appeals pursuant to RCW 51.48.131 within thirty days from the date of service of the notice of assessment, or if a final decision and order of the board of industrial insurance appeals in favor of the department is not appealed to

superior court in the manner specified in RCW 34.05.510 through 34.05.598, or if a final decision of any court in favor of the department is not appealed within the time allowed by law, then the amount of the unappealed assessment, or such amount of the assessment as is found due by the final decision and order of the board of industrial insurance appeals or final decision of the court shall be deemed final and the director or the director's designee may file with the clerk of any county within the state a warrant in the amount of the notice of assessment. The clerk of the county wherein the warrant is filed shall immediately designate a superior court cause number for such warrant, and the clerk shall cause to be entered in the judgment docket under the superior court cause number assigned to the warrant, the name of such employer mentioned in the warrant, the amount of the taxes and penalties due thereon, and the date when such warrant was filed. The aggregate amount of such warrant as docketed shall become a lien upon the title to, and interest in all real and personal property of the employer against whom the warrant is issued, the same as a judgment in a civil case duly docketed in the office of such clerk. The sheriff shall thereupon proceed upon the same in all respects and with like effect as prescribed by law with respect to execution or other process issued against rights or property upon judgment in the superior court. Such warrant so docketed shall be sufficient to support the issuance of writs of garnishment in favor of the state in a manner provided by law in case of judgment, wholly or partially unsatisfied. The clerk of the court shall be entitled to a filing fee under RCW 36.18.012(10), which shall be added to the amount of the warrant. A copy of such warrant shall be mailed to the employer within three days of filing with the clerk. [2001 c 146 § 11; 1989 c 175 § 121; 1985 c 315 § 8; 1972 ex.s. c 43 § 34.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.48.150 Notice of assessment for employer's default in payments—Notice to withhold and deliver property due employer.** The director or the director's designee is hereby authorized to issue to any person, firm, corporation, municipal corporation, political subdivision of the state, a public corporation, or any agency of the state, a notice and order to withhold and deliver property of any kind whatsoever when he or she has reason to believe that there is in the possession of such person, firm, corporation, municipal corporation, political subdivision of the state, public corporation, or any agency of the state, property which is or shall become due, owing, or belonging to any employer upon whom a notice of assessment has been served by the department for payments due to the state fund. The effect of a notice and order to withhold and deliver shall be continuous from the date such notice and order to withhold and deliver is first made until the liability out of which such notice and order to withhold and deliver arose is satisfied or becomes unenforceable because of lapse of time. The department shall release the notice and order to withhold and deliver when the liability out of which the notice and order to withhold and deliver arose is satisfied or becomes unenforceable by reason of lapse of time and shall notify the person against whom the notice and order to withhold and deliver was made that such notice and order to withhold and deliver has been released.

The notice and order to withhold and deliver shall be served by the sheriff of the county or by the sheriff's deputy, by certified mail, return receipt requested, or by any duly authorized representatives of the director. Any person, firm, corporation, municipal corporation, political subdivision of the state, public corporation or any agency of the state upon whom service has been made is hereby required to answer the notice within twenty days exclusive of the day of service, under oath and in writing, and shall make true answers to the matters inquired of in the notice and order to withhold and deliver. In the event there is in the possession of the party named and served with a notice and order to withhold and deliver, any property which may be subject to the claim of the department, such property shall be delivered forthwith to the director or the director's duly authorized representative upon service of the notice to withhold and deliver which will be held in trust by the director for application on the employer's indebtedness to the department, or for return without interest, in accordance with a final determination of a petition for review, or in the alternative such party shall furnish a good and sufficient surety bond satisfactory to the director conditioned upon final determination of liability. Should any party served and named in the notice to withhold and deliver fail to make answer to such notice and order to withhold and deliver, within the time prescribed herein, it shall be lawful for the court, after the time to answer such order has expired, to render judgment by default against the party named in the notice to withhold and deliver for the full amount claimed by the director in the notice to withhold and deliver together with costs. In the event that a notice to withhold and deliver is served upon an employer and the property found to be subject thereto is wages, then the employer shall be entitled to assert in the answer to all exemptions provided for by chapter 6.27 RCW to which the wage earner may be entitled. [1995 c 160 § 6; 1987 c 442 § 1119; 1986 c 9 § 11; 1972 ex.s. c 43 § 35.]

**51.48.160 Revocation of certificate of coverage for failure to pay warrants or taxes.** If any warrant issued under this title is not paid within thirty days after it has been filed with the clerk of the superior court, or if any employer is delinquent, for three consecutive reporting periods, in the transmission to the department of taxes due, the department may, by order issued under its official seal, revoke the certificate of coverage of the employer against whom the warrant was issued; and if the order is entered, a copy thereof shall be posted in a conspicuous place at the main entrance to the employer's place of business and shall remain posted until such time as the warrant has been paid. Any certificate so revoked shall not be reinstated, nor shall a new certificate of coverage be issued to the employer, until the amount due on the warrant has been paid, or provisions for payment satisfactory to the department have been entered, and until the taxpayer has deposited with the department such security for payment of any taxes, increases, and penalties, due or which may become due in an amount and under such terms and conditions as the department may require, but the amount of the security shall not be greater than one-half the estimated average annual taxes of the employer. [1986 c 9 § 13.]

**51.48.170 Emergency assessment and collection of taxes.** If the director or the director's designee has reason to believe that an employer is insolvent or about to cease business, leave the state, or remove or dissipate assets out of which taxes or penalties might be satisfied, and the collection of any taxes accrued will be jeopardized by delaying collection, the director or the director's designee may make an immediate assessment thereof and may proceed to enforce collection immediately under the terms of RCW 51.48.180 and 51.48.190, but interest and penalties shall not begin to accrue upon any taxes until the date when such taxes would normally have become delinquent. [1986 c 9 § 14.]

**51.48.180 Emergency assessment and collection of taxes—Distraint and sale of property.** If the amount of taxes, interest, or penalties assessed by the director or the director's designee by order and notice of assessment pursuant to RCW 51.48.170 is not paid within ten days after the service or mailing of the order and notice of assessment, the director or the director's designee may collect the amount stated in said assessment by the distraint, seizure, and sale of the property, goods, chattels, and effects of the delinquent employer. There shall be exempt from distraint and sale under this section such goods and property as are exempt from execution under the laws of this state. [1986 c 9 § 15.]

**51.48.190 Emergency assessment and collection of taxes—Conduct of sale.** The director or the director's designee, upon making a distraint pursuant to RCW 51.48.170 and 51.48.180, shall seize the property and shall make an inventory of the property distrained, a copy of which shall be mailed to the owner of such property or personally delivered to the owner, and shall specify the time and place when the property shall be sold. A notice specifying the property to be sold and the time and place of sale shall be posted in at least two public places in the county wherein the seizure has been made. The time of sale shall be not less than twenty days from the date of posting of such notices. The sale may be adjourned from time to time at the discretion of the director or the director's designee, but not for a time to exceed in all sixty days. No sale shall take place if an appeal is pending. The sale shall be conducted by the director or the director's designee who shall proceed to sell such property by parcel or by lot at a public auction, and who may set a minimum price to include the expenses of making a levy and of advertising the sale, and if the amount bid for such property at the sale is not equal to the minimum price so fixed, the director or the director's designee may declare such property to be purchased by the department for such minimum price. In such event the delinquent account shall be credited with the amount for which the property has been sold. Property acquired by the department as herein prescribed may be sold by the director or the director's designee at public or private sale, and the amount realized shall be placed in the state of Washington industrial insurance fund.

In all cases of sale, as aforesaid, the director or the director's designee shall issue a bill of sale or a deed to the purchaser and the bill of sale or deed shall be prima facie evidence of the right of the director or the director's designee to make such sale and conclusive evidence of the regularity of the proceeding in making the sale, and shall transfer to the

purchaser all right, title, and interest of the delinquent employer in said property. The proceeds of any such sale, except in those cases wherein the property has been acquired by the department, shall be first applied by the director or the director's designee in satisfaction of the delinquent account, and out of any sum received in excess of the amount of delinquent taxes, interest, and penalties the industrial insurance fund shall be reimbursed for the costs of distraint and sale. Any excess which shall thereafter remain in the hands of the director or the director's designee shall be refunded to the delinquent employer. Sums so refundable to a delinquent employer may be subject to seizure or distraint in the hands of the director or the director's designee by any other taxing authority of the state or its political subdivisions. [1986 c 9 § 16.]

**51.48.200 Search and seizure of property to satisfy tax warrant or assessment—Issuance and execution of search warrant.** (1) When there is probable cause to believe that there is property within this state not otherwise exempt from process or execution in the possession or control of any employer against whom a tax warrant issued under RCW 51.48.140 has been filed which remains unsatisfied, or an assessment issued pursuant to RCW 51.48.170, any judge of the superior court or district court in the county in which such property is located may, upon the request of the sheriff or agent of the department authorized to collect taxes, issue a warrant directed to the officers commanding the search for and seizure of the property described in the request for warrant.

(2) The procedure for the issuance, and execution and return of the warrant authorized by this section and for return of any property seized shall be the criminal rules of the superior court and the district court.

(3) The sheriff or agent of the department shall levy execution upon property seized under this section as provided in RCW 51.48.220 and 51.48.230.

(4) This section does not require the application for or issuance of any warrant not otherwise required by law. [1986 c 9 § 17.]

**51.48.210 Delinquent taxes.** If payment of any tax due is not received by the department by the due date, there shall be assessed a penalty of five percent of the amount of the tax for the first month or part thereof of delinquency; there shall be assessed a total penalty of ten percent of the amount of the tax for the second month or part thereof of delinquency; and there shall be assessed a total penalty of twenty percent of the amount of the tax for the third month or part thereof of delinquency. No penalty so added may be less than ten dollars. If a warrant is issued by the department for the collection of taxes, increases, and penalties, there shall be added thereto a penalty of five percent of the amount of the tax, but not less than five dollars nor greater than one hundred dollars. In addition, delinquent taxes shall bear interest at the rate of one percent of the delinquent amount per month or fraction thereof from and after the due date until payment, increases, and penalties are received by the department. [1987 c 111 § 8; 1986 c 9 § 18.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.48.220 Order of execution upon property—Procedure—Sale.** The department may issue an order of execution, pursuant to a filed warrant, under its official seal directed to the sheriff of the county in which the warrant has been filed, commanding the sheriff to levy upon and sell the real and/or personal property of the taxpayer found within the county, or so much thereof as may be necessary, for the payment of the amount of the warrant, plus the cost of executing the warrant, and return the warrant to the department and pay to it the money collected by virtue thereof within sixty days after the receipt of the warrant. The sheriff shall thereupon proceed upon the same in all respects and with like effect as prescribed by law with respect to execution or other process issued against rights or property upon judgments of the superior court.

The sheriff shall be entitled to fees as provided by law for services in levying execution on a superior court judgment and the clerk shall be entitled to a filing fee as provided by law, which shall be added to the amount of the warrant.

The proceeds received from any sale shall be credited upon the amount due under the warrant and when the final amount due is received, together with interest, penalties, and costs, the judgment docket shall show the claim for taxes to be satisfied and the clerk of the court shall so note upon the docket. Any surplus received from any sale of property shall be paid to the taxpayer or to any lien holder entitled thereto. If the return on the warrant shows that the same has not been satisfied in full, the amount of the deficiency shall remain the same as a judgment against the taxpayer which may be collected in the same manner as the original amount of the warrant. [1986 c 9 § 21.]

**51.48.230 Order of execution upon property—Enforcement.** In the discretion of the department, an order of execution of like terms, force, and effect may be issued and directed to any agent of the department authorized to collect taxes, and in the execution thereof such agent shall have all the powers conferred by law upon sheriffs, but shall not be entitled to any fee or compensation in excess of the actual expenses paid in the performance of such duty, which shall be added to the amount of the warrant. [1986 c 9 § 22.]

**51.48.240 Agents and employees of department not personally liable—Conditions.** When recovery is had in any suit or proceeding against an officer, agent, or employee of the department for any act done by that person or for the recovery of any money exacted by or paid to that person and by that person paid over to the department, in the performance of the person's official duty, and the court certifies that there was probable cause for the act done by such officer, agent, or employee, or that he or she acted under the direction of the department or an officer thereof, no execution shall issue against such officer, agent, or employee, but the amount so recovered shall, upon final judgment, be paid by the department as an expense of operation. [1986 c 9 § 23.]

**51.48.250 Liability of persons wilfully obtaining erroneous payments—Civil penalties.** (1) No person, firm, corporation, partnership, association, agency, institution, or other legal entity, but not including an industrially injured recipient of health service, shall, on behalf of himself or her-

self or others, obtain or attempt to obtain payments under this chapter in a greater amount than that to which entitled by means of:

- (a) A wilful false statement;
- (b) Wilful misrepresentation, or by concealment of any material facts; or
- (c) Other fraudulent scheme or device, including, but not limited to:

(i) Billing for services, drugs, supplies, or equipment that were not furnished, of lower quality, or a substitution or misrepresentation of items billed; or

(ii) Repeated billing for purportedly covered items, which were not in fact so covered.

(2) Any person, firm, corporation, partnership, association, agency, institution, or other legal entity knowingly violating any of the provisions of subsection (1) of this section shall be liable for repayment of any excess payments received, plus interest on the amount of the excess benefits or payments at the rate of one percent each month for the period from the date upon which payment was made to the date upon which repayment is made to the state. Such person or other entity shall further, in addition to any other penalties provided by law, be subject to civil penalties. The director of the department of labor and industries may assess civil penalties in an amount not to exceed the greater of one thousand dollars or three times the amount of such excess benefits or payments: PROVIDED, That these civil penalties shall not apply to any acts or omissions occurring prior to April 1, 1986.

(3) A criminal action need not be brought against a person, firm, corporation, partnership, association, agency, institution, or other legal entity for that person or entity to be civilly liable under this section.

(4) Civil penalties shall be deposited in the general fund upon their receipt. [2010 c 8 § 14012; 1986 c 200 § 4.]

**51.48.260 Liability of persons unintentionally obtaining erroneous payments.** Any person, firm, corporation, partnership, association, agency, institution, or other legal entity, but not including an industrially injured recipient of health services, that, without intent to violate this chapter, obtains payments under Title 51 RCW to which such person or entity is not entitled, shall be liable for: (1) Any excess payments received; and (2) interest on the amount of excess payments at the rate of one percent each month for the period from the date upon which payment was made to the date upon which repayment is made to the state. [1986 c 200 § 3.]

**51.48.270 Criminal liability of persons making false statements or concealing information.** Any person, firm, corporation, partnership, association, agency, institution, or other legal entity, but not including an injured worker or beneficiary, that:

(1) Knowingly makes or causes to be made any false statement or representation of a material fact in any application for any payment under this title; or

(2) At any time knowingly makes or causes to be made any false statement or representation of a material fact for use in determining rights to such payment, or knowingly falsifies,

conceals, or covers up by any trick, scheme, or device a material fact in connection with such application or payment; or

(3) Having knowledge of the occurrence of any event affecting (a) the initial or continued right to any payment, or (b) the initial or continued right to any such payment of any other individual in whose behalf he or she has applied for or is receiving such payment, conceals or fails to disclose such event with an intent fraudulently to secure such payment either in a greater amount or quantity than is due or when no such payment is authorized;

shall be guilty of a class C felony: PROVIDED, That the fine, if imposed, shall not be in an amount more than twenty-five thousand dollars, except as authorized by RCW 9A.20.030. [1987 c 470 § 2; 1986 c 200 § 5.]

**51.48.280 Kickbacks, bribes, and rebates—Representation fees—Criminal liability—Exceptions.** (1) It is a class C felony for any person, firm, corporation, partnership, association, agency, institution, or other legal entity to solicit or receive any remuneration (including any kickback, bribe, or rebate) directly or indirectly, overtly or covertly, in cash or in kind:

(a) In return for referring an individual to a person for the furnishing or arranging for the furnishing of any item or service for which payment may be made in whole or in part under this chapter; or

(b) In return for purchasing, leasing, ordering, or arranging for or recommending purchasing, leasing, or ordering any goods, facility, service, or item for which payment may be made in whole or in part under this chapter.

(2) It is a class C felony for any person, firm, corporation, partnership, association, agency, institution, or other legal entity to offer or pay any remuneration (including any kickback, bribe, or rebate) directly or indirectly, overtly or covertly, in cash or in kind to any person to induce such person:

(a) To refer an individual to a person for the furnishing or arranging for the furnishing of any item or service for which payment may be made, in whole or in part, under this chapter; or

(b) To purchase, lease, order, or arrange for or recommend purchasing, leasing, or ordering any goods, facility, service, or item for which payment may be made in whole or in part under this chapter.

(3) A health services provider who (a) provides a health care service to a claimant, while acting as the claimant's representative for the purpose of obtaining authorization for the services, and (b) charges a percentage of the claimant's benefits or other fee for acting as the claimant's representative under this title is guilty of a gross misdemeanor.

(4) Any fine imposed as a result of a violation of subsection (1), (2), or (3) of this section shall not be in an amount more than twenty-five thousand dollars, except as authorized by RCW 9A.20.030.

(5) Subsections (1) and (2) of this section shall not apply to:

(a) A discount or other reduction in price obtained by a provider of services or other entity under this chapter if the reduction in price is properly disclosed and appropriately reflected in the costs claimed or charges made by the provider or entity under this chapter; and

(b) Any amount paid by an employer to an employee (who has a bona fide employment relationship with such employer) for employment in the provision of covered items or services.

(6) Subsections (1) and (2) of this section, if applicable to the conduct involved, shall supersede the criminal provisions of chapter 19.68 RCW, but shall not preclude administrative proceedings authorized by chapter 19.68 RCW. [2003 c 53 § 284; 1997 c 336 § 1; 1986 c 200 § 6.]

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

**51.48.290 Written verification by health services providers.** The director of the department of labor and industries may by rule require that any application, statement, or form filled out by any health services provider under this title shall contain or be verified by a written statement that it is made under the penalties of perjury and such declaration shall be in lieu of any oath otherwise required, and each such paper shall in such event so state. The making or subscribing of any such papers or forms containing any false or misleading information may be prosecuted and punished under chapter 9A.72 RCW. [1986 c 200 § 7.]

## Chapter 51.52 RCW APPEALS

### Sections

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**51.52.010 Board of industrial insurance appeals.** There shall be a "board of industrial insurance appeals," here-

inafter called the "board," consisting of three members appointed by the governor, with the advice and consent of the senate, as hereinafter provided. One shall be a representative of the public and a lawyer, appointed from a mutually agreed to list of not less than three active or judicial members of the Washington state bar association, submitted to the governor by the two organizations defined below, and such member shall be the chairperson of said board. The second member shall be a representative of the majority of workers engaged in employment under this title and selected from a list of not less than three names submitted to the governor by an organization, statewide in scope, which through its affiliates embraces a cross section and a majority of the organized labor of the state. The third member shall be a representative of employers under this title, and appointed from a list of at least three names submitted to the governor by a recognized statewide organization of employers, representing a majority of employers. The initial terms of office of the members of the board shall be for six, four, and two years respectively. Thereafter all terms shall be for a period of six years. Each member of the board shall be eligible for reappointment and shall hold office until his or her successor is appointed and qualified. In the event of a vacancy the governor is authorized to appoint a successor to fill the unexpired term of his or her predecessor. All appointments to the board shall be made in conformity with the foregoing plan. In the event a board member becomes incapacitated in excess of thirty days either due to his or her illness or that of an immediate family member as determined by a request for family leave or as certified by the affected member's treating physician or licensed advanced registered nurse practitioner, the governor shall appoint an acting member to serve pro tem. Such an appointment shall be made in conformity with the foregoing plan, except that the list of candidates shall be submitted to the governor not more than fifteen days after the affected organizations are notified of the incapacity and the governor shall make the appointment within fifteen days after the list is submitted. The temporary member shall serve until such time as the affected member is able to reassume his or her duties by returning from requested family leave or as determined by the treating physician or licensed advanced registered nurse practitioner or until the affected member's term expires, whichever occurs first. Whenever the workload of the board and its orderly and expeditious disposition shall necessitate, the governor may appoint two additional pro-tem members in addition to the regular members. Such appointments shall be for a definite period of time, and shall be made from lists submitted respectively by labor and industry as in the case of regular members. One pro-tem member shall be a representative of labor and one shall be a representative of industry. Members shall devote their entire time to the duties of the board and shall receive for their services a salary as fixed by the governor in accordance with the provisions of RCW 43.03.040 which shall be in addition to travel expenses in accordance with RCW 43.03.050 and 43.03.060 as now existing or hereafter amended. Headquarters for the board shall be located in Olympia. The board shall adopt a seal which shall be judicially recognized. [2004 c 65 § 15; 2003 c 224 § 1; 1999 c 149 § 1; 1981 c 338 § 10; 1977 ex.s. c 350 § 74; 1975-'76 2nd ex.s. c 34 § 151; 1971 ex.s. c 289 § 68; 1965 ex.s. c 165 § 3; 1961 c 307 § 8; 1961 c 23 § 51.52.010.

Prior: 1951 c 225 § 1; prior: 1949 c 219 § 2; Rem. Supp. 1949 § 10837-1.]

**Report to legislature—Effective date—Severability—2004 c 65:** See notes following RCW 51.04.030.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.52.020 Board—Rule-making power.** The board may make rules and regulations concerning its functions and procedure, which shall have the force and effect of law until altered, repealed, or set aside by the board: PROVIDED, That the board may not delegate to any other person its duties of interpreting the testimony and making the final decision and order on appeal cases. All rules and regulations adopted by the board shall be printed and copies thereof shall be readily available to the public. [1961 c 23 § 51.52.020. Prior: 1951 c 225 § 2; prior: 1949 c 219 § 3, part; Rem. Supp. 1949 § 10837-2, part.]

**51.52.030 Board—Expenses.** The board may incur such expenses as are reasonably necessary to carry out its duties hereunder, which expenses shall be paid, one-half from the accident fund and one-half from the medical aid fund upon vouchers approved by the board. [1961 c 23 § 51.52.030. Prior: 1951 c 225 § 3; prior: 1949 c 219 § 3, part; Rem. Supp. 1949 § 10837-2, part.]

**51.52.040 Board—Removal of member.** Any member of the board may be removed for inefficiency, malfeasance or misfeasance in office, upon specific written charges filed by the governor, who shall transmit the original of such written charges to the chief justice of the supreme court and a copy thereof to the member accused. The chief justice shall thereupon designate a special tribunal composed of three judges of the superior court to hear and adjudicate the charges. Such tribunal shall fix the time, place and procedure for the hearing, and the hearing shall be public. The decision of such tribunal shall be final and not subject to review. [1961 c 23 § 51.52.040. Prior: 1951 c 225 § 4; prior: 1949 c 219 § 4; Rem. Supp. 1949 § 10837-3.]

**51.52.050 Service of departmental action—Demand for repayment—Orders amending benefits—Reconsideration or appeal.** (1) Whenever the department has made any order, decision, or award, it shall promptly serve the worker, beneficiary, employer, or other person affected thereby, with a copy thereof by mail, which shall be addressed to such person at his or her last known address as shown by the records of the department. The copy, in case the same is a final order, decision, or award, shall bear on the same side of the same page on which is found the amount of the award, a statement, set in black faced type of at least ten point body or size, that such final order, decision, or award shall become final within sixty days from the date the order is communicated to the parties unless a written request for reconsideration is filed with the department of labor and industries, Olympia, or an appeal is filed with the board of industrial insurance appeals, Olympia. However, a department order or decision making demand, whether with or without penalty, for repayment of sums paid to a provider of medical, dental, vocational, or other health services rendered to an industrially injured

worker, shall state that such order or decision shall become final within twenty days from the date the order or decision is communicated to the parties unless a written request for reconsideration is filed with the department of labor and industries, Olympia, or an appeal is filed with the board of industrial insurance appeals, Olympia.

(2)(a) Whenever the department has taken any action or made any decision relating to any phase of the administration of this title the worker, beneficiary, employer, or other person aggrieved thereby may request reconsideration of the department, or may appeal to the board. In an appeal before the board, the appellant shall have the burden of proceeding with the evidence to establish a prima facie case for the relief sought in such appeal.

(b) An order by the department awarding benefits shall become effective and benefits due on the date issued. Subject to (b)(i) and (ii) of this subsection, if the department order is appealed the order shall not be stayed pending a final decision on the merits unless ordered by the board. Upon issuance of the order granting the appeal, the board will provide the worker with notice concerning the potential of an overpayment of benefits paid pending the outcome of the appeal and the requirements for interest on unpaid benefits pursuant to RCW 51.52.135. A worker may request that benefits cease pending appeal at any time following the employer's motion for stay or the board's order granting appeal. The request must be submitted in writing to the employer, the board, and the department. Any employer may move for a stay of the order on appeal, in whole or in part. The motion must be filed within fifteen days of the order granting appeal. The board shall conduct an expedited review of the claim file provided by the department as it existed on the date of the department order. The board shall issue a final decision within twenty-five days of the filing of the motion for stay or the order granting appeal, whichever is later. The board's final decision may be appealed to superior court in accordance with RCW 51.52.110. The board shall grant a motion to stay if the moving party demonstrates that it is more likely than not to prevail on the facts as they existed at the time of the order on appeal. The board shall not consider the likelihood of recoupment of benefits as a basis to grant or deny a motion to stay. If a self-insured employer prevails on the merits, any benefits paid may be recouped pursuant to RCW 51.32.240.

(i) If upon reconsideration requested by a worker or medical provider, the department has ordered an increase in a permanent partial disability award from the amount reflected in an earlier order, the award reflected in the earlier order shall not be stayed pending a final decision on the merits. However, the increase is stayed without further action by the board pending a final decision on the merits.

(ii) If any party appeals an order establishing a worker's wages or the compensation rate at which a worker will be paid temporary or permanent total disability or loss of earning power benefits, the worker shall receive payment pending a final decision on the merits based on the following:

(A) When the employer is self-insured, the wage calculation or compensation rate the employer most recently submitted to the department; or

(B) When the employer is insured through the state fund, the highest wage amount or compensation rate uncontested by the parties.

Payment of benefits or consideration of wages at a rate that is higher than that specified in (b)(ii)(A) or (B) of this subsection is stayed without further action by the board pending a final decision on the merits.

(c) In an appeal from an order of the department that alleges willful misrepresentation, the department or self-insured employer shall initially introduce all evidence in its case in chief. Any such person aggrieved by the decision and order of the board may thereafter appeal to the superior court, as prescribed in this chapter. [2008 c 280 § 1; 2004 c 243 § 8; 1987 c 151 § 1; 1986 c 200 § 10; 1985 c 315 § 9; 1982 c 109 § 4; 1977 ex.s. c 350 § 75; 1975 1st ex.s. c 58 § 1; 1961 c 23 § 51.52.050. Prior: 1957 c 70 § 55; 1951 c 225 § 5; prior: (i) 1947 c 281 § 1, part; 1943 c 210 § 1, part; 1939 c 41 § 1, part; 1937 c 211 § 1, part; 1927 c 310 § 1, part; 1921 c 182 § 1, part; 1919 c 131 § 1, part; 1911 c 74 § 2, part; Rem. Supp. 1947 § 7674, part. (ii) 1947 c 247 § 1, part; 1911 c 74 § 20, part; Rem. Supp. 1947 § 7676e, part. (iii) 1949 c 219 § 6, part; 1943 c 280 § 1, part; 1931 c 90 § 1, part; 1929 c 132 § 6, part; 1927 c 310 § 8, part; 1911 c 74 § 20, part; Rem. Supp. 1949 § 7697, part. (iv) 1923 c 136 § 7, part; 1921 c 182 § 10, part; 1917 c 29 § 3, part; RRS § 7712, part. (v) 1917 c 29 § 11; RRS § 7720. (vi) 1939 c 50 § 1, part; 1927 c 310 § 9, part; 1921 c 182 § 12, part; 1919 c 129 § 5, part; 1917 c 28 § 15, part; RRS § 7724, part.]

**Application—2008 c 280:** "This act applies to orders issued on or after June 12, 2008." [2008 c 280 § 7.]

**Adoption of rules—2004 c 243:** See note following RCW 51.08.177.

**51.52.060 Notice of appeal—Time—Cross-appeal—Departmental options.** (1)(a) Except as otherwise specifically provided in this section, a worker, beneficiary, employer, health services provider, or other person aggrieved by an order, decision, or award of the department must, before he or she appeals to the courts, file with the board and the director, by mail or personally, within sixty days from the day on which a copy of the order, decision, or award was communicated to such person, a notice of appeal to the board. However, a health services provider or other person aggrieved by a department order or decision making demand, whether with or without penalty, solely for repayment of sums paid to a provider of medical, dental, vocational, or other health services rendered to an industrially injured worker must, before he or she appeals to the courts, file with the board and the director, by mail or personally, within twenty days from the day on which a copy of the order or decision was communicated to the health services provider upon whom the department order or decision was served, a notice of appeal to the board.

(b) Failure to file a notice of appeal with both the board and the department shall not be grounds for denying the appeal if the notice of appeal is filed with either the board or the department.

(2) Within ten days of the date on which an appeal has been granted by the board, the board shall notify the other interested parties to the appeal of the receipt of the appeal and shall forward a copy of the notice of appeal to the other interested parties. Within twenty days of the receipt of such notice of the board, the worker or the employer may file with the board a cross-appeal from the order of the department from which the original appeal was taken.

(3) If within the time limited for filing a notice of appeal to the board from an order, decision, or award of the department, the department directs the submission of further evidence or the investigation of any further fact, the time for filing the notice of appeal shall not commence to run until the person has been advised in writing of the final decision of the department in the matter. In the event the department directs the submission of further evidence or the investigation of any further fact, as provided in this section, the department shall render a final order, decision, or award within ninety days from the date further submission of evidence or investigation of further fact is ordered which time period may be extended by the department for good cause stated in writing to all interested parties for an additional ninety days.

(4) The department, either within the time limited for appeal, or within thirty days after receiving a notice of appeal, may:

(a) Modify, reverse, or change any order, decision, or award; or

(b)(i) Except as provided in (b)(ii) of this subsection, hold an order, decision, or award in abeyance for a period of ninety days which time period may be extended by the department for good cause stated in writing to all interested parties for an additional ninety days pending further investigation in light of the allegations of the notice of appeal; or

(ii) Hold an order, decision, or award issued under RCW 51.32.160 in abeyance for a period not to exceed ninety days from the date of receipt of an application under RCW 51.32.160. The department may extend the ninety-day time period for an additional sixty days for good cause.

For purposes of this subsection, good cause includes delay that results from conduct of the claimant that is subject to sanction under RCW 51.32.110.

The board shall deny the appeal upon the issuance of an order under (b)(i) or (ii) of this subsection holding an earlier order, decision, or award in abeyance, without prejudice to the appellant's right to appeal from any subsequent determinative order issued by the department.

This subsection (4)(b) does not apply to applications deemed granted under RCW 51.32.160.

(5) An employer shall have the right to appeal an application deemed granted under RCW 51.32.160 on the same basis as any other application adjudicated pursuant to that section.

(6) A provision of this section shall not be deemed to change, alter, or modify the practice or procedure of the department for the payment of awards pending appeal. [1995 c 253 § 1; 1995 c 199 § 7; 1986 c 200 § 11; 1977 ex.s. c 350 § 76; 1975 1st ex.s. c 58 § 2; 1963 c 148 § 1; 1961 c 274 § 8; 1961 c 23 § 51.52.060. Prior: 1957 c 70 § 56; 1951 c 225 § 6; prior: 1949 c 219 §§ 1, part, 6, part; 1947 c 246 § 1, part; 1943 c 280 § 1, part; 1931 c 90 § 1, part; 1929 c 132 §§ 2, part, 6, part; 1927 c 310 §§ 4, part, 8, part; 1923 c 136 § 2, part; 1919 c 134 § 4, part; 1917 c 28 § 1, part; 1913 c 148 § 1, part; 1911 c 74 §§ 5, part, 20, part; Rem Supp. 1949 §§ 7679, part, 7697, part.]

**Reviser's note:** This section was amended by 1995 c 199 § 7 and by 1995 c 253 § 1, each without reference to the other. Both amendments are incorporated in the publication of this section pursuant to RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.52.063 After notice of appeal—Contact with medical providers restricted—Rules.** (1)(a) Except as provided in (b) through (d) of this subsection, after receipt of the notice of an appeal that has been filed under RCW 51.52.060(2), the employer and its representatives shall not have contact to discuss the issues in question in the appeal with any medical provider who has examined or treated the worker at the request of the worker or treating medical provider, unless written authorization for contact is given by the worker or the worker's representative. Written authorization is only valid if given after the date that the appeal is filed and expires ninety days after it is signed.

(b) Contact is permitted as necessary for the ongoing management of the claim, including but not limited to communication regarding the worker's treatment needs and the provider's treatment plan, vocational and return-to-work issues and assistance, and certification of the worker's inability to work, unless these issues are in question in the appeal.

(c) If the employer or its representatives wish to communicate with the examining or treating medical providers concerning the issues in question in the appeal, and no written authorization from the worker or the worker's representative has been obtained, the communication must either be:

(i) In writing, including by e-mail, sent contemporaneously to all parties with a distinct notice to the provider that any response must be in writing, including by e-mail;

(ii) In person, by telephone, or by videoconference, at a date and time mutually agreed to by all parties, with the worker or the worker's representative given the opportunity to fully participate; or

(iii) Pursuant to a properly scheduled and noted deposition.

(d) Written authorization is not required if the worker fails to identify or confirm the examining or treating medical provider as a witness as required by the board.

(2)(a) Except as provided in (b) and (c) of this subsection, after receipt of the notice of an appeal under RCW 51.52.060(2), the worker and the representative for the worker, if any, shall not have contact to discuss the issues in question in the appeal with any medical provider who has examined the worker at the request of the employer pursuant to RCW 51.36.070, unless written authorization for contact is given by the employer or its representative. Written authorization is only valid if given after the date that the appeal is filed and expires ninety days after it is signed.

(b) If the worker or the worker's representative wishes to communicate with a medical provider who has examined the worker pursuant to RCW 51.36.070, and no written authorization from the employer or its representative has been obtained, the communication must either be:

(i) In writing, including by e-mail, sent contemporaneously to all parties with a distinct notice to the provider that any response must be in writing, including by e-mail;

(ii) In person, by telephone, or by videoconference, at a date and time mutually agreed to by all parties, with the department, employer, and their representatives given the opportunity to fully participate; or

(iii) Pursuant to a properly scheduled and noted deposition.

(c) Written authorization is not required if the employer fails to identify or confirm the examining medical provider as a witness as required by the board.

(3) Subsections (1) and (2) of this section do not apply to the department.

(a) Except as provided in (b) through (d) of this subsection, after an appeal has been filed under RCW 51.52.060(2), a conference has been held to schedule hearings, and the worker has named his or her witnesses, the department and its representatives shall not have contact to discuss the issues in question in the appeal with any medical provider who has examined or treated the worker at the request of the worker or treating medical provider and has been named as a witness by the worker or their representative unless written authorization for contact is given by the worker or the worker's representative. Written authorization is only valid if given after the date that the appeal is filed and expires ninety days after it is signed.

(b) Contact is permitted as necessary for the ongoing management of the claim, including but not limited to communication regarding the worker's treatment needs and the provider's treatment plan, vocational and return-to-work issues and assistance, and certification of the worker's inability to work, unless these issues are in question in the appeal.

(c) If the department or its representatives wish to communicate with the examining or treating medical providers concerning the issues in question in the appeal, and no written authorization from the worker or the worker's representative has been obtained, the communication must either be:

(i) In writing, including by e-mail, sent contemporaneously to all parties with a distinct notice to the provider that any response must be in writing, including by e-mail;

(ii) In person, by telephone, or by videoconference, at a date and time mutually agreed to by all parties, with the worker or the worker's representative given the opportunity to fully participate; or

(iii) Pursuant to a properly scheduled and noted deposition.

(d) Written authorization is not required if the worker fails to identify or confirm the examining or treating medical provider as a witness as required by the board.

(4)(a) Except as provided in (b) and (c) of this subsection, after an appeal has been filed under RCW 51.52.060(2), a conference has been held to schedule hearings, and the worker has named his or her witnesses, the worker and the representative for the worker, if any, shall not have contact to discuss the issues in question in the appeal with any medical provider who has examined the worker at the request of the department pursuant to RCW 51.36.070, unless written authorization for contact is given by the department or its representatives. Written authorization is only valid if given after the date that the appeal is filed and expires ninety days after it is signed.

(b) If the worker or the worker's representative wishes to communicate with a medical provider who has examined the worker pursuant to RCW 51.36.070, and no written authorization from the department or its representative has been obtained, the communication must either be:

(i) In writing, including by e-mail, sent contemporaneously to all parties with a distinct notice to the provider that any response must be in writing, including by e-mail;

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(ii) In person, by telephone, or by videoconference, at a date and time mutually agreed to by all parties, with the department or its representatives given the opportunity to fully participate; or

(iii) Pursuant to a properly scheduled and noted deposition.

(c) Written authorization is not required if the department fails to identify or confirm the examining medical provider as a witness as required by the board.

(5) Upon motion by either party, the industrial appeals judge assigned to the case may determine whether a party has made itself reasonably available to participate in an in-person, telephone, or videoconference communication as provided in subsections (1)(c)(ii), (2)(b)(ii), (3)(c)(ii), and (4)(b)(ii) of this section. If the industrial appeals judge determines that a party has not made itself reasonably available, the judge may determine appropriate remedies including but not limited to setting a date and time for the contact being requested by a party, sanctioning the party who has not reasonably made itself available, or both.

(6) This section only applies to issues set forth in a notice of appeal under RCW 51.52.060(2).

(7) This section does not limit the reporting requirements under RCW 51.04.050 and 51.36.060 for issues not set forth in a notice of appeal.

(8) The department and board may adopt rules as necessary to implement the provisions of this section.

(9) A medical provider who discusses issues on appeal with the department or with any employer or worker or representative of any employer or worker in violation of this section shall not be held liable for such communication. [2009 c 391 § 1.]

**Application—2009 c 391:** "This act applies to orders entered on or after July 26, 2009." [2009 c 391 § 2.]

#### **51.52.070 Contents of notice—Transmittal of record.**

The notice of appeal to the board shall set forth in full detail the grounds upon which the person appealing considers such order, decision, or award is unjust or unlawful, and shall include every issue to be considered by the board, and it must contain a detailed statement of facts upon which such worker, beneficiary, employer, or other person relies in support thereof. The worker, beneficiary, employer, or other person shall be deemed to have waived all objections or irregularities concerning the matter on which such appeal is taken other than those specifically set forth in such notice of appeal or appearing in the records of the department. The department shall promptly transmit its original record, or a legible copy thereof produced by mechanical, photographic, or electronic means, in such matter to the board. [1977 ex.s. c 350 § 77; 1975 1st ex.s. c 224 § 18; 1975 1st ex.s. c 58 § 3; 1961 c 23 § 51.52.070. Prior: 1957 c 70 § 57; 1951 c 225 § 7; prior: 1949 c 219 § 6, part; 1943 c 280 § 1, part; 1931 c 90 § 1, part; 1929 c 132 § 6, part; 1927 c 310 § 8, part; 1911 c 74 § 20, part; Rem. Supp. 1949 § 7697, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.52.075 Appeal from order terminating provider's authority to provide services—Department petition for order immediately suspending provider's eligibility to participate.** When a provider files with the board an appeal

from an order terminating the provider's authority to provide services related to the treatment of industrially injured workers, the department may petition the board for an order immediately suspending the provider's eligibility to participate as a provider of services to industrially injured workers under this title pending the final disposition of the appeal by the board. The board shall grant the petition if it determines that there is good cause to believe that workers covered under this title may suffer serious physical or mental harm if the petition is not granted. The board shall expedite the hearing of the department's petition under this section. [2004 c 259 § 1.]

**51.52.080 Appeal to board denied, when.** If the notice of appeal raises no issue or issues of fact and the board finds that the department properly and lawfully decided all matters raised by such appeal it may, without further hearing, deny the same and confirm the department's decision or award, or if the department's record sustains the contention of the person appealing to the board, it may, without further hearing, allow the relief asked in such appeal; otherwise, it shall grant the appeal. [1971 ex.s. c 289 § 69; 1963 c 148 § 2; 1961 c 23 § 51.52.080. Prior: 1957 c 70 § 58; 1951 c 225 § 8; prior: 1949 c 219 § 6, part; 1943 c 280 § 1, part; 1931 c 90 § 1, part; 1929 c 132 § 6, part; 1927 c 310 § 8, part; 1911 c 74 § 20, part; Rem. Supp. 1949 § 7697, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.52.090 Appeal to board deemed granted, when.** If the appeal is not denied within thirty days after the notice is filed with the board, the appeal shall be deemed to have been granted: PROVIDED, That the board may extend the time within which it may act upon such appeal, not exceeding thirty days. [1971 ex.s. c 289 § 70; 1961 c 23 § 51.52.090. Prior: 1957 c 70 § 59; 1951 c 225 § 9; prior: 1949 c 219 § 6, part; 1943 c 280 § 1, part; 1931 c 90 § 1, part; 1929 c 132 § 6, part; 1927 c 310 § 8, part; 1911 c 74 § 20, part; Rem. Supp. 1949 § 7697, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.52.095 Conference for disposal of matters involved in appeal—Mediation of disputes.** (1) The board, upon request of the worker, beneficiary, or employer, or upon its own motion, may direct all parties interested in an appeal, together with their attorneys, if any, to appear before it, a member of the board, or an authorized industrial appeals judge, for a conference for the purpose of determining the feasibility of settlement, the simplification of issues of law and fact, the necessity of amendments to the notice of appeal or other pleadings, the possibility of obtaining admissions of fact and of documents which will avoid unnecessary proof, the limitation of the number of expert witnesses, and such other matters as may aid in the disposition of the appeal. Such conference may be held prior to the hearing, or it may be held during the hearing, at the discretion of the board member or industrial appeals judge conducting the same, in which case the hearing will be recessed for such conference. Following the conference, the board member or industrial appeals judge conducting the same, shall state on the record the results of such conference, and the parties present or their representatives shall state their concurrence on the record. Such agree-

ment as stated on the record shall control the subsequent course of the proceedings, unless modified at a subsequent hearing to prevent manifest injustice. If agreement concerning final disposition of the appeal is reached by the parties present at the conference, or by the employer and worker or beneficiary, the board may enter a final decision and order in accordance therewith, providing the board finds such agreement is in conformity with the law and the facts.

(2) In order to carry out subsection (1) of this section, the board shall develop expertise to mediate disputes informally. Where possible, industrial appeals judges with a demonstrated history of successfully resolving disputes or who have received training in dispute resolution techniques shall be appointed to perform mediation functions. No industrial appeals judge who mediates in a particular appeal may, without the consent of the parties, participate in writing the proposed decision and order in the appeal: PROVIDED, That this shall not prevent an industrial appeals judge from issuing a proposed decision and order responsive to a motion for summary disposition or similar motion. This section shall not operate to prevent the board from developing additional methods and procedures to encourage resolution of disputes by agreement or otherwise making efforts to reduce adjudication time. [1986 c 10 § 1; 1985 c 209 § 2; 1982 c 109 § 7; 1977 ex.s. c 350 § 78; 1963 c 148 § 3; 1963 c 6 § 1; 1961 c 23 § 51.52.095. Prior: 1951 c 225 § 10.]

**51.52.100 Proceedings before board—Contempt.** Hearings shall be held in the county of the residence of the worker or beneficiary, or in the county where the injury occurred, at a place designated by the board. Such hearing shall be de novo and summary, but no witness' testimony shall be received unless he or she shall first have been sworn to testify the truth, the whole truth and nothing but the truth in the matter being heard, or unless his or her testimony shall have been taken by deposition according to the statutes and rules relating to superior courts of this state. The department shall be entitled to appear in all proceedings before the board and introduce testimony in support of its order. The board shall cause all oral testimony to be stenographically reported and thereafter transcribed, and when transcribed, the same, with all depositions, shall be filed in, and remain a part of, the record on the appeal. Such hearings on appeal to the board may be conducted by one or more of its members, or a duly authorized industrial appeals judge, and depositions may be taken by a person duly commissioned for the purpose by the board.

Members of the board, its duly authorized industrial appeals judges, and all persons duly commissioned by it for the purpose of taking depositions, shall have power to administer oaths; to preserve and enforce order during such hearings; to issue subpoenas for, and to compel the attendance and testimony of, witnesses, or the production of books, papers, documents, and other evidence, or the taking of depositions before any designated individual competent to administer oaths, and it shall be their duty so to do to examine witnesses; and to do all things conformable to law which may be necessary to enable them, or any of them, effectively to discharge the duties of his or her office.

If any person in proceedings before the board disobeys or resists any lawful order or process, or misbehaves during a

hearing or so near the place thereof as to obstruct the same, or neglects to produce, after having been ordered so to do, any pertinent book, paper or document, or refuses to appear after having been subpoenaed, or upon appearing refuses to take oath as a witness, or after having the oath refuses to be examined according to law, the board or any member or duly authorized industrial appeals judge may certify the facts to the superior court having jurisdiction in the place in which said board or member or industrial appeals judge is sitting; the court shall thereupon, in a summary manner, hear the evidence as to the acts complained of, and, if the evidence so warrants, punish such person in the same manner and to the same extent as for a contempt committed before the court, or commit such person upon the same conditions as if the doing of the forbidden act had occurred with reference to the proceedings, or in the presence, of the court. [1982 c 109 § 8; 1977 ex.s. c 350 § 79; 1963 c 148 § 4; 1961 c 23 § 51.52.100. Prior: 1957 c 70 § 60; 1951 c 225 § 11; prior: 1949 c 219 § 6, part; 1943 c 280 § 1, part; 1931 c 90 § 1, part; 1929 c 132 § 6, part; 1927 c 310 § 8, part; 1911 c 74 § 20, part; Rem. Supp. 1949 § 7697, part.]

**51.52.102 Hearing the appeal—Dismissal—Evidence—Continuances.** At the time and place fixed for hearing each party shall present all his or her evidence with respect to the issues raised in the notice of appeal, and if any party fails so to do, the board may determine the issues upon such evidence as may be presented to it at said hearing, or if an appealing party who has the burden of going forward with the evidence fails to present any evidence, the board may dismiss the appeal: PROVIDED, That for good cause shown in the record to prevent hardship, the board may grant continuances upon application of any party, but such continuances, when granted, shall be to a time and place certain within the county where the initial hearing was held unless it shall appear that a continuance elsewhere is required in justice to interested parties: AND PROVIDED FURTHER, That the board may continue hearings on its own motion to secure in an impartial manner such evidence, in addition to that presented by the parties, as the board, in its opinion, deems necessary to decide the appeal fairly and equitably, but such additional evidence shall be received subject to any objection as to its admissibility, and, if admitted in evidence all parties shall be given full opportunity for cross-examination and to present rebuttal evidence. [2010 c 8 § 14013; 1963 c 148 § 5; 1961 c 23 § 51.52.102. Prior: 1951 c 225 § 12.]

**51.52.104 Industrial appeals judge—Recommended decision and order—Petition for review—Finality of order.** After all evidence has been presented at hearings conducted by an industrial appeals judge, who shall be an active or judicial member of the Washington state bar association, the industrial appeals judge shall enter a proposed or recommended decision and order which shall be in writing and shall contain findings and conclusions as to each contested issue of fact and law, as well as the order based thereon. The industrial appeals judge shall file the signed original of the proposed decision and order with the board, and copies thereof shall be mailed by the board to each party to the appeal and to each party's attorney or representative of record. Within

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twenty days, or such further time as the board may allow on written application of a party, filed within said twenty days from the date of communication of the proposed decision and order to the parties or their attorneys or representatives of record, any party may file with the board a written petition for review of the same. Filing of a petition for review is perfected by mailing or personally delivering the petition to the board's offices in Olympia. Such petition for review shall set forth in detail the grounds therefor and the party or parties filing the same shall be deemed to have waived all objections or irregularities not specifically set forth therein.

In the event no petition for review is filed as provided herein by any party, the proposed decision and order of the industrial appeals judge shall be adopted by the board and become the decision and order of the board, and no appeal may be taken therefrom to the courts. If an order adopting the proposed decision and order is not formally signed by the board on the day following the date the petition for review of the proposed decision and order is due, said proposed decision and order shall be deemed adopted by the board and become the decision and order of the board, and no appeal may be taken therefrom to the courts. [2003 c 224 § 2; 1985 c 314 § 1; 1982 c 109 § 5; 1971 ex.s. c 289 § 22; 1963 c 148 § 6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.52.106 Review of decision and order.** After the filing of a petition or petitions for review as provided for in RCW 51.52.104, the proposed decision and order of the industrial appeals judge, petition or petitions for review and, in its discretion, the record or any part thereof, may be considered by the board and on agreement of at least two of the regular members thereof, the board may, within twenty days after the receipt of such petition or petitions, decline to review the proposed decision and order and thereupon deny the petition or petitions. In such event all parties shall forthwith be notified in writing of said denial: PROVIDED, That if a petition for review is not denied within said twenty days it shall be deemed to have been granted. If the petition for review is granted, the proposed decision and order, the petition or petitions for review and the record or any part thereof deemed necessary shall be considered by a panel of at least two of the members of the board, on which not more than one industry and one labor member serve. The chair may be a member of any panel. The decision and order of any such panel shall be the decision and order of the board. Every final decision and order rendered by the board shall be in writing and shall contain findings and conclusions as to each contested issue of fact and law, as well as the board's order based thereon. The board shall, in all cases, render a final decision and order within one hundred and eighty days from the date a petition for review is filed. A copy of the decision and order, including the findings and conclusions, shall be mailed to each party to the appeal and to his or her attorney of record. [2010 c 8 § 14014; 1982 c 109 § 9; 1975 1st ex.s. c 58 § 4; 1971 ex.s. c 289 § 23; 1965 ex.s. c 165 § 4; 1963 c 148 § 7; 1961 c 23 § 51.52.106. Prior: 1951 c 225 § 13.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.52.110 Court appeal—Taking the appeal.** Within thirty days after a decision of the board to deny the petition or petitions for review upon such appeal has been communicated to such worker, beneficiary, employer or other person, or within thirty days after the final decision and order of the board upon such appeal has been communicated to such worker, beneficiary, employer or other person, or within thirty days after the appeal is denied as herein provided, such worker, beneficiary, employer or other person aggrieved by the decision and order of the board may appeal to the superior court. If such worker, beneficiary, employer, or other person fails to file with the superior court its appeal as provided in this section within said thirty days, the decision of the board to deny the petition or petitions for review or the final decision and order of the board shall become final.

In cases involving injured workers, an appeal to the superior court shall be to the superior court of the county of residence of the worker or beneficiary, as shown by the department's records, or to the superior court of the county wherein the injury occurred or where neither the county of residence nor the county wherein the injury occurred are in the state of Washington then the appeal may be directed to the superior court for Thurston county. In all other cases the appeal shall be to the superior court of Thurston county. Such appeal shall be perfected by filing with the clerk of the court a notice of appeal and by serving a copy thereof by mail, or personally, on the director and on the board. If the case is one involving a self-insurer, a copy of the notice of appeal shall also be served by mail, or personally, on such self-insurer. The department shall, in all cases not involving a self-insurer, within twenty days after the receipt of such notice of appeal, serve and file its notice of appearance and such appeal shall thereupon be deemed at issue. If the case is one involving a self-insurer, such self-insurer shall, within twenty days after receipt of such notice of appeal, serve and file its notice of appearance and such appeal shall thereupon be deemed to be at issue. In such cases the department may appear and take part in any proceedings. The board shall serve upon the appealing party, the director, the self-insurer if the case involves a self-insurer, and any other party appearing at the board's proceeding, and file with the clerk of the court before trial, a certified copy of the board's official record which shall include the notice of appeal and other pleadings, testimony and exhibits, and the board's decision and order, which shall become the record in such case. No bond shall be required on appeals to the superior court or on review by the supreme court or the court of appeals, except that an appeal by the employer from a decision and order of the board under \*RCW 51.48.070, shall be ineffectual unless, within five days following the service of notice thereof, a bond, with surety satisfactory to the court, shall be filed, conditioned to perform the judgment of the court. Except in the case last named an appeal shall not be a stay: PROVIDED, HOWEVER, That whenever the board has made any decision and order reversing an order of the supervisor of industrial insurance on questions of law or mandatory administrative actions of the director, the department shall have the right of appeal to the superior court. [1988 c 202 § 49; 1982 c 109 § 6; 1977 ex.s. c 350 § 80; 1973 c 40 § 1. Prior: 1972 ex.s. c 50 § 1; 1972 ex.s. c 43 § 36; 1971 ex.s. c 289 § 24; 1971 c 81 § 122; 1961 c 23 § 51.52.110; prior: 1957 c 70 § 61; 1951 c 225 §

14; prior: 1949 c 219 § 6, part; 1943 c 280 § 1, part; 1931 c 90 § 1, part; 1929 c 132 § 6, part; 1927 c 310 § 8, part; 1911 c 74 § 20, part; Rem. Supp. 1949 § 7697, part.]

**Rules of court:** *Cf. Title 8 RAP, RAP 18.22.*

\*Reviser's note: RCW 51.48.070 was repealed by 1996 c 60 § 2.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.52.112 Court appeal—Payment of taxes, penalties, and interest required.** All taxes, penalties, and interest shall be paid in full before any action may be instituted in any court to contest all or any part of such taxes, penalties, or interest unless the court determines that there would be an undue hardship to the employer. In the event an employer prevails in a court action, the employer shall be allowed interest on all taxes, penalties, and interest paid by the employer but determined by a final order of the court to not be due, from the date such taxes, penalties, and interest were paid. Interest shall be at the rate allowed by law as prejudgment interest. [1986 c 9 § 19.]

**51.52.113 Collection of tax or penalty may not be enjoined.** No restraining order or injunction may be granted or issued by any court to restrain or enjoin the collection of any tax or penalty or any part thereof, except upon the ground that the assessment thereof was in violation of the Constitution of the United States or that of the state. [1986 c 9 § 20.]

**51.52.115 Court appeal—Procedure at trial—Burden of proof.** Upon appeals to the superior court only such issues of law or fact may be raised as were properly included in the notice of appeal to the board, or in the complete record of the proceedings before the board. The hearing in the superior court shall be de novo, but the court shall not receive evidence or testimony other than, or in addition to, that offered before the board or included in the record filed by the board in the superior court as provided in RCW 51.52.110: PROVIDED, That in cases of alleged irregularities in procedure before the board, not shown in said record, testimony thereon may be taken in the superior court. The proceedings in every such appeal shall be informal and summary, but full opportunity to be heard shall be had before judgment is pronounced. In all court proceedings under or pursuant to this title the findings and decision of the board shall be prima facie correct and the burden of proof shall be upon the party attacking the same. If the court shall determine that the board has acted within its power and has correctly construed the law and found the facts, the decision of the board shall be confirmed; otherwise, it shall be reversed or modified. In case of a modification or reversal the superior court shall refer the same to the department with an order directing it to proceed in accordance with the findings of the court: PROVIDED, That any award shall be in accordance with the schedule of compensation set forth in this title. In appeals to the superior court hereunder, either party shall be entitled to a trial by jury upon demand, and the jury's verdict shall have the same force and effect as in actions at law. Where the court submits a case to the jury, the court shall by instruction advise the jury of the exact findings of the board on each material issue before the court. [1961 c 23 § 51.52.115. Prior: 1957 c 70 § 62; 1951 c 225 § 15; prior: (i) 1949 c 219 § 6, part; 1943 c 280 § 1, part;

1931 c 90 § 1, part; 1929 c 132 § 6, part; 1927 c 310 § 8, part; 1911 c 74 § 20, part; Rem. Supp. 1949 § 7697, part. (ii) 1949 c 219 § 6; 1939 c 184 § 1; Rem. Supp. 1949 § 7697-2.]

**51.52.120 Attorney's fee before department or board—Unlawful attorney's fees.** (1) It shall be unlawful for an attorney engaged in the representation of any worker or beneficiary to charge for services in the department any fee in excess of a reasonable fee, of not more than thirty percent of the increase in the award secured by the attorney's services. Such reasonable fee shall be fixed by the director or the director's designee for services performed by an attorney for such worker or beneficiary, if written application therefor is made by the attorney, worker, or beneficiary within one year from the date the final decision and order of the department is communicated to the party making the application.

(2) If, on appeal to the board, the order, decision, or award of the department is reversed or modified and additional relief is granted to a worker or beneficiary, or in cases where a party other than the worker or beneficiary is the appealing party and the worker's or beneficiary's right to relief is sustained by the board, the board shall fix a reasonable fee for the services of his or her attorney in proceedings before the board if written application therefor is made by the attorney, worker, or beneficiary within one year from the date the final decision and order of the board is communicated to the party making the application. In fixing the amount of such attorney's fee, the board shall take into consideration the fee allowed, if any, by the director, for services before the department, and the board may review the fee fixed by the director. Any attorney's fee set by the department or the board may be reviewed by the superior court upon application of such attorney, worker, or beneficiary. The department or self-insured employer, as the case may be, shall be served a copy of the application and shall be entitled to appear and take part in the proceedings. Where the board, pursuant to this section, fixes the attorney's fee, it shall be unlawful for an attorney to charge or receive any fee for services before the board in excess of that fee fixed by the board.

(3) In an appeal to the board involving the presumption established under RCW 51.32.185, the attorney's fee shall be payable as set forth under RCW 51.32.185.

(4) Any person who violates this section is guilty of a misdemeanor. [2007 c 490 § 3; 2003 c 53 § 285; 1990 c 15 § 1; 1982 c 63 § 22; 1977 ex.s. c 350 § 81; 1965 ex.s. c 63 § 1; 1961 c 23 § 51.52.120. Prior: 1951 c 225 § 16; prior: 1947 c 246 § 3; Rem. Supp. 1947 § 7679-3.]

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.52.130 Attorney and witness fees in court appeal.**

(1) If, on appeal to the superior or appellate court from the decision and order of the board, said decision and order is reversed or modified and additional relief is granted to a worker or beneficiary, or in cases where a party other than the worker or beneficiary is the appealing party and the worker's or beneficiary's right to relief is sustained, a reasonable fee for the services of the worker's or beneficiary's attorney shall be fixed by the court. In fixing the fee the court shall take into consideration the fee or fees, if any, fixed by the director

and the board for such attorney's services before the department and the board. If the court finds that the fee fixed by the director or by the board is inadequate for services performed before the department or board, or if the director or the board has fixed no fee for such services, then the court shall fix a fee for the attorney's services before the department, or the board, as the case may be, in addition to the fee fixed for the services in the court. If in a worker or beneficiary appeal the decision and order of the board is reversed or modified and if the accident fund or medical aid fund is affected by the litigation, or if in an appeal by the department or employer the worker or beneficiary's right to relief is sustained, or in an appeal by a worker involving a state fund employer with twenty-five employees or less, in which the department does not appear and defend, and the board order in favor of the employer is sustained, the attorney's fee fixed by the court, for services before the court only, and the fees of medical and other witnesses and the costs shall be payable out of the administrative fund of the department. In the case of self-insured employers, the attorney fees fixed by the court, for services before the court only, and the fees of medical and other witnesses and the costs shall be payable directly by the self-insured employer.

(2) In an appeal to the superior or appellate court involving the presumption established under RCW 51.32.185, the attorney's fee shall be payable as set forth under RCW 51.32.185. [2007 c 490 § 4; 1993 c 122 § 1; 1982 c 63 § 23; 1977 ex.s. c 350 § 82; 1961 c 23 § 51.52.130. Prior: 1957 c 70 § 63; 1951 c 225 § 17; prior: 1949 c 219 § 6, part; 1943 c 280 § 1, part; 1931 c 90 § 1, part; 1929 c 132 § 6, part; 1927 c 310 § 8, part; 1911 c 74 § 20, part; Rem. Supp. 1949 § 7697, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.52.132 Unlawful attorney's fees.** Where the department, the board or the court, pursuant to RCW 51.52.120 or 51.52.130 fixes the attorney's fee, it shall be unlawful for an attorney to charge or receive any fee in excess of that fixed by the department, board or the court. Any person who violates any provision of this section shall be guilty of a misdemeanor. [1965 ex.s. c 63 § 2; 1961 c 23 § 51.52.132. Prior: 1951 c 225 § 18.]

**51.52.135 Worker or beneficiary entitled to interest on award—Rate.** (1) When a worker or beneficiary prevails in an appeal by the employer to the board or in an appeal by the employer to the court from the decision and order of the board, the worker or beneficiary shall be entitled to interest at the rate of twelve percent per annum on the unpaid amount of the award after deducting the amount of attorney fees.

(2) When a worker or beneficiary prevails in an appeal by the worker or beneficiary to the board or the court regarding a claim for temporary total disability, the worker or beneficiary shall be entitled to interest at the rate of twelve percent per annum on the unpaid amount of the award after deducting the amount of attorney fees.

(3) The interest provided for in subsections (1) and (2) of this section shall accrue from the date of the department's order granting the award or denying payment of the award. The interest shall be paid by the party having the obligation to

pay the award. The amount of interest to be paid shall be fixed by the board or court, as the case may be. [1983 c 301 § 1.]

**51.52.140 Rules of practice—Duties of attorney general—Supreme court appeal.** Except as otherwise provided in this chapter, the practice in civil cases shall apply to appeals prescribed in this chapter. Appeal shall lie from the judgment of the superior court as in other civil cases. The attorney general shall be the legal advisor of the department and the board. [1961 c 23 § 51.52.140. Prior: 1957 c 70 § 64; 1951 c 225 § 19; prior: 1949 c 219 § 6, part; 1943 c 280 § 1, part; 1931 c 90 § 1, part; 1929 c 132 § 6, part; 1927 c 310 § 8, part; 1911 c 74 § 20, part; Rem. Supp. 1949 § 7697, part.]

**Rules of court:** *Method of appellate review superseded by RAP 2.1, 2.2.*

**51.52.150 Costs on appeals.** All expenses and costs incurred by the department for board and court appeals, including fees for medical and other witnesses, court reporter costs and attorney's fees, and all costs taxed against the department, shall be paid one-half out of the medical aid fund and one-half out of the accident fund. [1961 c 23 § 51.52.150. Prior: 1951 c 225 § 20; prior: 1931 c 116 § 1; RRS § 7697-1.]

**51.52.160 Publication and indexing of significant decisions.** The board shall publish and index its significant decisions and make them available to the public at reasonable cost. [1985 c 209 § 1.]

**51.52.200 Exception—Employers as parties to actions relating to compensation or assistance for victims of crimes.** This chapter shall not apply to matters concerning employers as parties to any settlement, appeal, or other action in accordance with chapter 7.68 RCW. [1997 c 102 § 2.]

**51.52.800 Workers' compensation study.** (1) The department shall study appeals of workers' compensation cases and collect information on the impacts of chapter 280, Laws of 2008 on state fund and self-insured workers and employers. The study shall consider the types of benefits that may be paid pending an appeal, and shall include, but not be limited to:

- (a) The frequency and outcomes of appeals;
- (b) The duration of appeals and any procedural or process changes made by the board to implement chapter 280, Laws of 2008 and expedite the process;
- (c) The number of and amount of overpayments resulting from decisions of the board or court; and
- (d) The processes used and efforts made to recoup overpayments and the results of those efforts.

(2) State fund and self-insured employers shall provide the information requested by the department to conduct the study.

(3) The department shall report to the workers' compensation advisory committee by July 1, 2009, on the preliminary results of the study. By December 1, 2009, and annually thereafter, with the final report due by December 1, 2011, the department shall report to the workers' compensation advisory committee and the appropriate committees of the legis-

lature on the results of the study. The workers' compensation advisory committee shall provide its recommendations for addressing overpayments resulting from chapter 280, Laws of 2008, including the need for and ability to fund a permanent method to reimburse employer and state fund overpayment costs. [2008 c 280 § 5.]

**Application—2008 c 280:** See note following RCW 51.52.050.

## Chapter 51.98 RCW CONSTRUCTION

### Sections

51.98.010	Continuation of existing law.
51.98.020	Title, chapter, section headings not part of law.
51.98.030	Invalidity of part of title not to affect remainder.
51.98.040	Repeals and saving.
51.98.050	Emergency—1961 c 23.
51.98.060	Effective dates—1971 ex.s. c 289.
51.98.070	Severability—1971 ex.s. c 289.
51.98.080	Severability—1972 ex.s. c 43.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**51.98.010 Continuation of existing law.** The provisions of this title insofar as they are substantially the same as statutory provisions repealed by this chapter, and relating to the same subject matter, shall be construed as restatements and continuations, and not as new enactments. [1961 c 23 § 51.98.010.]

**51.98.020 Title, chapter, section headings not part of law.** Title headings, chapter headings, and section or subsection headings, as used in this title do not constitute any part of the law. [1961 c 23 § 51.98.020.]

**51.98.030 Invalidity of part of title not to affect remainder.** If any provision of this title, or its application to any person or circumstance is held invalid, the remainder of the title, or the application of the provision to other persons or circumstances is not affected: PROVIDED, That nothing in this section shall affect or invalidate any of the provisions of RCW 51.04.090. [1961 c 23 § 51.98.030.]

**51.98.040 Repeals and saving.** See 1961 c 23 § 51.98.040.

**51.98.050 Emergency—1961 c 23.** This act is necessary for the immediate preservation of the public peace, health and safety, the support of the state government and its existing public institutions, and shall take effect immediately. [1961 c 23 § 51.98.050.]

**51.98.060 Effective dates—1971 ex.s. c 289.** The provisions of this 1971 amendatory act are necessary for the immediate preservation of the public peace, health and safety, the support of the state government and its existing public institutions, and shall take effect on July 1, 1971: PROVIDED, That RCW 51.08.070 as amended by section 1 of this 1971 amendatory act, RCW 51.12.010 as amended in section 2 of this 1971 amendatory act, RCW 51.12.020 as amended in section 3 of this 1971 amendatory act and RCW 51.16.110 as amended in section 4 of this 1971 amendatory

act shall take effect and become operative without any further action of the legislature on January 1, 1972. [1971 ex.s. c 289 § 90.]

**51.98.070 Severability—1971 ex.s. c 289.** If any provision of this 1971 amendatory act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected: PROVIDED, That nothing in this section shall affect or invalidate any of the provisions of RCW 51.04.090. [1971 ex.s. c 289 § 91.]

**51.98.080 Severability—1972 ex.s. c 43.** If any provision of this 1972 amendatory act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provisions to other persons or circumstances is not affected. [1972 ex.s. c 43 § 38.]



# Title 52

## FIRE PROTECTION DISTRICTS

### Chapters

- 52.02 Formation.**
- 52.04 Annexation.**
- 52.06 Merger.**
- 52.08 Withdrawal.**
- 52.10 Dissolution.**
- 52.12 Powers—Burning permits.**
- 52.14 Commissioners.**
- 52.16 Finances.**
- 52.18 Benefit charges.**
- 52.20 Local improvement districts.**
- 52.22 Special proceedings.**
- 52.26 Regional fire protection service authorities.**
- 52.30 Miscellaneous provisions.**
- 52.33 Fire departments—Performance measures.**

*Annexation of district territory to cities and towns: Chapter 35.13 RCW.*

*Conveyance of real property by public bodies—Recording: RCW 65.08.095.*

*Credit card use by local governments: RCW 43.09.2855.*

*Fire department vehicles; lighting, plates: RCW 46.37.184 through 46.37.188.*

*Firefighting equipment, standardization: Chapter 70.75 RCW.*

*Firefighters' relief and pensions: Chapters 41.16, 41.18, and 41.24 RCW.*

*Forest protection: Chapter 76.04 RCW.*

*Hospitalization and medical aid for public employees and dependents—Premiums, governmental contributions authorized: RCW 41.04.180, 41.04.190.*

*Local governmental organizations, actions affecting boundaries, etc., review by boundary review board: Chapter 36.93 RCW.*

*Metropolitan municipal corporations: Chapter 35.58 RCW.*

*Municipal corporation may authorize investment of funds which are in custody of county treasurer or other municipal corporation treasurer: RCW 36.29.020.*

*Public bodies may retain collection agencies to collect public debts—Fees: RCW 19.16.500.*

*Retirement—Law enforcement officers' and firefighters' retirement system: Chapter 41.26 RCW.*

*State fire protection: Chapter 43.44 RCW.*

*Trade centers—Annual service fee—Distribution to fire districts: RCW 53.29.030.*

### Chapter 52.02 RCW FORMATION

#### Sections

- 52.02.001 Actions subject to review by boundary review board.
- 52.02.020 Districts authorized—Health clinic services.
- 52.02.030 Petition—Certification.
- 52.02.035 Petition—Notice of sufficiency.
- 52.02.040 Petition—Public hearing.
- 52.02.050 Public hearing—Notice—Publication and posting.
- 52.02.060 Hearing—Inclusion and exclusion of land.
- 52.02.070 Action on petition—Resolution—Election—District name when located in more than one county.
- 52.02.080 Election.
- 52.02.110 Declaration of election results—Resolution.
- 52.02.140 Appeal.
- 52.02.150 Organization conclusive.

**52.02.001 Actions subject to review by boundary review board.** Actions taken under chapter 52.02 RCW may be subject to potential review by a boundary review board under chapter 36.93 RCW. [1989 c 84 § 41.]

**52.02.020 Districts authorized—Health clinic services.** (1) Fire protection districts for the provision of fire prevention services, fire suppression services, emergency medical services, and for the protection of life and property are authorized to be established as provided in this title.

(2) In addition to other services authorized under this section, fire protection districts that share a common border with Canada and are surrounded on three sides by water or are bounded on the north by Bremerton, on the west by Mason county, on the south by Pierce county, and on the east by the Puget Sound, may also establish or participate in the provision of health clinic services. [2010 c 136 § 1; 2005 c 281 § 1; 2003 c 309 § 1; 1991 c 360 § 10; 1984 c 230 § 1; 1979 ex.s. c 179 § 5; 1959 c 237 § 1; 1947 c 254 § 1; 1945 c 162 § 1; 1943 c 121 § 1; 1941 c 70 § 1; 1939 c 34 § 1; Rem. Supp. 5654-101. Formerly RCW 52.04.020.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**52.02.030 Petition—Certification.** (1) For the purpose of the formation of a fire protection district, a petition designating the boundaries of the proposed district, by metes and bounds, or by describing the lands to be included in the proposed district by United States townships, ranges and legal subdivisions, signed by not less than ten percent of the registered voters who reside within the boundaries of the proposed district who voted in the last general municipal election, and setting forth the object for the creation of the proposed district and alleging that the establishment of the proposed district will be conducive to the public safety, welfare, and convenience, and will be a benefit to the property included in the proposed district, shall be filed with the county auditor of the county in which all, or the largest portion of, the proposed district is located, accompanied by an obligation signed by two or more petitioners, agreeing to pay the cost of the publication of the notice required by this title. The organization of any fire protection district previously formed is hereby approved and confirmed as a legally organized fire protection district in the state of Washington.

(2) The county auditor shall, within thirty days from the date of filing the petition, examine the signatures and certify to the sufficiency or insufficiency of the signatures. If the proposed fire protection district is located in more than one county, the auditor of the county in which the largest portion of the proposed fire protection district is located shall be the lead auditor and shall transmit a copy of the petition to the auditor or auditors of the other county or counties within which the proposed fire protection district is located. Each of these other auditors shall certify to the lead auditor both the

total number of registered voters residing in that portion of the proposed fire protection district that is located in the county and the number of valid signatures of such voters who have signed the petition. The lead auditor shall certify the sufficiency or insufficiency of the signatures. The books and records of the auditor shall be prima facie evidence of the truth of the certificate. No person having signed the petition is allowed to withdraw his or her name after the filing of the petition with the county auditor.

(3) If the petition is found to contain a sufficient number of signatures of registered voters residing within the proposed district, the county auditor shall transmit the petition, together with the auditor's certificate of sufficiency, to the county legislative authority or authorities of the county or counties in which the proposed fire protection district is located. [1990 c 259 § 12; 1989 c 63 § 1; 1984 c 230 § 2; 1963 ex.s. c 13 § 1; 1947 c 254 § 2; 1939 c 34 § 2; Rem. Supp. 1947 § 5654-102. Prior: 1933 c 60 § 2. Formerly RCW 52.04.030.]

**52.02.035 Petition—Notice of sufficiency.** The county auditor who certifies the sufficiency of the petition shall notify the person or persons who submitted the petition of its sufficiency or insufficiency within five days of when the determination of sufficiency or insufficiency is made. Notice shall be by certified mail and additionally may be made by telephone. If a boundary review board exists in the county or counties in which the proposed fire protection district is located and the petition has been certified as being sufficient, the petitioners shall file notice of the proposed incorporation with the boundary review board or boards. [1989 c 63 § 2.]

**52.02.040 Petition—Public hearing.** (1) A public hearing on the petition shall be held by the county legislative authority of the county in which the proposed fire protection district is located if: (a) No boundary review board exists in the county; (b) jurisdiction by the boundary review board over the proposal has not been invoked; or (c) the boundary review board fails to take action on the proposal over which its jurisdiction has been invoked within the time period that the board must act or a proposal is deemed to have been approved. If such a public hearing is held by the county legislative authority, the hearing shall be held not less than twenty nor more than forty days from the date of receipt of the petition with the certificate of sufficiency from the county auditor if there is no boundary review board in the county, or not more than one hundred days from when the notice of the proposal was submitted to the boundary review board if the jurisdiction of the boundary review board was not invoked, or not less than forty days after the date that the boundary review board that has had its jurisdiction invoked over the proposal must act if the proposal is deemed to have been approved. The hearing by the county legislative authority may be completed at the scheduled time or may be adjourned from time to time as may be necessary for a determination of the petition, but such adjournment or adjournments shall not extend the time for considering the petition more than twenty days from the date of the initial hearing on the petition.

(2) If the proposed fire protection district is located in more than one county, a public hearing shall be held in each

of the counties by the county legislative authority or boundary review board. Joint public hearings may be held by two or more county legislative authorities, or two or more boundary review boards, on the proposal. [1989 c 63 § 3; 1984 c 230 § 3; 1939 c 34 § 3; RRS § 5654-103. Prior: 1933 c 60 § 2. Formerly RCW 52.04.040.]

**52.02.050 Public hearing—Notice—Publication and posting.** Notice of the public hearing by the county legislative authority on such a proposal shall be published for three consecutive weeks in the official paper of the county prior to the date set for the hearing and shall be posted for not less than fifteen days prior to the date of the hearing in each of three public places within the boundaries of the proposed district. The notices shall contain the time, date, and place of the public hearing. [1989 c 63 § 4; 1984 c 230 § 4; 1939 c 34 § 4; RRS § 5654-104. Prior: 1933 c 60 § 2. Formerly RCW 52.04.050.]

**52.02.060 Hearing—Inclusion and exclusion of land.** At the time and place of the hearing on the petition or at any adjournment thereof, the county legislative authority shall consider the petition and shall receive evidence as it deems material in favor of or opposed to the formation of the district or to the inclusion or exclusion of any lands. No lands outside of the boundaries of the proposed district as described in the petition may be included within the district without a written petition describing the land, executed by all persons having an interest of record in the lands, and filed with the proceedings on the petition. No land within the boundaries described in the petition, except that land which the county legislative authority finds will receive no benefits from the proposed district, may be excluded from the district. [1984 c 230 § 5; 1947 c 254 § 3; 1939 c 34 § 5; Rem. Supp. 1947 § 5654-105. Prior: 1933 c 60 § 3. Formerly RCW 52.04.060.]

**52.02.070 Action on petition—Resolution—Election—District name when located in more than one county.** The county legislative authority has the authority to consider the petition and, if it finds that the lands or any portion of the lands described in the petition, and any lands added thereto by petition of those interested, will be benefited and that the formation of the district will be conducive to the public safety, welfare, and convenience, it shall make a finding by resolution; otherwise it shall deny the petition. The county legislative authority shall consider only those areas located within the county when considering the petition. If the county legislative authority approves the petition, it shall designate the name and number of the district, fix the boundaries of the district that are located within the county, and direct that an election be held within the proposed district for the purpose of determining whether the district shall be organized under this title and for the purpose of the election of its first fire commissioners.

Where a proposed fire protection district is located in more than a single county, the fire protection district shall be identified by the name of each county in which the proposed fire protection district is located, listed alphabetically, followed by a number that is the next highest number available for a fire protection district in the one of these counties that

has the greatest number of fire protection districts. An election on a proposed fire protection district that is located in more than one county shall not be held unless the proposed district has been approved by the county legislative authorities, or boundary review boards, of each county within which the proposed district is located. [1989 c 63 § 5; 1984 c 230 § 6; 1939 c 34 § 6; RRS § 5654-106. Prior: 1933 c 60 § 3. Formerly RCW 52.04.070.]

**52.02.080 Election.** The election on the formation of the district and to elect the initial fire commissioners shall be conducted by the election officials of the county or counties in which the proposed district is located in accordance with the general election laws of the state. This election shall be held at the next general election date according to RCW 29A.04.321 and 29A.04.330, that occurs after the date of the action by the boundary review board, or county legislative authority or authorities, approving the proposal. [2006 c 344 § 32; 1989 c 63 § 6; 1984 c 230 § 7; 1939 c 34 § 7; RRS § 5654-107. Formerly RCW 52.04.080.]

**Effective date—2006 c 344 §§ 1-16 and 18-40:** See note following RCW 29A.04.311.

*Elections: Title 29A RCW.*

**52.02.110 Declaration of election results—Resolution.** If three-fifths of all the votes cast at the election were cast in favor of the ballot proposition to create the proposed fire protection district, the county legislative authority of the county in which all, or the largest portion of, the proposed district is located shall by resolution declare the territory organized as a fire protection district under the name designated and shall declare the candidate for each fire commissioner position who receives the highest number of votes for that position to be an initial fire commissioner of the district. [1989 c 63 § 7; 1984 c 230 § 10; 1941 c 70 § 2; 1939 c 34 § 10; Rem. Supp. 1941 § 5654-110. Formerly RCW 52.04.110.]

**52.02.140 Appeal.** Any person or entity having a substantial interest and feeling aggrieved by any finding, determination, or resolution of the county legislative authority in the proceedings for the organization of a fire protection district under this title, may appeal within five days after the action of the county legislative authority to the superior court of the county, in the same manner as provided by law for appeals from the orders and determinations of the county legislative authority. [1984 c 230 § 13; 1939 c 34 § 13; RRS § 5654-113. Formerly RCW 52.04.140.]

*Appeal from board's action: RCW 36.32.330.*

**52.02.150 Organization conclusive.** After the expiration of five days from the approval of the resolution of the county legislative authority declaring the district to be organized, and the filing of the certified copies of the resolution of the county legislative authority with the county auditor and the county assessor, the creation of the district is complete and its legal existence cannot thereafter be questioned by any person by reason of a defect in the proceedings for the organization of the district. [1984 c 230 § 14; 1939 c 34 § 14; RRS § 5654-114. Formerly RCW 52.04.150.]

(2010 Ed.)

## Chapter 52.04 RCW

### ANNEXATION

#### Sections

52.04.001	Actions subject to review by boundary review board.
52.04.011	Annexation of territory by election method—Procedure—Indebtedness—Election dispensed with, when.
52.04.021	Annexation by petition method—Alternative to election method.
52.04.031	Annexation by petition method—Petition—Signers—Content.
52.04.041	Annexation by petition method—Hearing—Notice.
52.04.051	Annexation by petition method—Resolution providing for annexation.
52.04.056	Withdrawal or reannexation of areas.
52.04.061	Annexation of adjacent city or town—City or town in two counties—Procedure.
52.04.071	Annexation of adjacent city, partial city, or town—Election.
52.04.081	Annexation of adjacent city, partial city, or town—Annual tax levies—Limitations.
52.04.091	Additional territory annexed by city to be part of district.
52.04.101	Withdrawal by annexed city, partial city, or town—Election.
52.04.111	Annexation of city, code city, partial city, or town—Transfer of employees.
52.04.121	Annexation of city, partial city, or town—Transfer of employees—Rights and benefits.
52.04.131	Annexation of city, code city, partial city, or town—Transfer of employees—Notice—Time limitation.
52.04.141	Annexation of contiguous territory not in same county.
52.04.151	Annexation of territory not in same county—District name.
52.04.161	Newly incorporated city or town deemed annexed by district—Withdrawal.
52.04.171	Annexation of property subject to excess levy—Repayment of voter-approved indebtedness.

*Merger of part of district with adjacent district: RCW 52.06.090.*

**52.04.001 Actions subject to review by boundary review board.** Actions taken under chapter 52.04 RCW may be subject to potential review by a boundary review board under chapter 36.93 RCW. [1989 c 84 § 42.]

**52.04.011 Annexation of territory by election method—Procedure—Indebtedness—Election dispensed with, when.** (1) A territory adjacent to a fire protection district and not within the boundaries of a city, town, or other fire protection district may be annexed to the fire protection district by petition of fifteen percent of the qualified registered electors residing within the territory proposed to be annexed. Such territory may be located in a county or counties other than the county or counties within which the fire protection district is located. The petition shall be filed with the fire commissioners of the fire protection district and if the fire commissioners concur in the petition they shall file the petition with the county auditor of the county within which the territory is located. If this territory is located in more than one county, the original petition shall be filed with the auditor of the county within which the largest portion of the territory is located, who shall be designated as the lead auditor, and a copy shall be filed with the auditor of each other county within which such territory is located. Within thirty days after the date of the filing of the petition the auditor shall examine the signatures on the petition and certify to the sufficiency or insufficiency of the signatures. If this territory is located in more than one county, the auditor of each other county who receives a copy of the petition shall examine the signatures and certify to the lead auditor the number of valid signatures and the number of registered voters residing in that portion of the territory that is located within the county. The lead auditor shall certify the sufficiency or insufficiency of the signatures.

After the county auditor has certified the sufficiency of the petition, the county legislative authority or authorities, or the boundary review board or boards, of the county or counties in which such territory is located shall consider the proposal under the same basis that a proposed incorporation of a fire protection district is considered, with the same authority to act on the proposal as in a proposed incorporation, as provided under chapter 52.02 RCW. If the proposed annexation is approved by the county legislative authority or boundary review board, the board of fire commissioners shall adopt a resolution requesting the county auditor to call a special election, as specified under \*RCW 29.13.020, at which the ballot proposition is to be submitted. No annexation shall occur when the territory proposed to be annexed is located in more than one county unless the county legislative authority or boundary review board of each county approves the proposed annexation.

(2) The county legislative authority or authorities of the county or counties within which such territory is located have the authority and duty to determine on an equitable basis, the amount of any obligation which the territory to be annexed to the district shall assume to place the property owners of the existing district on a fair and equitable relationship with the property owners of the territory to be annexed as a result of the benefits of annexing to a district previously supported by the property owners of the existing district. If a boundary review board has had its jurisdiction invoked on the proposal and approves the proposal, the county legislative authority of the county within which such territory is located may exercise the authority granted in this subsection and require such an assumption of indebtedness. This obligation may be paid to the district in yearly benefit charge installments to be fixed by the county legislative authority. This benefit charge shall be collected with the annual tax levies against the property in the annexed territory until fully paid. The amount of the obligation and the plan of payment established by the county legislative authority shall be described in general terms in the notice of election for annexation and shall be described in the ballot proposition on the proposed annexation that is presented to the voters for their approval or rejection. Such benefit charge shall be limited to an amount not to exceed a total of fifty cents per thousand dollars of assessed valuation: PROVIDED, HOWEVER, That the special election on the proposed annexation shall be held only within the boundaries of the territory proposed to be annexed to the fire protection district.

(3) On the entry of the order of the county legislative authority incorporating the territory into the existing fire protection district, the territory shall become subject to the indebtedness, bonded or otherwise, of the existing district. If the petition is signed by sixty percent of the qualified registered electors residing within the territory proposed to be annexed, and if the board of fire commissioners concur, an election in the territory and a hearing on the petition shall be dispensed with and the county legislative authority shall enter its order incorporating the territory into the existing fire protection district. [1999 c 105 § 1; 1989 c 63 § 8; 1984 c 230 § 22; 1973 1st ex.s. c 195 § 49; 1965 ex.s. c 18 § 1; 1959 c 237 § 3; 1947 c 254 § 5; 1945 c 162 § 2; 1941 c 70 § 3; Rem. Supp. 1947 § 5654-116a. Formerly RCW 52.08.060.]

\*Reviser's note: RCW 29.13.020 was recodified as RCW 29A.04.330 pursuant to 2003 c 111 § 2401, effective July 1, 2004.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**52.04.021 Annexation by petition method—Alternative to election method.** The method of annexation provided for in RCW 52.04.031, 52.04.041, and 52.04.051 shall be an alternate method to that specified in RCW 52.04.011. [1984 c 230 § 23; 1965 c 59 § 1. Formerly RCW 52.08.065.]

**52.04.031 Annexation by petition method—Petition—Signers—Content.** A petition for annexation of an area adjacent to a fire district shall be in writing, addressed to and filed with the board of fire commissioners of the district to which annexation is desired. Such territory may be located in a county or counties other than the county or counties within which the fire protection district is located. It must be signed by the owners, according to the records of the county auditor or auditors, of not less than sixty percent of the area of land included in the annexation petition, shall set forth a legal description of the property and shall be accompanied by a plat which outlines the boundaries of the property to be annexed. The petition shall state the financial obligation, if any, to be assumed by the area to be annexed. [1999 c 105 § 2; 1989 c 63 § 9; 1984 c 230 § 24; 1965 c 59 § 2. Formerly RCW 52.08.066.]

**52.04.041 Annexation by petition method—Hearing—Notice.** If the petition for annexation filed with the board of commissioners complies with the requirements of law, the board may accept the petition, fix a date for public hearing, and publish notice of the hearing in a newspaper of general circulation in the area proposed to be annexed and also post the notice in three public places within the area proposed for annexation. The notice shall specify the time and place of the hearing and invite interested persons to attend. The expense of publication of the notice shall be paid by the district. [1984 c 230 § 25; 1965 c 59 § 3. Formerly RCW 52.08.067.]

**52.04.051 Annexation by petition method—Resolution providing for annexation.** After the hearing, the board of fire commissioners shall determine by resolution whether the area shall be annexed. It may annex all or any portion of the proposed area but may not include in the annexation property not described in the petition. The proposed annexation shall be subject to action by the county legislative authority, as provided under RCW 52.04.011, to the same extent as if the annexation were done under the election method of annexation. If the area proposed to be annexed under this procedure is reduced, the annexation shall occur only if the owners of not less than sixty percent of the remaining area have signed the petition. After adoption of the resolution a copy shall be filed with the county legislative authority or authorities within which the territory is located. [1989 c 63 § 10; 1984 c 230 § 26; 1965 c 59 § 4. Formerly RCW 52.08.068.]

**52.04.056 Withdrawal or reannexation of areas.** (1) As provided in this section, a fire protection district may withdraw areas from its boundaries, or reannex areas into the

fire protection district that previously had been withdrawn from the fire protection district under this section.

(2) The withdrawal of an area shall be authorized upon: (a) Adoption of a resolution by the board of fire commissioners requesting the withdrawal and finding that, in the opinion of the board, inclusion of this area within the fire protection district will result in a reduction of the district's tax levy rate under the provisions of RCW 84.52.010; and (b) adoption of a resolution by the city or town council approving the withdrawal, if the area is located within the city or town, or adoption of a resolution by the county legislative authority or authorities of the county or counties within which the area is located approving the withdrawal, if the area is located outside of a city or town. A withdrawal shall be effective at the end of the day on the thirty-first day of December in the year in which the resolutions are adopted, but for purposes of establishing boundaries for property tax purposes, the boundaries shall be established immediately upon the adoption of the second resolution.

The authority of an area to be withdrawn from a fire protection district as provided under this section is in addition, and not subject, to the provisions of RCW 52.04.101.

The withdrawal of an area from the boundaries of a fire protection district shall not exempt any property therein from taxation for the purpose of paying the costs of redeeming any indebtedness of the fire protection district existing at the time of the withdrawal.

(3) An area that has been withdrawn from the boundaries of a fire protection district under this section may be reannexed into the fire protection district upon: (a) Adoption of a resolution by the board of fire commissioners proposing the reannexation; and (b) adoption of a resolution by the city or town council approving the reannexation, if the area is located within the city or town, or adoption of a resolution by the county legislative authority or authorities of the county or counties within which the area is located approving the reannexation, if the area is located outside of a city or town. The reannexation shall be effective at the end of the day on the thirty-first day of December in the year in which the adoption of the second resolution occurs, but for purposes of establishing boundaries for property tax purposes, the boundaries shall be established immediately upon the adoption of the second resolution. Referendum action on the proposed reannexation may be taken by the voters of the area proposed to be reannexed if a petition calling for a referendum is filed with the city or town council, or county legislative authority or authorities, within a thirty-day period after the adoption of the second resolution, which petition has been signed by registered voters of the area proposed to be reannexed equal in number to ten percent of the total number of the registered voters residing in that area.

If a valid petition signed by the requisite number of registered voters has been so filed, the effect of the resolutions shall be held in abeyance and a ballot proposition to authorize the reannexation shall be submitted to the voters of the area at the next special election date according to RCW 29A.04.330. Approval of the ballot proposition authorizing the reannexation by a simple majority vote shall authorize the reannexation. [2006 c 344 § 33; 1989 c 63 § 11; 1987 c 138 § 3.]

**Effective date—2006 c 344 §§ 1-16 and 18-40:** See note following RCW 29A.04.311.

**52.04.061 Annexation of adjacent city or town—City or town in two counties—Procedure.** (1) A city or town lying adjacent to a fire protection district may be annexed to such district if at the time of the initiation of annexation the population of the city or town is 300,000 or less. The legislative authority of the city or town may initiate annexation by the adoption of an ordinance stating an intent to join the fire protection district and finding that the public interest will be served thereby. If the board of fire commissioners of the fire protection district shall concur in the annexation, notification thereof shall be transmitted to the legislative authority or authorities of the counties in which the city or town and the district are situated.

(2) When a city or town is located in two counties, and at least eighty percent of the population resides in one county, all of that portion of the city lying in that county and encompassing eighty percent of the population may be annexed to a fire protection district if at the time of the initiation of annexation the proposed area lies adjacent to a fire protection district, and the population of the proposed area is greater than five thousand but less than ten thousand. The legislative authority of the city or town may initiate annexation by the adoption of an ordinance stating an intent to join the fire protection district and finding that the public interest will be served thereby. If the board of fire commissioners of the fire protection district shall concur in the annexation, notification thereof must be transmitted to the legislative authority or authorities of the counties in which the city or town and the district are situated. [2010 c 136 § 2; 2009 c 115 § 1; 1999 c 105 § 3; 1985 c 313 § 1; 1979 ex.s. c 179 § 1. Formerly RCW 52.04.170.]

**52.04.071 Annexation of adjacent city, partial city, or town—Election.** The county legislative authority or authorities shall by resolution call a special election to be held in the city, partial city as set forth in RCW 52.04.061(2), or town and in the fire protection district at the next date according to RCW 29A.04.321, and shall cause notice of the election to be given as provided for in RCW 29A.52.351.

The election on the annexation of the city, partial city as set forth in RCW 52.04.061(2), or town into the fire protection district shall be conducted by the auditor of the county or counties in which the city, partial city as set forth in RCW 52.04.061(2), or town and the fire protection district are located in accordance with the general election laws of the state. The results thereof shall be canvassed by the canvassing board of the county or counties. No person is entitled to vote at the election unless he or she is a qualified elector in the city, partial city as set forth in RCW 52.04.061(2), or town or unless he or she is a qualified elector within the boundaries of the fire protection district. The ballot proposition shall be in substantially the following form:

"Shall the city, partial city as set forth in RCW 52.04.061(2), or town of . . . . . be annexed to and be a part of . . . . . fire protection district?"

YES . . . . .  
NO . . . . . "

If a majority of the persons voting on the proposition in the city, partial city as set forth in RCW 52.04.061(2), or

town and a majority of the persons voting on the proposition in the fire protection district vote in favor thereof, the city, partial city as set forth in RCW 52.04.061(2), or town shall be annexed and shall be a part of the fire protection district. [2009 c 115 § 2; 2006 c 344 § 34; 1984 c 230 § 16; 1979 ex.s. c 179 § 2. Formerly RCW 52.04.180.]

**Effective date—2006 c 344 §§ 1-16 and 18-40:** See note following RCW 29A.04.311.

*Elections: Title 29A RCW.*

**52.04.081 Annexation of adjacent city, partial city, or town—Annual tax levies—Limitations.** The annual tax levies authorized by chapter 52.16 RCW shall be imposed throughout the fire protection district, including any city, partial city as set forth in RCW 52.04.061(2), or town annexed thereto. Any city, partial city as set forth in RCW 52.04.061(2), or town annexed to a fire protection district is entitled to levy up to three dollars and sixty cents per thousand dollars of assessed valuation less any regular levy made by the fire protection district or by a library district under RCW 27.12.390 in the incorporated area: PROVIDED, That the limitations upon regular property taxes imposed by chapter 84.55 RCW apply. [2009 c 115 § 3; 1984 c 230 § 17; 1979 ex.s. c 179 § 4. Formerly RCW 52.04.190.]

**52.04.091 Additional territory annexed by city to be part of district.** When any city, code city, partial city as set forth in RCW 52.04.061(2), or town is annexed to a fire protection district under RCW 52.04.061 and 52.04.071, thereafter, any territory annexed by the city shall also be annexed and be a part of the fire protection district. [2009 c 115 § 4; 1989 c 76 § 1.]

**52.04.101 Withdrawal by annexed city, partial city, or town—Election.** The legislative body of such a city, partial city as set forth in RCW 52.04.061(2), or town which has annexed to such a fire protection district, may, by resolution, present to the voters of such city, partial city as set forth in RCW 52.04.061(2), or town a proposition to withdraw from said fire protection district at any general election held at least three years following the annexation to the fire protection district. If the voters approve such a proposition to withdraw from said fire protection district, the city, partial city as set forth in RCW 52.04.061(2), or town shall have a vested right in the capital assets of the district proportionate to the taxes levied within the corporate boundaries of the city, partial city as set forth in RCW 52.04.061(2), or town and utilized by the fire district to acquire such assets. [2009 c 115 § 5; 1979 ex.s. c 179 § 3. Formerly RCW 52.04.200.]

**52.04.111 Annexation of city, code city, partial city, or town—Transfer of employees.** When any city, code city, partial city as set forth in RCW 52.04.061(2), or town is annexed to a fire protection district under RCW 52.04.061 and 52.04.071, any employee of the fire department of such city, code city, partial city as set forth in RCW 52.04.061(2), or town who (1) was at the time of annexation employed exclusively or principally in performing the powers, duties, and functions which are to be performed by the fire protection district (2) will, as a direct consequence of annexation,

be separated from the employ of the city, code city, partial city as set forth in RCW 52.04.061(2), or town, and (3) can perform the duties and meet the minimum requirements of the position to be filled, then such employee may transfer his or her employment to the fire protection district as provided in this section and RCW 52.04.121 and 52.04.131.

For purposes of this section and RCW 52.04.121 and 52.04.131, employee means an individual whose employment with a city, code city, partial city as set forth in RCW 52.04.061(2), or town has been terminated because the city, code city, partial city as set forth in RCW 52.04.061(2), or town was annexed by a fire protection district for purposes of fire protection. [2010 c 8 § 15001; 2009 c 115 § 6; 1986 c 254 § 10.]

**52.04.121 Annexation of city, partial city, or town—Transfer of employees—Rights and benefits.** (1) An eligible employee may transfer into the fire protection district civil service system, if any, or if none, then may request transfer of employment under this section by filing a written request with the board of fire commissioners of the fire protection district and by giving written notice to the legislative authority of the city, code city, partial city as set forth in RCW 52.04.061(2), or town. Upon receipt of such request by the board of fire commissioners the transfer of employment shall be made. The employee so transferring will (a) be on probation for the same period as are new employees of the fire protection district in the position filled, but if the transferring employee has already completed a probationary period as a firefighter prior to the transfer, then the employee may only be terminated during the probationary period for failure to adequately perform assigned duties, not meeting the minimum qualifications of the position, or behavior that would otherwise be subject to disciplinary action, (b) be eligible for promotion no later than after completion of the probationary period, (c) receive a salary at least equal to that of other new employees of the fire protection district in the position filled, and (d) in all other matters, such as retirement, vacation, and sick leave, have all the rights, benefits, and privileges to which he or she would have been entitled as an employee of the fire protection district from the beginning of employment with the city, code city, partial city as set forth in RCW 52.04.061(2), or town fire department: PROVIDED, That for purposes of layoffs by the annexing fire agency, only the time of service accrued with the annexing agency shall apply unless an agreement is reached between the collective bargaining representatives of the employees of the annexing and annexed fire agencies and the annexing and annexed fire agencies. The city, code city, partial city as set forth in RCW 52.04.061(2), or town shall, upon receipt of such notice, transmit to the board of fire commissioners a record of the employee's service with the city, code city, partial city as set forth in RCW 52.04.061(2), or town which shall be credited to such employee as a part of the period of employment in the fire protection district. All accrued benefits are transferable provided that the recipient agency provides comparable benefits. All benefits shall then accrue based on the combined seniority of each employee in the recipient agency.

(2) As many of the transferring employees shall be placed upon the payroll of the fire protection district as the district determines are needed to provide services. These

needed employees shall be taken in order of seniority and the remaining employees who transfer as provided in this section and RCW 52.04.111 and 52.04.131 shall head the list for employment in the civil service system in order of their seniority, to the end that they shall be the first to be reemployed in the fire protection district when appropriate positions become available: PROVIDED, That employees who are not immediately hired by the fire protection district shall be placed on a reemployment list for a period not to exceed thirty-six months unless a longer period is authorized by an agreement reached between the collective bargaining representatives of the employees of the annexing and annexed fire agencies and the annexing and annexed fire agencies. [2009 c 115 § 7; 1994 c 73 § 4; 1986 c 254 § 11.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**52.04.131 Annexation of city, code city, partial city, or town—Transfer of employees—Notice—Time limitation.** When a city, code city, partial city as set forth in RCW 52.04.061(2), or town is annexed to a fire protection district and as a result any employee is laid off who is eligible to transfer to the fire protection district pursuant to this section and RCW 52.04.111 and 52.04.121, the city, code city, partial city as set forth in RCW 52.04.061(2), or town shall notify the employee of the right to transfer and the employee shall have ninety days to transfer employment to the fire protection district. [2009 c 115 § 8; 1986 c 254 § 12.]

**52.04.141 Annexation of contiguous territory not in same county.** Any attempted annexation in 1987 and thereafter by a fire protection district of contiguous territory, that is located in a county other than the county in which the fire protection district was located, is validated where the annexation would have occurred if the territory had been located in the same county as the fire protection district. The effective date of such annexations occurring in 1987 shall be February 1, 1988, for purposes of establishing the boundaries of taxing districts for purposes of imposing property taxes as provided in RCW 84.09.030.

Any reference to a county official of the county in which a fire protection district is located or proposed to be located shall be deemed to refer to the appropriate county official of each county in which the fire protection district is located or proposed to be located. [1988 c 274 § 12.]

**Purpose—Severability—1988 c 274:** See notes following RCW 84.52.010.

**52.04.151 Annexation of territory not in same county—District name.** Any fire protection district located in a single county that annexes territory in another county shall be identified by the name of each county in which the fire protection district is located, listed alphabetically, followed by a number that is the next highest number available for a fire protection district in the one of these counties that has the greatest number of fire protection districts. [1989 c 63 § 12.]

**52.04.161 Newly incorporated city or town deemed annexed by district—Withdrawal.** If the area of a newly incorporated city or town is located in one or more fire pro-

tection districts, the city or town is deemed to have been annexed by the fire protection district or districts effective immediately on the city's or town's official date of incorporation, unless the city or town council adopts a resolution during the interim transition period precluding the annexation of the newly incorporated city or town by the fire protection district or districts. The newly incorporated city or town shall remain annexed to the fire protection district or districts for the remainder of the year of the city's or town's official date of incorporation, or through the following year if such extension is approved by resolution adopted by the city or town council and by the board or boards of fire commissioners, and shall be withdrawn from the fire protection district or districts at the end of this period, unless a ballot proposition is adopted by the voters providing for annexation of the city or town to one fire protection district or providing for the fire protection district or districts to annex only that area of the city or town located within the district. Such election shall be held pursuant to RCW 52.04.071 where possible, provided that in annexations to more than one fire protection district, the qualified elector shall reside within the boundaries of the appropriate fire protection district or in that area of the city located within the district.

If the city or town is withdrawn from the fire protection district or districts, the maximum rate of the first property tax levy that is imposed by the city or town after the withdrawal is calculated as if the city or town never had been annexed by the fire protection district or districts. [2003 c 253 § 1; 1993 c 262 § 1.]

**52.04.171 Annexation of property subject to excess levy—Repayment of voter-approved indebtedness.** All property located within the boundaries of a city, partial city as set forth in RCW 52.04.061(2), or town annexing into a fire protection district, which property is subject to an excess levy by the city or town for the repayment of voter-approved indebtedness for fire protection related capital improvements incurred prior to the effective date of the annexation is exempt from voter-approved excess property taxes levied by the annexing fire protection district for the repayment of indebtedness issued prior to the effective date of the annexation. [2010 c 63 § 1.]

**Effective date—2010 c 63:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [March 15, 2010]." [2010 c 63 § 2.]

## Chapter 52.06 RCW

### MERGER

#### Sections

52.06.001	Actions subject to review by boundary review board.
52.06.010	Merger of districts authorized—Review.
52.06.020	Petition—Contents.
52.06.030	Action on petition—Special election.
52.06.050	Vote required—Status after favorable vote.
52.06.060	Merger by petition.
52.06.070	Obligations of merged districts.
52.06.080	Delivery of property and funds.
52.06.085	Board membership upon merger of districts—Subsequent boards—Creation of commissioner districts.
52.06.090	Merger of part of district with adjacent district.
52.06.100	Merger of part of district with adjacent district—When election unnecessary.

52.06.110	Transfer of employees.
52.06.120	Transfer of employees—Rights and benefits.
52.06.130	Transfer of employees—Notice—Time limitation.
52.06.140	Merger of districts located in different counties—District name.
52.06.150	Merger of districts located in same county—District name.

**52.06.001 Actions subject to review by boundary review board.** Actions taken under chapter 52.06 RCW may be subject to potential review by a boundary review board under chapter 36.93 RCW. [1989 c 84 § 43.]

**52.06.010 Merger of districts authorized—Review.** A fire protection district may merge with another adjacent fire protection district, on such terms and conditions as they agree upon, in the manner provided in this title. The fire protection districts may be located in different counties. The district desiring to merge with another district, or the district from which it is proposed that a portion of the district be merged with another district, shall be called the "merging district." The district into which the merger is to be made shall be called the "merger district." The merger of any districts under chapter 52.06 RCW is subject to potential review by the boundary review board or boards of the county in which the merging district, or the portion of the merging district that is proposed to be merged with another district, is located. [1989 c 63 § 13; 1984 c 230 § 57; 1947 c 254 § 12; Rem. Supp. 1947 § 5654-151a. Formerly RCW 52.24.010.]

**52.06.020 Petition—Contents.** To effect such a merger, a petition to merge shall be filed with the board of the merger district by the commissioners of the merging district. The commissioners of the merging district may sign and file the petition on their own initiative, and they shall file a petition when it is signed by ten percent of the registered voters resident in the merging district who voted in the last general municipal election and presented to the board of commissioners. The petition shall state the reasons for the merger, state the terms and conditions under which the merger is proposed, and request the merger. [1990 c 259 § 13; 1984 c 230 § 58; 1947 c 254 § 13; Rem. Supp. 1947 § 5654-151b. Formerly RCW 52.24.020.]

**52.06.030 Action on petition—Special election.** The board of the merger district may, by resolution, reject or approve the petition as presented, or it may modify the terms and conditions of the proposed merger, and shall transmit the petition, together with a copy of its resolution to the merging district.

If the petition is approved as presented or as modified, the board of the merging district shall send an elector-signed petition, if there is one, to the auditor or auditors of the county or counties in which the merging district is located, who shall within thirty days examine the signatures and certify to the sufficiency or insufficiency of the signatures. If the merging district is located in more than one county, the auditor of the county within which the largest portion of the merging district is located shall be the lead auditor. Each other auditor shall certify to the lead auditor the number of valid signatures and the number of registered voters of the merging district who reside in the county. The lead auditor shall certify as to the sufficiency or insufficiency of the signatures. No signa-

tures may be withdrawn from the petition after the filing. A certificate of sufficiency shall be provided to the board of the merging district, which shall adopt a resolution requesting the county auditor or auditors to call a special election, as provided in \*RCW 29.13.020, for the purpose of presenting the question of merging the districts to the voters of the merging district.

If there is no elector-signed petition, the merging district board shall adopt a resolution requesting the county auditor or auditors to call a special election in the merging district, as specified under \*RCW 29.13.020, for the purpose of presenting the question of the merger to the electors. [1989 c 63 § 14; 1984 c 230 § 59; 1947 c 254 § 14; Rem. Supp. 1947 § 5654-151c. Formerly RCW 52.24.030.]

**\*Reviser's note:** RCW 29.13.020 was recodified as RCW 29A.04.330 pursuant to 2003 c 111 § 2401, effective July 1, 2004.

**52.06.050 Vote required—Status after favorable vote.** The board of the merging district shall notify the board of the merger district of the results of the election. If a majority of the votes cast at the election favor the merger, the respective district boards shall adopt concurrent resolutions, declaring the districts merged, under the name of the merger district. Thereupon the districts are merged into one district, under the name of the merger district; the merging district is dissolved without further proceedings; and the boundaries of the merger district are thereby extended to include all the area of the merging district. Thereafter the legal existence cannot be questioned by any person by reason of any defect in the proceedings had for the merger. [1995 c 79 § 1; 1947 c 254 § 16; Rem. Supp. 1947 § 5654-151e. Formerly RCW 52.24.050.]

**52.06.060 Merger by petition.** If three-fifths of all the qualified electors in the merging district sign the petition to merge, no election on the question of the merger is necessary and the auditor, or lead auditor if the merging district is located in more than a single county, shall return the petition, together with a certificate of sufficiency to the board of the merging district. The boards of the respective districts shall then adopt resolutions declaring the districts merged in the same manner and to the same effect as if the merger had been authorized by an election. [1989 c 63 § 15; 1984 c 230 § 61; 1947 c 254 § 17; Rem. Supp. 1947 § 5654-151f. Formerly RCW 52.24.060.]

**52.06.070 Obligations of merged districts.** None of the obligations of the merged districts or of a local improvement district located in the merged districts may be affected by the merger and dissolution, and all land liable to be assessed to pay any of the indebtedness shall remain liable to the same extent as if the districts had not been merged and any assessments previously levied against the land shall remain unimpaired and shall be collected in the same manner as if the districts had not merged. The commissioners of the merged district shall have all the powers of the two districts to levy, assess, and cause to be collected all assessments against any land in both districts that may be necessary to pay for the indebtedness thereof, and until the assessments are collected and all indebtedness of the districts paid, separate

funds shall be maintained for each district as were maintained before the merger: PROVIDED, That the board of the merged district may, with the consent of the creditors of the districts merged, cancel any or all assessments previously levied, in accordance with the terms and conditions of the merger, so that the lands in the respective districts bear their fair and proportionate share of the indebtedness. [1984 c 230 § 62; 1947 c 254 § 18; Rem. Supp. 1947 § 5654-151g. Formerly RCW 52.24.070.]

**52.06.080 Delivery of property and funds.** The commissioners of the merging district shall, upon completion of the merger, transfer, convey, and deliver to the merged district all property and funds of the merging district, together with all interest in and right to collect any assessments previously levied. [1984 c 230 § 63; 1947 c 254 § 19; Rem. Supp. 1947 § 5654-151h. Formerly RCW 52.24.080.]

**52.06.085 Board membership upon merger of districts—Subsequent boards—Creation of commissioner districts.** (1) Whenever two or more fire protection districts merge, the board of fire commissioners of the merged fire protection district shall consist of all of the fire commissioners of the districts that are merging, including a person who is elected as a fire commissioner of one of the merging districts at that same election that the ballot proposition was approved authorizing the merger, who shall retain the same terms of office they would possess as if the merger had not been approved. The number of members on the board of the merged district shall be reduced to either three or five members as provided in subsections (2) and (3) of this section, depending on whether the district has chosen to eventually have either a three-member or a five-member board under RCW 52.14.020.

(2) The number of members on the board of the merged district shall be reduced by one whenever a fire commissioner resigns from office or a vacancy otherwise occurs on the board, until the number of remaining members is reduced to the number of members that is chosen for the board eventually to have. The reduction of membership on the board shall not be considered to be a vacancy that is to be filled until the number of remaining members is less than the number of members on the board that is chosen for the board eventually to have.

(3) At the next three district general elections after the merger is approved, the number of fire commissioners for the merged district that are elected shall be as follows, notwithstanding the number of fire commissioners whose terms expire:

(a) In the first election after the merger, only one position shall be filled, whether the new fire protection district be a three-member district or a five-member district.

(b) In each of the two subsequent elections, one position shall be filled if the new fire protection district is a three-member district and two positions shall be filled if the new fire protection district is a five-member district.

Thereafter, the fire commissioners shall be elected in the same manner as prescribed for such fire protection districts of the state.

(2010 Ed.)

(4) A ballot proposition to create commissioner districts may be submitted to the voters of the fire protection districts proposed to be merged at the same election the ballot proposition is submitted authorizing the merging of the fire protection districts. The procedure to create commissioner districts shall conform with RCW 52.14.013, except that: (a) Resolutions proposing the creation of commissioner districts must be adopted by unanimous vote of the boards of fire commissioners of each of the fire protection districts that are proposed to be merged; and (b) commissioner districts will be authorized only if the ballot propositions to authorize the merger and to create commissioner districts are both approved. A ballot proposition authorizing the creation of commissioner districts is approved if it is approved by a simple majority vote of the combined voters of all the fire protection districts proposed to be merged. The commissioner districts shall not be drawn until the number of commissioners in the fire protection district has been reduced under subsections (1) through (3) of this section to either three or five commissioners. After this reduction of fire commissioners has occurred the commissioner districts shall be drawn and used for the election of the successor fire commissioners. [1994 c 14 § 1; 1992 c 74 § 1; 1985 c 7 § 118; 1977 ex.s. c 121 § 1; 1971 c 55 § 1. Formerly RCW 52.24.085.]

**52.06.090 Merger of part of district with adjacent district.** A part of one district may be transferred and merged with an adjacent district if the area can be better served by the merged district. To effect such a merger, a petition, signed by a majority of the commissioners of the merging district or signed by not less than fifteen percent of the qualified electors residing in the area to be merged, shall be filed with the commissioners of the merging district, if signed by electors, or with the commissioners of the merger district if signed by commissioners of the merging district. If the commissioners of the merging district approve the petition, the petition shall be presented to the commissioners of the merger district. If the commissioners of the merger district approve the petition, an election shall be called in the area to be merged.

In the event that either board of fire district commissioners does not approve the petition, the petition may be approved by the boundary review board of the county or the county legislative authority of the county in which the area to be merged is situated, and may approve the merger if it decides the area can be better served by a merger. If the part of the merging district that is proposed to merge with the merger district is located in more than one county, the approval must be by the boundary review board or county legislative authority of each county. If there is an affirmative decision, an election shall be called in the area to be merged.

A majority of the votes cast is necessary to approve the transfer. [1989 c 63 § 16; 1984 c 230 § 64; 1965 ex.s. c 18 § 2; 1963 c 42 § 1; 1953 c 176 § 5. Formerly RCW 52.24.090.]

**52.06.100 Merger of part of district with adjacent district—When election unnecessary.** If three-fifths of the qualified electors in the area to be merged sign a petition to merge the districts, no election on the question of the merger is necessary, in which case the auditor or lead auditor shall return the petition, together with a certificate of sufficiency,

to the board of the merger district. The board of the merger district shall then adopt a resolution declaring the portion of the district merged in the same manner and to the same effect as if the same had been authorized by an election. [1989 c 63 § 17; 1984 c 230 § 65; 1953 c 176 § 6. Formerly RCW 52.24.100.]

**52.06.110 Transfer of employees.** When any portion of a fire protection district merges with another fire protection district, any employee of the merging district who (1) was at the time of merger employed exclusively or principally in performing the powers, duties, and functions which are to be performed by the merger district (2) will, as a direct consequence of the merger, be separated from the employ of the merging district, and (3) can perform the duties and meet the minimum requirements of the position to be filled, then such employee may transfer employment to the merger district as provided in this section and RCW 52.06.120 and 52.06.130.

For purposes of this section and RCW 52.06.120 and 52.06.130, employee means an individual whose employment with a fire protection district has been terminated because the fire protection district merged with another fire protection district for purposes of fire protection. [1986 c 254 § 13.]

**52.06.120 Transfer of employees—Rights and benefits.** (1) An eligible employee may transfer into the merger district by filing a written request with the board of fire commissioners of the merger district and by giving written notice to the board of fire commissioners of the merging district. Upon receipt of such request by the board of the merger district the transfer of employment shall be made. The employee so transferring will (a) be on probation for the same period as are new employees of the merger district in the position filled, but if the transferring employee has already completed a probationary period as a firefighter prior to the transfer, then the employee may only be terminated during the probationary period for failure to adequately perform assigned duties, not meeting the minimum qualifications of the position, or behavior that would otherwise be subject to disciplinary action, (b) be eligible for promotion no later than after completion of the probationary period, (c) receive a salary at least equal to that of other new employees of the merger district in the position filled, and (d) in all other matters, such as retirement, vacation, and sick leave, have, all the rights, benefits, and privileges to which he or she would have been entitled to as an employee of the merger district from the beginning of employment with the merging district: PROVIDED, That for purposes of layoffs by the merger fire agency, only the time of service accrued with the merger agency shall apply unless an agreement is reached between the collective bargaining representatives of the employees of the merging and merger fire agencies and the merging and merger fire agencies. The board of the merging district shall, upon receipt of such notice, transmit to the board of the merger district a record of the employee's service with the merging district which shall be credited to such employee as a part of the period of employment in the merger district. All accrued benefits are transferable provided that the recipient agency pro-

vides comparable benefits. All benefits shall then accrue based on the combined seniority of each employee in the recipient agency.

(2) As many of the transferring employees shall be placed upon the payroll of the merger district as the merger district determines are needed to provide services. These needed employees shall be taken in order of seniority and the remaining employees who transfer as provided in this section and RCW 52.06.110 and 52.06.130 shall head the list for employment in order of their seniority, to the end that they shall be the first to be reemployed in the merger district when appropriate positions become available: PROVIDED, That employees who are not immediately hired by the fire protection district shall be placed on a reemployment list for a period not to exceed thirty-six months unless a longer period is authorized by an agreement reached between the collective bargaining representatives of the employees of the merging and merged fire agencies and the merging and merged fire agencies. [1994 c 73 § 5; 1986 c 254 § 14.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**52.06.130 Transfer of employees—Notice—Time limitation.** If, as a result of merging of districts any employee is laid off who is eligible to transfer to the merger district under this section and RCW 52.06.110 and 52.06.120, the merging district shall notify the employee of the right to transfer and the employee shall have ninety days to transfer employment to the merger district. [1986 c 254 § 15.]

**52.06.140 Merger of districts located in different counties—District name.** A merger fire protection district located in a single county, that merged with a merging fire protection district located in another county or counties, shall be identified by the name of each county in which the fire protection district is located, listed alphabetically, followed by a number that is the next highest number available for a fire protection district in the one of these counties that has the greatest number of fire protection districts. [1989 c 63 § 18.]

**52.06.150 Merger of districts located in same county—District name.** A fire protection district resulting from the merger of two or more fire protection districts located in the same county shall be identified by the name of the county and the number of the merger fire protection district. However, the fire protection district resulting from such a merger shall be identified by the number of the merging district or one of the merging districts if a resolution providing for this number change is adopted by the board of fire commissioners of the district resulting from the merger or if resolutions providing for this number change are adopted by each of the boards of fire commissioners of the districts proposed to be merged. [1992 c 74 § 3.]

## Chapter 52.08 RCW WITHDRAWAL

### Sections

52.08.001	Actions subject to review by boundary review board.
52.08.011	Withdrawal authorized.
52.08.021	Withdrawal by incorporation of part of district.

- 52.08.025 City may not be included within district—Exceptions—Withdrawal of city.
- 52.08.032 Levy for emergency medical care and services.
- 52.08.035 City withdrawn to determine fire and emergency medical protection methods—Contracts—Joint operations—Sale, lease, etc., of property.
- 52.08.041 Taxes and assessments unaffected.
- 52.08.051 Commissioners residing in territory withdrawn—Vacancy created.

*Special purpose districts, expenditures to recruit job candidates: RCW 42.24.170.*

**52.08.001 Actions subject to review by boundary review board.** Actions taken under chapter 52.08 RCW may be subject to potential review by a boundary review board under chapter 36.93 RCW. [1989 c 84 § 44.]

**52.08.011 Withdrawal authorized.** Territory within a fire protection district may be withdrawn from the district in the same manner provided by law for withdrawal of territory from water-sewer districts, as provided by chapter 57.28 RCW. [1999 c 153 § 61; 1984 c 230 § 54; 1955 c 111 § 1. Formerly RCW 52.22.010.]

*Withdrawal or reannexation of areas: RCW 52.04.056.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**52.08.021 Withdrawal by incorporation of part of district.** The incorporation of any previously unincorporated land lying within a fire protection district shall operate to automatically withdraw such lands from the fire protection district. [1959 c 237 § 5; 1955 c 111 § 2. Formerly RCW 52.22.020.]

**52.08.025 City may not be included within district—Exceptions—Withdrawal of city.** Effective January 1, 1960, every city or town, or portion thereof, which is situated within the boundaries of a fire protection district shall become automatically removed from such fire protection district, and no fire protection district shall thereafter include any city or town, or portion thereof, within its boundaries except as provided for in RCW 52.02.020, 52.04.061, 52.04.071, 52.04.081, 52.04.101, and 52.04.161.

However, if the area which incorporates or is annexed includes all of a fire protection district, the fire protection district, for purposes of imposing regular property taxes, shall continue in existence: (1)(a) Until the first day of January in the year in which the initial property tax collections of the newly incorporated city or town will be made, if a resolution is adopted under RCW 52.04.161 precluding annexation of the city or town to the district; (b) until the city or town is withdrawn from the fire protection district, if no such resolution is adopted and no ballot proposition under RCW 52.04.161 is approved; or (c) indefinitely, if such a ballot proposition is approved; or (2) until the first day of January in the year the annexing city or town will collect its property taxes imposed on the newly annexed area. The members of the city or town council or commission shall act as the board of commissioners to impose, receive, and expend these property taxes. [1993 c 262 § 2; 1986 c 234 § 35; 1985 c 7 § 119; 1979 ex.s. c 179 § 6; 1959 c 237 § 6. Formerly RCW 52.22.030.]

(2010 Ed.)

**52.08.032 Levy for emergency medical care and services.** See RCW 84.52.069.

**52.08.035 City withdrawn to determine fire and emergency medical protection methods—Contracts—Joint operations—Sale, lease, etc., of property.** A city or town encompassing territory withdrawn under chapter 52.08 RCW shall determine the most effective and feasible fire protection and emergency medical protection for the withdrawn territory, or any part thereof, and the legislative authority of the city or town and the commissioners of the fire protection district may, without limitation of any other powers provided by law:

(1) Enter into contracts to the same extent as fire protection districts and cities and towns may enter into contracts under authority of RCW 52.12.031(3), and

(2) Sell, purchase, rent, lease, or exchange property of every nature. [1984 c 230 § 55; 1959 c 237 § 8. Formerly RCW 52.22.040.]

**52.08.041 Taxes and assessments unaffected.** The provisions of RCW 57.28.110 shall apply to territory withdrawn from a fire protection district under the provision of chapter 52.08 RCW. [1985 c 7 § 120; 1959 c 237 § 7. Formerly RCW 52.22.050.]

**52.08.051 Commissioners residing in territory withdrawn—Vacancy created.** Fire protection district commissioners residing in territory withdrawn from a fire protection district shall be replaced in the manner provided for the filling of vacancies in RCW 52.14.050. [1984 c 230 § 56; 1959 c 237 § 9. Formerly RCW 52.22.060.]

## Chapter 52.10 RCW DISSOLUTION

### Sections

- 52.10.001 Actions subject to review by boundary review board.
- 52.10.010 Dissolution—Election method.
- 52.10.020 Disincorporation of district located in county with a population of two hundred ten thousand or more and inactive for five years.

**52.10.001 Actions subject to review by boundary review board.** Actions taken under chapter 52.10 RCW may be subject to potential review by a boundary review board under chapter 36.93 RCW. [1989 c 84 § 45.]

**52.10.010 Dissolution—Election method.** Fire protection districts may be dissolved by a majority vote of the registered electors of the district at an election conducted by the election officials of the county or counties in which the district is located in accordance with the general election laws of the state. The proceedings for dissolution may be initiated by the adoption of a resolution by the board of commissioners of the district calling for the dissolution. The dissolution of the district shall not cancel outstanding obligations of the district or of a local improvement district within the district, and the county legislative authority or authorities of the county or counties in which the district was located may make annual levies against the lands within the district until the obliga-

tions of the districts are paid. When the obligations are fully paid, all moneys in district funds and all collections of unpaid district taxes shall be transferred to the expense fund of the county. Where the fire protection district that was dissolved was located in more than one county, the amount of money transferred to the expense fund of each county shall be in direct proportion to the amount of assessed valuation of the fire protection district that was located in each county at the time of its dissolution. [1989 c 63 § 19; 1984 c 230 § 15; 1939 c 34 § 46; RRS § 5654-146. Formerly RCW 52.04.155.]

*Dissolution of special purpose districts: Chapters 36.96 and 53.48 RCW.*

**52.10.020 Disincorporation of district located in county with a population of two hundred ten thousand or more and inactive for five years.** See chapter 57.90 RCW.

### Chapter 52.12 RCW

#### POWERS—BURNING PERMITS

##### Sections

52.12.011	Status.
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52.12.111	Use of equipment and personnel beyond district boundaries—Governmental function.
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52.12.135	Interlocal agreements for ambulance services.
52.12.140	Hazardous materials response teams.
52.12.150	Setting fires for firefighter instruction—When burning permit not required—Notice, inspection required.

*Association of fire commissioners to furnish information to legislature and governor: RCW 44.04.170.*

**52.12.011 Status.** Fire protection districts created under this title are political subdivisions of the state and shall be held to be municipal corporations within the laws and Constitution of the state of Washington. A fire protection district shall constitute a body corporate and possess all the usual powers of a corporation for public purposes as well as all other powers that may now or hereafter be specifically conferred by law. [1984 c 230 § 18; 1967 c 164 § 5; 1939 c 34 § 15; RRS § 5654-115. Formerly RCW 52.08.010.]

**Purpose—Severability—1967 c 164:** See notes following RCW 4.96.010.

*Tortious conduct of political subdivisions, municipal corporations, and quasi municipal corporations, liability for damages: Chapter 4.96 RCW.*

**52.12.021 General powers.** Fire protection districts have full authority to carry out their purposes and to that end may acquire, purchase, hold, lease, manage, occupy, and sell real and personal property, or any interest therein, to enter into and to perform any and all necessary contracts, to appoint and employ the necessary officers, agents, and employees, to sue and be sued, to exercise the right of eminent domain, to levy and enforce the collection of assessments and special taxes in the manner and subject to the limitations provided in this title against the lands within the district for district revenues, and to do any and all lawful acts required and expedient to carry out the purpose of this title. [1984 c 230 § 19; 1939 c 34 § 16; RRS § 5654-116. Formerly RCW 52.08.020.]

**52.12.031 Specific powers—Acquisition or lease of property or equipment—Contracts—Association of districts—Group life insurance—Building inspections—Fire investigations.** Any fire protection district organized under this title may:

(1) Lease, acquire, own, maintain, operate, and provide fire and emergency medical apparatus and all other necessary or proper facilities, machinery, and equipment for the prevention and suppression of fires, the providing of emergency medical services and the protection of life and property;

(2) Lease, acquire, own, maintain, and operate real property, improvements, and fixtures for housing, repairing, and maintaining the apparatus, facilities, machinery, and equipment described in subsection (1) of this section;

(3) Contract with any governmental entity under chapter 39.34 RCW or private person or entity to consolidate, provide, or cooperate for fire prevention protection, fire suppression, investigation, and emergency medical purposes. In so contracting, the district or governmental entity is deemed for all purposes to be acting within its governmental capacity. This contracting authority includes the furnishing of fire prevention, fire suppression, investigation, emergency medical services, facilities, and equipment to or by the district, governmental entity, or private person or entity;

(4) Encourage uniformity and coordination of fire protection district operations. The fire commissioners of fire protection districts may form an association to secure information of value in suppressing and preventing fires and other district purposes, to hold and attend meetings, and to promote more economical and efficient operation of the associated fire protection districts. The commissioners of fire protection districts in the association shall adopt articles of association or articles of incorporation for a nonprofit corporation, select a chair, secretary, and other officers as they may determine, and may employ and discharge agents and employees as the officers deem convenient to carry out the purposes of the association. The expenses of the association may be paid from funds paid into the association by fire protection districts: PROVIDED, That the aggregate contributions made to the association by a district in a calendar year shall not exceed two and one-half cents per thousand dollars of assessed valuation;

(5) Enter into contracts to provide group life insurance for the benefit of the personnel of the fire districts;

(6) Perform building and property inspections that the district deems necessary to provide fire prevention services

and pre-fire planning within the district and any area that the district serves by contract in accordance with RCW 19.27.110: PROVIDED, That codes used by the district for building and property inspections shall be limited to the applicable codes adopted by the state, county, city, or town that has jurisdiction over the area in which the property is located. A copy of inspection reports prepared by the district shall be furnished by the district to the appropriate state, county, city, or town that has jurisdiction over the area in which the property is located: PROVIDED, That nothing in this subsection shall be construed to grant code enforcement authority to a district. This subsection shall not be construed as imposing liability on any governmental jurisdiction;

(7) Determine the origin and cause of fires occurring within the district and any area the district serves by contract. In exercising the authority conferred by this subsection, the fire protection district and its authorized representatives shall comply with the provisions of RCW 43.44.050;

(8) Perform acts consistent with this title and not otherwise prohibited by law. [2010 c 8 § 15002; 1995 c 369 § 65; 1986 c 311 § 1; 1984 c 238 § 1; 1973 1st ex.s. c 195 § 48; 1963 c 101 § 1; 1959 c 237 § 2; 1947 c 254 § 6; 1941 c 70 § 4; 1939 c 34 § 20; Rem. Supp. 1947 § 5654-120. Formerly RCW 52.08.030.]

*Hospitalization and medical insurance authorized: RCW 41.04.180.*

*Use of city fire apparatus beyond city limits: RCW 35.84.040.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**52.12.036 Community revitalization financing—Public improvements.** In addition to other authority that a fire protection district possesses, a fire protection district may provide any public improvement as defined under RCW 39.89.020, but this additional authority is limited to participating in the financing of the public improvements as provided under RCW 39.89.050.

This section does not limit the authority of a fire protection district to otherwise participate in the public improvements if that authority exists elsewhere. [2001 c 212 § 17.]

**Severability—2001 c 212:** See RCW 39.89.902.

**52.12.041 Eminent domain.** The taking and damaging of property or property rights by a fire protection district to carry out the purposes of its organization are declared to be for a public use. A district organized under this title may exercise the power of eminent domain to acquire property or property rights either inside or outside the district, for the use of the district. A district exercising the power of eminent domain shall proceed in the name of the district in the manner provided by law for the appropriation of real property or of real property rights by private corporations. [1984 c 230 § 20; 1939 c 34 § 18; RRS § 5654-118. Formerly RCW 52.08.040.]

*Eminent domain: State Constitution Art. 1 § 16 (Amendment 9); chapter 8.20 RCW.*

**52.12.051 Condemnation proceedings.** A fire protection district may unite in a single action, proceedings to condemn property which is held by separate owners. Two or more condemnation suits instituted separately may also, in the discretion of the court, upon a motion of an interested

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party, be consolidated into a single action. In these cases, the jury shall render separate verdicts for each tract of land in different ownership. A finding of the jury or decree of the court as to damages shall not in any manner be construed to abridge or destroy the right of the district to levy and collect taxes for district purposes against the uncondemned land situated within the district. The title acquired by a fire protection district in condemnation proceedings shall be the fee simple title or a lesser estate as designated in the decree of appropriation. [1984 c 230 § 21; 1939 c 34 § 19; RRS § 5654-119. Formerly RCW 52.08.050.]

**52.12.061 Contracts, promissory notes, deeds of trust, and mortgages for purchase of property—Limit on indebtedness—Election, when.** Fire protection districts may execute executory conditional sales contracts, installment promissory notes secured by a deed of trust, or mortgages with a governmental entity or a private party for the purchase or sale of any real or personal property, or property rights: PROVIDED, That the purchase price specified in a contract or promissory note to purchase property does not result in a total indebtedness in excess of three-eighths of one percent of the value of the taxable property in the fire protection district: PROVIDED FURTHER, That if a proposed purchase contract or promissory note would result in a total indebtedness in excess of that amount, a proposition to determine whether that contract or promissory note may be executed shall be submitted to the voters for approval or rejection in the same manner that bond issues for capital purposes are submitted to the voters: AND PROVIDED FURTHER, That a fire protection district may jointly execute contracts, promissory notes, deeds of trust, or mortgages authorized by this section with any governmental entity.

The term "value of the taxable property" shall have the meaning set forth in RCW 39.36.015. [1984 c 230 § 27; 1970 ex.s. c 42 § 29; 1965 c 21 § 1. Formerly RCW 52.08.080.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**52.12.071 Liability insurance for officials and employees.** The board of commissioners of each fire district may purchase liability insurance with limits it deems reasonable for the purpose of protecting its officials and employees against liability for personal or bodily injuries and property damage arising from their acts or omissions while performing or in good faith purporting to perform their official duties. [1984 c 230 § 28; 1973 c 125 § 3. Formerly RCW 52.08.090.]

**52.12.101 Burning permits authorized—Resolution.** In any district in which the commissioners have adopted and published a resolution assuming the authority of issuing burning permits, a person, firm, or corporation shall not start, permit, or cause to be started or permitted an open fire on any land within a fire protection district, without a written permit issued by the district under terms and conditions as the district establishes by resolution. A fire district shall not assume authority to issue a burning permit for a fire on any forest or cut over land, except as otherwise provided by law. A fire district shall have the authority to revoke a permit issued by the district for the protection of life or property or to prevent or abate the nuisances caused by such burning. [1987 c 21 §

1; 1984 c 229 § 1; 1947 c 254 § 20; Rem. Supp. 1947 § 5654-151i. Formerly RCW 52.28.010.]

**52.12.102 Burning permits—Resolution to be published and posted.** The commissioners of a district may adopt a resolution authorizing the district to issue fire permits and establishing the terms and conditions under which the permit shall be issued. Notice of the resolution shall be published once a week for three consecutive weeks in a newspaper published in the county and of general circulation in the district and post it in three public places in the district. The affidavit of publication by the publisher and of the clerk of the district of the posting shall be filed in the records of the district. Ten days after the posting and the last publication, the resolution shall take effect. [1984 c 229 § 2; 1947 c 254 § 21; Rem. Supp. 1947 § 5654-151j. Formerly RCW 52.28.020.]

**52.12.103 Burning permits—Issuance—Contents.** Burning permits may be issued upon request, by the persons authorized by the commissioners when the issuing officer deems it appropriate. The permit shall designate the premises and the exact location where the fire may be started and permitted, the nature of the material to be burned, the time limit of the permit, and may contain any special requirements and conditions pertaining to the fire and the control of the fire as the issuing officer deems appropriate. [1984 c 229 § 3; 1947 c 254 § 22; Rem. Supp. 1947 § 5654-151k. Formerly RCW 52.28.030.]

**52.12.104 Burning permits—Duties of permittee.** The permittee shall comply with the terms and conditions of the permit, and shall maintain a responsible person in charge of the fire at all times who shall maintain the fire under control, not permit it to spread to other property or structures, and extinguish the fire when the authorized burning is completed or when directed by district personnel. The possession of a permit shall not relieve the permittee from liability for damages resulting from the fire for which the permittee may otherwise be liable. [1984 c 229 § 4; 1947 c 254 § 23; Rem. Supp. 1947 § 5654-151l. Formerly RCW 52.28.040.]

*Crimes relating to fires: Chapter 9A.48 RCW.*

*Liability for fire damage: RCW 4.24.040, 4.24.050, 4.24.060, 76.04.495, 76.04.750.*

**52.12.105 Burning permits—Penalty.** The violation of or failure to comply with any provision of this chapter pertaining to fire permits, or of any term or condition of the permit, is a misdemeanor. [1947 c 254 § 24; Rem. Supp. 1947 § 5654-151m. Formerly RCW 52.28.050.]

**52.12.106 Burning permits—Penalty.** The violation of or failure to comply with any provision of this chapter pertaining to fire permits, or of any term or condition of the permit, is a misdemeanor. [1984 c 229 § 5.]

**52.12.108 Burning permits—Liability for fire suppression costs.** If a person starts a fire without a permit or if a permit holder fails to comply with any provision of this chapter pertaining to fire permits, or of any term or condition

of the permit, and as a result of that failure the district is required to suppress a fire, the person or permit holder is liable to the district to reimburse it for the costs of the fire suppression services. [1984 c 229 § 6.]

**52.12.111 Use of equipment and personnel beyond district boundaries—Governmental function.** A fire protection district may permit, under conditions prescribed by the fire commissioners of the district, the use of its equipment and personnel beyond the boundaries of the district. Any use made of the equipment or personnel under this section shall be deemed an exercise of a governmental function of the district. [1984 c 230 § 77; 1980 c 43 § 1; 1969 c 88 § 2. Formerly RCW 52.36.025.]

**52.12.121 Use of equipment and personnel outside district—Duty of firefighter deemed duty for district—Benefits not impaired.** If a firefighter engages in any duty outside the boundaries of the district the duty shall be considered as part of the duty as firefighter for the district, and a firefighter who is injured while engaged in duties outside the boundaries of the district shall be entitled to the same benefits that the firefighter or the firefighter's dependents would be entitled to receive if the injury occurred within the district. [1984 c 230 § 78; 1969 c 88 § 3. Formerly RCW 52.36.027.]

**52.12.125 Reimbursement for fire suppression costs on state lands—Limitations.** Fire protection districts in proximity to land protected by a state agency are encouraged to enter into mutually beneficial contracts covering reciprocal response arrangements. In the absence of such a contractual agreement, a fire protection district that takes immediate action on such land outside of its jurisdictional boundaries, if such immediate response could prevent the spread of the fire onto lands protected by the district, shall be reimbursed by the state agency for its reasonable fire suppression costs that are incurred until the responsible agency takes charge, but in no event shall the costs exceed a twenty-four hour period. A fire protection district suppressing a fire on such lands shall as soon as practicable notify the responsible agency. The state agency shall not be responsible to pay such reimbursement if it is not so notified.

Reasonable efforts shall be taken to protect evidence of the fire's origin. The state agency shall not be responsible to pay such reimbursement if reasonable efforts are not taken to protect such evidence.

Requests for reimbursement shall be submitted within thirty days of the complete suppression of the fire. Reasonable costs submitted for reimbursement include all salaries and expenses of personnel, equipment, and supplies and shall take into consideration the amount of compensation, if any, paid by the fire protection district to its firefighters. [1986 c 311 § 2.]

**52.12.131 Emergency medical services—Establishment and collection of charges.** Any fire protection district which provides emergency medical services, may by resolution establish and collect reasonable charges for these services in order to reimburse the district for its costs of provid-

ing emergency medical services. [1984 c 230 § 81; 1975 c 64 § 1. Formerly RCW 52.36.090.]

**52.12.135 Interlocal agreements for ambulance services.** (1) A rural fire protection district organized under this title may enter into a contract pursuant to chapter 39.34 RCW with a contiguous city for the furnishing by the city to the fire protection district or districts of emergency medical services in the form of ambulance services, provided that the contract may not provide for the establishment of any ambulance service that would compete with any existing, private ambulance service. The fire protection district or districts may impose a monthly utility service charge on each developed residential property located in the portion of the fire protection district or districts served pursuant to the contract in an amount equal to the amount imposed by the city on similar city developed residential property. Developed residential property includes single-family residences, apartments, manufactured homes, mobile homes, and trailers available for occupancy for a continuous period greater than thirty days. A fire protection district or districts may contract with the contiguous city or with any other governmental entity pursuant to chapter 39.34 RCW for the billing and collection services related to the monthly utility service charge for ambulance service. A city providing ambulance services to a fire protection district or districts under a contract entered into pursuant to this subsection may charge individuals actually using the ambulance services reasonable rates and charges for the ambulance services.

(2) For purposes of this section, "rural" means a population density within the fire protection district or districts as a whole of ten or fewer persons per square mile. [2003 c 209 § 1.]

**52.12.140 Hazardous materials response teams.** Fire protection districts may cooperate and participate with counties, cities, or towns in providing hazardous materials response teams under the county, city, or town emergency management plan provided for in RCW 38.52.070. The participation and cooperation shall be pursuant to an agreement or contract entered into under chapter 39.34 RCW. [1986 c 278 § 49.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**52.12.150 Setting fires for firefighter instruction—When burning permit not required—Notice, inspection required.** Without obtaining a permit issued under \*RCW 70.94.650, fire protection district firefighters may set fire to structures located outside of urban growth areas in counties that plan under the requirements of RCW 36.70A.040, and outside of any city with a population of ten thousand or more in all other counties, for instruction in methods of firefighting, if all of the following conditions are met:

(1) In consideration of prevailing air patterns, the fire is unlikely to cause air pollution in areas of sensitivity downwind of the proposed fire location;

(2) The fire is not located in an area that is declared to be in an air pollution episode or any stage of an impaired air quality as defined in RCW 70.94.715 and 70.94.473;

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(3) Nuisance laws are applicable to the fire, including nuisances related to the unreasonable interference with the enjoyment of life and property and the depositing of particulate matter or ash on other property;

(4) Notice of the fire is provided to the owners of property adjoining the property on which the fire will occur, to other persons who potentially will be impacted by the fire, and to additional persons in a broader manner as specifically requested by the local air pollution control agency or the department of ecology;

(5) Each structure that is proposed to be set on fire must be identified specifically as a structure to be set on fire. Each other structure on the same parcel of property that is not proposed to be set on fire must be identified specifically as a structure not to be set on fire; and

(6) Before setting a structure on fire, a good-faith inspection is conducted by the fire agency or fire protection district conducting the training fire to determine if materials containing asbestos are present, the inspection is documented in writing and forwarded to the appropriate local air authority or the department of ecology if there is no local air authority, and asbestos that is found is removed as required by state and federal laws. [2000 c 199 § 1; 1994 c 28 § 1.]

\*Reviser's note: RCW 70.94.650 was recodified as RCW 70.94.6528 pursuant to 2009 c 118 § 802.

## Chapter 52.14 RCW COMMISSIONERS

### Sections

52.14.010	Number—Qualifications—Insurance—Compensation and expenses—Service as volunteer firefighter.
52.14.013	Commissioner districts—Creation—Boundaries.
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52.14.017	Decrease from five to three commissioners—Election—Disposition of commissioner districts.
52.14.020	Number in district having full-time, fully-paid personnel—Terms of first appointees.
52.14.030	Polling places.
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52.14.060	Commissioner's terms.
52.14.070	Oath of office.
52.14.080	Chair—Secretary—Duties and oath.
52.14.090	Office—Meetings.
52.14.100	Meetings—Powers and duties of board.
52.14.110	Purchases and public works—Competitive bids required—Exceptions.
52.14.120	Purchases and public works—Competitive bidding procedures.
52.14.130	Low bidder claiming error—Prohibition on later bid for same project.

**52.14.010 Number—Qualifications—Insurance—Compensation and expenses—Service as volunteer firefighter.** The affairs of the district shall be managed by a board of fire commissioners composed of three registered voters residing in the district except as provided in RCW 52.14.015 and 52.14.020. Each member shall each receive ninety dollars per day or portion thereof, not to exceed eight thousand six hundred forty dollars per year, for time spent in actual attendance at official meetings of the board or in performance of other services or duties on behalf of the district.

In addition, they shall receive necessary expenses incurred in attending meetings of the board or when otherwise engaged in district business, and shall be entitled to receive the same insurance available to all firefighters of the

district: PROVIDED, That the premiums for such insurance, except liability insurance, shall be paid by the individual commissioners who elect to receive it.

Any commissioner may waive all or any portion of his or her compensation payable under this section as to any month or months during his or her term of office, by a written waiver filed with the secretary as provided in this section. The waiver, to be effective, must be filed any time after the commissioner's election and prior to the date on which the compensation would otherwise be paid. The waiver shall specify the month or period of months for which it is made.

The board shall fix the compensation to be paid the secretary and all other agents and employees of the district. The board may, by resolution adopted by unanimous vote, authorize any of its members to serve as volunteer firefighters without compensation. A commissioner actually serving as a volunteer firefighter may enjoy the rights and benefits of a volunteer firefighter.

The dollar thresholds established in this section must be adjusted for inflation by the office of financial management every five years, beginning July 1, 2008, based upon changes in the consumer price index during that time period. "Consumer price index" means, for any calendar year, that year's annual average consumer price index, for Washington state, for wage earners and clerical workers, all items, compiled by the bureau of labor and statistics, United States department of labor. If the bureau of labor and statistics develops more than one consumer price index for areas within the state, the index covering the greatest number of people, covering areas exclusively within the boundaries of the state, and including all items shall be used for the adjustments for inflation in this section. The office of financial management must calculate the new dollar threshold and transmit it to the office of the code reviser for publication in the Washington State Register at least one month before the new dollar threshold is to take effect.

A person holding office as commissioner for two or more special purpose districts shall receive only that per diem compensation authorized for one of his or her commissioner positions as compensation for attending an official meeting or conducting official services or duties while representing more than one of his or her districts. However, such commissioner may receive additional per diem compensation if approved by resolution of all boards of the affected commissions. [2007 c 469 § 2; 1998 c 121 § 2; 1994 c 223 § 48; 1985 c 330 § 2; 1980 c 27 § 1; 1979 ex.s. c 126 § 31; 1973 c 86 § 1; 1971 ex.s. c 242 § 2; 1969 ex.s. c 67 § 1; 1967 c 51 § 1; 1965 c 112 § 1; 1959 c 237 § 4; 1957 c 238 § 1; 1945 c 162 § 3; 1939 c 34 § 22; Rem. Supp. 1945 § 5654-122. Formerly RCW 52.12.010.]

**Purpose—1979 ex.s. c 126:** See RCW 29A.20.040(1).

*Terms of commissioners:* RCW 52.14.060.

**52.14.013 Commissioner districts—Creation—Boundaries.** The board of fire commissioners of a fire protection district may adopt a resolution by unanimous vote causing a ballot proposition to be submitted to voters of the district authorizing the creation of commissioner districts. The board of fire commissioners shall create commissioner districts if the ballot proposition authorizing the creation of

commissioner districts is approved by a simple majority vote of the voters of the fire protection district voting on the proposition. Three commissioner districts shall be created for a fire protection district with three commissioners, and five commissioner districts shall be created for a fire protection district with five commissioners. No two commissioners may reside in the same commissioner district.

No change in the boundaries of any commissioner district shall be made within one hundred twenty days next before the date of a general district election, nor within twenty months after the commissioner districts have been established or altered. However, if a boundary change results in one commissioner district being represented by two or more commissioners, those commissioners having the shortest unexpired terms shall be assigned by the commission to commissioner districts where there is a vacancy, and the commissioners so assigned shall be deemed to be residents of the commissioner districts to which they are assigned for purposes of determining whether those positions are vacant.

The population of each commissioner district shall include approximately equal population. Commissioner districts shall be redrawn as provided in \*chapter 29.70 RCW. Commissioner districts shall be used as follows: (1) Only a registered voter who resides in a commissioner district may be a candidate for, or serve as, a commissioner of the commissioner district; and (2) only voters of a commissioner district may vote at a primary to nominate candidates for a commissioner of the commissioner district. Voters of the entire fire protection district may vote at a general election to elect a person as a commissioner of the commissioner district.

When a board of fire commissioners that has commissioner districts has been increased to five members under RCW 52.14.015, the board of fire commissioners shall divide the fire protection district into five commissioner districts before it appoints the two additional fire commissioners. The two additional fire commissioners who are appointed shall reside in separate commissioner districts in which no other fire commissioner resides. [1994 c 223 § 49; 1992 c 74 § 2.]

**\*Reviser's note:** Chapter 29.70 RCW was recodified as chapter 29A.76 RCW pursuant to 2003 c 111 § 2401, effective July 1, 2004.

*Creation of commissioner districts upon merger:* RCW 52.06.085.

**52.14.015 Increase from three to five commissioner—Election.** In the event a three member board of commissioners of any fire protection district determines by resolution that it would be in the best interest of the district to increase the number of commissioners from three to five, or in the event the board is presented with a petition signed by ten percent of the registered voters resident within the district who voted in the last general municipal election calling for such an increase in the number of commissioners of the district, the board shall submit a resolution to the county legislative authority or authorities of the county or counties in which the district is located requesting that an election be held. Upon receipt of the resolution, the legislative authority or authorities of the county or counties shall call a special election to be held within the fire protection district at which election the following proposition shall be submitted to the voters substantially as follows:

Shall the board of commissioners of . . . . county fire protection district no. . . . be increased from three members to five members?

Yes . . . .  
No . . . . .

If the fire protection district is located in more than a single county, this proposition shall indicate the name of the district.

If the proposition receives a majority approval at the election, the board of commissioners of the fire protection district shall be increased to five members. The two additional members shall be appointed in the same manner as provided in RCW 52.14.020. [1994 c 223 § 50; 1990 c 259 § 14; 1989 c 63 § 20; 1984 c 230 § 85.]

**52.14.017 Decrease from five to three commissioners—Election—Disposition of commissioner districts.** Except as provided in RCW 52.14.020, in the event a five-member board of commissioners of any fire protection district determines by resolution that it would be in the best interest of the fire district to decrease the number of commissioners from five to three, or in the event the board is presented with a petition signed by ten percent of the registered voters resident within the district who voted in the last general municipal election calling for such a decrease in the number of commissioners of the district, the board shall submit a resolution to the county legislative authority or authorities of the county or counties in which the district is located requesting that an election be held. Upon receipt of the resolution, the legislative authority or authorities of the county or counties shall call a special election to be held within the fire protection district at which election the following proposition shall be submitted to the voters substantially as follows:

Shall the board of commissioners of . . . . county fire protection district no. . . be decreased from five members to three members?

Yes . . .  
No . . . .

If the fire protection district has commissioner districts, the commissioners of the district must pass a resolution, before the submission of the proposition to the voters, to either redistrict from five commissioner districts to three commissioner districts or eliminate the commissioner districts. The resolution takes effect upon approval of the proposition by the voters.

If the fire protection district is located in more than a single county, this proposition shall indicate the name of the district.

If the proposition receives a majority approval at the election, the board of commissioners of the fire protection district shall be decreased to three members. The two members shall be decreased in accordance with RCW 52.06.085. [1997 c 43 § 1.]

**52.14.020 Number in district having full-time, fully-paid personnel—Terms of first appointees.** In a fire protection district maintaining a fire department consisting wholly of personnel employed on a full-time, fully-paid

basis, there shall be five fire commissioners. The two positions created on boards of fire commissioners by this section shall be filled initially as for a vacancy, except that the appointees shall draw lots, one appointee to serve until the next general fire district election after the appointment, at which two commissioners shall be elected for six-year terms, and the other appointee to serve until the second general fire district election after the appointment, at which two commissioners shall be elected for six-year terms. [1984 c 230 § 29; 1971 ex.s. c 242 § 3. Formerly RCW 52.12.015.]

**52.14.030 Polling places.** The polling places for a fire protection district election may be located inside or outside the boundaries of the district, as determined by the auditor of the county in which the fire protection district is located, and the elections of the fire protection district shall not be held to be irregular or void on that account. [1994 c 223 § 51; 1984 c 230 § 31; 1939 c 34 § 24; RRS § 5654-124. Formerly RCW 52.12.030.]

**52.14.050 Vacancies.** Vacancies on a board of fire commissioners shall occur as provided in chapter 42.12 RCW. In addition, if a fire commissioner is absent from the district for three consecutive regularly scheduled meetings unless by permission of the board, the office shall be declared vacant by the board of commissioners. However, such an action shall not be taken unless the commissioner is notified by mail after two consecutive unexcused absences that the position will be declared vacant if the commissioner is absent without being excused from the next regularly scheduled meeting. Vacancies on a board of fire commissioners shall be filled as provided in chapter 42.12 RCW. [1994 c 223 § 52; 1989 c 63 § 21; 1984 c 238 § 2; 1977 c 64 § 1; 1974 ex.s. c 17 § 1; 1971 ex.s. c 153 § 1; 1939 c 34 § 26; RRS § 5654-126. Formerly RCW 52.12.050.]

**52.14.060 Commissioner’s terms.** The initial three members of the board of fire commissioners shall be elected at the same election as when the ballot proposition is submitted to the voters authorizing the creation of the fire protection district. If the district is not authorized to be created, the election of the initial fire commissioners shall be null and void. If the district is authorized to be created, the initial fire commissioners shall take office immediately when qualified. Candidates shall file for each of the three separate fire commissioner positions. Elections shall be held as provided in \*chapter 29.21 RCW, with the county auditor opening up a special filing period as provided in \*\*RCW 29.15.170 and 29.15.180, as if there were a vacancy. The person who receives the greatest number of votes for each position shall be elected to that position. The terms of office of the initial fire commissioners shall be staggered as follows: (1) The person who is elected receiving the greatest number of votes shall be elected to a six-year term of office if the election is held in an odd-numbered year or a five-year term of office if the election is held in an even-numbered year; (2) the person who is elected receiving the next greatest number of votes shall be elected to a four-year term of office if the election is held in an odd-numbered year or a three-year term of office if the election is held in an even-numbered year; and (3) the

other person who is elected shall be elected to a two-year term of office if the election is held in an odd-numbered year or a one-year term of office if the election is held in an even-numbered year. The initial commissioners shall take office immediately when elected and qualified and their terms of office shall be calculated from the first day of January in the year following their election.

The term of office of each subsequent commissioner shall be six years. Each commissioner shall serve until a successor is elected and qualified and assumes office in accordance with **\*\*RCW 29.04.170**. [1994 c 223 § 53; 1989 c 63 § 22; 1984 c 230 § 33; 1979 ex.s. c 126 § 33; 1939 c 34 § 27; RRS § 5654-127. Formerly RCW 52.12.060.]

**Reviser's note:** \*(1) Chapter 29.21 RCW was recodified as chapter 29A.52 RCW pursuant to 2003 c 111 § 2401, effective July 1, 2004.

\*\*\*(2) RCW 29.15.170, 29.15.180, and 29.04.170 were recodified as RCW 29A.24.170, 29A.24.180, and 29A.20.040, respectively, pursuant to 2003 c 111 § 2401, effective July 1, 2004. RCW 29A.24.170 and 29A.24.180 were subsequently repealed by 2004 c 271 § 193. Later enactment of RCW 29A.24.170 and 29A.24.180, see RCW 29A.24.171 and 29A.24.181, respectively.

**Purpose—1979 ex.s. c 126:** See RCW 29A.20.040(1).

**52.14.070 Oath of office.** Before beginning the duties of office, each fire commissioner shall take and subscribe the official oath for the faithful discharge of the duties of office as required by **\*RCW 29.01.135**, which oath shall be filed in the office of the auditor of the county in which all, or the largest portion of, the district is located. [1989 c 63 § 23; 1986 c 167 § 22; 1984 c 230 § 34; 1939 c 34 § 29; RRS § 5654-129. Formerly RCW 52.12.070.]

**\*Reviser's note:** RCW 29.01.135 was recodified as RCW 29A.04.133 pursuant to 2003 c 111 § 2401, effective July 1, 2004.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**52.14.080 Chair—Secretary—Duties and oath.** The fire commissioners shall elect a chair from their number and shall appoint a secretary of the district, who may or may not be a member of the board, for such term as they shall by resolution determine. The secretary, if a member of the board, shall not receive additional compensation for serving as secretary.

The secretary of the district shall keep a record of the proceedings of the board, shall perform other duties as prescribed by the board or by law, and shall take and subscribe an official oath similar to that of the fire commissioners which oath shall be filed in the same office as that of the commissioners. [2010 c 8 § 15003; 1984 c 230 § 35; 1965 c 112 § 2; 1939 c 34 § 30; RRS § 5654-130. Formerly RCW 52.12.080.]

**52.14.090 Office—Meetings.** (1) The office of the fire commissioners and principal place of business of the district shall be at some place within the county in which the district is situated, to be designated by the board of fire commissioners.

(2) The board shall hold regular monthly meetings at a place and date as it determines by resolution, and may adjourn its meetings as required for the proper transaction of business. Special meetings of the board shall be called at any time under the provisions of RCW 42.30.080. [1984 c 230 §

36; 1947 c 254 § 8; 1939 c 34 § 31; Rem. Supp. 1947 § 5654-131. Formerly RCW 52.12.090.]

**52.14.100 Meetings—Powers and duties of board.**

All meetings of the board of fire commissioners shall be conducted in accordance with chapter 42.30 RCW and a majority constitutes a quorum for the transaction of business. All records of the board shall be open to inspection in accordance with chapter 42.56 RCW. The board has the power and duty to adopt a seal of the district, to manage and conduct the business affairs of the district, to make and execute all necessary contracts, to employ any necessary services, and to adopt reasonable rules to govern the district and to perform its functions, and generally to perform all such acts as may be necessary to carry out the objects of the creation of the district. [2005 c 274 § 326; 1984 c 230 § 37; 1939 c 34 § 32; RRS § 5654-132. Formerly RCW 52.12.100.]

**Part headings not law—Effective date—2005 c 274:** See RCW 42.56.901 and 42.56.902.

*Open public meetings: Chapters 42.30, 42.32 RCW.*

**52.14.110 Purchases and public works—Competitive bids required—Exceptions.** Insofar as practicable, purchases and any public works by the district shall be based on competitive bids. A formal sealed bid procedure shall be used as standard procedure for purchases and contracts for purchases executed by the board of commissioners. Formal sealed bidding shall not be required for:

(1) The purchase of any materials, supplies, or equipment if the cost will not exceed the sum of ten thousand dollars. However, whenever the estimated cost does not exceed fifty thousand dollars, the commissioners may by resolution use the process provided in RCW 39.04.190 to award contracts;

(2) Contracting for work to be done involving the construction or improvement of a fire station or other buildings where the estimated cost will not exceed the sum of twenty thousand dollars, which includes the costs of labor, material, and equipment;

(3) Contracts using the small works roster process under RCW 39.04.155; and

(4) Any contract for purchases or public work pursuant to RCW 39.04.280 if an exemption contained within that section applies to the purchase or public work. [2009 c 229 § 9; 2001 c 79 § 1; 2000 c 138 § 209; 1998 c 278 § 5; 1993 c 198 § 11; 1984 c 238 § 3.]

**Purpose—Part headings not law—2000 c 138:** See notes following RCW 39.04.155.

**52.14.120 Purchases and public works—Competitive bidding procedures.** (1) Notice of the call for bids shall be given by publishing the notice in a newspaper of general circulation within the district at least thirteen days before the last date upon which bids will be received. If no bid is received on the first call, the commissioners may readvertise and make a second call, or may enter into a contract without a further call.

(2) A public work involving three or more specialty contractors requires that the district retain the services of a general contractor as defined in RCW 18.27.010. [1993 c 198 § 12; 1984 c 238 § 4.]

**52.14.130 Low bidder claiming error—Prohibition on later bid for same project.** A low bidder who claims error and fails to enter into a contract with a fire protection district for a public works project is prohibited from bidding on the same project if a second or subsequent call for bids is made for the project. [1996 c 18 § 10.]

**Chapter 52.16 RCW  
FINANCES**

Sections

- 52.16.010 County treasurer as financial agent.
- 52.16.020 Funds.
- 52.16.030 Budget for each fund.
- 52.16.040 Tax levies—Assessment roll—Collection.
- 52.16.050 Disbursal of funds—Issuance of warrants—Monthly reports.
- 52.16.061 General obligation bonds—Issuance—Limitations.
- 52.16.070 Obligations shall not exceed taxes, revenues, and cash balances—Exceptions.
- 52.16.080 Bonds may be issued for capital purposes—Excess property tax levies.
- 52.16.130 General levy authorized—Limit—Excess levy at special election.
- 52.16.140 General levy may exceed limit—When.
- 52.16.150 Donations and bequests to district.
- 52.16.160 Tax levy authorized.
- 52.16.170 Taxation and assessment of lands lying both within a fire protection district and forest protection assessment area.

**52.16.010 County treasurer as financial agent.** It is the duty of the county treasurer of the county in which all, or the largest portion of, any fire protection district created under this title is located to receive and disburse district revenues, to collect taxes and assessments authorized and levied under this title, and to credit district revenues to the proper fund. However, where a fire protection district is located in more than one county, the county treasurer of each other county in which the district is located shall collect the fire protection district’s taxes and assessments that are imposed on property located within the county and transfer these funds to the county treasurer of the county in which the largest portion of the district is located. [1989 c 63 § 24; 1984 c 230 § 38; 1939 c 34 § 33; RRS § 5654-133.]

**52.16.020 Funds.** In each county in which a fire protection district is situated, there shall be in the county treasurer’s office of each district the following funds: (1) Expense fund; (2) reserve fund; (3) local improvement district No. . . . fund; (4) general obligation bond fund; and (5) such other funds as the board of commissioners of the district may establish. Taxes levied for administrative, operative, and maintenance purposes and for the purchase of firefighting and emergency medical equipment and apparatus and for the purchase of real property, when collected, and proceeds from the sale of general obligation bonds shall be placed by the county treasurer in the proper fund. Taxes levied for the payment of general obligation bonds and interest thereon, when collected, shall be placed by the county treasurer in the general obligation bond fund. The board of fire commissioners may include in its annual budget items of possible outlay to be provided for and held in reserve for any district purpose, and taxes shall be levied therefor. Such taxes, when collected, shall be placed by the county treasurer in the reserve fund. The reserve fund, or any part of it, may be transferred by the county treasurer to other funds of the district at any time by

order of the board of fire commissioners. Special assessments levied against the lands in any improvement district within the district, when collected, shall be placed by the county treasurer in the local improvement district fund for the local improvement district. [1984 c 230 § 39; 1983 c 167 § 120; 1959 c 221 § 1; 1955 c 134 § 1; 1953 c 176 § 2; 1951 2nd ex.s. c 24 § 1; 1949 c 22 § 1; 1947 c 254 § 9; 1939 c 34 § 34; Rem. Supp. 1949 § 5654-134.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**52.16.030 Budget for each fund.** Annually after the county board or boards of equalization of the county or counties in which the district is located have equalized the assessments for general tax purposes in that year, the secretary of the district shall prepare and certify a budget of the requirements of each district fund, and deliver it to the county legislative authority or authorities of the county or counties in which the district is located in ample time for the tax levies to be made for district purposes. [1989 c 63 § 25; 1984 c 230 § 40; 1939 c 34 § 35; RRS § 5654-135.]

**52.16.040 Tax levies—Assessment roll—Collection.** At the time of making general tax levies in each year the county legislative authority or authorities of the county or counties in which a fire protection district is located shall make the required levies for district purposes against the real and personal property in the district in accordance with the equalized valuations of the property for general tax purposes and as a part of the general taxes. The tax levies shall be a part of the general tax roll and shall be collected as a part of the general taxes against the property in the district. [1989 c 63 § 26; 1984 c 230 § 41; 1939 c 34 § 36; RRS § 5654-136.]

*Levy of taxes: Chapter 84.52 RCW.*

**52.16.050 Disbursal of funds—Issuance of warrants—Monthly reports.** (1) Except as provided in subsections (2) and (3) of this section, the county treasurer shall pay out money received for the account of the district on warrants issued by the county auditor against the proper funds of the district. The warrants shall be issued on vouchers approved and signed by a majority of the district board and by the district secretary.

(2) The board of fire commissioners of a district that had an annual operating budget of five million or more dollars in each of the preceding three years may by resolution adopt a policy to issue its own warrants for payment of claims or other obligations of the fire district. The board of fire commissioners, after auditing all payrolls and bills, may authorize the issuing of one general certificate to the county treasurer, to be signed by the chair of the board of fire commissioners, authorizing the county treasurer to pay all the warrants specified by date, number, name, and amount, and the accounting funds on which the warrants shall be drawn; thereupon the district secretary may issue the warrants specified in the general certificate.

(3) The board of fire commissioners of a district that had an annual operating budget of greater than two hundred fifty thousand dollars and under five million dollars in each of the preceding three years may upon agreement between the county treasurer and the fire district commission, with

approval of the fire district commission by resolution, adopt a policy to issue its own warrants for payment of claims or other obligations of the fire district. The board of fire commissioners, after auditing all payrolls and bills, may authorize the issuing of one general certificate to the county treasurer, to be signed by the chair of the board of fire commissioners, authorizing the county treasurer to pay all the warrants specified by date, number, name, and amount, and the accounting funds on which the warrants shall be drawn. The district secretary may then issue the warrants specified in the general certificate.

(4) The county treasurer may also pay general obligation bonds and the accrued interest thereon in accordance with their terms from the general obligation bond fund when interest or principal payments become due. The county treasurer shall report in writing monthly to the secretary of the district the amount of money held by the county in each fund and the amounts of receipts and disbursements for each fund during the preceding month. [2002 c 165 § 1; 1998 c 5 § 1; 1984 c 230 § 42; 1983 c 167 § 121; 1939 c 34 § 37; RRS § 5654-137.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**52.16.061 General obligation bonds—Issuance—Limitations.** The board of fire commissioners of the district shall have authority to contract indebtedness and to refund same for any general district purpose, including expenses of maintenance, operation and administration, and the acquisition of firefighting facilities, and evidence the same by the issuance and sale of general obligation bonds of the district payable at such time or times not longer than twenty years from the issuing date of the bonds. Such bonds shall be issued and sold in accordance with chapter 39.46 RCW. Such bonds shall not exceed an amount, together with any outstanding nonvoter approved general obligation indebtedness, equal to three-eighths of one percent of the value of the taxable property within the fire protection district, as the term "value of the taxable property" is defined in RCW 39.36.015. [1993 c 231 § 1; 1984 c 186 § 39; 1983 c 167 § 122; 1970 ex.s. c 56 § 66; 1969 ex.s. c 232 § 89; 1955 c 134 § 2; 1953 c 176 § 3.]

**Purpose—1984 c 186:** See note following RCW 39.46.110.

**Purpose—1970 ex.s. c 56:** See note following RCW 39.52.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**52.16.070 Obligations shall not exceed taxes, revenues, and cash balances—Exceptions.** Except as authorized by the issuance and sale of general obligation bonds, the creation of local improvements districts, and the issuance of local improvement bonds and warrants of the fire protection district, the board of fire commissioners may not incur expenses or other financial obligations payable in any year in excess of the aggregate amount of taxes levied for that year, revenues derived from all other sources, and the cash balances on hand in the expense and reserve funds of the district on the first day of that year. In the event that there are any unpaid warrants drawn on any district funds for expenses and obligations incurred and outstanding at the end of any calendar year, the warrants may be paid from taxes collected in the subsequent year or years and from other income. [1984 c 230 § 43; 1983 c 167 § 123; 1975 1st ex.s. c 130 § 1; 1972 ex.s. c

16 § 1; 1959 c 221 § 2; 1955 c 134 § 3; 1951 2nd ex.s. c 24 § 10; 1947 c 254 § 11; 1943 c 106 § 1; 1941 c 70 § 5; 1939 c 34 § 39; Rem. Supp. 1947 § 5654-139.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**52.16.080 Bonds may be issued for capital purposes—Excess property tax levies.** Fire protection districts additionally are authorized to incur general indebtedness for capital purposes and to issue general obligation bonds not to exceed an amount, together with any outstanding general obligation indebtedness, equal to three-fourths of one percent of the value of the taxable property within such district, as the term "value of the taxable property" is defined in RCW 39.36.015, and to provide for the retirement thereof by excess property tax levies, when the voters of the district have approved a proposition authorizing such indebtedness and levies by an affirmative vote of three-fifths of those voting on the proposition at such election, at which election the total number of persons voting shall constitute not less than forty percent of the voters in the fire protection district who voted at the last preceding general state election. The maximum term of such bonds may not exceed twenty years. Such bonds shall be issued and sold in accordance with chapter 39.46 RCW. Such elections shall be held as provided in RCW 39.36.050. [1984 c 186 § 40; 1973 1st ex.s. c 195 § 50; 1970 ex.s. c 42 § 30; 1953 c 176 § 4; 1951 2nd ex.s. c 24 § 3.]

**Purpose—1984 c 186:** See note following RCW 39.46.110.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**52.16.130 General levy authorized—Limit—Excess levy at special election.** To carry out the purposes for which fire protection districts are created, the board of fire commissioners of a district may levy each year, in addition to the levy or levies provided in RCW 52.16.080 for the payment of the principal and interest of any outstanding general obligation bonds, an ad valorem tax on all taxable property located in the district not to exceed fifty cents per thousand dollars of assessed value: PROVIDED, That in no case may the total general levy for all purposes, except the levy for the retirement of general obligation bonds, exceed one dollar per thousand dollars of assessed value. Levies in excess of one dollar per thousand dollars of assessed value or in excess of the aggregate dollar rate limitations or both may be made for any district purpose when so authorized at a special election under RCW 84.52.130. Any such tax when levied shall be certified to the proper county officials for the collection of the tax as for other general taxes. The taxes when collected shall be placed in the appropriate district fund or funds as provided by law, and shall be paid out on warrants of the auditor of the county in which all, or the largest portion of, the district is located, upon authorization of the board of fire commissioners of the district. [2002 c 180 § 3; 1989 c 63 § 27; 1985 c 7 § 121; 1984 c 230 § 44; 1983 c 167 § 126; 1973 1st ex.s. c 195 § 52; 1971 ex.s. c 105 § 1; 1963 ex.s. c 13 § 2; 1951 2nd ex.s. c 24 § 8.]

**Contingent effective date—2002 c 180:** See note following RCW 84.52.052.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**52.16.140 General levy may exceed limit—When.** Notwithstanding the limitation of dollar rates contained in RCW 52.16.130, the board of fire commissioners of any district may levy, in addition to any levy for the payment of the principal and interest of outstanding general obligation bonds, an ad valorem tax on all property located in the district of not to exceed fifty cents per thousand dollars of assessed value and which will not cause the combined levies to exceed the constitutional or statutory limitations, and the additional levy, or any portion of the levy, may also be made when dollar rates of other taxing units are released by agreement with the other taxing units from their authorized levies. [1984 c 230 § 45; 1983 c 167 § 127; 1973 1st ex.s. c 195 § 53; 1951 2nd ex.s. c 24 § 9.]

*Levy of taxes: Chapter 84.52 RCW.*

*Protection from levy prorationing: RCW 84.52.120.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**52.16.150 Donations and bequests to district.** A fire protection district may accept and receive in behalf of the district any money or property donated, devised, or bequeathed to the district, and may carry out the terms of the donation, devise, or bequest, if within the powers granted by law to fire protection districts. In the absence of such terms, a fire protection district may expend or use the money or property for district purposes as determined by the board. [1984 c 230 § 46; 1951 2nd ex.s. c 24 § 11.]

**52.16.160 Tax levy authorized.** Notwithstanding the limitation of dollar rates contained in RCW 52.16.130, and in addition to any levy for the payment of the principal and interest of any outstanding general obligation bonds and in addition to any levy authorized by RCW 52.16.130, 52.16.140 or any other statute, the board of fire commissioners of any fire protection district within such county, which fire protection district has at least one full-time, paid employee, or contracts with another municipal corporation for the services of at least one full-time, paid employee, is hereby authorized to levy each year an ad valorem tax on all taxable property within such district of not to exceed fifty cents per thousand dollars of assessed value, which levy may be made only if it will not affect dollar rates which other taxing districts may lawfully claim nor cause the combined levies to exceed the constitutional and/or statutory limitations. [2002 c 84 § 1; 1985 c 112 § 1; 1983 c 167 § 128; 1973 1st ex.s. c 195 § 54; 1969 ex.s. c 243 § 2; 1961 c 53 § 9.]

*Protection from levy prorationing: RCW 84.52.120.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**52.16.170 Taxation and assessment of lands lying both within a fire protection district and forest protection assessment area.** In the event that lands lie within both a fire protection district and a forest protection assessment area they shall be taxed and assessed as follows:

(1) If the lands are wholly unimproved, they shall be subject to forest protection assessments but not to fire protection district levies;

(2) If the lands are wholly improved, they shall be subject to fire protection district levies but not to forest protection assessments;

(2010 Ed.)

(3) If the lands are partly improved and partly unimproved they shall be subject both to fire protection district levies and to forest protection assessments: PROVIDED, That upon request, accompanied by appropriate legal descriptions, the county assessor shall segregate any unimproved portions which each consist of twenty or more acres, and thereafter the unimproved portion or portions shall be subject only to forest protection assessments. [1984 c 230 § 47; 1963 ex.s. c 13 § 3.]

*Forest protection assessments: RCW 76.04.610.*

## Chapter 52.18 RCW

### BENEFIT CHARGES

(Formerly: Service charges)

#### Sections

52.18.010	Benefit charges authorized—Exceptions—Amounts—Limitations.
52.18.020	Personal property, improvements to real property—Defined.
52.18.030	Resolution establishing benefit charges—Contents—Listing—Collection.
52.18.040	Reimbursement of county for administration and collection expenses.
52.18.050	Voter approval of benefit charges required—Election—Ballot.
52.18.060	Public hearing—Required—Report—Benefit charge resolution to be filed—Notification to property owners.
52.18.065	Property tax limited if benefit charge imposed.
52.18.070	Review board.
52.18.080	Model resolution.
52.18.090	Exemptions.
52.18.900	Severability—1974 ex.s. c 126.
52.18.901	Severability—1990 c 294.

*Assessments and charges against state lands: Chapter 79.44 RCW.*

**52.18.010 Benefit charges authorized—Exceptions—Amounts—Limitations.** The board of fire commissioners of a fire protection district may by resolution, for fire protection district purposes authorized by law, fix and impose a benefit charge on personal property and improvements to real property which are located within the fire protection district on the date specified and which have or will receive the benefits provided by the fire protection district, to be paid by the owners of the properties: PROVIDED, That a benefit charge shall not apply to personal property and improvements to real property owned or used by any recognized religious denomination or religious organization as, or including, a sanctuary or for purposes related to the bona fide religious ministries of the denomination or religious organization, including schools and educational facilities used for kindergarten, primary, or secondary educational purposes or for institutions of higher education and all grounds and buildings related thereto, but not including personal property and improvements to real property owned or used by any recognized religious denomination or religious organization for business operations, profit-making enterprises, or activities not including use of a sanctuary or related to kindergarten, primary, or secondary educational purposes or for institutions of higher education. The aggregate amount of such benefit charges in any one year shall not exceed an amount equal to sixty percent of the operating budget for the year in which the benefit charge is to be collected: PROVIDED, That it shall be the duty of the county legislative authority or authorities of the county or counties in which the fire protection district is located to make any necessary adjustments to assure compliance with

such limitation and to immediately notify the board of fire commissioners of any changes thereof.

A benefit charge imposed shall be reasonably proportioned to the measurable benefits to property resulting from the services afforded by the district. It is acceptable to apportion the benefit charge to the values of the properties as found by the county assessor or assessors modified generally in the proportion that fire insurance rates are reduced or entitled to be reduced as the result of providing the services. Any other method that reasonably apportions the benefit charges to the actual benefits resulting from the degree of protection, which may include but is not limited to the distance from regularly maintained fire protection equipment, the level of fire prevention services provided to the properties, or the need of the properties for specialized services, may be specified in the resolution and shall be subject to contest on the ground of unreasonable or capricious action or action in excess of the measurable benefits to the property resulting from services afforded by the district. The board of fire commissioners may determine that certain properties or types or classes of properties are not receiving measurable benefits based on criteria they establish by resolution. A benefit charge authorized by this chapter shall not be applicable to the personal property or improvements to real property of any individual, corporation, partnership, firm, organization, or association maintaining a fire department and whose fire protection and training system has been accepted by a fire insurance underwriter maintaining a fire protection engineering and inspection service authorized by the state insurance commissioner to do business in this state, but such property may be protected by the fire protection district under a contractual agreement.

For administrative purposes, the benefit charge imposed on any individual property may be compiled into a single charge, provided that the district, upon request of the property owner, provide an itemized list of charges for each measurable benefit included in the charge. [1998 c 16 § 1; 1990 c 294 § 1; 1989 c 63 § 28; 1987 c 325 § 1; 1985 c 7 § 122; 1974 ex.s. c 126 § 1.]

**52.18.020 Personal property, improvements to real property—Defined.** The term "personal property" for the purposes of this chapter shall include every form of tangible personal property, including but not limited to, all goods, chattels, stock in trade, estates, or crops: PROVIDED, That all personal property not assessed and subjected to ad valorem taxation under Title 84 RCW, all property under contract or for which the district is receiving payment for as authorized by RCW 52.30.020 and all property subject to the provisions of chapter 54.28 RCW, or all property that is subject to a contract for services with a fire protection district, shall be exempt from the benefit charge imposed under this chapter: PROVIDED FURTHER, That the term "personal property" shall not include any personal property used for farming, field crops, farm equipment or livestock: AND PROVIDED FURTHER, That the term "improvements to real property" shall not include permanent growing crops, field improvements installed for the purpose of aiding the growth of permanent crops, or other field improvements normally not subject to damage by fire. [1990 c 294 § 2; 1987 c 325 § 2; 1985 c 7 § 123; 1974 ex.s. c 126 § 2.]

**52.18.030 Resolution establishing benefit charges—Contents—Listing—Collection.** The resolution establishing benefit charges as specified in RCW 52.18.010 shall specify, by legal geographical areas or other specific designations, the charge to apply to each property by location, type, or other designation, or other information that is necessary to the proper computation of the benefit charge to be charged to each property owner subject to the resolution. The county assessor of each county in which the district is located shall determine and identify the personal properties and improvements to real property which are subject to a benefit charge in each fire protection district and shall furnish and deliver to the county treasurer of that county a listing of the properties with information describing the location, legal description, and address of the person to whom the statement of benefit charges is to be mailed, the name of the owner, and the value of the property and improvements, together with the benefit charge to apply to each. These benefit charges shall be certified to the county treasurer for collection in the same manner that is used for the collection of fire protection charges for forest lands protected by the department of natural resources under RCW 76.04.610 and the same penalties and provisions for collection shall apply. [1990 c 294 § 3; 1989 c 63 § 29; 1987 c 325 § 3; 1986 c 100 § 53; 1974 ex.s. c 126 § 3.]

**52.18.040 Reimbursement of county for administration and collection expenses.** Each fire protection district shall contract, prior to the imposition of a benefit charge, for the administration and collection of the benefit charge by each county treasurer, who shall deduct a percent, as provided by contract to reimburse the county for expenses incurred by the county assessor and county treasurer in the administration of the resolution and this chapter. The county treasurer shall make distributions each year, as the charges are collected, in the amount of the benefit charges imposed on behalf of each district, less the deduction provided for in the contract. [1990 c 294 § 4; 1989 c 63 § 30; 1987 c 325 § 4; 1974 ex.s. c 126 § 4.]

**52.18.050 Voter approval of benefit charges required—Election—Ballot.** (1) Any benefit charge authorized by this chapter shall not be effective unless a proposition to impose the benefit charge is approved by a sixty percent majority of the voters of the district voting at a general election or at a special election called by the district for that purpose, held within the fire protection district. An election held pursuant to this section shall be held not more than twelve months prior to the date on which the first such charge is to be assessed: PROVIDED, That a benefit charge approved at an election shall not remain in effect for a period of more than six years nor more than the number of years authorized by the voters if fewer than six years unless subsequently reapproved by the voters.

(2) The ballot shall be submitted so as to enable the voters favoring the authorization of a fire protection district benefit charge to vote "Yes" and those opposed thereto to vote "No," and the ballot shall be:

"Shall . . . . . county fire protection district No. . . . be authorized to impose benefit charges each year for . . . (insert number of years not to exceed

six) years, not to exceed an amount equal to sixty percent of its operating budget, and be prohibited from imposing an additional property tax under RCW 52.16.160?

YES  NO

(3) Districts renewing the benefit charge may elect to use the following alternative ballot:

"Shall . . . . . county fire protection district No. . . . be authorized to continue voter-authorized benefit charges each year for . . . . (insert number of years not to exceed six) years, not to exceed an amount equal to sixty percent of its operating budget, and be prohibited from imposing an additional property tax under RCW 52.16.160?

YES  NO

[1998 c 16 § 2; 1990 c 294 § 5; 1989 c 27 § 1; 1987 c 325 § 5; 1974 ex.s. c 126 § 5.]

**52.18.060 Public hearing—Required—Report—Benefit charge resolution to be filed—Notification to property owners.** (1) Not less than ten days nor more than six months before the election at which the proposition to impose the benefit charge is submitted as provided in this chapter, the board of fire commissioners of the district shall hold a public hearing specifically setting forth its proposal to impose benefit charges for the support of its legally authorized activities which will maintain or improve the services afforded in the district. A report of the public hearing shall be filed with the county treasurer of each county in which the property is located and be available for public inspection.

(2) Prior to November 15 of each year the board of fire commissioners shall hold a public hearing to review and establish the fire district benefit charges for the subsequent year.

All resolutions imposing or changing the benefit charges shall be filed with the county treasurer or treasurers of each county in which the property is located, together with the record of each public hearing, before November 30 immediately preceding the year in which the benefit charges are to be collected on behalf of the district.

After the benefit charges have been established, the owners of the property subject to the charge shall be notified of the amount of the charge. [1990 c 294 § 6; 1989 c 63 § 31; 1987 c 325 § 6; 1974 ex.s. c 126 § 6.]

**52.18.065 Property tax limited if benefit charge imposed.** A fire protection district that imposes a benefit charge under this chapter shall not impose all or part of the property tax authorized under RCW 52.16.160. [1990 c 294 § 7; 1987 c 325 § 9.]

**52.18.070 Review board.** After notice has been given to the property owners of the amount of the charge, the board of fire commissioners of a fire protection district imposing a benefit charge under this chapter shall form a review board for at least a two-week period and shall, upon complaint in

writing of a party aggrieved owning property in the district, reduce the charge of a person who, in their opinion, has been charged too large a sum, to a sum or amount as they believe to be the true, fair, and just amount. [1990 c 294 § 8; 1987 c 325 § 7; 1974 ex.s. c 126 § 7.]

**52.18.080 Model resolution.** The Washington fire commissioners association, as soon as practicable, shall draft a model resolution to impose the fire protection district benefit charge authorized by this chapter and may provide assistance to fire protection districts in the establishment of a program to develop benefit charges. [1990 c 294 § 9; 1987 c 325 § 8; 1974 ex.s. c 126 § 8.]

**52.18.090 Exemptions.** A person who is receiving the exemption contained in RCW 84.36.381 through 84.36.389 shall be exempt from any legal obligation to pay a portion of the charge imposed by this chapter according to the following.

(1) A person who meets the income limitation contained in RCW 84.36.381(5)(a) and does not meet the income limitation contained in RCW 84.36.381(5)(b) (i) or (ii) shall be exempt from twenty-five percent of the charge.

(2) A person who meets the income limitation contained in RCW 84.36.381(5)(b)(i) shall be exempt from fifty percent of the charge.

(3) A person who meets the income limitation contained in RCW 84.36.381(5)(b)(ii) shall be exempt from seventy-five percent of the charge. [1990 c 294 § 10.]

**52.18.900 Severability—1974 ex.s. c 126.** If any provision of this 1974 act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected. [1974 ex.s. c 126 § 9.]

**52.18.901 Severability—1990 c 294.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1990 c 294 § 11.]

Chapter 52.20 RCW

LOCAL IMPROVEMENT DISTRICTS

Sections

52.20.010 L.I.D.'s authorized—Petition or resolution method.

52.20.020 Dismissal, approval of petition or resolution of intention—Notice of hearing.

52.20.022 Notice must contain statement that assessments may vary from estimates.

52.20.025 Hearing and subsequent proceedings to be in accordance with laws applicable to cities and towns—Definitions.

52.20.027 Lands subject to forest fire protection assessments exempt—Separation of forest-type lands for tax and assessment purposes.

52.20.060 Coupon or registered warrants—Payment—Interest—Registration.

52.20.070 Contracts not general district obligations.

*Assessments and charges against state lands: Chapter 79.44 RCW.*

*Local improvements, supplemental authority: Chapter 35.51 RCW.*

**52.20.010 L.I.D.'s authorized—Petition or resolution method.** If, for fire protection or emergency medical purposes the acquisition, maintenance, and operation of real property, buildings, apparatus, and instrumentalities needed to provide such services are of special benefit to part or all of the lands in the fire protection district, the board of fire commissioners may include the lands in a local improvement district, and may levy special assessments under a mode of annual installments extending over a period not exceeding twenty years on all property specially benefited by any local improvement, on the basis of the special benefits to pay in whole or in part the damages or costs of improvements ordered in the local improvement district. Local improvement districts may be initiated either by resolution of the board of fire commissioners or by petition signed by the owners of a majority of the acreage of lands to be included within the local improvement district.

If the petition procedure is followed, the petition shall set forth generally the necessity for the creation of a local improvement district, outline the plan of fire or emergency medical protection to be accomplished, and the means by which the cost shall be financed. Upon receipt of a petition, the board of fire commissioners of the district shall at its next regular meeting review the petition. The owners of the lands as shown on the general tax roll in the county treasurer's office, last equalized, shall be used to determine the ownership of the lands to be included in the local improvement district. If the petition is sufficient, the district board shall consider the petition and determine whether the proposed local improvement appears feasible and of special benefit to the lands concerned.

If the board of fire commissioners desire[s] to initiate the formation of a local improvement district by resolution, it shall adopt a resolution declaring its intention to order the proposed improvement, set forth the nature and territorial extent of the proposed improvement, designate the number of the proposed district, describe the boundaries, state the estimated costs and expenses of the improvement and the proportionate amount of the costs which will be borne by the property within the proposed district, and fix a date, time, and place for a public hearing on the formation of the proposed district. [1984 c 230 § 48; 1975 1st ex.s. c 130 § 2; 1961 c 161 § 1; 1939 c 34 § 40; RRS § 5654-140.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**52.20.020 Dismissal, approval of petition or resolution of intention—Notice of hearing.** If the petition is found insufficient or if the district board determines that a local improvement district is not feasible or is of no special benefit to the lands concerned, it shall dismiss the petition. If the district board approves the petition or adopts a resolution of intention to order an improvement, it shall fix a date, hour, and place for hearing the matter and shall (1) mail notice of the hearing at least fifteen days before the date fixed for the public hearing to the owner or reputed owner of each lot, tract, or parcel of land within the proposed local improvement district as shown on the tax rolls of the county treasurer at the address shown thereon, and (2) publish notice of the hearing in a newspaper of general circulation in the county, for three consecutive weeks prior to the day of the hearing. The cost of publication shall be paid by the fire protection

district. The notices shall describe the boundaries of the proposed local improvement district and the plan of fire or emergency medical protection proposed, or may refer to the resolution of intention describing the nature and territorial extent of the proposed improvement. The notices shall state the means by which the cost shall be financed, shall state the date, hour, and place of the hearing on the petition and shall be signed by the secretary of the fire protection district. In addition, the notice given each owner or reputed owner by mail shall state the estimated cost and expense of the improvement to be borne by the particular lot, tract, or parcel. [1984 c 230 § 49; 1975 1st ex.s. c 130 § 3; 1961 c 161 § 2; 1939 c 34 § 41; RRS § 5654-141.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**52.20.022 Notice must contain statement that assessments may vary from estimates.** Any notice given to the public or to the owners of specific lots, tracts, or parcels of land relating to the formation of a local improvement district shall contain a statement that actual assessments may vary from assessment estimates so long as they do not exceed a figure equal to the increased true and fair value the improvement adds to the property. [1989 c 243 § 7.]

**52.20.025 Hearing and subsequent proceedings to be in accordance with laws applicable to cities and towns—Definitions.** The hearing and all subsequent proceedings in connection with the local improvement, including but not limited to the levying, collection, and enforcement of local improvement assessments, and the authorization, issuance, and payment of local improvement bonds and warrants shall be in accordance with the provisions of law applicable to cities and towns set forth in chapters 35.43, 35.44, 35.45, 35.49, 35.50, and 35.53 RCW. Fire protection districts may exercise the powers set forth in those chapters: PROVIDED, That no local improvement guaranty fund may be created: PROVIDED FURTHER, That for the purposes of RCW 52.16.070, 52.20.010, 52.20.020, and 52.20.025, with respect to the powers granted and the duties imposed in chapters 35.43, 35.44, 35.45, 35.50, and 35.53 RCW:

(1) The words "city or town" mean fire protection district.

(2) The secretary of a fire protection district shall perform the duties of the "clerk" or "city or town clerk."

(3) The board of fire commissioners of a fire protection district shall perform the duties of the "council" or "city or town council" or "legislative authority of a city or town."

(4) The board of fire commissioners of a fire protection district shall perform the duties of the "mayor."

(5) The word "ordinance" means a resolution of the board of fire commissioners of a fire protection district.

(6) The treasurer or treasurers of the county or counties in which a fire protection district is located shall perform the duties of the "treasurer" or "city or town treasurer." [1989 c 63 § 32; 1984 c 230 § 50; 1975 1st ex.s. c 130 § 4; 1961 c 161 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**52.20.027 Lands subject to forest fire protection assessments exempt—Separation of forest-type lands for**

**tax and assessment purposes.** RCW 52.20.010, 52.20.020, and 52.20.025 shall not apply to any tracts or parcels of wholly forest-type lands within the district which are required to pay forest fire protection assessments, as required by RCW 76.04.610; however, both the tax levy or special assessments of the district and the forest fire protection assessment shall apply to the forest land portion of any tract or parcel which is in the district containing a combination of both forest-type lands and nonforest-type lands or improvements: PROVIDED, That an owner has the right to have forest-type lands of more than twenty acres in extent separated from land bearing improvements and from nonforest-type lands for taxation and assessment purposes upon furnishing to the assessor a written request containing the proper legal description. [1986 c 100 § 54; 1984 c 230 § 51; 1961 c 161 § 5.]

**52.20.060 Coupon or registered warrants—Payment—Interest—Registration.** (1) The district board may also, if in accordance with the adopted method of financing the local improvement district, issue and sell at par and accrued interest coupon or registered warrants payable within three years from the date thereof exclusively from the local improvement fund of the district. The coupon or registered warrants shall bear semiannual interest and shall be in such form as the board determines and shall state on their face that they are payable exclusively from the local improvement fund of the district. Interest shall be payable on the first day of January and of July. Such warrants may be registered as provided in RCW 39.46.030.

(2) Notwithstanding subsection (1) of this section, such warrants may be issued and sold in accordance with chapter 39.46 RCW. [1984 c 230 § 52; 1983 c 167 § 129; 1970 ex.s. c 56 § 68; 1969 ex.s. c 232 § 90; 1939 c 34 § 45; RRS § 5654-145.]

**Purpose—1970 ex.s. c 56:** See note following RCW 39.52.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**52.20.070 Contracts not general district obligations.** A fire protection district shall not be liable under any contract creating an obligation chargeable against the lands of any local improvement district therein, unless the liability and the extent thereof is specifically stated in the contract. [1984 c 230 § 53; 1939 c 34 § 21; RRS § 5654-121.]

## Chapter 52.22 RCW SPECIAL PROCEEDINGS

### Sections

52.22.011	Legislative validation.
52.22.021	Special proceedings for judicial confirmation of organization, bonds, warrants, contracts, etc.
52.22.031	Petition.
52.22.041	Hearing date to be fixed—Notice.
52.22.051	Answer of petition.
52.22.061	Pleading and practice—Motion for new trial.
52.22.071	Jurisdiction of court.
52.22.081	Minor irregularities to be disregarded.
52.22.091	Costs.
52.22.101	Appellate review.
52.22.111	Districts governed by Title 52 RCW.

(2010 Ed.)

**52.22.011 Legislative validation.** The respective areas, organized and established or attempted to be organized and established under the authority granted in Title 52 RCW which since their organization and establishment or attempted organization and establishment have continuously maintained their organization as fire protection districts established under the authority of these statutes are declared to be properly organized fire protection districts existing under and by virtue of the statutes having in each case, the boundaries set forth in the respective organization proceedings of each of them as shown by the files and records in the offices of the legislative authority or authorities and auditor or auditors of the county or counties in which the particular area lies. [1989 c 63 § 33; 1984 c 230 § 66; 1947 c 230 § 1; Rem. Supp. 1947 § 5654-151o. Formerly RCW 52.32.010.]

**52.22.021 Special proceedings for judicial confirmation of organization, bonds, warrants, contracts, etc.** The board of fire commissioners of a fire protection district now existing or which may be organized under the laws of this state may commence a special proceeding in the superior court of the state of Washington. These proceedings for the organization of the fire district, for the formation of any local improvement district therein, or proceedings for the authorization, issuance, and sale of coupon or registered warrants or general obligation bonds issued pursuant to RCW 52.16.061, either of the fire district or for a local improvement district therein, or both, whether the bonds or coupon or registered warrants have been sold, or proceedings for any contract of the district involving the fire district or any local improvement district therein, and any other proceedings that may affect the legality of the proceedings concerned or any or all of the proceedings above outlined, may be judicially examined, approved, and confirmed. [1984 c 230 § 67; 1983 c 167 § 130; 1947 c 255 § 1; Rem. Supp. 1947 § 5654-153a. Formerly RCW 52.34.010 and 52.32.020.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**52.22.031 Petition.** The board of fire commissioners of the fire protection district shall file in the superior court of the county in which the fire protection district was organized, a petition requesting in effect that the proceedings be examined, approved, and confirmed by the court. The petition shall state the facts showing any of the proceedings that the petition asks the court to examine, approve, and confirm, but need allege only generally that the fire protection district was properly organized and that the first board of fire commissioners was properly elected. [1984 c 230 § 68; 1947 c 255 § 2; Rem. Supp. 1947 § 5654-153b. Formerly RCW 52.34.020 and 52.32.030.]

**52.22.041 Hearing date to be fixed—Notice.** The court shall fix the time for the hearing of the petition and direct the clerk of the court to give notice of the filing of the petition and of the time and place fixed for the hearing. The notice shall state the time and place of the hearing of the petition and that any person interested in the proceedings sought by the petition to be examined, approved, and confirmed by the court, may on or before the date of the hearing of the petition, answer the petition. The petition may be referred to and

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described in the notice as the petition of the board of fire commissioners of . . . . . county fire protection district No. . . . . (giving the county and its number or any other name by which it is officially designated), requesting that the proceedings (naming them as set out in the request of the petition), be examined, approved, and confirmed by the court, and shall be signed by the clerk.

The notice shall be given by posting and publishing for the same length of time that the notice of the hearing on the petition before the county legislative body to form the district was required by law to be posted and published, and it may be published in any legal newspaper designated in the order of the court fixing the time and place of the hearing of the petition and directing the clerk of the court to give notice thereof. [1984 c 230 § 69; 1947 c 255 § 3; Rem. Supp. 1947 § 5654-153c. Formerly RCW 52.34.030 and 52.32.040.]

*Public hearing—Notice—Publication and posting: RCW 52.02.050.*

**52.22.051 Answer of petition.** A person interested in the fire protection district, or in a local improvement district therein, involved in the petition or in any proceedings sought by the petition to be examined, approved, and confirmed by the court, may answer the petition. The statutes of this state respecting answers to verified complaints are applicable to answers to the petition. The person so answering the petition shall be the defendant in the special proceeding, and the board of fire commissioners shall be the plaintiff. Every material statement of the petition not specifically controverted by the answer must, for purposes of the special proceedings, be taken as true, and each person failing to answer the petition is deemed to admit as true all the material statements of the petition. [1984 c 230 § 70; 1947 c 255 § 4; Rem. Supp. 1947 § 5654-153d. Formerly RCW 52.34.040 and 52.32.050.]

*Pleadings: Chapters 4.32, 4.36 RCW.*

**52.22.061 Pleading and practice—Motion for new trial.** The rules of pleading and practice governing civil actions are applicable to the special proceedings provided for except where inconsistent with this chapter. A motion for a new trial must be made upon the minutes of the court and in case of an order granting a new trial, the order must specify the issue to be reexamined at the new trial. The findings of the court on the other issues shall not be affected by the order granting a new trial. [1984 c 230 § 71; 1947 c 255 § 5; Rem. Supp. 1947 § 5654-153e. Formerly RCW 52.34.050 and 52.32.060.]

*New trials: Chapter 4.76 RCW.*

**52.22.071 Jurisdiction of court.** At the hearing of the special proceedings, the court has power and jurisdiction to examine and determine the legality and validity of, and to approve and confirm, each and all of the proceedings for the organization of the fire protection district and for the formation of any local improvement district therein under the law relating to such districts from and including the petition for the organization of the fire district and for the formation of any local improvement district therein and all other proceedings which affect the legality of the districts, or the validity and legality of any coupon or registered warrants or bonds

either of the fire district or for a local improvement district therein and all proceedings conducted by the fire district for a contract of the district involving the fire district or a local improvement district therein, and any other proceeding which may affect the legality of the proceedings concerned. [1984 c 230 § 72; 1983 c 167 § 131; 1947 c 255 § 6; Rem. Supp. 1947 § 5654-153f. Formerly RCW 52.34.060 and 52.32.070.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**52.22.081 Minor irregularities to be disregarded.** The court has full authority and jurisdiction to consider any question of laches, estoppel, and other infirmities in the position and claims of the defendants, to question the legality of the proceedings sought by the plaintiff to be confirmed by the court, and to pass upon and determine them. The court, in inquiring into the regularity, legality, and correctness of the proceedings sought by the board of fire commissioners in its petition to be examined, approved, and confirmed by the court, must disregard any error, irregularity, or omission which does not affect the substantial rights of the parties to the special proceedings. The court may approve and confirm the proceedings in part, and disapprove and declare illegal or invalid other or subsequent parts of the proceedings, or it may approve and confirm all of the proceedings, and make and enter its decree accordingly. [1984 c 230 § 73; 1947 c 255 § 7; Rem. Supp. 1947 § 5654-153g. Formerly RCW 52.34.070 and 52.32.080.]

**52.22.091 Costs.** The court shall find and determine, in these special proceedings, whether the notice of the filing of the petition and of the time and place of hearing on the petition has been properly posted and published for the time and in the manner prescribed in this chapter. The costs of the special proceedings may be allowed and apportioned between all the parties, in the court's discretion. [1984 c 230 § 74; 1947 c 255 § 8; Rem. Supp. 1947 § 5654-153h. Formerly RCW 52.34.080 and 52.32.090.]

**52.22.101 Appellate review.** Appellate review of an order granting or refusing a new trial, or from the judgment, in the special proceedings must be taken by the party aggrieved within thirty days after the entry of the order or the judgment. [1988 c 202 § 50; 1984 c 230 § 75; 1947 c 255 § 9; Rem. Supp. 1947 § 5654-153i. Formerly RCW 52.34.090 and 52.32.100.]

**Rules of court:** *Cf. RAP 2.2, 18.22.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**52.22.111 Districts governed by Title 52 RCW.** All fire protection districts are governed by Title 52 RCW. [1984 c 230 § 86.]

## Chapter 52.26 RCW

### REGIONAL FIRE PROTECTION SERVICE AUTHORITIES

#### Sections

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52.26.900	Captions not law—2004 c 129.
52.26.901	Severability—2004 c 129.

#### 52.26.010 Findings. The legislature finds that:

(1) The ability to respond to emergency situations by many of Washington state's fire protection jurisdictions has not kept up with the state's needs, particularly in urban regions;

(2) Providing a fire protection service system requires a shared partnership and responsibility among the federal, state, local, and regional governments and the private sector;

(3) There are efficiencies to be gained by regional fire protection service delivery while retaining local control; and

(4) Timely development of significant projects can best be achieved through enhanced funding options for regional fire protection service agencies, using already existing taxing authority to address fire protection emergency service needs and new authority to address critical fire protection projects and emergency services. [2004 c 129 § 1.]

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

(1) "Board" means the governing body of a regional fire protection service authority.

(2) "Regional fire protection service authority" or "authority" means a municipal corporation, an independent taxing authority within the meaning of Article VII, section 1 of the state Constitution, and a taxing district within the meaning of Article VII, section 2 of the state Constitution, whose boundaries are coextensive with two or more adjacent fire protection jurisdictions and that has been created by a vote of the people under this chapter to implement a regional fire protection service authority plan.

(3) "Regional fire protection service authority planning committee" or "planning committee" means the advisory committee created under RCW 52.26.030 to create and propose to fire protection jurisdictions a regional fire protection service authority plan to design, finance, and develop fire protection and emergency service projects.

(4) "Regional fire protection service authority plan" or "plan" means a plan to develop and finance a fire protection service authority project or projects, including, but not limited to, specific capital projects, fire operations and emergency service operations pursuant to RCW 52.26.040(3)(b), and preservation and maintenance of existing or future facilities.

(5) "Fire protection jurisdiction" means a fire district, city, town, port district, or Indian tribe.

(6) "Regular property taxes" has the same meaning as in RCW 84.04.140. [2006 c 200 § 1; 2004 c 129 § 2.]

**52.26.030 Planning committee—Formation—Powers.** Regional fire protection service authority planning committees are advisory entities that are created, convened, and empowered as follows:

(1) Any two or more adjacent fire protection jurisdictions may create a regional fire protection service authority and convene a regional fire protection service authority planning committee. No fire protection jurisdiction may participate in more than one authority.

(2) Each governing body of the fire protection jurisdictions participating in planning under this chapter shall appoint three elected officials to the authority planning committee. Members of the planning committee may receive compensation of seventy dollars per day, or portion thereof, not to exceed seven hundred dollars per year, for attendance at planning committee meetings and for performance of other services in behalf of the authority, and may be reimbursed for travel and incidental expenses at the discretion of their respective governing body.

(3) A regional fire protection service authority planning committee may receive state funding, as appropriated by the legislature, or county funding provided by the affected counties for start-up funding to pay for salaries, expenses, overhead, supplies, and similar expenses ordinarily and necessarily incurred. Upon creation of a regional fire protection service authority, the authority shall within one year reimburse the state or county for any sums advanced for these start-up costs from the state or county.

(4) The planning committee shall conduct its affairs and formulate a regional fire protection service authority plan as provided under RCW 52.26.040.

(5) At its first meeting, a regional fire protection service authority planning committee may elect officers and provide for the adoption of rules and other operating procedures.

(6) The planning committee may dissolve itself at any time by a majority vote of the total membership of the planning committee. Any participating fire protection jurisdiction may withdraw upon thirty calendar days' written notice to the other jurisdictions. [2004 c 129 § 3.]

**52.26.040 Planning committee—Formulation of service plan—Competition with private ambulance service.**

(1) A regional fire protection service authority planning committee shall adopt a regional fire protection service authority plan providing for the design, financing, and development of fire protection and emergency services. The planning committee may consider the following factors in formulating its plan:

(a) Land use planning criteria; and  
 (b) The input of cities and counties located within, or partially within, a participating fire protection jurisdiction.

(2) The planning committee may coordinate its activities with neighboring cities, towns, and other local governments that engage in fire protection planning.

(3) The planning committee shall:

(a) Create opportunities for public input in the development of the plan;

(b) Adopt a plan proposing the creation of a regional fire protection service authority and recommending design, financing, and development of fire protection and emergency service facilities and operations, including maintenance and preservation of facilities or systems. The plan may authorize the authority to establish a system of ambulance service to be operated by the authority or operated by contract after a call for bids. However, the authority shall not provide for the establishment of an ambulance service that would compete with any existing private ambulance service, unless the authority determines that the region served by the authority, or a substantial portion of the region served by the authority, is not adequately served by an existing private ambulance service. In determining the adequacy of an existing private ambulance service, the authority shall take into consideration objective generally accepted medical standards and reasonable levels of service which must be published by the authority. Following the preliminary conclusion by the authority that the existing private ambulance service is inadequate, and before establishing an ambulance service or issuing a call for bids, the authority shall allow a minimum of sixty days for the private ambulance service to meet the generally accepted medical standards and accepted levels of service. In the event of a second preliminary conclusion of inadequacy within a twenty-four-month period, the authority may immediately issue a call for bids or establish its own ambulance service and is not required to afford the private ambulance service another sixty-day period to meet the generally accepted medical standards and reasonable levels of service. A private ambulance service that is not licensed by the department of health or whose license is denied, suspended, or revoked is not entitled to a sixty-day period within which to demonstrate adequacy and the authority may immediately issue a call for bids or establish an ambulance service; and

(c) In the plan, recommend sources of revenue authorized by RCW 52.26.050, identify the portions of the plan that may be amended by the board of the authority without voter approval, consistent with RCW 52.26.050, and recommend a financing plan to fund selected fire protection and emergency services and projects.

(4) Once adopted, the plan must be forwarded to the participating fire protection jurisdictions' governing bodies to initiate the election process under RCW 52.26.060.

(5) If the ballot measure is not approved, the planning committee may redefine the selected regional fire protection service authority projects, financing plan, and the ballot mea-

sure. The fire protection jurisdictions' governing bodies may approve the new plan and ballot measure, and may then submit the revised proposition to the voters at a subsequent election or a special election. If a ballot measure is not approved by the voters by the third vote, the planning committee is dissolved. [2006 c 200 § 2; 2004 c 129 § 4.]

#### **52.26.050 Service plan—Taxes and benefit charges.**

(1) A regional fire protection service authority planning committee may, as part of a regional fire protection service authority plan, recommend the imposition of some or all of the following revenue sources, which a regional fire protection service authority may impose upon approval of the voters as provided in this chapter:

(a) Benefit charges under RCW 52.26.180 through 52.26.270;

(b) Property taxes under RCW 52.26.140 through 52.26.170 and 84.52.044 and RCW 84.09.030, 84.52.010, 84.52.052, and 84.52.069; or

(c) Both (a) and (b) of this subsection.

(2) The authority may impose taxes and benefit charges as set forth in the regional fire protection service authority plan upon creation of the authority, or as provided for in this chapter after creation of the authority. If the plan authorizes the authority to impose benefit charges or sixty percent voter approved taxes, the plan and creation of the authority must be approved by an affirmative vote of sixty percent of the voters within the boundaries of the authority voting on a ballot proposition as set forth in RCW 52.26.060. However, if the plan provides for alternative sources of revenue that become effective if the plan and creation of the authority is approved only by a majority vote, then the plan with alternative sources of revenue and creation of the authority may be approved by an affirmative vote of the majority of those voters. If the plan does not authorize the authority to impose benefit charges or sixty percent voter approved taxes, the plan and creation of the authority must be approved by an affirmative vote of the majority of the voters within the boundaries of the authority voting on a ballot proposition as set forth in RCW 52.26.060. Except as provided in this section, all other voter approval requirements under law for the levying of property taxes or the imposition of benefit charges apply. Revenues from these taxes and benefit charges may be used only to implement the plan as set forth in this chapter. [2006 c 200 § 3; 2004 c 129 § 5.]

**52.26.060 Service plan—Submission to voters.** The governing bodies of two or more adjacent fire protection jurisdictions, upon receipt of the regional fire protection service authority plan under RCW 52.26.040, may certify the plan to the ballot, including identification of the revenue options specified to fund the plan. The governing bodies of the fire protection jurisdictions may draft a ballot title, give notice as required by law for ballot measures, and perform other duties as required to put the plan before the voters of the proposed authority for their approval or rejection as a single ballot measure that both approves formation of the authority and approves the plan. Authorities may negotiate interlocal agreements necessary to implement the plan. The electorate is the voters voting within the boundaries of the proposed

regional fire protection service authority. A simple majority of the total persons voting on the single ballot measure to approve the plan and establish the authority is required for approval. However, if the plan authorizes the authority to impose benefit charges or sixty percent voter approved taxes, then the percentage of total persons voting on the single ballot measure to approve the plan and establish the authority is the same as in RCW 52.26.050. The authority must act in accordance with the general election laws of the state. The authority is liable for its proportionate share of the costs when the elections are held under RCW 29A.04.321 and 29A.04.330. [2006 c 200 § 4; 2004 c 129 § 6.]

**52.26.070 Service authority—Formation—Challenges.** If the voters approve the plan, including creation of a regional fire protection service authority and imposition of taxes and benefit charges, if any, the authority is formed on the next January 1st or July 1st, whichever occurs first. The appropriate county election officials shall, within fifteen days of the final certification of the election results, publish a notice in a newspaper or newspapers of general circulation in the authority declaring the authority formed. A party challenging the procedure or the formation of a voter-approved authority must file the challenge in writing by serving the prosecuting attorney of each county within, or partially within, the regional fire protection service authority and the attorney general within thirty days after the final certification of the election. Failure to challenge within that time forever bars further challenge of the authority's valid formation. [2006 c 200 § 5; 2004 c 129 § 7.]

**52.26.080 Organization and composition of governing board.** (1) The board shall adopt rules for the conduct of business. The board shall adopt bylaws to govern authority affairs, which may include:

- (a) The time and place of regular meetings;
- (b) Rules for calling special meetings;
- (c) The method of keeping records of proceedings and official acts;
- (d) Procedures for the safekeeping and disbursement of funds; and
- (e) Any other provisions the board finds necessary to include.

(2) The governing board shall be determined by the plan and consist solely of elected officials. [2004 c 129 § 8.]

**52.26.090 Powers of governing board.** (1) The governing board of the authority is responsible for the execution of the voter-approved plan. Participating jurisdictions shall review the plan every ten years. The board may:

- (a) Levy taxes and impose benefit charges as authorized in the plan and approved by authority voters;
- (b) Enter into agreements with federal, state, local, and regional entities and departments as necessary to accomplish authority purposes and protect the authority's investments;
- (c) Accept gifts, grants, or other contributions of funds that will support the purposes and programs of the authority;
- (d) Monitor and audit the progress and execution of fire protection and emergency service projects to protect the

investment of the public and annually make public its findings;

(e) Pay for services and enter into leases and contracts, including professional service contracts;

(f) Hire, manage, and terminate employees; and

(g) Exercise powers and perform duties as the board determines necessary to carry out the purposes, functions, and projects of the authority in accordance with Title 52 RCW if one of the fire protection jurisdictions is a fire district, unless provided otherwise in the regional fire protection service authority plan, or in accordance with the statutes identified in the plan if none of the fire protection jurisdictions is a fire district.

(2) An authority may enforce fire codes as provided under chapter 19.27 RCW. [2006 c 200 § 6; 2004 c 129 § 9.]

**52.26.100 Transfer of responsibilities and employees to authority—Civil service system.** (1) Except as otherwise provided in the regional fire protection service authority plan, all powers, duties, and functions of a participating fire protection jurisdiction pertaining to fire protection and emergency services shall be transferred to the regional fire protection service authority on its creation date.

(2)(a) Except as otherwise provided in the regional fire protection service authority plan, and on the creation date of the regional fire protection service authority, all reports, documents, surveys, books, records, files, papers, or written material in the possession of the participating fire protection jurisdiction pertaining to fire protection and emergency services powers, functions, and duties shall be delivered to the regional fire protection service authority; all real property and personal property including cabinets, furniture, office equipment, motor vehicles, and other tangible property employed by the participating fire protection jurisdiction in carrying out the fire protection and emergency services powers, functions, and duties shall be transferred to the regional fire protection service authority; and all funds, credits, or other assets held by the participating fire protection jurisdiction in connection with the fire protection and emergency services powers, functions, and duties shall be transferred and credited to the regional fire protection service authority.

(b) Except as otherwise provided in the regional fire protection service authority plan, any appropriations made to the participating fire protection jurisdiction for carrying out the fire protection and emergency services powers, functions, and duties shall be transferred and credited to the regional fire protection service authority.

(c) Except as otherwise provided in the regional fire protection service authority plan, whenever any question arises as to the transfer of any personnel, funds, books, documents, records, papers, files, equipment, or other tangible property used or held in the exercise of the powers and the performance of the duties and functions transferred, the governing body of the participating fire protection jurisdiction shall make a determination as to the proper allocation.

(3) Except as otherwise provided in the regional fire protection service authority plan, all rules and all pending business before the participating fire protection jurisdiction pertaining to the powers, functions, and duties transferred shall be continued and acted upon by the regional fire protection service authority, and all existing contracts and obligations

shall remain in full force and shall be performed by the regional fire protection service authority.

(4) The transfer of the powers, duties, functions, and personnel of the participating fire protection jurisdiction shall not affect the validity of any act performed before creation of the regional fire protection service authority.

(5) If apportionments of budgeted funds are required because of the transfers, the treasurer for the authority shall certify the apportionments.

(6)(a) Subject to (c) of this subsection, all employees of the participating fire protection jurisdictions are transferred to the jurisdiction of the regional fire protection service authority on its creation date. Upon transfer, unless an agreement for different terms of transfer is reached between the collective bargaining representatives of the transferring employees and the participating fire protection jurisdictions, an employee is entitled to the employee rights, benefits, and privileges to which he or she would have been entitled as an employee of a participating fire protection jurisdiction, including rights to:

(i) Compensation at least equal to the level at the time of transfer;

(ii) Retirement, vacation, sick leave, and any other accrued benefit;

(iii) Promotion and service time accrual; and

(iv) The length or terms of probationary periods, including no requirement for an additional probationary period if one had been completed before the transfer date.

(b) If any or all of the participating fire protection jurisdictions provide for civil service in their fire departments, the collective bargaining representatives of the transferring employees and the participating fire protection jurisdictions must negotiate regarding the establishment of a civil service system within the authority. This subsection does not apply if none of the participating fire protection districts provide for civil service.

(c) Nothing contained in this section may be construed to alter any existing collective bargaining unit or the provisions of any existing collective bargaining agreement until the agreement has expired or until the bargaining unit has been modified as provided by law. [2006 c 200 § 7; 2004 c 129 § 10.]

**52.26.110 Withdrawal, reannexation of territory.** (1) As provided in this section, a regional fire protection service authority may withdraw areas from its boundaries or reannex into the authority areas that previously had been withdrawn from the authority under this section.

(2)(a) The withdrawal of an area is authorized upon: (i) Adoption of a resolution by the board approving the withdrawal and finding that, in the opinion of the board, inclusion of this area within the regional fire protection service authority will result in a reduction of the authority's tax levy rate under the provisions of RCW 84.52.010; or (ii) adoption of a resolution by the city or town council approving the withdrawal, if the area is located within the city or town, or adoption of a resolution by the governing body of the fire protection district within which the area is located approving the withdrawal, if the area is located outside of a city or town, but within a fire protection district.

(b) A withdrawal under this section is effective at the end of the day on the thirty-first day of December in the year in which the resolution under (a)(i) or (ii) of this subsection is adopted, but for purposes of establishing boundaries for property tax purposes, the boundaries shall be established immediately upon the adoption of the resolution.

(c) The withdrawal of an area from the boundaries of an authority does not exempt any property therein from taxation for the purpose of paying the costs of redeeming any indebtedness of the authority existing at the time of withdrawal.

(3)(a) An area that has been withdrawn from the boundaries of a regional fire protection service authority under this section may be reannexed into the authority upon: (i) Adoption of a resolution by the board proposing the reannexation; and (ii) adoption of a resolution by the city or town council approving the reannexation, if the area is located within the city or town, or adoption of a resolution by the governing body of the fire protection district within which the area is located approving the reannexation, if the area is located outside of a city or town but within a fire protection district.

(b) A reannexation under this section shall be effective at the end of the day on the thirty-first day of December in the year in which the adoption of the resolution under (a)(ii) of this subsection occurs, but for purposes of establishing boundaries for property tax purposes, the boundaries shall be established immediately upon the adoption of the resolution.

(c)(i) Referendum action on the proposed reannexation under this section may be taken by the voters of the area proposed to be reannexed if a petition calling for a referendum is filed with the city or town council, or governing body of the fire protection district, within a thirty-day period after the adoption of the resolution under (a)(ii) of this subsection, which petition has been signed by registered voters of the area proposed to be reannexed equal in number to ten percent of the total number of the registered voters residing in that area.

(ii) If a valid petition signed by the requisite number of registered voters has been so filed, the effect of the resolutions shall be held in abeyance and a ballot proposition to authorize the reannexation shall be submitted to the voters of the area at the next special election date specified in RCW 29A.04.330 that occurs forty-five or more days after the petitions have been validated. Approval of the ballot proposition authorizing the reannexation by a simple majority vote shall authorize the reannexation. [2004 c 129 § 11.]

**52.26.120 Dissolution of fire protection district—Election—Transfer of responsibilities.** Any fire protection district within the authority may be dissolved by a majority vote of the registered electors of the district at an election conducted by the election officials of the county or counties in which the district is located in accordance with the general election laws of the state. The proceedings for dissolution may be initiated by the adoption of a resolution by the board. The dissolution of the district shall not cancel outstanding obligations of the district or of a local improvement district within the district, and the county legislative authority or authorities of the county or counties in which the district was located may make annual levies against the lands within the district until the obligations of the districts are paid. All powers, duties, and functions of a dissolved fire protection juris-

diction within the authority boundaries, pertaining to providing fire protection services may be transferred, by resolution, to the regional fire protection service authority. [2004 c 129 § 12.]

**52.26.130 Debt—Interlocal contracts—General obligation bonds.** (1) An authority may incur general indebtedness for authority purposes, issue bonds, notes, or other evidences of indebtedness not to exceed an amount, together with any outstanding nonvoter approved general obligation debt, equal to three-fourths of one percent of the value of the taxable property within the authority. The maximum term of the obligations may not exceed twenty years. The obligations may pledge benefit charges and may pledge payments to an authority from the state, the federal government, or any fire protection jurisdiction under an interlocal contract. The interlocal contracts pledging revenues and taxes are binding for a term not to exceed twenty-five years, and taxes or other revenue pledged by an interlocal contract may not be eliminated or modified if it would impair the pledge of the contract.

(2) An authority may also issue general obligation bonds for capital purposes not to exceed an amount, together with any outstanding general obligation debt, equal to one and one-half percent of the value of the taxable property within the authority. The authority may provide for the retirement of the bonds by excess property tax levies. The voters of the authority must approve a proposition authorizing the bonds and levies by an affirmative vote of three-fifths of those voting on the proposition at an election. At the election, the total number of persons voting must constitute not less than forty percent of the voters in the authority who voted at the last preceding general state election. The maximum term of the bonds may not exceed twenty-five years. Elections shall be held as provided in RCW 39.36.050.

(3) Obligations of an authority shall be issued and sold in accordance with chapters 39.46 and 39.50 RCW, as applicable. [2006 c 200 § 10; 2004 c 129 § 14.]

**52.26.140 Levy of taxes—Levies authorized by special election—Indebtedness—Definition.** (1) To carry out the purposes for which a regional fire protection service authority is created, as authorized in the plan and approved by the voters, the governing board of an authority may annually levy the following taxes:

(a) An ad valorem tax on all taxable property located within the authority not to exceed fifty cents per thousand dollars of assessed value;

(b) An ad valorem tax on all property located within the authority not to exceed fifty cents per thousand dollars of assessed value and which will not cause the combined levies to exceed the constitutional or statutory limitations. This levy, or any portion of this levy, may also be made when dollar rates of other taxing units are released by agreement with the other taxing units from their authorized levies; and

(c) An ad valorem tax on all taxable property located within the authority not to exceed fifty cents per thousand dollars of assessed value if the authority has at least one full-time, paid employee, or contracts with another municipal corporation for the services of at least one full-time, paid

employee. This levy may be made only if it will not affect dollar rates which other taxing districts may lawfully claim nor cause the combined levies to exceed the constitutional or statutory limitations or both.

(2) Levies in excess of the amounts provided in subsection (1) of this section or in excess of the aggregate dollar rate limitations or both may be made for any authority purpose when so authorized at a special election under RCW 84.52.052. Any such tax when levied must be certified to the proper county officials for the collection of the tax as for other general taxes. The taxes when collected shall be placed in the appropriate authority fund or funds as provided by law, and must be paid out on warrants of the auditor of the county in which all, or the largest portion of, the authority is located, upon authorization of the governing board of the authority.

(3) Authorities may provide for the retirement of general indebtedness by excess property tax levies as set forth in RCW 52.26.130.

(4) For purposes of this chapter, the term "value of the taxable property" has the same meaning as in RCW 39.36.015. [2006 c 200 § 11; 2004 c 129 § 15.]

**52.26.150 Levy of taxes—To be made by county or counties where authority is located.** At the time of making general tax levies in each year, the county legislative authority or authorities of the county or counties in which a regional fire protection service authority is located shall make the required levies for authority purposes against the real and personal property in the authority in accordance with the equalized valuations of the property for general tax purposes and as a part of the general taxes. The tax levies are part of the general tax roll and must be collected as a part of the general taxes against the property in the authority. [2004 c 129 § 16.]

**52.26.160 Taxation of lands lying within authority and forest protection assessment area.** In the event that lands lie within both a regional fire protection service authority and a forest protection assessment area they shall be taxed and assessed as follows:

(1) If the lands are wholly unimproved, they are subject to forest protection assessments but not to authority levies;

(2) If the lands are wholly improved, they are subject to authority levies but not to forest protection assessments; and

(3) If the lands are partly improved and partly unimproved, they are subject both to authority levies and to forest protection assessments. However, upon request, accompanied by appropriate legal descriptions, the county assessor shall segregate any unimproved portions which each consist of twenty or more acres, and thereafter the unimproved portion or portions are subject only to forest protection assessments. [2004 c 129 § 17.]

**52.26.170 Collection of taxes.** It is the duty of the county treasurer of the county in which the regional fire protection service authority created under this chapter is located to collect taxes authorized and levied under this chapter. However, when a regional fire protection service authority is located in more than one county, the county treasurer of each county in which the authority is located shall collect the

regional fire protection service authority's taxes that are imposed on property located within the county and transfer these funds to the treasurer of the county in which the majority of the authority lies. [2004 c 129 § 18.]

**52.26.180 Benefit charges.** (1) The governing board of a regional fire protection service authority may by resolution, as authorized in the plan and approved by the voters, for authority purposes authorized by law, fix and impose a benefit charge on personal property and improvements to real property which are located within the authority on the date specified and which have received or will receive the benefits provided by the authority, to be paid by the owners of the properties. A benefit charge does not apply to personal property and improvements to real property owned or used by any recognized religious denomination or religious organization as, or including, a sanctuary or for purposes related to the bona fide religious ministries of the denomination or religious organization, including schools and educational facilities used for kindergarten, primary, or secondary educational purposes or for institutions of higher education and all grounds and buildings related thereto. However, a benefit charge does apply to personal property and improvements to real property owned or used by any recognized religious denomination or religious organization for business operations, profit-making enterprises, or activities not including use of a sanctuary or related to kindergarten, primary, or secondary educational purposes or for institutions of higher education. The aggregate amount of these benefit charges in any one year may not exceed an amount equal to sixty percent of the operating budget for the year in which the benefit charge is to be collected. It is the duty of the county legislative authority or authorities of the county or counties in which the regional fire protection service authority is located to make any necessary adjustments to assure compliance with this limitation and to immediately notify the governing board of an authority of any changes thereof.

(2) A benefit charge imposed must be reasonably proportioned to the measurable benefits to property resulting from the services afforded by the authority. It is acceptable to apportion the benefit charge to the values of the properties as found by the county assessor or assessors modified generally in the proportion that fire insurance rates are reduced or entitled to be reduced as the result of providing the services. Any other method that reasonably apportions the benefit charges to the actual benefits resulting from the degree of protection, which may include but is not limited to the distance from regularly maintained fire protection equipment, the level of fire prevention services provided to the properties, or the need of the properties for specialized services, may be specified in the resolution and is subject to contest on the grounds of unreasonable or capricious action or action in excess of the measurable benefits to the property resulting from services afforded by the authority. The governing board of an authority may determine that certain properties or types or classes of properties are not receiving measurable benefits based on criteria they establish by resolution. A benefit charge authorized by this chapter is not applicable to the personal property or improvements to real property of any individual, corporation, partnership, firm, organization, or association maintaining a fire department and whose fire protection and training

system has been accepted by a fire insurance underwriter maintaining a fire protection engineering and inspection service authorized by the state insurance commissioner to do business in this state, but the property may be protected by the authority under a contractual agreement.

(3) For administrative purposes, the benefit charge imposed on any individual property may be compiled into a single charge, provided that the authority, upon request of the property owner, provide an itemized list of charges for each measurable benefit included in the charge.

(4) For the purposes of this section and RCW 52.26.190 through 52.26.270, the following definitions apply:

(a)(i) "Personal property" includes every form of tangible personal property including, but not limited to, all goods, chattels, stock in trade, estates, or crops.

(ii) "Personal property" does not include any personal property used for farming, field crops, farm equipment, or livestock.

(b) "Improvements to real property" does not include permanent growing crops, field improvements installed for the purpose of aiding the growth of permanent crops, or other field improvements normally not subject to damage by fire. [2004 c 129 § 24.]

**52.26.190 Benefit charges—Exemptions.** All personal property not assessed and subjected to ad valorem taxation under Title 84 RCW, all property under contract or for which the regional fire protection service authority is receiving payment for as authorized by law, all property subject to chapter 54.28 RCW, and all property that is subject to a contract for services with an authority, is exempt from the benefit charge imposed under this chapter. [2004 c 129 § 25.]

**52.26.200 Benefit charges—Resolution—County assessor's duties.** (1) The resolution establishing benefit charges as specified in RCW 52.26.180 must specify, by legal geographical areas or other specific designations, the charge to apply to each property by location, type, or other designation, or other information that is necessary to the proper computation of the benefit charge to be charged to each property owner subject to the resolution.

(2) The county assessor of each county in which the regional fire protection service authority is located shall determine and identify the personal properties and improvements to real property that are subject to a benefit charge in each authority and shall furnish and deliver to the county treasurer of that county a listing of the properties with information describing the location, legal description, and address of the person to whom the statement of benefit charges is to be mailed, the name of the owner, and the value of the property and improvements, together with the benefit charge to apply to each. These benefit charges must be certified to the county treasurer for collection in the same manner that is used for the collection of fire protection charges for forest lands protected by the department of natural resources under RCW 76.04.610 and the same penalties and provisions for collection apply. [2004 c 129 § 26.]

**52.26.210 Benefit charges—Administration and collection by county treasurer.** Each regional fire protection

service authority shall contract, prior to the imposition of a benefit charge, for the administration and collection of the benefit charge by each county treasurer, who shall deduct a percentage, as provided by contract to reimburse the county for expenses incurred by the county assessor and county treasurer in the administration of the resolution and this chapter. The county treasurer shall make distributions each year, as the charges are collected, in the amount of the benefit charges imposed on behalf of each authority, less the deduction provided for in the contract. [2004 c 129 § 27.]

**52.26.220 Benefit charges—Submission to voters—**

**Renewal.** (1) Notwithstanding any other provision in this chapter to the contrary, any benefit charge authorized by this chapter is not effective unless a proposition to impose the benefit charge is approved by a sixty percent majority of the voters of the regional fire protection service authority voting at a general election or at a special election called by the authority for that purpose, held within the authority. A ballot measure that contains an authorization to impose benefit charges and that is approved by the voters pursuant to RCW 52.26.060 meets the proposition approval requirement of this section. An election held under this section must be held not more than twelve months prior to the date on which the first charge is to be assessed. A benefit charge approved at an election expires in six years or fewer as authorized by the voters, unless subsequently reapproved by the voters.

(2) The ballot must be submitted so as to enable the voters favoring the authorization of a regional fire protection service authority benefit charge to vote "Yes" and those opposed to vote "No." The ballot question is as follows:

"Shall . . . . . the regional fire protection service authority composed of (insert the participating fire protection jurisdictions) . . . . . be authorized to impose benefit charges each year for . . . . (insert number of years not to exceed six) years, not to exceed an amount equal to sixty percent of its operating budget, and be prohibited from imposing an additional property tax under RCW 52.26.140(1)(c)?

YES NO

(3) Authorities renewing the benefit charge may elect to use the following alternative ballot:

"Shall . . . . . the regional fire protection service authority composed of (insert the participating fire protection jurisdictions) . . . . . be authorized to continue voter-authorized benefit charges each year for . . . . (insert number of years not to exceed six) years, not to exceed an amount equal to sixty percent of its operating budget, and be prohibited from imposing an additional property tax under RCW 52.26.140(1)(c)?

YES NO

[2006 c 200 § 12; 2004 c 129 § 28.]

(2010 Ed.)

**52.26.230 Benefit charges—Establishment—Public hearings—Notice to property owners.** (1) Not fewer than ten days nor more than six months before the election at which the proposition to impose the benefit charge is submitted as provided in this chapter, the governing board of the regional fire protection service authority shall hold a public hearing specifically setting forth its proposal to impose benefit charges for the support of its legally authorized activities that will maintain or improve the services afforded in the authority. A report of the public hearing shall be filed with the county treasurer of each county in which the property is located and be available for public inspection.

(2) Prior to November 15th of each year the governing board of the authority shall hold a public hearing to review and establish the regional fire protection service authority benefit charges for the subsequent year.

(3) All resolutions imposing or changing the benefit charges must be filed with the county treasurer or treasurers of each county in which the property is located, together with the record of each public hearing, before November 30th immediately preceding the year in which the benefit charges are to be collected on behalf of the authority.

(4) After the benefit charges have been established, the owners of the property subject to the charge must be notified of the amount of the charge. [2004 c 129 § 29.]

**52.26.240 Benefit charges—Limitation on imposition of property tax.**

A regional fire protection service authority that imposes a benefit charge under this chapter shall not impose all or part of the property tax authorized under RCW 52.26.140(1)(c). [2004 c 129 § 30.]

**52.26.250 Benefit charges—Complaints—Review board.**

After notice has been given to the property owners of the amount of the charge, the governing board of a regional fire protection service authority imposing a benefit charge under this chapter shall form a review board for at least a two-week period and shall, upon complaint in writing of an aggrieved party owning property in the authority, reduce the charge of a person who, in their opinion, has been charged too large a sum, to a sum or amount as they believe to be the true, fair, and just amount. [2004 c 129 § 31.]

**52.26.260 Benefit charges—Model resolution—Assistance by Washington fire commissioners association.**

The Washington fire commissioners association, as soon as practicable, shall draft a model resolution to impose the regional fire protection service authority benefit charge authorized by this chapter and may provide assistance to authorities in the establishment of a program to develop benefit charges. [2004 c 129 § 32.]

**52.26.270 Benefit charges—Additional exemption.**

A person who is receiving the exemption contained in RCW 84.36.381 through 84.36.389 is exempt from any legal obligation to pay a portion of the benefit charge imposed under this chapter as follows:

(1) A person who meets the income limitation contained in RCW 84.36.381(5)(a) and does not meet the income limi-

tation contained in RCW 84.36.381(5)(b) (i) or (ii) is exempt from twenty-five percent of the charge;

(2) A person who meets the income limitation contained in RCW 84.36.381(5)(b)(i) is exempt from fifty percent of the charge; and

(3) A person who meets the income limitation contained in RCW 84.36.381(5)(b)(ii) shall be exempt from seventy-five percent of the charge. [2004 c 129 § 33.]

**52.26.280 Civil service—When authorized or required.** (1) Subject to subsection (2) of this section, a regional fire protection service authority may, by resolution of its board, provide for civil service for its employees in the same manner, with the same powers, and with the same force and effect as provided by chapter 41.08 RCW for cities, towns, and municipalities, including restrictions against the discharge of an employee because of residence outside the limits of the regional fire protection service authority.

(2) If an agreement is reached to provide for civil service under RCW 52.26.100(6), the regional fire protection service authority shall establish such a system as is required by the agreement. [2006 c 200 § 8.]

**52.26.290 Annexation of territory.** Territory that is annexed to a participating jurisdiction is annexed to the authority as of the effective date of the annexation. The statutes regarding transfer of assets and employees do not apply to the participating jurisdictions in the annexation. [2006 c 200 § 9.]

**52.26.900 Captions not law—2004 c 129.** Captions used in this act are not any part of the law. [2004 c 129 § 35.]

**52.26.901 Severability—2004 c 129.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [2004 c 129 § 37.]

## Chapter 52.30 RCW

### MISCELLANEOUS PROVISIONS

#### Sections

52.30.020	Property of public agency included within district—Contracts for services.
52.30.040	Civil service for employees.
52.30.050	Residency not grounds for discharge of civil service employees.
52.30.060	Change of district name—Resolution.
52.30.070	District volunteer members—Holding public office—Definitions.

**52.30.020 Property of public agency included within district—Contracts for services.** Wherever a fire protection district has been organized which includes within its area or is adjacent to, buildings and equipment, except those leased to a nontax exempt person or organization, owned by the legislative or administrative authority of a state agency or institution or a municipal corporation, the agency or institution or municipal corporation involved shall contract with such district for fire protection services necessary for the protection and safety of personnel and property pursuant to the

provisions of chapter 39.34 RCW: PROVIDED, That nothing in this section shall be construed to require that any state agency, institution, or municipal corporation contract for services which are performed by the staff and equipment of such state agency, institution, or municipal corporation: PROVIDED FURTHER, That nothing in this section shall apply to state agencies or institutions or municipal corporations which are receiving fire protection services by contract from another municipality, city, town, or other entities: AND PROVIDED FURTHER, That school districts shall receive fire protection services from the fire protection districts in which they are located without the necessity of executing a contract for such fire protection services: PROVIDED FURTHER, That prior to September 1, 1974, the superintendent of public instruction, the chief of the Washington state patrol through the director of fire protection, the director of financial management, and the executive director of the Washington fire commissioners association, or their designees, shall develop criteria to be used by the chief of the Washington state patrol through the director of fire protection in establishing uniform rates governing payments to fire districts by school districts for fire protection services. On or before September 1, 1974, the chief of the Washington state patrol through the director of fire protection shall establish such rates to be payable by school districts on or before January 1st of each year commencing January 1, 1975, payable July 1, 1975: AND PROVIDED FURTHER, That beginning with the 1975-77 biennium and in each biennium thereafter the superintendent of public instruction shall present in the budget submittal to the governor an amount sufficient to reimburse affected school districts for the moneys necessary to pay the costs of the uniform rates established by the chief of the Washington state patrol through the director of fire protection. [2006 c 25 § 12; 1979 c 151 § 164; 1974 ex.s. c 88 § 1; 1973 1st ex.s. c 64 § 1; 1941 c 139 § 1; Rem. Supp. 1941 § 5654-143a. Formerly RCW 52.36.020.]

*Fire, medical, or other emergency services provided to county by political subdivision—Financial assistance authorized: RCW 36.32.470.*

*Fire protection services for state-owned facilities: RCW 35.21.775.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**52.30.040 Civil service for employees.** A fire protection district with a fully-paid fire department may, by resolution of its board of fire commissioners, provide for civil service in its fire department in the same manner, with the same powers, and with the same force and effect as provided by chapter 41.08 RCW for cities, towns, and municipalities, including restrictions against the discharge of an employee because of residence outside the limits of the fire protection district. [1984 c 230 § 79; 1971 ex.s. c 256 § 2; 1949 c 72 § 1; Rem. Supp. 1949 § 5654-120a. Formerly RCW 52.36.060.]

**52.30.050 Residency not grounds for discharge of civil service employees.** Residence of an employee outside the limits of a fire protection district is not grounds for discharge of any regularly-appointed civil service employee otherwise qualified. [1984 c 230 § 80; 1971 ex.s. c 256 § 1. Formerly RCW 52.36.065.]

**52.30.060 Change of district name—Resolution.** The name of a fire protection district shall be changed, as proposed by resolution of the board of fire commissioners of the district, upon the adoption of a resolution approving the change by the county legislative authority of the county in which all, or the largest portion, of a fire protection district is located. [1989 c 63 § 34.]

**52.30.070 District volunteer members—Holding public office—Definitions.** (1) Except as otherwise prohibited by law, a volunteer member of any fire protection district who does not serve as fire chief for the district may be:

(a) A candidate for elective public office and serve in that public office if elected; or

(b) Appointed to any public office and serve in that public office if appointed.

(2) For purposes of this section, "volunteer" means a member of any fire protection district who performs voluntarily any assigned or authorized duties on behalf of or at the direction of the fire protection district without receiving compensation or consideration for performing such duties.

(3) For purposes of this section, "compensation" and "consideration" do not include any benefits the volunteer may have accrued or is accruing under chapter 41.24 RCW. [2006 c 211 § 2.]

**Chapter 52.33 RCW**

**FIRE DEPARTMENTS—  
PERFORMANCE MEASURES**

Sections

52.33.010	Intent.
52.33.020	Definitions.
52.33.030	Policy statement—Service delivery objectives.
52.33.040	Annual evaluations—Annual report.
52.33.900	Part headings not law—2005 c 376.

**52.33.010 Intent.** The legislature intends for fire protection districts and regional fire [protection] service authorities to set standards for addressing the reporting and accountability of substantially career fire departments, and to specify performance measures applicable to response time objectives for certain major services. The legislature acknowledges the efforts of the international city/county management association, the international association of fire chiefs, and the national fire protection association for the organization and deployment of resources for fire departments. The arrival of first responders with automatic external defibrillator capability before the onset of brain death, and the arrival of adequate fire suppression resources before flash-over is a critical event during the mitigation of an emergency, and is in the public's best interest. For these reasons, this chapter contains performance measures, comparable to that research, relating to the organization and deployment of fire suppression operations, emergency medical operations, and special operations by substantially career fire departments. This chapter does not, and is not intended to, in any way modify or limit the authority of fire protection districts and regional fire protection service authorities to set levels of service. [2005 c 376 § 301.]

(2010 Ed.)

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

(1) "Advanced life support" means functional provision of advanced airway management, including intubation, advanced cardiac monitoring, manual defibrillation, establishment and maintenance of intravenous access, and drug therapy.

(2) "Aircraft rescue and firefighting" means the firefighting actions taken to rescue persons and to control or extinguish fire involving or adjacent to aircraft on the ground.

(3) "Brain death" as defined by the American heart association means the irreversible death of brain cells that begins four to six minutes after cardiac arrest.

(4) "Fire department" means a fire protection district or a regional fire protection service authority responsible for firefighting actions, emergency medical services, and other special operations in a specified geographic area. The department must be a substantially career fire department, and not a substantially volunteer fire department.

(5) "Fire suppression" means the activities involved in controlling and extinguishing fires.

(6) "First responder" means provision of initial assessment and basic first-aid intervention, including cardiac pulmonary resuscitation and automatic external defibrillator capability.

(7) "Flash-over" as defined by national institute of standards and technology means when all combustibles in a room burst into flame and the fire spreads rapidly.

(8) "Marine rescue and firefighting" means the firefighting actions taken to prevent, control, or extinguish fire involved in or adjacent to a marine vessel and the rescue actions for occupants using normal and emergency routes for egress.

(9) "Response time" means the time immediately following the turnout time that begins when units are en route to the emergency incident and ends when units arrive at the scene.

(10) "Special operations" means those emergency incidents to which the fire department responds that require specific and advanced training and specialized tools and equipment.

(11) "Turnout time" means the time beginning when units receive notification of the emergency to the beginning point of response time. [2005 c 376 § 302.]

**52.33.030 Policy statement—Service delivery objectives.** (1) Every fire protection district and regional fire protection service authority shall maintain a written statement or policy that establishes the following:

- (a) The existence of a fire department;
- (b) Services that the fire department is required to provide;
- (c) The basic organizational structure of the fire department;
- (d) The expected number of fire department employees; and
- (e) Functions that fire department employees are expected to perform.

(2) Every fire protection district and regional fire protection service authority shall include service delivery objectives in the written statement or policy required under subsection

tion (1) of this section. These objectives shall include specific response time objectives for the following major service components, if appropriate:

- (a) Fire suppression;
- (b) Emergency medical services;
- (c) Special operations;
- (d) Aircraft rescue and firefighting;
- (e) Marine rescue and firefighting; and
- (f) Wild land firefighting.

(3) Every fire protection district and regional fire protection service authority, in order to measure the ability to arrive and begin mitigation operations before the critical events of brain death or flash-over, shall establish time objectives for the following measurements:

- (a) Turnout time;
- (b) Response time for the arrival of the first arriving engine company at a fire suppression incident and response time for the deployment of a full first alarm assignment at a fire suppression incident;
- (c) Response time for the arrival of a unit with first responder or higher level capability at an emergency medical incident; and
- (d) Response time for the arrival of an advanced life support unit at an emergency medical incident, where this service is provided by the fire department.

(4) Every fire protection district and regional fire protection service authority shall also establish a performance objective of not less than ninety percent for the achievement of each response time objective established under subsection (3) of this section. [2005 c 376 § 303.]

**52.33.040 Annual evaluations—Annual report.** (1) Every fire protection district and regional fire protection service authority shall evaluate its level of service and deployment delivery and response time objectives on an annual basis. The evaluations shall be based on data relating to level of service, deployment, and the achievement of each response time objective in each geographic area within the jurisdiction of the fire protection district and regional fire protection service authority.

(2) Beginning in 2007, every fire protection district and regional fire protection service authority shall issue an annual written report which shall be based on the annual evaluations required by subsection (1) of this section.

(a) The annual report shall define the geographic areas and circumstances in which the requirements of this standard are not being met.

(b) The annual report shall explain the predictable consequences of any deficiencies and address the steps that are necessary to achieve compliance. [2005 c 376 § 304.]

**52.33.900 Part headings not law—2005 c 376.** See RCW 35.103.900.

# Title 53

## PORT DISTRICTS

### Chapters

- 53.04 Formation.**
- 53.06 Coordination of administrative programs and operations.**
- 53.08 Powers.**
- 53.12 Commissioners—Elections.**
- 53.16 Revision of commissioner districts.**
- 53.18 Employment relations—Collective bargaining and arbitration.**
- 53.19 Personal service contracts.**
- 53.20 Harbor improvements.**
- 53.25 Industrial development districts—Marginal lands.**
- 53.29 Trade center act.**
- 53.31 Export trading companies.**
- 53.34 Toll facilities.**
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- 53.36 Finances.**
- 53.40 Revenue bonds and warrants.**
- 53.44 Funding and refunding indebtedness—1947 act.**
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- 53.48 Dissolution of port and other districts.**
- 53.49 Disposition of funds on dissolution of certain districts.**
- 53.54 Aircraft noise abatement.**
- 53.56 Fire departments—Performance measures.**

*Airport districts: Chapter 14.08 RCW.*

*Assessments and charges against state lands: Chapter 79.44 RCW.*

*Conveyance of real property by public bodies—Recording: RCW 65.08.095.*

*Credit card use by local governments: RCW 43.09.2855.*

*Disincorporation of water-sewer and other districts in counties with a population of two hundred ten thousand or more: Chapter 57.90 RCW.*

*Hospitalization and medical aid for public employees and dependents—Premiums, governmental contributions authorized: RCW 41.04.180, 41.04.190.*

*Material removed for channel or harbor improvement, or flood control—Use for public purpose: RCW 79.140.110.*

*Municipal corporation may authorize investment of funds which are in custody of county treasurer or other municipal corporation treasurer: RCW 36.29.020.*

*Outdoor recreation land acquisition or improvement under marine recreation land act: Chapter 79A.25 RCW.*

*Pollution control—Municipal bonding authority: Chapter 70.95A RCW.*

*Public bodies may retain collection agencies to collect public debts—Fees: RCW 19.16.500.*

*Title to certain second-class shorelands vested in port districts: RCW 79.125.510.*

*Vacation of streets or alleys abutting on bodies of water by city or town prohibited with specified exceptions such as when the vacated property is to be used for port, recreational, educational, etc. purposes: RCW 35.79.035.*

### Chapter 53.04 RCW

#### FORMATION

##### Sections

- 53.04.010 Port districts authorized—Purposes—Powers—Public hearing.
- 53.04.015 Port districts in areas lacking appropriate bodies of water—Authorized—Purposes.
- 53.04.016 Port districts in areas lacking appropriate bodies of water—Authority an additional and concurrent method.
- 53.04.017 Port districts in areas lacking appropriate bodies of water—Elections.
- 53.04.020 Formation of countywide district.
- 53.04.023 Formation of less than countywide district.
- 53.04.031 Initiating petition, commissioner district descriptions—Initial election of commissioners.
- 53.04.060 District declared formed.
- 53.04.070 Expense of election.
- 53.04.080 Annexation of territory—Petition—Election.
- 53.04.085 Petition for annexation to port district.
- 53.04.100 Order of annexation—Liability of area annexed.
- 53.04.110 Change of name.
- 53.04.120 Transfer of port district property to adjacent district—Procedure—Boundary changes—Jurisdiction.
- 53.04.150 Alternative annexation methods—Petition for resolution—Districts authorized to use—Petition requirements.
- 53.04.160 Alternative annexation methods—Petition for resolution—Where filed—Commission's duties.
- 53.04.170 Alternative annexation methods—Petition for resolution—Hearing—Resolution.
- 53.04.180 Alternative annexation methods—Annexation by written consent—Districts authorized to use—Resolution.
- 53.04.190 Alternative annexation methods—Outstanding indebtedness.

**53.04.010 Port districts authorized—Purposes—Powers—Public hearing.** (1) Port districts are hereby authorized to be established in the various counties of the state for the purposes of acquisition, construction, maintenance, operation, development and regulation within the district of harbor improvements, rail or motor vehicle transfer and terminal facilities, water transfer and terminal facilities, air transfer and terminal facilities, or any combination of such transfer and terminal facilities, and other commercial transportation, transfer, handling, storage and terminal facilities, and industrial improvements.

(2) Powers of a port district that is located in a county that has a contiguous border with another state, and a population between fifty and seventy thousand, shall be exercised within the district, except as otherwise provided by statute or pursuant to an interlocal cooperation agreement with another public agency as defined in chapter 39.34 RCW. In addition to other requirements of chapter 39.34 RCW, such an interlocal cooperation agreement may involve the exercise of a port district's powers for a port district that is located in a county that has contiguous borders with another state, and a population between fifty and seventy thousand, outside the boundaries of the state of Washington in whole or in part only if found, by resolution of the port district commission exercising such authority, to be reasonably necessary for the effective exercise of the port district's statutory powers and for the benefit of the inhabitants of the district and the state of Wash-

ington. The resolution may be adopted only after a public hearing of which notice has been published in a newspaper of general circulation within the district at least ten days in advance. [1999 c 306 § 2; 1963 c 147 § 1; 1911 c 92 § 1; RRS § 9688.]

**Purpose—1999 c 306:** "Article VIII, section 8 of the Washington state Constitution authorizes the use of public funds by port districts in such manner as the legislature may prescribe for industrial development or trade promotion. The legislature recognizes a growing need for a Washington port district that is located in a county that has a contiguous border with another state, and a population between fifty and seventy thousand, to participate with other public agencies of this state and an adjoining state to attract, encourage, and develop industry and promote trade on both sides of their borders, for the economic benefit to the state of Washington. RCW 53.08.240 authorizes agreements between two or more port districts for the exercise of powers both within and outside their districts, and further authorizes contracts by port districts with other governmental entities. The interlocal cooperation act, chapter 39.34 RCW, also authorizes joint agreements and contracts between port districts and other state and local public agencies including political subdivisions of other states. However, there is uncertainty as to whether or not a port district that is located in a county that has a contiguous border with another state, and a population between fifty and seventy thousand, may exercise industrial development or trade promotion powers outside the district or state boundaries except jointly with another Washington port district.

The purpose of this act is to define and clarify the authority of a Washington port district that is located in a county that has a contiguous border with another state, and a population between fifty and seventy thousand, to exercise those powers jointly or in cooperation with other public agencies when found to be necessary and beneficial to the people of this state." [1999 c 306 § 1.]

*Establishment of harbor lines: State Constitution Art. 15 § 1 (Amendment 15).*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.04.015 Port districts in areas lacking appropriate bodies of water—Authorized—Purposes.** In areas which lack appropriate bodies of water so that harbor improvements cannot be established, port districts are hereby authorized to be established under the laws of the state, for the purposes for which port districts may be established under RCW 53.04.010, and such port districts shall have all of the powers, privileges and immunities conferred upon all other port districts under the laws of this state, including the same powers and rights relating to municipal airports that other port districts now have or hereafter may be granted. [1963 c 147 § 2; 1959 c 94 § 1.]

**53.04.016 Port districts in areas lacking appropriate bodies of water—Authority an additional and concurrent method.** RCW 53.04.015 shall not be construed to repeal, amend or modify any law heretofore enacted providing a method of harbor improvement, regulation or control; acquisition, maintenance and operation of municipal airports; or industrial development; but shall be held to be an additional and concurrent method providing such purposes. [1959 c 94 § 2.]

**53.04.017 Port districts in areas lacking appropriate bodies of water—Elections.** All elections with respect to any such port districts authorized by RCW 53.04.015 and 53.04.016 shall be held, conducted and the results canvassed in the same manner and at the same time as now or hereafter provided by law for other port districts. [1959 c 94 § 3.]

[Title 53 RCW—page 2]

**53.04.020 Formation of countywide district.** At any general election or at any special election which may be called for that purpose, the county legislative authority of any county in this state may, or on petition of ten percent of the registered voters of such county based on the total vote cast in the last general county election, shall, by resolution submit to the voters of such county the proposition of creating a port district coextensive with the limits of such county. Such petition shall be filed with the county auditor, who shall within fifteen days examine the signatures thereof and certify to the sufficiency or insufficiency thereof, and for such purpose the county auditor shall have access to all registration books in the possession of the officers of any incorporated city or town in such proposed port district. If such petition be found to be insufficient, it shall be returned to the persons filing the same, who may amend or add names thereto for ten days, when the same shall be returned to the county auditor, who shall have an additional fifteen days to examine the same and attach his or her certificate thereto. No person having signed such petition shall be allowed to withdraw his or her name therefrom after the filing of the same with the county auditor. Whenever such petition shall be certified to as sufficient, the county auditor shall forthwith transmit the same, together with his or her certificate of sufficiency attached thereto, to the legislative authority of the county, who shall submit such proposition at the next general election or, if such petition so requests, the county legislative authority shall, at their first meeting after the date of such certificate, by resolution, call a special election to be held in accordance with \*RCW 29.13.010 and 29.13.020. The notice of election shall state the boundaries of the proposed port district and the object of such election. In submitting the question to the voters for their approval or rejection, the proposition shall be expressed on the ballot substantially in the following terms:

"Port of . . . . ., Yes." (giving the name of the principal seaport city within such proposed port district, or if there be more than one city of the same class within such district, such name as may be determined by the legislative authority of the county).

"Port of . . . . ., No." (giving the name of the principal seaport city within such port district, or if there be more than one city of the same class within such district, such name as may be determined by the legislative authority of the county). [1992 c 147 § 1; 1990 c 259 § 15; 1986 c 262 § 1; 1971 ex.s. c 157 § 1; 1913 c 62 § 1; 1911 c 92 § 2; RRS § 9689. Formerly RCW 53.04.020 through 53.04.040.]

**\*Reviser's note:** RCW 29.13.010 and 29.13.020 were recodified as RCW 29A.04.320 and 29A.04.330, respectively, pursuant to 2003 c 111 § 2401, effective July 1, 2004. RCW 29A.04.320 was subsequently repealed by 2004 c 271 § 193. Later enactment of RCW 29A.04.320, see RCW 29A.04.321.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.04.023 Formation of less than countywide district.** A less than countywide port district with an assessed valuation of at least one hundred fifty million dollars may be created in a county that already has a less than countywide port district located within its boundaries. Except as provided in this section, such a port district shall be created in accordance with the procedure to create a countywide port district.

(2010 Ed.)

The effort to create such a port district is initiated by the filing of a petition with the county auditor calling for the creation of such a port district, describing the boundaries of the proposed port district, designating either three or five commissioner positions, describing commissioner districts if the petitioners propose that the commissioners represent districts, and providing a name for the proposed port district. The petition must be signed by voters residing within the proposed port district equal in number to at least ten percent of such voters who voted at the last county general election.

A public hearing on creation of the proposed port district shall be held by the county legislative authority if the county auditor certifies that the petition contained sufficient valid signatures. Notice of the public hearing must be published in the county's official newspaper at least ten days prior to the date of the public hearing. After taking testimony, the county legislative authority may make changes in the boundaries of the proposed port district if it finds that such changes are in the public interest and shall determine if the creation of the port district is in the public interest. No area may be added to the boundaries unless a subsequent public hearing is held on the proposed port district.

The county legislative authority shall submit a ballot proposition authorizing the creation of the proposed port district to the voters of the proposed port district, at any special election date provided in \*RCW 29.13.020, if it finds the creation of the port district to be in the public interest.

The port district shall be created if a majority of the voters voting on the ballot proposition favor the creation of the port district. The initial port commissioners shall be elected at the same election, from districts or at large, as provided in the petition initiating the creation of the port district. The election shall be otherwise conducted as provided in RCW 53.12.172, but the election of commissioners shall be null and void if the port district is not created. [1997 c 256 § 1; 1994 c 223 § 84; 1993 c 70 § 1; 1992 c 147 § 2.]

**\*Reviser's note:** RCW 29.13.020 was recodified as RCW 29A.04.330 pursuant to 2003 c 111 § 2401, effective July 1, 2004.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.04.031 Initiating petition, commissioner district descriptions—Initial election of commissioners.** Three commissioner districts, each with approximately the same population, shall be described in the petition proposing the creation of a port district under RCW 53.04.020, if the process to create the port district was initiated by voter petition, or shall be described by the county legislative authority, if the process to initiate the creation of the port district was by action of the county legislative authority. However, commissioner districts shall not be described if the commissioner districts of the proposed port district shall be the same as the county legislative authority districts.

The initial port commissioners shall be elected as provided in RCW 53.12.172. [1994 c 223 § 83.]

**53.04.060 District declared formed.** Within five days after an election held under the provisions of RCW 53.04.020, the board of county commissioners shall canvass the returns, and if at such election a majority of the voters voting upon the proposition shall vote in favor of the formation of the district, the board of county commissioners shall

so declare in its canvass of the returns of such election, and the port district shall then be and become a municipal corporation of the state of Washington and the name of such port district shall be "Port of . . . ." (inserting the name appearing on the ballot). [1959 c 17 § 2. Prior: 1913 c 62 § 2, part; 1911 c 92 § 3, part; RRS § 9690, part.]

**53.04.070 Expense of election.** All expenses of elections for the formation of such port districts shall be paid by the county holding such election, and such expenditure is hereby declared to be for a county purpose, and the money paid out for such purpose shall be repaid to such county by the port district, if formed. [1959 c 17 § 6. Prior: 1913 c 62 § 2, part; 1911 c 92 § 3, part; RRS § 9690, part.]

**53.04.080 Annexation of territory—Petition—Election.** At any general election or at any special election which may be called for that purpose the county legislative authority of any county in this state in which there exists a port district which is not coextensive with the limits of the county, shall on petition of the commissioners of such port district, by resolution, submit to the voters residing within the limits of any territory which the existing port district desires to annex or include in its enlarged port district, the proposition of enlarging the limits of such existing port districts so as to include therein the whole of the territory embraced within the boundaries of such county, or such territory as may be described in the petition by legal subdivisions. Such petition shall be filed with the county auditor, who shall forthwith transmit the same to the county legislative authority, who shall submit such proposition at the next general election, or, if such petition so request, the county legislative authority, shall at their first meeting after the date of filing such petition, by resolution, call a special election to be held in accordance with \*RCW 29.13.010 and 29.13.020. The notice of election shall state the boundaries of the proposed enlarged port district and the object of the special election. In submitting the question to the voters of the territory proposed to be annexed or included for their approval or rejection, the proposition shall be expressed on the ballots substantially in the following terms:

"Enlargement of the port of . . . . ., yes." (Giving then [the] name of the port district which it is proposed to enlarge);

"Enlargement of the port of . . . . ., no." (Giving the name of the port district which it is proposed to enlarge).

Such election, whether general or special, shall be held in each precinct wholly or partially embraced within the limits of the territory proposed to be annexed or included and shall be conducted and the votes cast thereat counted, canvassed, and the returns thereof made in the manner provided by law for holding general or special county elections. [1990 c 259 § 16; 1935 c 16 § 1; 1921 c 130 § 1; RRS § 9707. Formerly RCW 53.04.080 and 53.04.090.]

**\*Reviser's note:** RCW 29.13.010 and 29.13.020 were recodified as RCW 29A.04.320 and 29A.04.330, respectively, pursuant to 2003 c 111 § 2401, effective July 1, 2004. RCW 29A.04.320 was subsequently repealed by 2004 c 271 § 193. Later enactment of RCW 29A.04.320, see RCW 29A.04.321.

*Elections: Title 29A RCW.*

**53.04.085 Petition for annexation to port district.** If an area, not currently part of an existing port district desires to be annexed to a port district in the same county, upon receipt of a petition bearing the names of ten percent of the registered voters residing within the proposed boundaries of the area desiring to be annexed who voted in the last general municipal election, the commissioners of such port district shall petition the county legislative authority to annex such territory, as provided in RCW 53.04.080. [1990 c 259 § 17; 1971 ex.s. c 157 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.04.100 Order of annexation—Liability of area annexed.** If a majority of all the votes cast at any such election upon the proposition of enlarging such port district shall be for the "Enlargement of the port of . . . . ., yes" then and in that event the board of county commissioners shall enter an order declaring such port district enlarged so as to embrace within the limits thereof the territory described in the petition for such election, and thereupon the boundaries of said port district shall be so enlarged and the commissioners thereof shall have jurisdiction over the whole of said district as enlarged to the same extent, and with like power and authority, as though the additional territory had been originally embraced within the boundaries of the existing port district: PROVIDED, HOWEVER, That none of the lands or property embraced within the territory added to and incorporated within such port district shall be liable to assessment for the payment of any outstanding bonds, warrants or other indebtedness of such original port district, but such outstanding bonds, warrants or other indebtedness, together with interest thereon, shall be paid exclusively from assessments levied and collected on the lands and property embraced within the boundaries of the preexisting port district. [1921 c 130 § 2; RRS § 9708.]

**53.04.110 Change of name.** Any port district now existing or which may hereafter be organized under the laws of the state of Washington is hereby authorized to change its corporate name under the following conditions and in the following manner:

(1) On presentation of a petition to the commissioners of any port district now existing or which may hereafter be established under the laws of the state of Washington, signed by at least ten percent of the total number of voters of the port district who voted at the last general port election and asking that the corporate name of the port district be changed, it shall be the duty of the commissioners to submit to the voters of the port district the proposition as to whether the corporate name of the port shall be changed. The proposition shall be submitted at the next general port election according to RCW 29A.04.330.

(2) The petition shall contain the present corporate name of the port district and the corporate name which is proposed to be given to the port district.

(3) On submitting the proposition to the voters of the port district it shall be the duty of the port commissioners to cause to be printed on the official ballot used at the election the following proposition:

"Shall the corporate name, 'Port of . . . . . ' be changed to 'Port of . . . . . ' . . . . . YES  
"Shall the corporate name, 'Port of . . . . . ' be changed to 'Port of . . . . . ' . . . . . NO"

(4) At the time when the returns of the general election shall be canvassed by the commissioners of the port district, it shall be the duty of the commissioners to canvass the vote upon the proposition so submitted, recording in their record the result of the canvass.

(5) Should a majority of the registered voters of the port district voting at the general port election vote in favor of the proposition it shall be the duty of the port commissioners to certify the fact to the auditor of the county in which the port district shall be situated and to the secretary of state of the state of Washington, under the seal of the port district. On and after the filing of the certificate with the county auditor as aforesaid and with the secretary of state of the state of Washington, the corporate name of the port district shall be changed, and thenceforth the port district shall be known and designated in accordance therewith. [2006 c 344 § 35; 1998 c 240 § 1; 1990 c 259 § 18; 1929 c 140 § 1; RRS § 9689-1.]

**Effective date—2006 c 344 §§ 1-16 and 18-40:** See note following RCW 29A.04.311.

**53.04.120 Transfer of port district property to adjacent district—Procedure—Boundary changes—Jurisdiction.** Property may be acquired and owned by any port district, at least one boundary of which property is contiguous to or within one-quarter air mile of such port district and is also located in an adjacent port district, and such property may be transferred to the owning port district upon unanimous resolution of the boards of commissioners of both port districts authorizing the same. The resolution of the port district within which such property is located shall be a resolution to permit the acquisition and to make the transfer, while the resolution of the port district which owns the property shall be a resolution to acquire and own the property and to accept the transferred property. Upon the filing of both official resolutions with the legislative authority and the auditor of the county or counties within which such port districts lie, together with maps showing in reasonable detail the boundary changes made, such acquisition and ownership shall be lawful and such transfer shall be effective and the commissioners of the port district acquiring, owning and receiving such property shall have jurisdiction over the whole of said enlarged port district to the same extent, and with like power and authority, as though the additional territory had been owned by and originally embraced within the boundaries of the port district. [1979 c 72 § 1; 1977 ex.s. c 91 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.04.150 Alternative annexation methods—Petition for resolution—Districts authorized to use—Petition requirements.** A port district that is less than countywide, and that is located in a county with a population of less than ninety thousand and located in either the Interstate 5 or Interstate 90 corridor, may petition for annexation of an area that is contiguous to its boundaries, is not located within the boundaries of any other port district, and contains no registered voters. The petition must be in writing, addressed to and

filed with the port commission, and signed by the owners of not less than seventy-five percent of the property value in the area to be annexed, according to the assessed value for general taxation. The petition must contain a legal description of the property according to government legal subdivisions or legal plats, or a sufficient metes and bounds description, and must be accompanied by a plat outlining the boundaries of the property to be annexed. [2000 c 200 § 2; 1999 c 250 § 2.]

**Intent—1999 c 250 §§ 2-5:** "The legislature intends annexation procedures set forth in sections 2 through 5 of this act to be alternative methods available to port districts that are less than countywide. The legislature does not intend the alternative procedures to supersede any other method authorized by chapter 53.04 RCW or other law for annexation of territory to a port district." [1999 c 250 § 1.]

**53.04.160 Alternative annexation methods—Petition for resolution—Where filed—Commission’s duties.** If a petition meeting the requirements set forth in RCW 53.04.150 is filed with the commission, the commission shall determine a date, time, and location for a hearing on the petition and shall provide public notice of that hearing and its nature by publishing the notice in one issue of a newspaper of general circulation in the district and by posting the notice in three public places within the territory proposed for annexation. The commission may require proof of a petition’s authenticity before complying with notice requirements imposed by this section and may require the signers of a petition to bear the costs of publishing and posting notice. [1999 c 250 § 3.]

**Intent—1999 c 250 §§ 2-5:** See note following RCW 53.04.150.

**53.04.170 Alternative annexation methods—Petition for resolution—Hearing—Resolution.** At the hearing, the commission may determine to annex all or any portion of the proposed area described in the petition. Following the hearing, the commission shall by resolution approve or disapprove annexation. Upon passage of the resolution, the commission shall file, with the board of county commissioners of the county in which the annexed property is located, a certified copy of the resolution. On the date fixed in the resolution, the area annexed becomes part of the district. [1999 c 250 § 4.]

**Intent—1999 c 250 §§ 2-5:** See note following RCW 53.04.150.

**53.04.180 Alternative annexation methods—Annexation by written consent—Districts authorized to use—Resolution.** (1) By a majority vote of the commission, and with the written consent of all the owners of the property to be annexed, a port commission of a district that is less than countywide, and that is located in a county with a population of less than ninety thousand and located in either the Interstate 5 or Interstate 90 corridor, may annex, for industrial development or other port district purposes, property contiguous to the district’s boundaries and not located within the boundaries of any other port district.

(2) The written consent required by subsection (1) of this section must contain a full and correct legal description of the property to be annexed, must include the signature of all owners of the property to be annexed, and must be addressed to and filed with the commission.

(3) If the commission approves annexation under this section, it shall do so by resolution and shall file a certified copy of the resolution with the board of county commissioners of the county in which the annexed property is located. Upon the date fixed in the resolution, the area annexed becomes part of the district. [2000 c 200 § 1; 1999 c 250 § 5.]

**Intent—1999 c 250 §§ 2-5:** See note following RCW 53.04.150.

**53.04.190 Alternative annexation methods—Outstanding indebtedness.** No property within the territory annexed under RCW 53.04.150 through 53.04.180 may be taxed or assessed for the payment of any outstanding indebtedness of the port district as it existed before the annexation unless another law requires the tax or assessment. [1999 c 250 § 6.]

**Chapter 53.06 RCW**

**COORDINATION OF ADMINISTRATIVE PROGRAMS AND OPERATIONS**

Sections

- 53.06.010 Declaration of necessity.
- 53.06.020 Actions required of commissions—Joint reports to governor and legislature.
- 53.06.030 Washington public ports association as coordinating agency—Purposes, powers, and duties.
- 53.06.040 Dues and assessments may be paid to association from district funds.
- 53.06.050 Further action by commissions authorized—Meetings.
- 53.06.060 Financial records of association and any nonprofit corporation utilized by port districts subject to audit by state auditor.
- 53.06.070 Federation of Washington ports authorized—Purposes.
- 53.06.080 Implementation of economic development programs—Use of nonprofit corporations—Transfer of funds.
- 53.06.090 Nonprofit corporations—Legislative recognition.

**53.06.010 Declaration of necessity.** The necessity and desirability of coordinating the administration programs and operations of all the port districts in this state is recognized and declared as a matter of legislative determination. [1961 c 31 § 1.]

**53.06.020 Actions required of commissions—Joint reports to governor and legislature.** It shall be the duty of the port district commissions in the state to take such action to effect the coordination of the administrative programs and operations of each port district in the state and to submit to the governor and the legislature biennially a joint report or joint reports containing the recommendations for procedural changes which would increase the efficiency of the respective port districts. [1994 c 75 § 1; 1989 c 425 § 3; 1961 c 31 § 2.]

**Findings—Severability—1989 c 425:** See notes following RCW 53.06.070.

**53.06.030 Washington public ports association as coordinating agency—Purposes, powers, and duties.** The port district commissions in this state are empowered to designate the Washington public ports association as a coordinating agency through which the duties imposed by RCW 53.06.020 may be performed, harmonized or correlated. The purposes of the Washington public ports association shall be:

(1) To initiate and carry on the necessary studies, investigations and surveys required for the proper development

and improvement of the commerce and business generally common to all port districts, and to assemble and analyze the data thus obtained and to cooperate with the state of Washington, port districts both within and without the state of Washington, and other operators of terminal and transportation facilities for this purpose, and to make such expenditures as are necessary for these purposes, including the proper promotion and advertising of all such properties, utilities and facilities;

(2) To establish coordinating and joint marketing bodies comprised of association members, including but not limited to establishment of a federation of Washington ports as described in RCW 53.06.070, as may be necessary to provide effective and efficient marketing of the state's trade, tourism, and travel resources;

(3) To exchange information relative to port construction, maintenance, operation, administration and management;

(4) To promote and encourage port development along sound economic lines;

(5) To promote and encourage the development of transportation, commerce and industry;

(6) To operate as a clearing house for information, public relations and liaison for the port districts of the state and to serve as a channel for cooperation among the various port districts and for the assembly and presentation of information relating to the needs and requirements of port districts to the public. [1989 c 425 § 4; 1961 c 31 § 3.]

**Findings—Severability—1989 c 425:** See notes following RCW 53.06.070.

**53.06.040 Dues and assessments may be paid to association from district funds.** Each port district which designates the Washington public ports association as the agency through which the duties imposed by RCW 53.06.020 may be executed is authorized to pay dues and/or assessments to said association from port district funds in any calendar year. [2010 c 198 § 1; 1973 1st ex.s. c 195 § 55; 1970 ex.s. c 47 § 3; 1961 c 31 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.06.050 Further action by commissions authorized—Meetings.** The port district commissions are authorized to take such further action as they deem necessary to comply with the intent of this chapter, including the attendance at state and district meetings which may be required to formulate the reports provided for in RCW 53.06.020. [1961 c 31 § 5.]

**53.06.060 Financial records of association and any nonprofit corporation utilized by port districts subject to audit by state auditor.** The financial records of the Washington public ports association shall be subject to audit by the state auditor. The financial records of any nonprofit corporation utilized by port districts shall be subject to audit by the state auditor to determine compliance with the contractual terms and conditions under which payments or reimbursements are received under chapter 53.06 RCW. [2000 c 198 § 4; 1995 c 301 § 74; 1961 c 31 § 6.]

[Title 53 RCW—page 6]

**53.06.070 Federation of Washington ports authorized—Purposes.** The Washington public ports association is authorized to create a federation of Washington ports to enable member ports to strengthen their international trading capabilities and market the region's products worldwide. Such a federation shall maintain the authority of individual ports and have the following purposes:

(1) To operate as an export trading company under the provisions enumerated in chapter 53.31 RCW;

(2) To provide a network to market the services of the members of the Washington public ports association;

(3) To provide expertise and assistance to businesses interested in export markets;

(4) To promote cooperative efforts between ports and local associate development organizations to assist local economic development efforts and build local capacity; and

(5) To assist in the efficient marketing of the state's trade, tourism, and travel resources. [1994 c 75 § 2; 1989 c 425 § 2.]

**Findings—1989 c 425:** "The legislature finds: (1) That the continuous development of Washington's ports should be a long-term goal for the state of Washington; (2) that Washington's ports are a valuable economic development resource, whose strength as a combined, coordinated entity for the purpose of trade and tourism development would far exceed their individual strength's in those areas; and (3) that, therefore, the ports should work together as a federation, coordinating their efforts further still with other public entities as well as the private sector.

The legislature concurs with the 1989 report of the economic development board on a long-term economic development strategy for Washington state as follows: (a) Competition for tourism dollars, as well as dollars to purchase Washington's goods and services, is global in nature and to compete, the state must identify its unique market niches, and market its trade, travel, and tourism assets aggressively; (b) the ports of the state of Washington are an integral part of the technological and physical infrastructure needed to help the state compete in the international marketplace; and (c) links among public agencies, associate development organizations, including ports, universities, and industry-oriented organizations must be strengthened in an effort to improve coordination, prevent duplication, and build local capacity." [1989 c 425 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.06.080 Implementation of economic development programs—Use of nonprofit corporations—Transfer of funds.** Port districts are authorized to utilize the services of a nonprofit corporation for the purposes of providing training, education, and general improvement to the public sector management skills necessary to implement the economic development programs of port districts. Actions taken under this section must be implemented pursuant to the powers granted in chapter 39.84 RCW. Any nonprofit corporation utilized pursuant to this section must be a tax exempt nonprofit corporation, may be a nonprofit corporation created by the Washington public ports association, and must be created for the sole purposes of education and training for port district officials and employees. Port districts are authorized to transfer to a qualified nonprofit corporation utilized pursuant to this section any funds received from an industrial development corporation created by a port district under RCW 39.84.130.

Nothing in this section shall be construed to prohibit the receipt of additional public or private funds by a nonprofit corporation established under this section. The coordination of these programs and the transfers and expenditures of funds shall be deemed to be for industrial development and trade

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promotion as provided for in Article VIII, section 8 of the Washington state Constitution. [2000 c 198 § 1.]

**53.06.090 Nonprofit corporations—Legislative recognition.** In carrying out the purposes described in this and other chapters of this title, the legislature recognizes that any nonprofit corporation created or re-created for the purposes of this chapter, is a private nonprofit corporation contracting to provide services to which port districts may subscribe. [2000 c 198 § 3.]

## Chapter 53.08 RCW POWERS

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53.08.370	Telecommunications facilities—Construct, purchase, acquire, etc.—Purposes—Limitations—Eminent domain.
53.08.380	Wholesale telecommunications services—Petition for review of rates, terms, conditions.
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*Acquisition of vacated waterways: RCW 79.120.060.*

*Actions by and against public corporations: RCW 4.08.110 and 4.08.120.*

*Airport zoning: Chapter 14.12 RCW.*

*Deferral of special assessments: Chapter 84.38 RCW.*

*Emergency public works: Chapter 39.28 RCW.*

*Heating systems authorized: RCW 35.97.020.*

*Industrial development revenue bonds: Chapter 39.84 RCW.*

*Lien for labor and materials on public works: Chapter 60.28 RCW.*

*Municipal airports: Chapters 14.07 and 14.08 RCW.*

*Permits to use waterways within a port district: RCW 79.120.040.*

*Public contracts: Chapters 39.04 through 39.32 RCW.*

*Special purpose districts, expenditures to recruit job candidates: RCW 42.24.170.*

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

(1) "Commission" means the Washington utilities and transportation commission.

(2) "Rural port district" means a port district formed under chapter 53.04 RCW and located in a county with an average population density of fewer than one hundred persons per square mile.

(3) "Telecommunications" has the same meaning as contained in RCW 80.04.010.

(4) "Telecommunications facilities" means lines, conduits, ducts, poles, wires, cables, crossarms, receivers, transmitters, instruments, machines, appliances, instrumentalities and all devices, real estate, easements, apparatus, property, and routes used, operated, owned, or controlled by any entity to facilitate the provision of telecommunications services.

(5) "Wholesale telecommunications services" means the provision of telecommunications services or facilities for resale by an entity authorized to provide telecommunications services to the general public and internet service providers. [2000 c 81 § 6.]

**Findings—2000 c 81:** "The legislature makes the following findings:

(1) Access to telecommunications facilities and services is essential to the economic well-being of both rural and urban areas.

(2) Many persons and entities, particularly in rural areas, do not have adequate access to telecommunications facilities and services.

(3) Public utility districts and rural port districts may be well-positioned to construct and operate telecommunications facilities." [2000 c 81 § 1.]

**53.08.010 Acquisition of property—Levy of assessments.** A port district may acquire by purchase, for cash or on deferred payments for a period not exceeding twenty years, or by condemnation, or both, all lands, property, property rights, leases, or easements necessary for its purposes and may exercise the right of eminent domain in the acquirement or damaging of all such lands, property, and property rights, and may levy and collect assessments upon property for the payment of all damages and compensation in carrying out its purposes, and such right shall be exercised in the same manner and by the same procedure as provided for cities of the first class insofar as consistent with this title, and in connection therewith the county treasurer shall perform the duties of the treasurers of such cities. [1983 c 24 § 1; 1955 c 65 § 2. Prior: 1953 c 171 § 1; 1943 c 166 § 2, part; 1921 c 183 § 1, part; 1917 c 125 § 1, part; 1913 c 62 § 4, part; 1911 c 92 § 4, part; Rem. Supp. 1943 § 9692, part.]

*Eminent domain: State Constitution Art. 1 § 16 (Amendment 9).*

*Eminent domain by cities: Chapter 8.12 RCW.*

**53.08.015 Exemption of farm and agricultural land from special benefit assessments.** See RCW 84.34.300 through 84.34.380 and 84.34.922.

**53.08.020 Acquisition and operation of facilities.** A port district may construct, condemn, purchase, acquire, add to, maintain, conduct, and operate sea walls, jetties, piers, wharves, docks, boat landings, and other harbor improvements, warehouses, storehouses, elevators, grain-bins, cold storage plants, terminal icing plants, bunkers, oil tanks, ferries, canals, locks, tidal basins, bridges, subways, tramways, cableways, conveyors, administration buildings, fishing terminals, together with modern appliances and buildings for the economical handling, packaging, storing, and transporting of freight and handling of passenger traffic, rail and motor vehicle transfer and terminal facilities, water transfer and terminal facilities, air transfer and terminal facilities, and any combination of such transfer and terminal facilities, commercial transportation, transfer, handling, storage and terminal facilities, and improvements relating to industrial and manufacturing activities within the district, and in connection with the operation of the facilities and improvements of the district, it may perform all customary services including the handling, weighing, measuring and reconditioning of all commodities received. A port district may also construct, condemn, purchase, acquire, add to and maintain facilities for the freezing or processing of goods, agricultural products, meats or perishable commodities. A port district may also construct, purchase and operate belt line railways, but shall not acquire the same by condemnation. [1963 c 147 § 3; 1961 c 126 § 1; 1955 c 65 § 3. Prior: 1953 c 171 § 2; 1943 c 166 § 2, part; 1921 c 183 § 1, part; 1917 c 125 § 1, part; 1913

c 62 § 4, part; 1911 c 92 § 4, part; Rem. Supp. 1943 § 9692, part.]

*Essential rail assistance account, distribution of moneys to port districts: RCW 47.76.250.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.08.030 Operation of foreign trade zones.** A district may apply to the United States for permission to establish, operate, and maintain foreign trade zones within the district: PROVIDED, That nothing herein shall be construed to prevent such zones from being operated and financed by a private corporation(s) on behalf of such district acting as zone sponsor: PROVIDED FURTHER, That when the money so raised is to be used exclusively for the purpose of acquiring land for sites and constructing warehouses, storage plants, and other facilities to be constructed within the zone for use in the operation and maintenance of the zones, the district may contract indebtedness and issue general bonds therefor in an amount, in addition to the three-fourths of one percent hereinafter fixed, of one percent of the value of the taxable property in the district, as the term "value of the taxable property" is defined in RCW 39.36.015, such additional indebtedness only to be incurred with the assent of three-fifths of the voters of the district voting thereon. [1977 ex.s. c 196 § 7; 1970 ex.s. c 42 § 31; 1955 c 65 § 4. Prior: 1943 c 166 § 2, part; 1921 c 183 § 1, part; 1917 c 125 § 1, part; 1913 c 62 § 4, part; 1911 c 92 § 4, part; Rem. Supp. 1943 § 9692, part.]

*Foreign trade zones: Chapter 24.46 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.08.040 Improvement of lands for industrial and commercial purposes—Providing sewer and water utilities—Providing pollution control facilities.** (1) A district may improve its lands by dredging, filling, bulkheading, providing waterways or otherwise developing such lands for industrial and commercial purposes. A district may also acquire, construct, install, improve, and operate sewer and water utilities to serve its own property and other property owners under terms, conditions, and rates to be fixed and approved by the port commission. A district may also acquire, by purchase, construction, lease, or in any other manner, and may maintain and operate other facilities for the control or elimination of air, water, or other pollution, including, but not limited to, facilities for the treatment and/or disposal of industrial wastes, and may make such facilities available to others under terms, conditions and rates to be fixed and approved by the port commission. Such conditions and rates shall be sufficient to reimburse the port for all costs, including reasonable amortization of capital outlays caused by or incidental to providing such other pollution control facilities. However, no part of such costs of providing any pollution control facility to others shall be paid out of any tax revenues of the port and no port shall enter into an agreement or contract to provide sewer and/or water utilities or pollution control facilities if substantially similar utilities or facilities are available from another source (or sources) which is able and willing to provide such utilities or facilities on a reasonable and nondiscriminatory basis unless such other source (or sources) consents thereto.

(2) In the event that a port elects to make such other pollution control facilities available to others, it shall do so by lease, lease purchase agreement, or other agreement binding such user to pay for the use of said facilities for the full term of the revenue bonds issued by the port for the acquisition of said facilities, and said payments shall at least fully reimburse the port for all principal and interest paid by it on said bonds and for all operating or other costs, if any, incurred by the port in connection with said facilities. However, where there is more than one user of any such facilities, each user shall be responsible for its pro rata share of such costs and payment of principal and interest. Any port intending to provide pollution control facilities to others shall first survey the port district to ascertain the potential users of such facilities and the extent of their needs. The port shall conduct a public hearing upon the proposal and shall give each potential user an opportunity to participate in the use of such facilities upon equal terms and conditions.

(3) "Pollution control facility," as used in this section and RCW 53.08.041, does not include air quality improvement equipment that provides emission reductions for engines, vehicles, and vessels. [2007 c 348 § 103; 1989 c 298 § 1; 1972 ex.s. c 54 § 1; 1967 c 131 § 1; 1955 c 65 § 5. Prior: 1943 c 166 § 2, part; 1921 c 183 § 1, part; 1917 c 125 § 1, part; 1913 c 62 § 4, part; 1911 c 92 § 4, part; Rem. Supp. 1943 § 9692, part.]

**Findings—Part headings not law—2007 c 348:** See RCW 43.325.005 and 43.325.903.

*Assessments and charges against state lands: Chapter 79.44 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.08.041 Pollution control facilities or other industrial development actions—Validation—Implementation of Article 8, section 8 of the Constitution.** All actions heretofore taken by port districts in conformity with the provisions of this chapter, and the provisions of chapter 6, Laws of 1975 hereby made applicable thereto, relating to pollution control facilities or other industrial development, including, but not limited to, all bonds issued for such purposes, shall be deemed to have been taken pursuant to Article 8, section 8 of the Washington state Constitution and are hereby declared to be valid, legal and binding in all respects. All provisions of Title 53 RCW directly or indirectly relating to pollution control facilities or other industrial development are hereby found and declared to be legislation implementing the provisions of Article 8, section 8 of the Washington state Constitution. [1975 c 6 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.08.043 Powers relative to systems of sewerage.** A port district may exercise all the powers relating to systems of sewerage authorized by RCW 35.67.010 and 35.67.020 for cities and towns. [1997 c 447 § 15.]

**Finding—Purpose—1997 c 447:** See note following RCW 70.05.074.

**53.08.045 Facilities constructed under authority of chapter subject to taxation of leasehold interest.** Facilities constructed by a port district under authority of this chapter will be subject to taxation of leasehold interest pursuant to

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applicable laws as now or hereafter enacted. [1972 ex.s. c 54 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.08.047 Chapter not to be construed as restricting or limiting powers of district under other laws.** Neither this chapter nor anything herein contained shall be construed as a restriction or limitation upon any powers which a district might otherwise have under any laws of this state, but shall be construed as cumulative. [1972 ex.s. c 54 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.08.049 Community revitalization financing—Public improvements.** In addition to other authority that a port district possesses, a port district may provide any public improvement as defined under RCW 39.89.020, but this additional authority is limited to participating in the financing of the public improvements as provided under RCW 39.89.050.

This section does not limit the authority of a port district to otherwise participate in the public improvements if that authority exists elsewhere. [2001 c 212 § 18.]

**Severability—2001 c 212:** See RCW 39.89.902.

**53.08.050 Local improvement districts—Assessments—Bonds.** (1) A district may establish local improvement districts within the district, and levy special assessments, in annual installments extending over a period not exceeding ten years on all property specially benefited by the local improvement, on the basis of special benefits, to pay in whole or in part the damages or costs of the local improvement, and issue local improvement bonds to be paid from local improvement assessments. The levy and collection of such assessments and issuance of such bonds shall be as provided for the levy and collection of local improvement assessments and the issuance of local improvement bonds by cities and towns, insofar as consistent with this title: PROVIDED, That the duties of the treasurers of such cities and towns in connection therewith shall be performed by the county treasurer. Such bonds may be in any form, including bearer bonds or registered bonds as provided in RCW 39.46.030.

(2) Notwithstanding subsection (1) of this section, such bonds may be issued and sold in accordance with chapter 39.46 RCW. [1983 c 167 § 132; 1955 c 65 § 6. Prior: 1943 c 166 § 2, part; 1921 c 183 § 1, part; 1917 c 125 § 1, part; 1913 c 62 § 4, part; 1911 c 92 § 4, part; Rem. Supp. 1943 § 9692, part.]

*Assessments and charges against state lands: Chapter 79.44 RCW.*

*Cities*

*issuance of local improvement bonds: Chapter 35.45 RCW.*

*levy and collection of local improvement assessments: Chapters 35.44, 35.49 RCW.*

*Local improvements, supplemental authority: Chapter 35.51 RCW.*

*Public lands subject to local assessments: RCW 79.44.010.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.08.055 Local improvement districts—Notice must contain statement that assessments may vary from estimates.** Any notice given to the public or to the owners of specific lots, tracts, or parcels of land relating to the forma-

tion of a local improvement district shall contain a statement that actual assessments may vary from assessment estimates so long as they do not exceed a figure equal to the increased true and fair value the improvement adds to the property. [1989 c 243 § 8.]

**53.08.060 Improvement of waters and waterways.** A district may improve navigable and nonnavigable waters of the United States and the state of Washington within the district; create and improve for harbor purposes new waterways within the district; and regulate and control all such waters and all natural or artificial waterways within the district and remove obstructions therefrom, and straighten, widen, deepen, and otherwise improve any water, watercourses, bays, lakes or streams, whether navigable or otherwise, flowing through or located within the district. [1979 ex.s. c 30 § 8; 1955 c 65 § 7. Prior: 1943 c 171 § 1; 1943 c 166 § 2, part; 1921 c 183 § 1, part; 1917 c 125 § 1, part; 1913 c 62 § 4, part; 1911 c 92 § 4, part; Rem. Supp. 1943 § 9692, part.]

**53.08.070 Rates and charges—Government contracts.** A district may fix, without right of appeal therefrom the rates of wharfage, dockage, warehousing, and port and terminal charges upon all improvements owned and operated by it, and the charges of ferries operated by it.

It may fix, subject to state regulation, rates of wharfage, dockage, warehousing, and all necessary port and terminal charges upon all docks, wharves, warehouses, quays, and piers owned by it and operated under lease from it.

Notwithstanding any provision of this section, a port district may enter into any contract for wharfage, dockage, warehousing, or port or terminal charges, with the United States or any governmental agency thereof or with the state of Washington or any political subdivision thereof under such terms as the commission may, in its discretion, negotiate. [1995 c 146 § 1; 1955 c 65 § 8. Prior: 1943 c 166 § 2, part; 1921 c 183 § 1, part; 1917 c 125 § 1, part; 1913 c 62 § 4, part; 1911 c 92 § 4, part; Rem. Supp. 1943 § 9692, part.]

*Utilities and transportation commission: Chapter 80.01 RCW.*

**53.08.080 Lease of property—Authorized—Duration.** A district may lease all lands, wharves, docks and real and personal property owned and controlled by it, for such purposes and upon such terms as the port commission deems proper: PROVIDED, That no lease shall be for a period longer than fifty years with option for extensions for up to an additional thirty years, except where the property involved is or is to be devoted to airport purposes the port commission may lease said property for such period as may equal the estimated useful life of such work or facilities, but not to exceed seventy-five years: PROVIDED FURTHER, That where the property is held by the district under lease from the United States government or the state of Washington, or any agency or department thereof, the port commission may sublease said property, with option for extensions, up to the total term and extensions thereof permitted by such lease, but in any event not to exceed ninety years. [1989 c 298 § 2; 1983 c 64 § 1; 1973 c 87 § 1; 1961 ex.s. c 8 § 1; 1959 c 157 § 1; 1955 c 65 § 9. Prior: 1953 c 243 § 1; 1943 c 166 § 2, part; 1921 c 183

§ 1, part; 1917 c 125 § 1, part; 1913 c 62 § 4, part; 1911 c 92 § 4, part; Rem. Supp. 1943 § 9692, part.]

*Lease of*

*county property for airport purposes: RCW 36.34.180.*

*municipal property for airport purposes: RCW 14.08.120.*

*Restrictions on leases of harbor areas: State Constitution Art. 15 § 2.*

**53.08.085 Lease of property—Security for rent.** Every lease of all lands, wharves, docks, and real and personal property of a port district for a term of more than one year shall have the rent secured by rental insurance, bond, or other security satisfactory to the port commission, in an amount equal to one-sixth the total rent, but in no case shall such security be less than an amount equal to one year's rent or more than an amount equal to three years' rent. Evidence of the existence of such insurance, bonds, or security shall be on file with the commission at all times during the term of the lease: PROVIDED, That nothing in this section shall prevent the port commission from requiring additional security on leases or provisions thereof, or on other agreements to use port facilities: PROVIDED FURTHER, That any security agreement may provide for termination on the anniversary date of such agreement on not less than one year's written notice to the port if said lease is not in default at the time of said notice: PROVIDED FURTHER, That if the security as required herein is not maintained throughout the full term of the lease, said lease shall be considered in default: PROVIDED, HOWEVER, That the port commission may in its discretion waive the rent security requirement or lower the amount of such requirement on the lease of real and/or personal port property. [1981 c 125 § 1; 1977 c 41 § 1; 1973 c 87 § 2.]

**53.08.090 Sale of property.** (1) A port commission may, by resolution, authorize the managing official of a port district to sell and convey port district property of ten thousand dollars or less in value. The authority shall be in force for not more than one calendar year from the date of resolution and may be renewed from year to year. Prior to any such sale or conveyance the managing official shall itemize and list the property to be sold and make written certification to the commission that the listed property is no longer needed for district purposes. Any large block of the property having a value in excess of ten thousand dollars shall not be broken down into components of ten thousand dollars or less value and sold in the smaller components unless the smaller components be sold by public competitive bid. A port district may sell and convey any of its real or personal property valued at more than ten thousand dollars when the port commission has, by resolution, declared the property to be no longer needed for district purposes, but no property which is a part of the comprehensive plan of improvement or modification thereof shall be disposed of until the comprehensive plan has been modified to find the property surplus to port needs. The comprehensive plan shall be modified only after public notice and hearing provided by RCW 53.20.010.

Nothing in this section shall be deemed to repeal or modify procedures for property sales within industrial development districts as set forth in chapter 53.25 RCW.

(2) The ten thousand dollar figures in subsection (1) of this section shall be adjusted annually based upon the govern-

mental price index established by the department of revenue under RCW 82.14.200. [1994 c 26 § 1; 1981 c 262 § 1; 1969 ex.s. c 30 § 1; 1965 c 23 § 1; 1955 c 65 § 10. Prior: 1943 c 166 § 2, part; 1921 c 183 § 1, part; 1917 c 125 § 1, part; 1913 c 62 § 4, part; 1911 c 92 § 4, part; Rem. Supp. 1943 § 9692, part.]

*Restriction on sale of harbor rights and property: State Constitution Art. 15 § 1 (Amendment 15).*

**53.08.091 Sale of property—Contract sales—Terms and conditions.** Except in cases where the full purchase price is paid at the time of the purchase, every sale of real property or personal property under authority of RCW 53.08.090 or 53.25.110 shall be subject to the following terms and conditions:

(1) The purchaser shall enter into a contract with the district in which the purchaser shall covenant that he or she will make the payments of principal and interest when due, and that he or she will pay all taxes and assessments on such property. Upon failure to make payments of principal, interest, assessments, or taxes when due all rights of the purchaser under said contract may, at the election of the district, after notice to said purchaser, be declared to be forfeited. When the rights of the purchaser are declared forfeited, the district shall be released from all obligation to convey land covered by the contract, and in the case of personal property, the district shall have all rights granted to a secured party under \*chapter 62A.9 RCW;

(2) The district may, as it deems advisable, extend the time for payment of principal and interest due or to become due;

(3) The district shall notify the purchaser in each instance when payment is overdue, and that the purchaser is liable to forfeiture if payment is not made within thirty days from the time the same became due, unless the time be extended by the district;

(4) Not less than four percent of the total purchase price shall be paid on the date of execution of the contract for sale and not less than four percent shall be paid annually thereafter until the full purchase price has been paid, but any purchaser may make full payment at any time. All unpaid deferred payments shall draw interest at a rate not less than six percent per annum.

Nothing in this section shall be deemed to supersede other provisions of law more specifically governing sales of port district property. It is the purpose of this section to provide additional authority and procedures for sale of port district property no longer needed for port purposes. [2010 c 8 § 16001; 1982 c 75 § 1; 1969 ex.s. c 11 § 1; 1965 c 23 § 2.]

\*Reviser's note: Chapter 62A.9 RCW was repealed in its entirety by 2000 c 250 § 9A-901, effective July 1, 2001. For later enactment, see chapter 62A.9A RCW.

**53.08.092 Sale of property—Taxes and assessments against property sold by contract.** A copy of all contract sales of port district property shall be filed with the county assessor within thirty days after the first payment is received by the port. The assessor shall place such property on the tax rolls of the county and the purchaser of such property shall become liable for all levies and assessments against such property. The port shall not be liable for any taxes or assess-

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ments, but if any outstanding taxes are not paid the property may be sold by the county as with other property with delinquent taxes due. Any amounts accruing from such a sale by the county, not required to pay outstanding and delinquent taxes or assessments and foreclosure costs, shall be paid to the port district. [1965 c 23 § 3.]

**53.08.110 Gifts—Improvement.** Port commissioners of any port district are hereby authorized to accept for and on behalf of said port district gifts of real and personal property and to expend in improvements and betterment such amount as may be necessary. [1921 c 39 § 4; RRS § 9705.]

**53.08.120 Contracts for labor and material—Small works roster.** (1) All material and work required by a port district not meeting the definition of public work in RCW 39.04.010(4) may be procured in the open market or by contract and all work ordered may be done by contract or day labor.

(2)(a) All such contracts for work meeting the definition of "public work" in RCW 39.04.010(4), the estimated cost of which exceeds three hundred thousand dollars, shall be awarded using a competitive bid process. The contract must be awarded at public bidding upon notice published in a newspaper of general circulation in the district at least thirteen days before the last date upon which bids will be received, calling for bids upon the work, plans and specifications for which shall then be on file in the office of the commission for public inspection. The same notice may call for bids on such work or material based upon plans and specifications submitted by the bidder. The competitive bidding requirements for purchases or public works may be waived pursuant to RCW 39.04.280 if an exemption contained within that section applies to the purchase or public work.

(b) For all contracts related to work meeting the definition of "public work" in RCW 39.04.010(4) that are estimated at three hundred thousand dollars or less, a port district may let contracts using the small works roster process under RCW 39.04.155 in lieu of advertising for bids. Whenever possible, the managing official shall invite at least one proposal from a minority contractor who shall otherwise qualify under this section.

When awarding such a contract for work, when utilizing proposals from the small works roster, the managing official shall give weight to the contractor submitting the lowest and best proposal, and whenever it would not violate the public interest, such contracts shall be distributed equally among contractors, including minority contractors, on the small works roster. [2009 c 74 § 2; 2008 c 130 § 1; 2000 c 138 § 210; 1999 c 29 § 1; 1998 c 278 § 6; 1993 c 198 § 13; 1988 c 235 § 1; 1982 c 92 § 1; 1975 1st ex.s. c 47 § 1; 1955 c 348 § 2. Prior: 1921 c 179 § 1, part; 1911 c 92 § 5, part; RRS § 9693, part.]

**Purpose—Part headings not law—2000 c 138:** See notes following RCW 39.04.155.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.08.130 Notice—Award of contract—Low bidder claiming error.** The notice shall state generally the nature of the work to be done and require that bids be sealed and filed

with the commission at a time specified therein. Each bid shall be accompanied by a bid proposal deposit in the form of a cashier's check, money order, or surety bid bond to the commission for a sum not less than five percent of the amount of the bid, and no bid shall be considered unless accompanied by such bid proposal deposit. At the time and place named the bids shall be publicly opened and read and the commission shall proceed to canvass the bids and, except as otherwise in this section provided, shall let the contract to the lowest responsible bidder upon plans and specifications on file, or to the best bidder submitting his or her own plans and specifications. If, in the opinion of the commission, all bids are unsatisfactory, they may reject all of them and re-advertise, and in such case all such bid proposal deposits shall be returned to the bidders; but if the contract is let, then all bid proposal deposits shall be returned to the bidders, except that of the successful bidder which shall be retained until a contract is entered into for the purchase of such materials or doing such work, and a bond given to the port district for the performance of the contract and otherwise conditioned as required by law, with sureties satisfactory to the commission, in an amount to be fixed by the commission, but not in any event less than twenty-five percent of the contract price. If the bidder fails to enter into the contract in accordance with his or her bid and furnish such bond within ten days from the date at which he or she is notified that he or she is the successful bidder, the check or money order and the amount thereof shall be forfeited to the port district or the port district shall recover the amount of the surety bid bond. A low bidder who claims error and fails to enter into a contract is prohibited from bidding on the same project if a second or subsequent call for bids is made for the project. [1996 c 18 § 11; 1971 ex.s. c 258 § 2; 1955 c 348 § 3. Prior: 1921 c 179 § 1, part; 1911 c 92 § 5, part; RRS § 9693, part.]

*Contractor's bond: Chapter 39.08 RCW.*

*Lien on public works, retained percentage of contractor's earnings: Chapter 60.28 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.08.135 Construction projects over forty thousand dollars—Contracting out.** Port districts shall determine if any construction project over forty thousand dollars can be accomplished less expensively by contracting out. If contracting out is less expensive, the port district may contract out such project. [1982 c 92 § 2.]

**53.08.140 Leases or contracts without bond.** Port districts may enter into leases and contracts of every kind and nature with the United States of America or any of its departments, the state of Washington or any of its departments, or its political subdivisions or with any municipal corporation or quasi municipal corporation of the state of Washington, without requiring said port district or public bodies to provide bonds to secure the performance thereof. All such leases or contracts heretofore entered into are hereby ratified. [1943 c 136 § 1; Rem. Supp. 1943 § 9710.]

**53.08.150 Notices when no newspaper in county.** Notices required in port districts in which no newspaper is published may be given by publication in any newspaper of

general circulation in the county. [1921 c 39 § 3; RRS § 9704.]

**53.08.160 Studies, investigations, surveys—Promotion of facilities.** All port districts organized under the provisions of this act shall be, and they are hereby, authorized and empowered to initiate and carry on the necessary studies, investigations and surveys required for the proper development, improvement and utilization of all port properties, utilities and facilities, and for industrial development within the district when such agricultural and industrial development is carried out by a public agency, institution, or body for a public purpose, and to assemble and analyze the data thus obtained and to cooperate with the state of Washington, other port districts and other operators of terminal and transportation facilities for these purposes, and to make such expenditures as are necessary for said purposes, and for the proper promotion, advertising, improvement and development of such port properties, utilities and facilities: PROVIDED HOWEVER, That nothing in this section shall authorize a port district to develop its properties as an agricultural or dairy farm. [1973 1st ex.s. c 55 § 1; 1947 c 24 § 2; Rem. Supp. 1947 § 9692A.]

**53.08.170 Employment—Wages—Benefits—Agents—Insurance for port district commissioners.** The port commission shall have authority to create and fill positions, to fix wages, salaries and bonds thereof, to pay costs and assessments involved in securing or arranging to secure employees, and to establish such benefits for employees, including holiday pay, vacations or vacation pay, retirement and pension benefits, medical, surgical or hospital care, life, accident, or health disability insurance, and similar benefits, already established by other employers of similar employees, as the port commissioner shall by resolution provide: PROVIDED, That any district providing insurance benefits for its employees in any manner whatsoever may provide health and accident insurance, life insurance with coverage not to exceed that provided district employees, and business related travel, liability, and errors and omissions insurance, for its commissioners, which insurance shall not be considered to be compensation.

Subject to chapter 48.62 RCW, the port commission shall have authority to provide or pay such benefits directly, or to provide for such benefits by the purchase of insurance policies or entering into contracts with and compensating any person, firm, agency or organization furnishing such benefits, or by making contributions to vacation plans or funds, or health and welfare plans and funds, or pension plans or funds, or similar plans or funds, already established by other employers of similar employees and in which the port district is permitted to participate for particular classifications of its employees by the trustees or other persons responsible for the administration of such established plans or funds: PROVIDED FURTHER, That no port district employee shall be allowed to apply for admission to or be accepted as a member of the state employees' retirement system after January 1, 1965, if admission to such system would result in coverage under both a private pension system and the state employees' retirement system, it being the purpose of this proviso that

port districts shall not at the same time contribute for any employee to both a private pension or retirement plan and to the state employees' retirement system. The port commission shall have authority by resolution to utilize and compensate agents for the purpose of paying, in the name and by the check of such agent or agents or otherwise, wages, salaries and other benefits to employees, or particular classifications thereof, and for the purpose of withholding payroll taxes and paying over tax moneys so withheld to appropriate government agencies, on a combined basis with the wages, salaries, benefits, or taxes of other employers or otherwise; to enter into such contracts and arrangements with and to transfer by warrant such funds from time to time to any such agent or agents so appointed as are necessary to accomplish such salary, wage, benefit, or tax payments as though the port district were a private employer, notwithstanding any other provision of the law to the contrary. The funds of a port district transferred to such an agent or agents for the payment of wages or salaries of its employees in the name or by the check of such agent or agents shall be subject to garnishment with respect to salaries or wages so paid, notwithstanding any provision of the law relating to municipal corporations to the contrary.

Notwithstanding any provision in this section, the governing body of a port district may enter into an agreement in writing with one or more of its officers or employees or a group of such officers and employees, authorizing deductions from the officer's or employee's salary or wages of the amount of any premium specified in writing by the officer or employee, for contribution to any private pension plan, without loss of eligibility for membership in the state employees' retirement system, and may agree to remit that amount to the management of such private pension plan. However, no port district funds shall be contributed or paid to such private plan. When such authorized deductions are certified by the port commission to the port district's auditor, the auditor shall draw and issue a proper warrant or warrants, or check or checks if that method of payment is authorized by statute, directly to and in favor of the person, firm, corporation, or organization named in the authorization, for the total amount authorized to be deducted from the payroll, together with a list identifying the officers and employees for whom the payment is made.

Nothing in this section may be invoked to invalidate any private pension plan or any public or private contributions or payments thereto, or exclude members of any such private pension plan from membership in the state employees' retirement system, if such private plan was in operation on December 31, 2001. [2002 c 362 § 1; 1991 sp.s. c 30 § 22; 1987 c 50 § 1; 1985 c 81 § 1; 1973 1st ex.s. c 6 § 1; 1965 c 20 § 1; 1955 c 64 § 1.]

*Garnishment: Chapter 6.27 RCW.*

*Hospitalization and medical insurance authorized: RCW 41.04.180.*

*Hospitalization and medical insurance not deemed additional compensation: RCW 41.04.190.*

*Payroll deductions: RCW 41.04.020.*

*Prevailing wages on public works: Chapter 39.12 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.08.171 Employment relations—Collective bargaining and arbitration.** See chapter 53.18 RCW.

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**53.08.175 Commissioners, officers, and employees—Reimbursement of expenses.** Employees, officers, and commissioners of port districts shall, when engaged in official business of the port district, be entitled to receive their necessary and reasonable travel and other business expenses incurred on behalf of the port district. Reimbursement of such expenses may be granted, whether incurred within or without the port district, when submitted on a voucher with appropriate evidence of payment by such employee or official. [1965 c 101 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.08.176 Commissioners, officers, and employees—Regulation of expenses.** Each port district shall adopt a resolution (which may be amended from time to time) which shall establish the basic rules and regulations governing methods and amount of reimbursement payable to such port officials and employees for travel and other business expenses incurred on behalf of the district. The resolution shall, among other things, establish procedures for approving such expenses; set forth the method of authorizing the direct purchase of transportation; the form of the voucher; and requirements governing the use of credit cards issued in the name of the port district. Such regulations may provide for payment of per diem in lieu of actual expenses when travel requires overnight lodging: PROVIDED, That in all cases any per diem payment shall not exceed twenty-five dollars per day. The state auditor shall, as provided by general law, cooperate with the port district in establishing adequate procedures for regulating and auditing the reimbursement of all such expenses. [1965 c 101 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.08.180 Federal old age and survivors' insurance for employees.** As used in RCW 53.08.180 through 53.08.200, the term "employees" shall be as defined in RCW 41.48.020 and no distinction shall be made for the purposes of coverage under the social security act, between persons employed by a port district on a casual or temporary basis, or on a regular or steady basis, or between persons paid hourly wages and persons paid wages on a weekly, monthly, or other periodic basis. It being the intent of RCW 53.08.180 through 53.08.200 that all employees shall be entitled to the coverage of the federal social security act for work performed in the service of a port district, which is not covered by the state employees' retirement system. [1955 c 219 § 1.]

*Public employees' retirement system: Chapter 41.40 RCW.*

**53.08.190 Federal old age and survivors' insurance for employees—Plan for extension of benefits.** Each port district, which has not previously done so, shall within thirty days of June 8, 1955, submit for approval by the governor a plan for extending the benefits of Title II of the federal social security act, as amended, in conformity with applicable provisions of said act as set forth in chapter 41.48 RCW, to employees of such port district who are employed in positions not covered by the employees' retirement system of the state of Washington. The plan required to be submitted by this section shall be as set forth in RCW 41.48.050 and shall be in conformance therewith. [1955 c 219 § 2.]

**53.08.200 Federal old age and survivors' insurance for employees—Contributions.** All port districts are authorized to make contributions on employees' wages, and to impose upon their employees contributions with respect to their wages in accordance with RCW 41.48.030 through 41.48.050. [1955 c 219 § 3.]

**53.08.205 Liability insurance for officials and employees.** The board of commissioners of each port district may purchase liability insurance with such limits as they may deem reasonable for the purpose of protecting their officials and employees against liability for personal or bodily injuries and property damage arising from their acts or omissions while performing or in good faith purporting to perform their official duties. [1973 c 125 § 4.]

**53.08.207 Liability insurance for officers and employees authorized.** See RCW 36.16.138.

**53.08.208 Actions against officer, employee, or agent—Defense and costs provided by port district—Exception.** Whenever any action, claim, or proceeding is instituted against any person who is or was an officer, employee, or agent of a port district established under this title arising out of the performance or failure of performance of duties for, or employment with any such district, the commission of the district may grant a request by such person that the attorney of the district's choosing be authorized to defend said claim, suit or proceeding, and the costs of defense, attorney's fees, and any obligation for payment arising from such action may be paid from the district's funds: PROVIDED, That costs of defense and/or judgment or settlement against such person shall not be paid in any case where the court has found that such person was not acting in good faith or within the scope of his or her employment with or duties for the district. [2010 c 8 § 16002; 1975 c 60 § 1.]

**53.08.210 Quorum.** See RCW 53.12.246.

**53.08.220 Regulations authorized—Adoption as part of ordinance or resolution of city or county, procedure—Enforcement—Penalty for violation.** (1) A port district may formulate all needful regulations for the use by tenants, agents, servants, licensees, invitees, suppliers, passengers, customers, shippers, business visitors, and members of the general public of any properties or facilities owned or operated by it, and request the adoption, amendment, or repeal of such regulations as part of the ordinances of the city or town in which such properties or facilities are situated, or as part of the resolutions of the county, if such properties or facilities be situated outside any city or town. The port commission shall make such request by resolution after holding a public hearing on the proposed regulations, of which at least ten days' notice shall be published in a legal newspaper of general circulation in the port district. Such regulations must conform to and be consistent with federal and state law. As to properties or facilities situated within a city or town, such regulations must conform to and be consistent with the ordinances of the city or town. As to properties or facilities situated outside any city or town, such regulations must conform to and

be consistent with county resolutions. Upon receiving such request, the governing body of the city, town, or county, as the case may be, may adopt such regulations as part of its ordinances or resolutions, or amend or repeal such regulations in accordance with the terms of the request.

(2)(a) Except as otherwise provided in this subsection, any violation of the regulations described in subsection (1) of this section is a misdemeanor which shall be redressed in the same manner as other police regulations of the city, town, or county, and it shall be the duty of all law enforcement officers to enforce such regulations accordingly.

(b) Except as provided in (c) of this subsection, violation of such a regulation relating to traffic including parking, standing, stopping, and pedestrian offenses is a traffic infraction.

(c) Violation of such a regulation equivalent to those provisions of Title 46 RCW set forth in RCW 46.63.020 remains a misdemeanor. [2003 c 53 § 286; 1979 ex.s. c 136 § 103; 1961 c 38 § 1.]

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.08.230 Making motor vehicle and other police regulations applicable to district property—Filing plat with county auditor—Duty of law enforcement officers.** A port district may at its option file with the county auditor a plat of any of its properties or facilities, showing thereon such private streets, alleys, access roads, parking areas, parks and other places as the port district may wish to have treated as public for purposes of motor vehicle or other police regulations. Such plat may be amended at any time by the filing of an amendatory plat, and may be vacated at any time by the filing of a resolution of vacation. So long as any such plat or amendatory plat is on file and not vacated, the motor vehicle or other police regulations of the state, and the motor vehicle regulations of the city, town or county, as the case may be, in which the areas described in the plat are situated, shall apply to such areas as though they were public streets, alleys, access roads, parking areas, parks or other places, and it shall be the duty of all state and local law enforcement officers to enforce such regulations accordingly. [1961 c 38 § 2.]

**53.08.240 Joint exercise of powers and joint acquisition of property—Contracts with other governmental entities.** (1) Any two or more port districts shall have the power, by mutual agreement, to exercise jointly all powers granted to each individual district, and in the exercise of such powers shall have the right and power to acquire jointly all lands, property, property rights, leases, or easements necessary for their purposes, either entirely within or partly within or partly without or entirely without such districts: PROVIDED, That any two or more districts so acting jointly, by mutual agreement, shall not acquire any real property or real property rights in any other port district without the consent of such district.

(2) A district may enter into any contract with the United States, or any state, county, or municipal corporation, or any department of those entities, for carrying out any of the powers that each of the contracting parties may by law exercise separately.

(3)(a) A port district that is located in a county that has a contiguous border with another state, and a population between fifty and seventy thousand, may enter into any contract that each of the contracting parties may by law exercise separately with, including but not limited to, municipal corporations of adjoining states.

(b) In addition to other powers granted by statute, a port district that is located in a county that has a contiguous border with another state, and a population between fifty and seventy thousand, may enter into agreements with the United States or any of its agencies, or with any state, or with any municipal corporation of this state or of an adjoining state, for exercising jointly or cooperatively within or outside the district, in whole or in part, any of the powers that each of the contracting parties may by law exercise separately, for the promotion or development of trade or industry. Such powers may be exercised outside the boundaries of this state only after a public hearing of which notice has been published in a newspaper of general circulation within the district at least ten days in advance, and pursuant to findings and a resolution by the port district's commission that: (i) The undertaking and the district's participation in it will substantially benefit the district and the state of Washington; and (ii) the districts' share of the cost will not exceed an amount calculated by dividing the total cost of the undertaking by the number of participants. [1999 c 306 § 3; 1961 c 24 § 1.]

**Purpose—1999 c 306:** See note following RCW 53.04.010.

**53.08.245 Economic development programs authorized—Job training and education.** (1) It shall be in the public purpose for all port districts to engage in economic development programs. In addition, port districts may contract with nonprofit corporations in furtherance of this and other acts relating to economic development.

(2)(a) Economic development programs may include those programs for job training and placement, preapprenticeship training or educational programs associated with port tenants, customers, and local economic development related to port activities that are sponsored by a port, operated by a nonprofit entity and are in existence on June 10, 2010.

(b) As a contract condition, a sponsoring port must require any nonprofit entity that operates programs such as those described in (a) of this subsection to submit annually quantitative information on program outcomes including: The number of workers trained, recruited, and placed in jobs; the types of jobs and range of compensation; the number and types of businesses that are served; and any other tangible benefits realized by the port, the workers, businesses, and the public. [2010 c 195 § 1; 1985 c 125 § 1.]

**53.08.250 Participation in world fairs or expositions authorized.** See chapter 35.60 RCW.

**53.08.255 Tourism promotion and tourism-related facilities authorized.** (1) Any port district in this state, acting through its commission, has power to expend moneys and conduct promotion of resources and facilities in the district or general area by advertising, publicizing, or otherwise distributing information to attract visitors and encourage tourist expansion.

(2010 Ed.)

(2)(a) Any port district is authorized either individually or jointly with any other municipality, or person, or any combination thereof, to acquire and to operate tourism-related facilities.

(b) When exercising the authority granted under (a) of this subsection, a port district may exercise any of the powers granted to a municipality under RCW 67.28.120, 67.28.130 through 67.28.170, and 67.28.220, but may not exercise powers granted to municipalities under RCW 67.28.180 and 67.28.181 or other powers granted to municipalities under chapter 67.28 RCW. The definitions contained in RCW 67.28.080 apply to the exercise of authority by a port district under (a) of this subsection, and for that purpose the term "municipality" includes a port district.

(c) Port districts may not use this section as the authority for the exercise of the power of eminent domain. [2007 c 476 § 1; 1984 c 122 § 10.]

**53.08.260 Park and recreation facilities.** A port district may construct, improve, maintain, and operate public park and recreation facilities when such facilities are necessary to more fully utilize boat landings, harbors, wharves and piers, air, land, and water passenger and transfer terminals, waterways, and other port facilities authorized by law pursuant to the port's comprehensive plan of harbor improvements and industrial development. [1965 c 81 § 1.]

*Harbor improvement plan: RCW 53.20.010.*

**53.08.270 Park and recreation facilities—Approval of other agencies.** Before undertaking any such plan for the acquisition and operation of any park or recreational facility the proposed plan therefor shall be first submitted in writing to the director of the parks and recreation commission and to the governing body of any county or municipal park agency having jurisdiction in the area. The state director and/or such county or municipal park agency shall examine the port's proposed plan, and may disapprove such proposed plan if it is found to be in conflict with state or local park and recreation plans for the same area. If such proposed port plan is disapproved the port district shall not proceed further with such plan. If the state director or the governing body of the county or municipal agency does not respond in writing to the port within sixty days, it shall be deemed that approval has been granted. [1965 c 81 § 2.]

**53.08.280 Police officers—Appointment authorized—Jurisdiction.** Any port district operating an airport with a police department as authorized by RCW 14.08.120 or designated as a port of entry by the federal government is authorized to appoint police officers with full police powers to enforce all applicable federal, state, or municipal statutes, rules, regulations, or ordinances upon any port-owned or operated properties or operations: PROVIDED, That such police officers must have successfully graduated from a recognized professional police academy or training institution. [1981 c 97 § 1; 1974 ex.s. c 62 § 1.]

**53.08.290 Intermodal movement of interstate and foreign cargo—Restrictions.** In addition to the other powers under this chapter, a port district, in connection with the

operation of facilities and improvements of the district, may perform all necessary activities related to the intermodal movement of interstate and foreign cargo: PROVIDED, That nothing contained herein shall authorize a port district to engage in the transportation of commodities by motor vehicle for compensation outside the boundaries of the port district. A port district may, by itself or in conjunction with public or private entities, acquire, construct, purchase, lease, contract for, provide, and operate rail services, equipment, and facilities inside or outside the port district: PROVIDED, That such authority may only be exercised outside the boundaries of the port district if such extraterritorial rail services, equipment, or facilities are found, by resolution of the commission of the port district exercising such authority, to be reasonably necessary to link the rail services, equipment, and facilities within the port district to an interstate railroad system; however, if such extraterritorial rail services, equipment, or facilities are in or are to be located in one or more other port districts, the commission of such other port district or districts must consent by resolution to the proposed plan of the originating port district which consent shall not be unreasonably withheld: PROVIDED FURTHER, That no port district shall engage in the manufacture of rail cars for use off port property. [1981 c 47 § 1; 1980 c 110 § 2.]

**Purpose—1980 c 110:** "The purpose of this act is to:

(1) Clarify existing law as to the authority of port districts to perform certain cargo movement activities and to contract for or otherwise provide facilities for rail service for the movement of such cargo; and

(2) Provide authority for port districts to assist in development of the recreation-tourism industry by acquiring and operating certain watercraft in limited areas." [1980 c 110 § 1.]

**53.08.295 Passenger carrying vessels.** A port district may acquire, lease, construct, purchase, maintain, and operate passenger carrying vessels on Puget Sound, interstate navigable rivers of the state, and intrastate waters of adjoining states. Service provided shall be under terms, conditions, and rates to be fixed and approved by the port commission. Operation of such vessels shall be subject to applicable state and federal laws pertaining to such service. [2008 c 45 § 4; 1980 c 110 § 3.]

**Purpose—1980 c 110:** See note following RCW 53.08.290.

**53.08.300 Rewards for arrest and conviction of persons committing criminal offenses against port district authorized.** See RCW 10.85.030.

**53.08.310 Moorage facilities—Definitions.** Unless the context clearly requires otherwise, the definitions in this section apply throughout this section and RCW 53.08.320.

(1) "Port charges" mean charges of a moorage facility operator for moorage and storage, and all other charges owing or to become owing under a contract between a vessel owner and the moorage facility operator, or under an officially adopted tariff including, but not limited to, costs of sale and related legal expenses.

(2) "Vessel" means every species of watercraft or other artificial contrivance capable of being used as a means of transportation on water and which does not exceed two hundred feet in length. "Vessel" includes any trailer used for the transportation of watercraft.

(3) "Moorage facility" means any properties or facilities owned or operated by a moorage facility operator which are capable of use for the moorage or storage of vessels.

(4) "Moorage facility operator" means any port district, city, town, metropolitan park district, or county which owns and/or operates a moorage facility.

(5) "Owner" means every natural person, firm, partnership, corporation, association, or organization, or agent thereof, with actual or apparent authority, who expressly or impliedly contracts for use of a moorage facility.

(6) "Transient vessel" means a vessel using a moorage facility and which belongs to an owner who does not have a moorage agreement with the moorage facility operator. Transient vessels include, but are not limited to: Vessels seeking a harbor of refuge, day use, or overnight use of a moorage facility on a space-as-available basis. [1986 c 260 § 1; 1983 c 188 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.08.320 Moorage facilities—Rules authorized—Port charges, delinquency—Abandoned vessels, public sale.** A moorage facility operator may adopt all rules necessary for rental and use of moorage facilities and for the expeditious collection of port charges. The rules may also establish procedures for the enforcement of these rules by port district, city, county, metropolitan park district or town personnel. The rules shall include the following:

(1) Procedures authorizing moorage facility personnel to take reasonable measures, including the use of chains, ropes, and locks, or removal from the water, to secure vessels within the moorage facility so that the vessels are in the possession and control of the moorage facility operator and cannot be removed from the moorage facility. These procedures may be used if an owner mooring or storing a vessel at the moorage facility fails, after being notified that charges are owing and of the owner's right to commence legal proceedings to contest that such charges are owing, to pay the port charges owed or to commence legal proceedings. Notification shall be by registered mail to the owner at his or her last known address. In the case of a transient vessel, or where no address was furnished by the owner, the moorage facility operator need not give such notice prior to securing the vessel. At the time of securing the vessel, an authorized moorage facility employee shall attach to the vessel a readily visible notice. The notice shall be of a reasonable size and shall contain the following information:

(a) The date and time the notice was attached;

(b) A statement that if the account is not paid in full within ninety days from the time the notice is attached, the vessel may be sold at public auction to satisfy the port charges; and

(c) The address and telephone number where additional information may be obtained concerning release of the vessel.

After a vessel is secured, the operator shall make a reasonable effort to notify the owner by registered mail in order to give the owner the information contained in the notice.

(2) Procedures authorizing moorage facility personnel at their discretion to move moored vessels ashore for storage within properties under the operator's control or for storage

with private persons under their control as bailees of the moorage facility, if the vessel is, in the opinion of port personnel a nuisance, if the vessel is in danger of sinking or creating other damage, or is owing port charges. Costs of any such procedure shall be paid by the vessel's owner. If the owner is not known, or unable to reimburse the moorage facility operator for the costs of these procedures, the mooring facility operators may seek reimbursement of seventy-five percent of all reasonable and auditable costs from the derelict vessel removal account established in RCW 79.100.100.

(3) If a vessel is secured under subsection (1) of this section or moved ashore under subsection (2) of this section, the owner who is obligated to the moorage facility operator for port charges may regain possession of the vessel by:

(a) Making arrangements satisfactory with the moorage facility operator for the immediate removal of the vessel from the moorage facility or for authorized moorage; and

(b) Making payment to the moorage facility operator of all port charges, or by posting with the moorage facility operator a sufficient cash bond or other acceptable security, to be held in trust by the moorage facility operator pending written agreement of the parties with respect to payment by the vessel owner of the amount owing, or pending resolution of the matter of the charges in a civil action in a court of competent jurisdiction. After entry of judgment, including any appeals, in a court of competent jurisdiction, or after the parties reach agreement with respect to payment, the trust shall terminate and the moorage facility operator shall receive so much of the bond or other security as is agreed, or as is necessary to satisfy any judgment, costs, and interest as may be awarded to the moorage facility operator. The balance shall be refunded immediately to the owner at his or her last known address.

(4) If a vessel has been secured by the moorage facility operator under subsection (1) of this section and is not released to the owner under the bonding provisions of this section within ninety days after notifying or attempting to notify the owner under subsection (1) of this section, the vessel shall be conclusively presumed to have been abandoned by the owner.

(5) If a vessel moored or stored at a moorage facility is abandoned, the moorage facility operator may, by resolution of its legislative authority, authorize the public sale of the vessel by authorized personnel to the highest and best bidder for cash as prescribed by this subsection (5). Either a minimum bid may be established or a letter of credit may be required, or both, to discourage the future reabandonment of the vessel.

(a) Before the vessel is sold, the owner of the vessel shall be given at least twenty days' notice of the sale in the manner set forth in subsection (1) of this section if the name and address of the owner is known. The notice shall contain the time and place of the sale, a reasonable description of the vessel to be sold, and the amount of port charges owed with respect to the vessel. The notice of sale shall be published at least once, more than ten but not more than twenty days before the sale, in a newspaper of general circulation in the county in which the moorage facility is located. Such notice shall include the name of the vessel, if any, the last known owner and address, and a reasonable description of the vessel to be sold. The moorage facility operator may bid all or part

of its port charges at the sale and may become a purchaser at the sale.

(b) Before the vessel is sold, any person seeking to redeem an impounded vessel under this section may commence a lawsuit in the superior court for the county in which the vessel was impounded to contest the validity of the impoundment or the amount of the port charges owing. Such lawsuit must be commenced within ten days of the date the notification was provided pursuant to subsection (1) of this section, or the right to a hearing shall be deemed waived and the owner shall be liable for any port charges owing the moorage facility operator. In the event of litigation, the prevailing party shall be entitled to reasonable attorneys' fees and costs.

(c) The proceeds of a sale under this section shall first be applied to the payment of port charges. The balance, if any, shall be paid to the owner. If the owner cannot in the exercise of due diligence be located by the moorage facility operator within one year of the date of the sale, the excess funds from the sale shall revert to the derelict vessel removal account established in RCW 79.100.100. If the sale is for a sum less than the applicable port charges, the moorage facility operator is entitled to assert a claim for a deficiency.

(d) In the event no one purchases the vessel at a sale, or a vessel is not removed from the premises or other arrangements are not made within ten days of sale, title to the vessel will revert to the moorage facility operator.

(6) The rules authorized under this section shall be enforceable only if the moorage facility has had its tariff containing such rules conspicuously posted at its moorage facility at all times. [2002 c 286 § 23; 1986 c 260 § 2; 1985 c 7 § 124; 1983 c 188 § 2.]

**Severability—Effective date—2002 c 286:** See RCW 79.100.900 and 79.100.901.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.08.330 Streets, roads, and highways—Construction, upgrading, improvement, and repair authorized.** Any port district in this state, acting through its commission, may expend port funds toward construction, upgrading, improvement, or repair of any street, road, or highway that serves port facilities. [1990 c 5 § 1.]

**53.08.340 Streets, roads, and highways—Expenditure of funds.** The funds authorized by RCW 53.08.330 may be expended by the port commission in conjunction with any plan of improvements undertaken by the state of Washington, an adjoining state, or a county or municipal government of either, in combination with any of said public entities, and without regard to whether expenditures are made for a road located within the state of Washington or an adjoining state. [1990 c 5 § 2.]

**53.08.360 Annexation of port district property—Transfer of employees engaged in firefighting.** (1) When a port district provides its own fire protection services with port district employees, and port district property is included as part of an annexation, incorporation, consolidation, or merger by a city, town, or fire protection district, and fire protection services for this port district property will be fur-

nished by the city, town, or fire protection district, an eligible employee may transfer employment to the city, town, or fire protection district in the same manner and under the same conditions that a firefighter may transfer employment into a fire protection district pursuant to RCW 52.04.111, 52.04.121, and 52.04.131.

(2) "Eligible employee" means an employee of the port district who (a) was at the time of the annexation, merger, consolidation, or incorporation employed exclusively or principally in performing the powers, duties, and functions which are to be performed by the fire department of the city, town, or fire protection district, (b) will, as a direct consequence of the annexation, merger, consolidation, or incorporation, be separated from the employ of the port district, and (c) can perform the duties and meet the minimum requirements of the position to be filled. [1994 c 74 § 2.]

**Intent—1994 c 74:** "The legislature recognizes that it passed comprehensive legislation in 1986 to provide protection to firefighters who risk losing their jobs as a result of an annexation, incorporation, merger, or consolidation by a city, town, or fire protection district. The legislation did not, however, grant these same protections to firefighters who are employed by port districts. It is the intent of the legislature that firefighters who are employed by port districts should have the same transfer rights as other local government firefighters in the event of an annexation, consolidation, merger, or incorporation by a city, town, or fire protection district." [1994 c 74 § 1.]

**53.08.370 Telecommunications facilities—Construct, purchase, acquire, etc.—Purposes—Limitations—Eminent domain.** (1) A rural port district in existence on June 8, 2000, may construct, purchase, acquire, develop, finance, lease, license, handle, provide, add to, contract for, interconnect, alter, improve, repair, operate, and maintain any telecommunications facilities within or without the district's limits for the following purposes:

(a) For the district's own use; and

(b) For the provision of wholesale telecommunications services within the district's limits. Nothing in this subsection shall be construed to authorize rural port districts to provide telecommunications services to end users.

(2) A rural port district providing wholesale telecommunications services under this section shall ensure that rates, terms, and conditions for such services are not unduly or unreasonably discriminatory or preferential. Rates, terms, and conditions are discriminatory or preferential when a rural port district offering such rates, terms, and conditions to an entity for wholesale telecommunications services does not offer substantially similar rates, terms, and conditions to all other entities seeking substantially similar services.

(3) When a rural port district establishes a separate utility function for the provision of wholesale telecommunications services, it shall account for any and all revenues and expenditures related to its wholesale telecommunications facilities and services separately from revenues and expenditures related to its internal telecommunications operations. Any revenues received from the provision of wholesale telecommunications services must be dedicated to the utility function that includes the provision of wholesale telecommunications services for costs incurred to build and maintain the telecommunications facilities until such time as any bonds or other financing instruments executed after June 8, 2000, and used to finance the telecommunications facilities are discharged or retired.

(4) When a rural port district establishes a separate utility function for the provision of wholesale telecommunications services, all telecommunications services rendered by the separate function to the district for the district's internal telecommunications needs shall be charged at its true and full value. A rural port district may not charge its nontelecommunications operations rates that are preferential or discriminatory compared to those it charges entities purchasing wholesale telecommunications services.

(5) A rural port district shall not exercise powers of eminent domain to acquire telecommunications facilities or contractual rights held by any other person or entity to telecommunications facilities.

(6) Except as otherwise specifically provided, a rural port district may exercise any of the powers granted to it under this title and other applicable laws in carrying out the powers authorized under this section. Nothing in chapter 81, Laws of 2000 limits any existing authority of a rural port district under this title. [2000 c 81 § 7.]

**Findings—2000 c 81:** See note following RCW 53.08.005.

**53.08.380 Wholesale telecommunications services—Petition for review of rates, terms, conditions.** (1) A person or entity that has requested wholesale telecommunications services from a rural port district may petition the commission under the procedures set forth in RCW 80.04.110 (1) through (3) if it believes the district's rates, terms, and conditions are unduly or unreasonably discriminatory or preferential. The person or entity shall provide the district notice of its intent to petition the commission and an opportunity to review within thirty days the rates, terms, and conditions as applied to it prior to submitting its petition. In determining whether a district is providing discriminatory or preferential rates, terms, and conditions, the commission may consider such matters as service quality, technical feasibility of connection points on the district's telecommunications facilities, time of response to service requests, system capacity, and other matters reasonably related to the provision of wholesale telecommunications services. If the commission, after notice and hearing, determines that a rural port district's rates, terms, and conditions are unduly or unreasonably discriminatory or preferential, it shall issue a final order finding noncompliance with this section and setting forth the specific areas of apparent noncompliance. An order imposed under this section shall be enforceable in any court of competent jurisdiction.

(2) The commission may order a rural port district to pay a share of the costs incurred by the commission in adjudicating or enforcing this section.

(3) Without limiting other remedies at law or equity, the commission and prevailing party may also seek injunctive relief to compel compliance with an order.

(4) Nothing in this section shall be construed to affect the commission's authority and jurisdiction with respect to actions, proceedings, or orders permitted or contemplated for a state commission under the federal telecommunications act of 1996, P.L. 104-104 (110 Stat. 56). [2000 c 81 § 9.]

**Findings—2000 c 81:** See note following RCW 53.08.005.

**53.08.390 Grays Harbor pilotage district—Conditions on pilotage service.** A countywide port district located in part or in whole within the Grays Harbor pilotage district, as defined by RCW 88.16.050(2), may commence pilotage service with the following powers and subject to the conditions contained in this section.

(1) Persons employed to perform the pilotage service of a port district must be licensed under chapter 88.16 RCW to provide pilotage.

(2) Before establishing pilotage service, a port district shall give at least sixty days' written notice to the chair of the board of pilotage commissioners to provide pilotage.

(3) A port district providing pilotage service under this section requiring additional pilots may petition the board of pilotage commissioners to qualify and license as a pilot a person who has passed the examination and is on the waiting list for the training program for the district. If there are no persons on the waiting list, the board shall solicit applicants and offer the examination.

(4) In addition to the power to employ or contract with pilots, a port district providing pilotage services under this section has such other powers as are reasonably necessary to accomplish the purpose of this section including, but not limited to, providing through ownership or contract pilots launches, dispatcher services, or ancillary tug services required for operations or safety.

(5) A port district providing pilotage services under this section may recommend to the board of pilotage commissioners rules of service, rates, and tariffs governing its pilotage services for consideration and adoption pursuant to RCW 88.16.035. The rules, rates, and tariffs recommended by the port district must have been approved in open meetings of the port district ten or more days after published notice in a newspaper of general circulation and after mailing a copy of the notice to the chair of the board of pilotage commissioners.

(6) A pilot providing pilotage services under this section must comply with all requirements of the pilotage act, chapter 88.16 RCW, and all rules adopted thereunder. [2010 c 8 § 16003; 2001 2nd sp.s. c 22 § 1.]

**Construction—2001 2nd sp.s. c 22:** "Nothing in this act is intended to amend chapter 88.16 RCW." [2001 2nd sp.s. c 22 § 3.]

**Effective date—2001 2nd sp.s. c 22:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [July 13, 2001]." [2001 2nd sp.s. c 22 § 4.]

**53.08.400 District may exercise powers of community renewal agency.** A port district may enter into a contract with any city, town, or county for the purpose of exercising any powers of a community renewal agency under chapter 35.81 RCW. [2002 c 218 § 27.]

**Severability—Savings—Construction—2002 c 218:** See notes following RCW 35.81.005.

**53.08.410 Abandoned or derelict vessels.** A port district has the authority, subject to the processes and limitation outlined in chapter 79.100 RCW, to store, strip, use, auction, sell, salvage, scrap, or dispose of an abandoned or derelict vessel found on or above publicly or privately owned aquatic lands within the jurisdiction of the port district. [2002 c 286 § 18.]

(2010 Ed.)

**Severability—Effective date—2002 c 286:** See RCW 79.100.900 and 79.100.901.

**53.08.420 Cooperative watershed management.** In addition to the authority provided in this chapter, a port district may participate in and expend revenue on cooperative watershed management actions, including watershed management partnerships under RCW 39.34.210 and other inter-governmental agreements, for purposes of water supply, water quality, and water resource and habitat protection and management. [2003 c 327 § 16.]

**Finding—Intent—2003 c 327:** See note following RCW 39.34.190.

**53.08.440 Web site for contract database—Requirements.** By January 1, 2010, each port with more than ten million dollars in annual gross revenues, excluding grant and loan funds, shall maintain a database on a public web site of all contracts, including public works and personal services. At a minimum, the database shall identify the contractor, the purpose of the contract, effective dates and periods of performance, the cost of the contract and funding source, any modifications to the contract, and whether the contract was competitively procured or awarded on a sole source basis. [2008 c 130 § 3.]

**53.08.450 Property outside jurisdiction—Future property development—Communication plan.** (1) If a port district purchases property for a facility outside the port's jurisdiction, the port district or districts with responsibility for the future property development and use must prepare and implement a communication plan within sixty days after contracting with a site planning consultant. The communication plan must be reasonably calculated to provide property owners and other affected and interested individuals information for review and comment. The plan shall be made available through the planning and predesign phase. The communication plan shall include information about:

- (a) The type and scale of proposed uses on the site;
- (b) The type and scale of business and industrial activities that the development is likely to later attract to the site and to the nearby area;
- (c) The general character and scope of potential impacts on air and water quality, noise, and local and state transportation infrastructure, including state highways, local roads, rail, and shipping.

(2) Information included in the communication plan under subsection (1) of this section may be made available by means of web pages, office inspection and copying of materials, one or more property tours, and public meetings that allow interested citizens to comment to port officials on several occasions over time as the development plans evolve.

(3) Environmental mitigation, habitat restoration, and dredged material disposal projects are exempt from the requirements of this section. [2008 c 130 § 4.]

## Chapter 53.12 RCW

### COMMISSIONERS—ELECTIONS

#### Sections

- 53.12.005 Definition—"Gross operating revenue."
- 53.12.010 Port commission—Number of commissioners, districts.

- 53.12.021 Elimination of commissioner districts.
- 53.12.061 Elections to conform with general election law.
- 53.12.115 Increasing number of commissioners—Resolution, petition—Ballot proposition.
- 53.12.120 Increasing number of commissioners—Population requirements—Ballot proposition—Election of added commissioners.
- 53.12.130 Increasing number of commissioners—Election of additional commissioners—Commencement and terms of office.
- 53.12.140 Vacancies.
- 53.12.172 Port commissioner terms of office.
- 53.12.175 Reducing port commissioner terms—Ballot proposition.
- 53.12.221 Terms—Districts covering entire county with populations of one hundred thousand or more.
- 53.12.245 Organization of commission—Powers and duties—Record of proceedings.
- 53.12.246 Quorum.
- 53.12.260 Compensation.
- 53.12.265 Waiver of compensation.
- 53.12.270 Delegation of powers to managing official of port district—Waiver of competitive bidding requirements.

*Elections: Title 29A RCW.*

*Redistricting by local governments and municipal corporations—Census information for—Plan, prepared when, criteria for, hearing on, request for review of, certification, remand—Sanctions when review request frivolous: RCW 29A.76.010.*

### **53.12.005 Definition—"Gross operating revenue."**

For purposes of this chapter, "gross operating revenue" means the total of all revenues received by a port district. [1992 c 147 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.12.010 Port commission—Number of commissioners, districts.** (1) The powers of the port district shall be exercised through a port commission consisting of three or, when permitted by this title, five members. Every port district that is not coextensive with a county having a population of five hundred thousand or more shall be divided into the same number of commissioner districts as there are commissioner positions, each having approximately equal population, unless provided otherwise under subsection (2) of this section. Where a port district with three commissioner positions is coextensive with the boundaries of a county that has a population of less than five hundred thousand and the county has three county legislative authority districts, the port commissioner districts shall be the county legislative authority districts. In other instances where a port district is divided into commissioner districts, the port commission shall divide the port district into commissioner districts unless the commissioner districts have been described pursuant to RCW 53.04.031. The commissioner districts shall be altered as provided in chapter 53.16 RCW.

Commissioner districts shall be used as follows: (a) Only a registered voter who resides in a commissioner district may be a candidate for, or hold office as, a commissioner of the commissioner district; and (b) only the voters of a commissioner district may vote at a primary to nominate candidates for a commissioner of the commissioner district. Voters of the entire port district may vote at a general election to elect a person as a commissioner of the commissioner district.

(2)(a) In port districts with five commissioners, two of the commissioner districts may include the entire port district if approved by the voters of the district either at the time of formation or at a subsequent port district election at which the

issue is proposed pursuant to a resolution adopted by the board of commissioners and delivered to the county auditor.

(b) In a port district with five commissioners, where two of the commissioner districts include the entire port district, the port district may be divided into five commissioner districts if proposed pursuant to a resolution adopted by the board of commissioners or pursuant to a petition by the voters and approved by the voters of the district at the next general or special election occurring sixty or more days after the adoption of the resolution. A petition proposing such an increase must be submitted to the county auditor of the county in which the port district is located and signed by voters of the port district at least equal in number to ten percent of the number of voters in the port district who voted at the last general election.

Upon approval by the voters, the commissioner district boundaries shall be redrawn into five districts within one hundred twenty days and submitted to the county auditor pursuant to RCW 53.16.015. The new commissioner districts shall be numbered one through five and the three incumbent commissioners representing the three former districts shall represent commissioner districts one through three. The two at large incumbent commissioners shall represent commissioner districts four and five. If, as a result of redrawing the district boundaries more than one of the incumbent commissioners resides in one of the new commissioner districts, the commissioners who reside in the same commissioner district shall determine by lot which of the numbered commissioner districts they shall represent for the remainder of their respective terms. [2002 c 51 § 1; 1994 c 223 § 81; 1992 c 146 § 1; 1991 c 363 § 128; 1965 c 51 § 1; 1959 c 17 § 3. Prior: 1913 c 62 § 2; 1911 c 92 § 3; RRS § 9690.]

**Purpose—Captions not law—1991 c 363:** See notes following RCW 2.32.180.

### **53.12.021 Elimination of commissioner districts.**

Any less than countywide port district that uses commissioner districts may cease using commissioner districts as provided in this section.

A ballot proposition authorizing the elimination of commissioner districts shall be submitted to the voters of a less than countywide port district that is divided into commissioner districts if (1) a petition is submitted to the port commission proposing that the port district cease using commissioner districts, that is signed by registered voters of the port district equal in number to at least ten percent of the number of voters who voted at the last district general election; or (2) the port commissioners adopt a resolution proposing that the port district cease using commissioner districts. The port commission shall transfer the petition or resolution immediately to the county auditor who shall, when a petition is submitted, review the signatures and certify its sufficiency. A ballot proposition authorizing the elimination of commissioner districts shall be submitted at the next district general election occurring sixty or more days after a petition with sufficient signatures was submitted. If the ballot proposition authorizing the port district to cease using commissioner districts is approved by a simple majority vote, the port district shall cease using commissioner districts at all subsequent elections. [1994 c 223 § 82.]

**53.12.061 Elections to conform with general election law.** All elections relating to a port district shall conform with general election law, except as expressly provided in Title 53 RCW. [1992 c 146 § 5.]

**53.12.115 Increasing number of commissioners—Resolution, petition—Ballot proposition.** A ballot proposition shall be submitted to the voters of any port district authorizing an increase in the number of port commissioners to five whenever the port commission adopts a resolution proposing the increase in number of port commissioners or a petition proposing such an increase has been submitted to the county auditor of the county in which the port district is located that has been signed by voters of the port district at least equal in number to ten percent of the number of voters in the port district who voted at the last general election. The ballot proposition shall be submitted at the next general or special election occurring sixty or more days after the petition was submitted or resolution was adopted.

At the next general or special election following the election in which an increase in the number of port commissioners was authorized, candidates for the two additional port commissioner positions shall be elected as provided in RCW 53.12.130, and the voters may be asked to approve the nomination of commissioners from district-wide commissioner districts as permitted in RCW 53.12.010(2). [1994 c 223 § 86; 1992 c 146 § 7.]

**53.12.120 Increasing number of commissioners—Population requirements—Ballot proposition—Election of added commissioners.** When the population of a port district that has three commissioners reaches five hundred thousand, in accordance with the latest United States regular or special census or with the official state population estimate, there shall be submitted to the voters of the district, at the next district general election or at a special port election called for that purpose, the proposition of increasing the number of commissioners to five.

At the next district general election following the election in which an increase in the number of port commissioners was authorized, candidates for the two additional port commissioner positions shall be elected as provided in RCW 53.12.130. [1994 c 223 § 87; 1992 c 146 § 8; 1982 c 219 § 1; 1965 c 51 § 7; 1959 c 175 § 3; 1959 c 17 § 10. Prior: 1953 c 198 § 1; 1913 c 62 § 2, part; 1911 c 92 § 3, part; RRS § 9690, part.]

**53.12.130 Increasing number of commissioners—Election of additional commissioners—Commencement and terms of office.** Two additional port commissioners shall be elected at the next district general election following the election at which voters authorized the increase in port commissioners to five members.

The port commissioners shall divide the port district into five commissioner districts prior to the first day of June in the year in which the two additional commissioners shall be elected, unless the voters approved the nomination of the two additional commissioners from district-wide commissioner districts as permitted in RCW 53.12.010(2). The new commissioner districts shall be numbered one through five and the three incumbent commissioners shall represent commis-

sioner districts one through three. If, as a result of redrawing the district boundaries two or three of the incumbent commissioners reside in one of the new commissioner districts, the commissioners who reside in the same commissioner district shall determine by lot which of the first three numbered commissioner districts they shall represent for the remainder of their respective terms. A primary shall be held to nominate candidates from districts four and five where necessary and commissioners shall be elected from commissioner districts four and five at the general election. The persons elected as commissioners from commissioner districts four and five shall take office immediately after qualification as defined under \*RCW 29.01.135.

In a port district where commissioners are elected to four-year terms of office, the additional commissioner thus elected receiving the highest number of votes shall be elected to a four-year term of office and the other additional commissioner thus elected shall be elected to a term of office of two years, if the election is held in an odd-numbered year, or the additional commissioner thus elected receiving the highest number of votes shall be elected to a term of office of three years and the other shall be elected to a term of office of one year, if the election is held in an even-numbered year. In a port district where the commissioners are elected to six-year terms of office, the additional commissioner thus elected receiving the highest number of votes shall be elected to a six-year term of office and the other additional commissioner shall be elected to a four-year term of office, if the election is held in an odd-numbered year, or the additional commissioner receiving the highest number of votes shall be elected to a term of office of five-years and the other shall be elected to a three-year term of office, if the election is held in an even-numbered year. The length of terms of office shall be computed from the first day of January in the year following this election.

Successor commissioners from districts four and five shall be elected to terms of either six or four years, depending on the length of terms of office to which commissioners of that port district are elected. [1994 c 223 § 88; 1992 c 146 § 9; 1965 c 51 § 8; 1959 c 17 § 11. Prior: 1953 c 198 § 2; 1913 c 62 § 2, part; 1911 c 92 § 3, part; RRS § 9690, part.]

**\*Reviser's note:** RCW 29.01.135 was recodified as RCW 29A.04.133 pursuant to 2003 c 111 § 2401, effective July 1, 2004.

**53.12.140 Vacancies.** A vacancy in the office of port commissioner shall occur as provided in chapter 42.12 RCW or by nonattendance at meetings of the port commission for a period of sixty days unless excused by the port commission. A vacancy on a port commission shall be filled as provided in chapter 42.12 RCW. [1994 c 223 § 54; 1959 c 17 § 9. Prior: 1913 c 62 § 2, part; 1911 c 92 § 3, part; RRS § 9690, part.]

**53.12.172 Port commissioner terms of office.** (1) In every port district the term of office of each port commissioner shall be four years in each port district that is county-wide with a population of one hundred thousand or more, or either six or four years in all other port districts as provided in RCW 53.12.175, and until a successor is elected and qualified and assumes office in accordance with \*RCW 29.04.170.

(2) The initial port commissioners shall be elected at the same election as when the ballot proposition is submitted to

voters authorizing the creation of the port district. If the port district is created the persons elected at this election shall serve as the initial port commission. No primary shall be held. The person receiving the greatest number of votes for commissioner from each commissioner district shall be elected as the commissioner of that district.

(3) The terms of office of the initial port commissioners shall be staggered as follows in a port district that is county-wide with a population of one hundred thousand or more: (a) The two persons who are elected receiving the two greatest numbers of votes shall be elected to four-year terms of office if the election is held in an odd-numbered year, or three-year terms of office if the election is held in an even-numbered year, and shall hold office until successors are elected and qualified and assume office in accordance with \*RCW 29.04.170; and (b) the other person who is elected shall be elected to a two-year term of office if the election is held in an odd-numbered year, or a one-year term of office if the election is held in an even-numbered year, and shall hold office until a successor is elected and qualified and assumes office in accordance with \*RCW 29.04.170.

(4) The terms of office of the initial port commissioners in all other port districts shall be staggered as follows: (a) The person who is elected receiving the greatest number of votes shall be elected to a six-year term of office if the election is held in an odd-numbered year or to a five-year term of office if the election is held in an even-numbered year, and shall hold office until a successor is elected and qualified and assumes office in accordance with \*RCW 29.04.170; (b) the person who is elected receiving the next greatest number of votes shall be elected to a four-year term of office if the election is held in an odd-numbered year or to a three-year term of office if the election is held in an even-numbered year, and shall hold office until a successor is elected and qualified and assumes office in accordance with \*RCW 29.04.170; and (c) the other person who is elected shall be elected to a two-year term of office if the election is held in an odd-numbered year or a one-year term of office if the election is held in an even-numbered year, and shall hold office until a successor is elected and qualified and assumes office in accordance with \*RCW 29.04.170.

(5) The initial port commissioners shall take office immediately after being elected and qualified, but the length of their terms shall be calculated from the first day in January in the year following their elections. [1994 c 223 § 85. Prior: 1992 c 146 § 2; (1992 c 146 § 14 repeal deleted by 1994 c 223 § 93); 1979 ex.s. c 126 § 34; 1951 c 68 § 2; prior: (i) 1935 c 133 § 2; RRS § 9691A-2. (ii) 1935 c 133 § 3; RRS § 9691A-3. (iii) 1935 c 133 § 4; RRS § 9691A-4. (iv) 1935 c 133 § 5; RRS § 9691A-5. (v) 1935 c 133 § 6; RRS § 9691A-6. (vi) 1935 c 133 § 7; RRS § 9691A-7.]

**\*Reviser's note:** RCW 29.04.170 was recodified as RCW 29A.20.040 pursuant to 2003 c 111 § 2401, effective July 1, 2004.

**Purpose—1979 ex.s. c 126:** See RCW 29A.20.040(1).

**53.12.175 Reducing port commissioner terms—Ballot proposition.** A ballot proposition to reduce the terms of office of port commissioners from six years to four years shall be submitted to the voters of any port district that otherwise would have commissioners with six-year terms of office upon either resolution of the port commissioners or petition

of voters of the port district proposing the reduction in terms of office, which petition has been signed by voters of the port district equal in number to at least ten percent of the number of voters in the port district voting at the last general election. The petition shall be submitted to the county auditor. If the petition was signed by sufficient valid signatures, the ballot proposition shall be submitted at the next general or special election that occurs sixty or more days after the adoption of the resolution or submission of the petition.

If the ballot proposition reducing the terms of office of port commissioners is approved by a simple majority vote of the voters voting on the proposition, the commissioner or commissioners who are elected at that election shall be elected to four-year terms of office. The terms of office of the other commissioners shall not be reduced, but each successor shall be elected to a four-year term of office. [1994 c 223 § 89; 1992 c 146 § 3.]

**53.12.221 Terms—Districts covering entire county with populations of one hundred thousand or more.** Port commissioners of countywide port districts with populations of one hundred thousand or more who are holding office as of June 11, 1992, shall retain their positions for the remainder of their terms until their successors are elected and qualified, and assume office in accordance with \*RCW 29.04.170. Their successors shall be elected to four-year terms of office except as otherwise provided in RCW 53.12.130. [1992 c 146 § 4.]

**\*Reviser's note:** RCW 29.04.170 was recodified as RCW 29A.20.040 pursuant to 2003 c 111 § 2401, effective July 1, 2004.

**53.12.245 Organization of commission—Powers and duties—Record of proceedings.** The port commission shall organize by the election of its own members of a president and secretary, shall by resolution adopt rules governing the transaction of its business and shall adopt an official seal. All proceedings of the port commission shall be by motion or resolution recorded in a book or books kept for such purpose, which shall be public records. [1955 c 348 § 6.]

*Public records: Title 40 RCW, chapter 42.56 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.12.246 Quorum.** A majority of the persons holding the office of port commissioner at any time shall constitute a quorum of the port commission for the transaction of business, and the concurrence of a majority of the persons holding such office at the time shall be necessary and shall be sufficient for the passage of any resolution, but no business shall be transacted unless there are in office at least a majority of the full number of commissioners fixed by law. [1959 c 17 § 12. Prior: 1913 c 62 § 2, part; 1911 c 92 § 3, part; RRS § 9690.]

**53.12.260 Compensation.** (1) Each commissioner of a port district shall receive ninety dollars per day or portion thereof spent (a) in actual attendance at official meetings of the port district commission, or (b) in performance of other official services or duties on behalf of the district. The total per diem compensation of a port commissioner shall not exceed eight thousand six hundred forty dollars in a year, or

ten thousand eight hundred dollars in any year for a port district with gross operating income of twenty-five million or more in the preceding calendar year.

(2) Port commissioners shall receive additional compensation as follows: (a) Each commissioner of a port district with gross operating revenues of twenty-five million dollars or more in the preceding calendar year shall receive a salary of five hundred dollars per month; and (b) each commissioner of a port district with gross operating revenues of from one million dollars to less than twenty-five million dollars in the preceding calendar year shall receive a salary of two hundred dollars per month.

(3) In lieu of the compensation specified in this section, a port commission may set compensation to be paid to commissioners.

(4) For any commissioner who has not elected to become a member of public employees retirement system before May 1, 1975, the compensation provided pursuant to this section shall not be considered salary for purposes of the provisions of any retirement system created pursuant to the general laws of this state nor shall attendance at such meetings or other service on behalf of the district constitute service as defined in \*RCW 41.40.010(9): PROVIDED, That in the case of a port district when commissioners are receiving compensation and contributing to the public employees retirement system, these benefits shall continue in full force and effect notwithstanding the provisions of RCW 53.12.260 and 53.12.265.

The dollar thresholds established in this section must be adjusted for inflation by the office of financial management every five years, beginning July 1, 2008, based upon changes in the consumer price index during that time period. "Consumer price index" means, for any calendar year, that year's annual average consumer price index, for Washington state, for wage earners and clerical workers, all items, compiled by the bureau of labor and statistics, United States department of labor. If the bureau of labor and statistics develops more than one consumer price index for areas within the state, the index covering the greatest number of people, covering areas exclusively within the boundaries of the state, and including all items shall be used for the adjustments for inflation in this section. The office of financial management must calculate the new dollar threshold and transmit it to the office of the code reviser for publication in the Washington State Register at least one month before the new dollar threshold is to take effect.

A person holding office as commissioner for two or more special purpose districts shall receive only that per diem compensation authorized for one of his or her commissioner positions as compensation for attending an official meeting or conducting official services or duties while representing more than one of his or her districts. However, such commissioner may receive additional per diem compensation if approved by resolution of all boards of the affected commissions. [2007 c 469 § 3; 1998 c 121 § 3; 1992 c 146 § 12; 1985 c 330 § 3; 1975 1st ex.s. c 187 § 1.]

\*Reviser's note: RCW 41.40.010 was alphabetized pursuant to RCW 1.08.015(2)(k), changing subsection (9) to subsection (37).

**53.12.265 Waiver of compensation.** A commissioner of any port district may waive all or any portion of his or her compensation payable under RCW 53.12.260 as to any

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month or months during his or her term of office, by a written waiver filed with the secretary of the commission. The waiver, to be effective, must be filed any time after the commissioner's election and prior to the date on which said compensation would otherwise be paid. The waiver shall specify the month or period of months for which it is made. [2010 c 8 § 16004; 1975 1st ex.s. c 187 § 2.]

**53.12.270 Delegation of powers to managing official of port district—Waiver of competitive bidding requirements.** (1) The commission may delegate to the managing official of a port district such administrative powers and duties of the commission as it may deem proper for the efficient and proper management of port district operations. Any such delegation shall be authorized by appropriate resolution of the commission, which resolution must also establish guidelines and procedures for the managing official to follow.

(2) The commission shall establish, by resolution, policies to comply with RCW 39.04.280 that set forth the conditions by which competitive bidding requirements for public works contracts may be waived. [2008 c 130 § 18; 1975 1st ex.s. c 12 § 1.]

## Chapter 53.16 RCW

### REVISION OF COMMISSIONER DISTRICTS

#### Sections

53.16.015	Redrawing commissioner district boundaries—Conditions.
53.16.020	Notice of hearing on revision.
53.16.030	Change not to affect term of office.

**53.16.015 Redrawing commissioner district boundaries—Conditions.** The port commission of a port district that uses commissioner districts may redraw the commissioner district boundaries as provided in \*chapter 29.70 RCW at any time and submit the redrawn boundaries to the county auditor if the port district is not coterminous with a county that has the same number of county legislative authority districts as the port has port commissioners. The new commissioner districts shall be used at the next election at which a port commissioner is regularly elected that occurs at least one hundred eighty days after the redrawn boundaries have been submitted. Each commissioner district shall encompass as nearly as possible the same population. [1994 c 223 § 90; 1992 c 146 § 10.]

\*Reviser's note: Chapter 29.70 RCW was recodified as chapter 29A.76 RCW pursuant to 2003 c 111 § 2401, effective July 1, 2004.

**53.16.020 Notice of hearing on revision.** The revision of boundary lines provided for in this chapter shall be made only at a meeting of the board of port commissioners with attendance of all of the members of the commission, which meeting shall be public, following notice of said meeting, and the purpose thereof published in a newspaper of general circulation within the port district, or, if there be no such newspaper published within the district, in a newspaper published at the county seat of the county in which such port district is located. Such notice shall be published not less than twice, the date of the first publication to be not less than fifteen nor more than twenty days prior to the date fixed for said hearing,

and shall state the time, place and purpose of the hearing. [1933 c 145 § 3; RRS § 9708-3.]

**53.16.030 Change not to affect term of office.** Any change of boundary lines provided for in this chapter shall not affect the term for which a commissioner shall hold office at the time the change is made. [1992 c 146 § 11; 1933 c 145 § 4; RRS § 9704-8.]

### Chapter 53.18 RCW

#### EMPLOYMENT RELATIONS—COLLECTIVE BARGAINING AND ARBITRATION

##### Sections

53.18.010	Definitions.
53.18.015	Application of public employees' collective bargaining act.
53.18.020	Agreements authorized.
53.18.030	Criteria for choice of employee organization—Procedures for resolution of controversy.
53.18.040	Incidental powers of district.
53.18.050	Agreements—Authorized provisions.
53.18.060	Restraints on agreement.

**53.18.010 Definitions.** "Port district" shall mean a municipal corporation of the state of Washington created pursuant to Title 53 RCW. Said port districts may also be hereinafter referred to as the "employer."

"Employee" shall include all port employees except managerial, professional, and administrative personnel, and their confidential assistants.

"Employee organization" means any lawful association, labor organization, union, federation, council, or brotherhood, having as its primary purpose the representation of employees on matters of employment relations.

"Employment relations" includes, but is not limited to, matters concerning wages, salaries, hours, vacation, sick leave, holiday pay and grievance procedures. [1967 c 101 § 1.]

**53.18.015 Application of public employees' collective bargaining act.** Port districts and their employees shall be covered by the provisions of chapter 41.56 RCW except as provided otherwise in this chapter. [1983 c 287 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.18.020 Agreements authorized.** Port districts may enter into labor agreements or contracts with employee organizations on matters of employment relations: PROVIDED, That nothing in this chapter shall be construed to authorize any employee, or employee organization to cause or engage in a strike or stoppage of work or slowdown or similar activity against any port district. [1967 c 101 § 2.]

**53.18.030 Criteria for choice of employee organization—Procedures for resolution of controversy.** In determining which employee organization will represent them, employees shall have maximum freedom in exercising their right of self-organization.

Controversies as to the choice of employee organization within a port shall be submitted to the public employment relations commission. Employee organizations may agree with the port district to independently resolve jurisdictional

disputes: PROVIDED, That when no other procedure is available the procedures of RCW 49.08.010 shall be followed in resolving such disputes. In such case the chair of the public employment relations commission shall, at the request of any employee organization, arbitrate any dispute between employee organizations and enter a binding award in such dispute. [2010 c 8 § 16005; 1975 1st ex.s. c 296 § 38; 1967 c 101 § 3.]

*Powers and duties of public employment relations commission: Chapter 41.58 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.18.040 Incidental powers of district.** Port districts exercising the authority granted by RCW 53.18.020 may take any of the following actions as incidental thereto: Make necessary expenditures; act jointly with other ports or employers; engage technical assistance; make appearances before and utilize the services of state or federal agencies, boards, courts, or commissions; make retroactive payments of wages where provided by agreements; and exercise all other necessary powers to carry this chapter into effect, including the promulgation of rules and regulations to effectuate the purposes of this chapter. [1967 c 101 § 4.]

**53.18.050 Agreements—Authorized provisions.** A labor agreement signed by a port district may contain:

- (1) Provisions that the employee organization chosen by a majority of the employees in a grouping or unit will be recognized as the representative of all employees in the classification included in such grouping or unit;
- (2) Maintenance of membership provisions including dues check-off arrangements; and
- (3) Provisions providing for binding arbitration, the expenses being equally borne by the parties, in matters of contract interpretation and the settlement of jurisdictional disputes. [1967 c 101 § 5.]

**53.18.060 Restraints on agreement.** No labor agreement or contract entered into by a port district shall:

- (1) Restrict the right of the port district in its discretion to hire;
- (2) Limit the right of the port to secure its regular or steady employees from the local community; and
- (3) Include within the same agreements: (a) Port security personnel, or (b) port supervisory personnel. [1967 c 101 § 6.]

### Chapter 53.19 RCW

#### PERSONAL SERVICE CONTRACTS

##### Sections

53.19.005	Intent.
53.19.010	Definitions.
53.19.020	Exceptions.
53.19.030	Emergency contracts.
53.19.040	Sole source contracts.
53.19.050	Compliance with chapter—Civil penalties—Auditing—Prosecution.
53.19.060	Changes in scope of work—Amendments to contracts.
53.19.070	Application of chapter restricted.
53.19.080	Management of contracts—Guidelines.
53.19.090	Commission policies—Ports to follow.
53.19.100	Training course.

**53.19.005 Intent.** The legislature hereby establishes a policy of open competition for all personal service contracts entered into by port districts unless specifically exempted under this chapter. It is further the intent to provide differentiation between the competitive procurement procedures for personal and professional services contracts. [2008 c 130 § 5.]

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

(1) "Commission" means the elected oversight body of an individual port.

(2) "Competitive solicitation" means a documented formal process providing an equal and open opportunity to qualified parties and culminating in a selection based on criteria, in which criteria other than price may be the primary basis for consideration. The criteria may include such factors as the consultant's fees or costs, ability, capacity, experience, reputation, responsiveness to time limitations, responsiveness to solicitation requirements, quality of previous performance, and compliance with statutes and rules relating to contracts or services.

(3) "Consultant" means an independent individual or firm contracting with a port to perform a service or render an opinion or recommendation according to the consultant's methods and without being subject to the control of the port except as to the result of the work. The port monitors progress under the contract and authorizes payment.

(4) "Emergency" means a set of unforeseen circumstances beyond the control of the port that either:

(a) Present a real, immediate threat to the proper performance of essential functions; or

(b) May result in material loss or damage to property, bodily injury, or loss of life if immediate action is not taken.

(5) "Evidence of competition" means documentation demonstrating that the port has solicited responses from multiple firms in selecting a consultant.

(6) "Personal service" means professional or technical expertise provided by a consultant to accomplish a specific study, project, task, or other work statement which may not reasonably be required in connection with a public works project meeting the definition in RCW 39.04.010(4). "Personal service" does not include purchased services as defined under subsection (8) of this section or professional services procured using the competitive selection requirements in chapter 39.80 RCW.

(7) "Personal service contract" means an agreement, or any amendment thereto, with a consultant for the rendering of personal services to the port.

(8) "Purchased services" means services provided by a vendor to accomplish routine, continuing, and necessary functions. "Purchased services" includes, but is not limited to, services for equipment maintenance and repair; operation of a physical plant; security; computer hardware and software maintenance; data entry; key punch services; and computer time-sharing, contract programming, and analysis.

(9) "Sole source" means a consultant providing professional or technical expertise of such a unique nature that the consultant is clearly and justifiably the only practicable source to provide the service. The justification shall be based

on the uniqueness of the service, sole availability at the location required, or warranty or defect correction service obligations of the consultant. [2008 c 130 § 6.]

**53.19.020 Exceptions.** All personal service contracts shall be entered into pursuant to competitive solicitation, except for:

(1) Emergency contracts;

(2) Sole source contracts;

(3) Contract amendments;

(4) Contracts between a consultant and a port of less than fifty thousand dollars. However, contracts of fifty thousand dollars or greater but less than two hundred thousand dollars shall have documented evidence of competition. Ports shall not structure contracts to evade these requirements; and

(5) Other specific contracts or classes or groups of contracts exempted from the competitive solicitation process by the commission when it has been determined that a competitive solicitation process is not appropriate or cost-effective. [2008 c 130 § 7.]

**53.19.030 Emergency contracts.** Emergency contracts shall be filed with the commission and made available for public inspection within seven working days following the commencement of work or execution of the contract, whichever occurs first. Documented justification for emergency contracts shall be provided to the commission when the contract is filed. [2008 c 130 § 8.]

**53.19.040 Sole source contracts.** (1) Sole source contracts shall be filed with the commission and made available for public inspection prior to the proposed starting date of the contract. Documented justification for sole source contracts shall be provided to the commission when the contract is filed. For sole source contracts of fifty thousand dollars or more, documented justification shall include evidence that the port attempted to identify potential consultants.

(2) The commission shall ensure that the costs, fees, or rates negotiated in filed sole source contracts of fifty thousand dollars or more are reasonable. [2008 c 130 § 9.]

**53.19.050 Compliance with chapter—Civil penalties—Auditing—Prosecution.** A port commissioner or employee shall not expend any funds for personal service contracts subject to this chapter unless the port has complied with the competitive procurement and other requirements of this chapter. The port commissioner or employee executing the personal service contracts is responsible for compliance with the requirements of this chapter. Willful and intentional failure to comply with the requirements of this chapter subjects the port commissioner or employee to a civil penalty in the amount of three hundred dollars. A consultant who knowingly violates this chapter in seeking or performing work under a personal services contract is subject to a civil penalty of three hundred dollars or twenty-five percent of the amount of the contract, whichever is greater. The state auditor is responsible for auditing violations of this chapter through its regular financial and accountability audits. The attorney general is responsible for prosecuting violations of this chapter. [2008 c 130 § 10.]

**53.19.060 Changes in scope of work—Amendments to contracts.** (1) Substantial changes in the scope of work specified in the contract or which are substantial additions to the scope of work specified in the formal solicitation document shall be submitted to the commission for a determination as to whether the change warrants the work to be awarded as a new contract.

(2) An amendment or amendments to personal service contracts, if the value of the amendment or amendments, whether singly or cumulatively, exceeds fifty percent of the value of the original contract must be filed with the commission and made available for public inspection prior to the proposed starting date of services under the amendments. [2008 c 130 § 11.]

**53.19.070 Application of chapter restricted.** This chapter does not apply to:

(1) Contracts specifying a fee of less than fifty thousand dollars;

(2) Contracts awarded to companies that furnish a service where the tariff is established by the utilities and transportation commission or other public entity;

(3) Intergovernmental agreements awarded to any governmental entity, whether federal, state, or local and any department, division, or subdivision thereof;

(4) Contracts awarded for services to be performed for a standard fee, when the standard fee is established by the contracting agency or any other governmental entity and a like contract is available to all qualified applicants;

(5) Contracts for services that are necessary to the conduct of collaborative research if prior approval is granted by the funding source;

(6) Contracts for professional services which are entered into under chapter 39.80 RCW; and

(7) Contracts for the employment of expert witnesses for the purposes of litigation or legal services to supplement the expertise of port staff. [2008 c 130 § 12.]

**53.19.080 Management of contracts—Guidelines.**

(1) The municipal research services center, in cooperation with the Washington public ports association, shall develop guidelines for the effective and efficient management of personal service contracts by all ports. The guidelines must, at a minimum, include:

(a) Accounting methods, systems, measures, and principles to be used by ports and consultants;

(b) Precontract procedures for selecting potential consultants based on their qualifications and ability to perform;

(c) Incorporation of performance measures and measurable benchmarks in contracts, and the use of performance audits;

(d) Uniform contract terms to ensure contract performance and compliance with port, state, and federal standards;

(e) Proper payment and reimbursement methods to ensure that the port receives full value for taxpayer moneys, including cost settlements and cost allowance;

(f) Postcontract procedures, including methods for recovering improperly spent or overspent moneys for disallowance and adjustment;

(g) Adequate contract remedies and sanctions to ensure compliance;

(h) Monitoring, fund tracking, risk assessment, and auditing procedures and requirements;

(i) Financial reporting, record retention, and record access procedures and requirements;

(j) Procedures and criteria for terminating contracts for cause or otherwise; and

(k) Any other subject related to effective and efficient contract management.

(2) The municipal research services center shall submit a status report on the guidelines required by subsection (1) of this section to the governor and the appropriate standing committees of the legislature no later than December 1, 2008.

(3) The Washington public ports association shall publish a guidebook for use by ports containing the guidelines developed under subsection (1) of this section.

(4) The municipal research services center and the Washington public ports association shall each make the guidelines available on their web sites. [2008 c 130 § 13.]

**53.19.090 Commission policies—Ports to follow.** (1)

A port entering into or amending personal service contracts shall follow the policies adopted by the commission, which shall be based on guidelines developed pursuant to RCW 53.19.080.

(2) This section applies to ports entering into or renewing contracts after January 1, 2010. [2008 c 130 § 14.]

**53.19.100 Training course.** The Washington public ports association shall provide a training course for port personnel responsible for executing and managing personal service contracts. The course must contain training on effective and efficient contract management under the guidelines established under RCW 53.19.080. Port districts shall require port employees responsible for executing or managing personal service contracts to complete the training course to the satisfaction of the commission. [2008 c 130 § 15.]

**Chapter 53.20 RCW**

**HARBOR IMPROVEMENTS**

Sections

53.20.010	Adoption of harbor improvement plan.
53.20.020	Improvement to follow plans adopted.
53.20.030	Improvements—Ownership of.
53.20.040	Fifty percent of cost of local improvement may be paid from general fund.
53.20.050	Local improvements upon majority petition.

*Joint improvement of navigable rivers: RCW 88.32.240 and 88.32.250.*

**53.20.010 Adoption of harbor improvement plan.** It shall be the duty of the port commission of any port district, before creating any improvements hereunder, to adopt a comprehensive scheme of harbor improvement in the port district, after a public hearing thereon, of which notice shall be published once a week for two consecutive weeks in a newspaper of general circulation in the port district, and no expenditure for the carrying on of any harbor improvements shall be made by the port commission other than the necessary salaries, including engineers, clerical and office expenses of the port district, and the cost of engineering, surveying, preparation and collection of data necessary for the making and adoption

of a general scheme of harbor improvements in the port district, unless and until the comprehensive scheme of harbor improvement has been so officially adopted by the port commission. [1985 c 469 § 51; 1943 c 166 § 3; 1913 c 62 § 6; 1911 c 92 § 6; Rem. Supp. 1943 § 9694.]

#### **53.20.020 Improvement to follow plans adopted.**

When such general plans shall have been adopted or approved, as aforesaid, every improvement to be made by said commission shall be made substantially in accordance therewith unless and until such general plans shall have been officially changed by the port commission after a public hearing thereon, of which at least ten days' notice shall be published in a newspaper in general circulation in such port district. [1947 c 24 § 1; 1913 c 62 § 7; 1911 c 92 § 7; Rem. Supp. 1947 § 9695.]

#### **53.20.030 Improvements—Ownership of.**

No improvements shall be acquired or constructed, by the port district, unless such improvements shall, when completed, be the property of such port district, the county in which such port district is located, any city within such port district, the state of Washington or the United States of America, and the funds of such port district may be expended in the acquirement or construction of any harbor improvement embraced in such general plan adopted as in this chapter provided in conjunction with the county in which such port district is located, any city in such port district, the state of Washington or the United States of America, or all or any of them. [1979 ex.s. c 30 § 9; 1913 c 62 § 8; 1911 c 92 § 8; RRS § 9696.]

**53.20.040 Fifty percent of cost of local improvement may be paid from general fund.** Whenever any improvement shall be ordered, payment for which shall be made in part from assessments against property specially benefited, not more than fifty percent of the cost thereof shall ever be borne by the entire port district, nor shall any sum be contributed by it to any improvement acquired or constructed with or by any other body, exceed [exceeding] such amount, unless a majority vote of the electors of the port district shall consent to or ratify the making of such expenditure. [1911 c 92 § 11; RRS § 9698.]

**53.20.050 Local improvements upon majority petition.** Whenever a petition signed by one hundred freeholders in the district to be therein described, shall be filed with the port commission, asking that any portion of the general plan adopted be ordered, and defining the boundaries of a local improvement district to be assessed in whole or in part to pay the cost thereof, it shall be the duty of the port commission to fix a date for hearing on the petition, after which it may alter the boundaries of the proposed district and prepare and adopt detail plans of any such local improvement, declare the estimated cost thereof, what proportion of the cost shall be borne by the proposed local improvement district, and what proportion of the cost, if any, but in any event not to exceed fifty percent, shall be borne by the entire port district. At any time within two years thereafter, upon petition of the owners of a majority of the lands in the proposed local improvement district, fixed by the port commission, as shown in the office of

the auditor of the county, asking that the improvement be ordered, the port commission shall forthwith by resolution order the improvement, provide the general funds of the port district to be applied thereto, acquire all lands necessary therefor, pay all damages caused thereby, and commence in the name of the port district such eminent domain proceedings and supplemental assessment or reassessment proceedings to pay all eminent domain awards as may be necessary to entitle the port district to proceed with such work, and shall thereafter proceed with the work, and shall make and file with the county treasurer its roll levying special assessments in the amount to be paid by special assessment against the property situated within the local improvement district in proportion to the special benefits to be derived by the property in the local improvement district from the improvement. Before the approval of the roll a notice shall be published once a week for two consecutive weeks in one or more newspapers of general circulation in the local improvement district, stating that the roll is on file and open to inspection in the office of the clerk of the port commission, and fixing a time not less than fifteen nor more than thirty days from the date of the first publication of the notice within which protests must be filed with the clerk of the port commission against any assessments shown thereon, and fixing a time when a hearing shall be held by the commission on the protests. After the hearing the port commission may alter any and all assessments shown on the roll and may then by resolution approve the same, but in the event of any assessment being raised a new notice similar to the first notice shall be given, after which final approval of the roll may be made by the port commission. Any person feeling aggrieved by any such assessments shall perfect an appeal to the superior court of the county within ten days after the approval in the manner now provided by law for appeals from assessments levied by cities of the first class in this state. Engineering and office expenses in all cases shall be borne by the general district. [1985 c 469 § 52; 1911 c 92 § 10; RRS § 9697. Formerly RCW 53.20.050 through 53.20.080.]

*Appeal from assessments: RCW 35.44.200 through 35.44.270.*

*Special assessments for local improvement: State Constitution Art. 7 § 9.*

### **Chapter 53.25 RCW**

#### **INDUSTRIAL DEVELOPMENT DISTRICTS— MARGINAL LANDS**

##### Sections

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53.25.900	Repeal and saving.
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**53.25.010 Marginal lands—Declaration of policies and purposes.** It is hereby declared to be the public policy of the legislature of the state of Washington, that it is in the public interest to employ the power of eminent domain and advance and expend public moneys for the purposes herein contained, and to provide for means by which marginal area properties may be developed or redeveloped in accordance with the legislative policies hereinafter stated:

(1) A sound development of the economic security of the peoples of the state of Washington is dependent upon proper development and redevelopment of marginal properties, and the general welfare of the inhabitants of the port districts in which they exist require the remedying of such injurious conditions marginal properties are now subjected to.

(2) The development and redevelopment of such marginal area properties cannot be accomplished by private enterprise alone without public participation and assistance in the acquisition of land and planning and in the financing of land assembly in the work of clearance, development and redevelopment, and in the making of improvements necessary therefor.

(3) To protect and promote sound development and redevelopment of marginal lands as hereinafter defined, and the general welfare of the inhabitants of the port districts in which they exist, to remedying such injurious conditions through the employment of all appropriate means.

(4) That whenever the development or redevelopment of such marginal lands cannot be accomplished by private enterprise alone, without public participation and assistance in the acquisition of land and planning and in financing of land assembly in the work of clearance, development and redevelopment, and in the making of improvements necessary therefor, it is in the public interest to employ the power of eminent domain, to advance and expend public moneys for those purposes, and to provide for means by which such marginal lands may be developed or redeveloped.

(5) That the development or redevelopment of such marginal lands and the provision of appropriate continuing land use constitute public uses and purposes for which public moneys may be advanced or expended and private property acquired, and are governmental functions and are of state concern in the interest of health, safety and welfare of the state of Washington, and of the communities in which such areas exist.

(6) That the necessity in the public interest for the provision of this chapter is declared to be a matter of legislative determination. [1955 c 73 § 1.]

**53.25.020 Marginal lands—Further declaration.** It is further found and declared that:

(1) The existence of such marginal lands characterized by any or all of such conditions constitutes a serious and growing menace which is condemned as injurious and inimical

to the public health, safety, and welfare of the people of the communities in which they exist and of the people of the state.

(2) Such marginal lands present difficulties and handicaps which are beyond remedy and control solely by regulatory processes in the exercise of the police power.

(3) They contribute substantially and increasingly to the problems of, and necessitate excessive and disproportionate expenditures for, crime prevention, correction, prosecution, and punishment, the treatment of juvenile delinquency, the preservation of the public health and safety, and the maintaining of adequate police, fire and accident protection, and other public services and facilities.

(4) This menace is becoming increasingly direct and substantial in its significance and effect.

(5) The benefits which will result from the remedying of such conditions and the redevelopment of such marginal lands will accrue to all the inhabitants and property owners of the communities in which they exist.

(6) Such conditions of marginal lands tend to further obsolescence, deterioration, and disuse because of the lack of incentive to the individual landowner and his or her inability to improve, modernize, or rehabilitate his or her property while the condition of the neighboring properties remains unchanged.

(7) As a consequence the process of deterioration of such marginal lands frequently cannot be halted or corrected except by redeveloping the entire area, or substantial portions of it.

(8) Such conditions of marginal lands are chiefly found in areas subdivided into small parcels, held in divided and widely scattered ownerships, frequently under defective titles, and in many such instances the private assembly of the land areas for redevelopment is so difficult and costly that it is uneconomic and as a practical matter impossible for owners to undertake because of lack of the legal power and excessive costs.

(9) The remedying of such conditions may require the public acquisition at fair prices of adequate areas, the redevelopment of the areas suffering from such conditions under proper supervision, with appropriate planning, and continuing land use.

(10) The development or redevelopment of land, or both, acquired under the authority of this chapter constitute a public use and are governmental functions, and that the sale or leasing of such land after the same has been developed or redeveloped is merely incidental to the accomplishment of the real or fundamental purpose, that is, to remove the condition which caused said property to be marginal property as in this chapter defined. [2010 c 8 § 16006; 1955 c 73 § 2.]

**53.25.030 "Marginal lands" defined.** "Marginal lands" is defined and characterized by any one or more of the following described conditions:

(1) An economic dislocation, deterioration, or disuse resulting from faulty planning.

(2) The subdividing and sale of lots of irregular form and shape and inadequate size for proper usefulness and development.

(3) The laying out of lots in disregard of the contours and other physical characteristics of the ground and surrounding conditions.

(4) The existence of inadequate streets, open spaces, and utilities.

(5) The existence of lots or other areas which are subject to being submerged by water.

(6) By a prevalence of depreciated values, impaired investments, and social and economic maladjustment to such an extent that the capacity to pay taxes is reduced and tax receipts are inadequate for the cost of public services rendered.

(7) In some parts of marginal lands, a growing or total lack of proper utilization of areas, resulting in a stagnant and unproductive condition of land potentially useful and valuable for contributing to the public health, safety and welfare.

(8) In other parts of marginal lands, a loss of population and reduction of proper utilization of the area, resulting in its further deterioration and added costs to the taxpayer for the creation of new public facilities and services elsewhere.

(9) Property of an assessed valuation of insufficient amount to permit the establishment of a local improvement district for the construction and installation of streets, walks, sewers, water and other utilities.

(10) Lands within an industrial area which are not devoted to industrial use but which are necessary to industrial development within the industrial area. [1955 c 73 § 3.]

**53.25.040 Industrial development districts authorized—Boundaries—Deletion of land area.** (1) A port commission may, after a public hearing thereon, of which at least ten days' notice shall be published in a newspaper of general circulation in the port district, create industrial development districts within the district and define the boundaries thereof, if it finds that the creation of the industrial development district is proper and desirable in establishing and developing a system of harbor improvements and industrial development in the port district.

(2) The boundaries of an industrial development district created by subsection (1) of this section may be revised from time to time by resolution of the port commission, to delete land area therefrom, if the land area to be deleted was acquired by the port district with its own funds or by gift or transfer other than pursuant to RCW 53.25.050 or 53.25.060.

As to any land area to be deleted under this subsection that was acquired or improved by the port district with funds obtained through RCW 53.36.100, the port district shall deposit funds equal to the fair market value of the lands and improvements into the fund for future use described in RCW 53.36.100 and such funds shall be thereafter subject to RCW 53.36.100. The fair market value of the land and improvements shall be determined as of the effective date of the port commission action deleting the land from the industrial development district and shall be determined by an average of at least two independent appraisals by professionally designated real estate appraisers as defined in \*RCW 74.46.020 or licensed real estate brokers. The funds shall be deposited into the fund for future use described in RCW 53.36.100 within ninety days of the effective date of the port commission action deleting the land area from the industrial district. Land areas deleted from an industrial development district

under this subsection shall not be further subject to the provisions of this chapter. This subsection shall apply to presently existing and future industrial development districts. Land areas deleted from an industrial development district under this subsection that were included within such district for less than two years, if the port district acquired the land through condemnation or as a consequence of threatened condemnation, shall be offered for sale, for cash, at the appraised price, to the former owner of the property from whom the district obtained title. Such offer shall be made by certified or registered letter to the last known address of the former owner. The letter shall include the appraised price of the property and notice that the former owner must respond in writing within thirty days or lose the right to purchase. If this right to purchase is exercised, the sale shall be closed by midnight of the sixtieth day, including nonbusiness days, following close of the thirty-day period. [1989 c 167 § 1; 1985 c 469 § 53; 1955 c 73 § 4. Prior: 1943 c 166 § 1; 1939 c 45 § 1; Rem. Supp. 1943 § 9709-1; RCW 53.24.010.]

*\*Reviser's note:* RCW 74.46.020 was amended by 2010 1st sp.s. c 34 § 2, deleting the definition of "professionally designated real estate appraiser."

**53.25.050 Tax title lands may be conveyed to district.**

Any lands in an industrial development district acquired by the county by tax foreclosure, may, if the county commissioners deem the lands chiefly valuable for industrial development purposes, be conveyed to the port district. The lands shall be held in trust by the port district and may be managed, developed, leased, or sold by it as provided in this chapter.

From the proceeds of the sale or lease of the lands, the district shall first reimburse itself for any expense incurred by it in managing and developing the lands and any balance shall be paid to the county, which shall distribute it the same as general taxes collected in that year. [1955 c 73 § 5. Prior: 1939 c 45 § 2; RRS § 9709-2; RCW 53.24.020.]

**53.25.060 Private lands may be conveyed to district—Cancellation of taxes.** With the approval of the county commissioners, any lands in an industrial development district, owned privately, which the port commission deems valuable for industrial development purposes, may be deeded to and accepted by the port district, subject to delinquent general taxes thereon. When the commission has recorded the deed and notified the county commissioners thereof, the county commissioners shall order all taxes assessed against the lands canceled and the county treasurer shall record the cancellation, and remove the lands from the tax rolls. Thereafter the lands shall be held in trust, managed, developed, leased, and sold by the district, and the proceeds therefrom disposed of in the same manner as hereinabove provided. [1955 c 73 § 6. Prior: 1939 c 45 § 3; RRS § 9709-3; RCW 53.24.030.]

**53.25.070 Discharge of trust.** With the approval of the county commissioners, a port district may free any lands acquired by it pursuant to this chapter from the trust imposed upon it herein, by paying to the county the amount of the delinquent taxes against the land at the time the county acquired it by tax foreclosure, or the amount of the delinquent taxes against it when it was conveyed to the district by the

private owner. [1955 c 73 § 7. Prior: 1939 c 45 § 4; RRS § 9709-4; RCW 53.24.040.]

**53.25.080 When lands revert to county.** Ten years from the date of its acquisition, property acquired by a port district pursuant to this chapter shall revert to the county to be used the same as property acquired by tax foreclosure, and upon demand by the county commissioners the port commission shall convey the property to the county, unless before the expiration of the ten year period, the port district has adopted a comprehensive plan of harbor improvement which provides for the improvement of an industrial development district which includes such lands or the district has freed the land from the trust imposed upon it as provided in this chapter. [1955 c 73 § 8. Prior: 1939 c 45 § 8; RRS § 9709-8; RCW 53.24.050.]

**53.25.090 Conditions precedent to making improvements.** No expenditure for improvement of property in an industrial development district, other than the expense of preparing and submitting a plan of improvement shall be made by a port district, and no property shall be acquired by it therefor except as provided for hereinbefore until it has been made a part of the comprehensive scheme of harbor improvements and industrial developments or amendments thereto.

That said comprehensive scheme or amendments thereto shall provide for the development or redevelopment of those marginal lands acquired and a provision for the continuing of the land uses which are hereby declared to constitute public uses and the purposes for which public moneys may be advanced and provide property acquired. [1955 c 73 § 9. Prior: 1939 c 45 § 5; RRS § 9709-5; RCW 53.24.060.]

**53.25.100 Powers as to industrial development districts.** All port districts wherein industrial development districts have been established are authorized and empowered to acquire by purchase or condemnation or both, all lands, property and property rights necessary for the purpose of the development and improvement of such industrial development district and to exercise the right of eminent domain in the acquirement or damaging of all lands, property and property rights and the levying and collecting of assessments upon property for the payment of all damages and compensation in carrying out the provisions for which said industrial development district has been created; to develop and improve the lands within such industrial development district to make the same suitable and available for industrial uses and purposes; to dredge, bulkhead, fill, grade, and protect such property; to provide, maintain, and operate water, light, power and fire protection facilities and services, streets, roads, bridges, highways, waterways, tracks, and rail and water transfer and terminal facilities and other harbor and industrial improvements; to execute leases of such lands or property or any part thereof; to establish local improvement districts within such industrial development districts which may, but need not, be coextensive with the boundaries thereof, and to levy special assessments, under the mode of annual installments, over a period not exceeding ten years, on all property specially benefited by any local improvement, on the basis of special benefits, to pay in whole or in part the

damages or costs of any improvement ordered in such local improvement district; to issue local improvement bonds in any such local improvement district; to be repaid by the collection of local improvement assessments; and generally to exercise with respect to and within such industrial development districts all the powers now or hereafter conferred by law upon port districts in counties with a population of one hundred twenty-five thousand or more: PROVIDED, That the exercise of powers hereby authorized and granted shall be in the manner now and hereafter provided by the laws of the state for the exercise of such powers by port districts under the general laws relating thereto insofar as the same shall not be inconsistent with this chapter. [1991 c 363 § 132; 1955 c 73 § 10. Prior: 1939 c 45 § 6; RRS § 9709-6; RCW 53.24.070.]

**Purpose—Captions not law—1991 c 363:** See notes following RCW 2.32.180.

*Eminent domain: State Constitution Art. 1 § 16 (Amendment 9); Title 8 RCW.*

**53.25.110 Sale authorized in industrial development district.** When a port commission deems it for the best interests of the district and the people thereof and in furtherance of its general plan of harbor improvement, or industrial development, or both, it may sell and convey any property or part thereof owned by it within an industrial district. This section shall not be limited by chapter 53.08 RCW, pertaining to powers of port districts. [1955 c 73 § 11. Prior: 1939 c 45 § 9; RRS § 9709-9; RCW 53.28.010.]

*Harbor improvement plan: RCW 53.20.010.*

**53.25.120 Notice of hearing on sale—Hearing—Plans and specifications—Conditions—Devotion of property to public use.** The port commission shall give notice of the proposed sale by publication in a newspaper of general circulation in the county, and by posting in three public places in the port district at least ten days before the date fixed for the hearing thereon.

The notice shall describe the property to be sold and state that at the time and place specified therein, the commission will meet at its usual meeting place, designating it, to hear and determine the advisability of the sale.

The hearing shall be held not more than twenty days from the publication of notice. At the hearing the commission shall hear the reasons of any taxpayer in the port district, for or against the sale.

No sales shall be made, however, of the property of any industrial development district until the purchaser thereof shall have submitted to the port commission plans and specifications for the development of the property, and the plans and specifications shall be approved in writing before the property shall be conveyed, and the conditions upon which the properties are conveyed shall be set forth in the instrument conveying title thereof with the further condition that all of the conditions set forth shall be covenants running with the land. All properties acquired in the manner herein set forth shall be devoted to the public use herein provided for. [1985 c 469 § 54; 1963 c 138 § 1; 1955 c 73 § 12. Prior: 1939 c 45 § 10; RRS § 9709-10; RCW 53.28.020.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.25.130 Findings and determination—Record—**

**Appeal.** Within three days after the hearing the commission shall make its findings and determination on the advisability of making the sale and enter its determination in its records. Any aggrieved party may appeal the determination of the commission by filing appeal with the superior court of the county in which the district is located within twenty days of the entry of the determination but no appeal shall be allowed except on the grounds that the action of the commission was arbitrary, capricious, or unlawful. [1955 c 73 § 13. Prior: 1939 c 45 § 11; RRS § 9709-11; RCW 53.28.030.]

**53.25.140 Action on determination—Sale by competitive bid or negotiation.** If the determination is against the sale, all proceedings thereon shall terminate. If the commission determines in favor of the sale by at least a two-thirds vote of the full commission, it shall in its discretion, either enter an order fixing a period, not less than twenty nor more than thirty days from the date of the order, during which bids will be received for the property or any part thereof, and give notice thereof in the same manner as for the hearing on the proposal to sell or negotiate the sale with an appropriate purchaser, provided that in any such negotiated sale the purchase price must not be less than the fair market value of the property which shall be determined by an average of at least two independent appraisals performed by licensed real estate brokers or professionally designated real estate appraisers as defined in \*RCW 74.46.020. Whether the property is sold by competitive bidding or negotiation, other real property conveyed by the purchaser to the commission may constitute all or a portion of the consideration for the sale. [1984 c 195 § 1; 1955 c 73 § 14. Prior: 1939 c 45 § 12; RRS § 9709-12; RCW 53.28.040.]

\***Reviser's note:** RCW 74.46.020 was amended by 2010 1st sp.s. c 34 § 2, deleting the definition of "professionally designated real estate appraiser."

**53.25.150 Competitive bids—Conditions—Acceptance.** If the commission chooses to sell the property through competitive bidding under RCW 53.25.140:

(1) Bids may be submitted for the property or any part of it, shall state the use which the bidder intends to make of it, and the commission may require the successful bidder to file additional information as to the intended use, and may require of him or her security as assurance that the property will be used for that purpose;

(2) All sales shall be made to the best bidder, and in determining the best bid, the commission may also consider the nature of the proposed use and the relation thereof to the improvement of the harbor and the business and facilities thereof;

(3) Within thirty days after the last day for submitting bids, the commission shall decide which if any bids it accepts. All sales shall be made upon such terms and conditions as the commission may prescribe. [2010 c 8 § 16007; 1984 c 195 § 2; 1955 c 73 § 15. Prior: 1939 c 45 § 13, part; RRS § 9709-13, part; RCW 53.28.050.]

**53.25.160 Devotion of property to intended use—Remedy—Restraint on alienation.** The purchaser shall, within one year from the date of purchase, devote the prop-

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erty to its intended use, or shall commence work on the improvements thereon to devote it to such use, and if he or she fails to do so, the port commission may cancel the sale and return the money paid on the purchase price, and title to the property shall revert to the district. This remedy shall be in addition to any other remedy under the terms of the sale. No purchaser shall transfer title to such property within one year from the date of purchase. [2010 c 8 § 16008; 1955 c 73 § 16. Prior: 1939 c 45 § 13, part; RRS § 9709-13, part; RCW 53.28.060.]

**53.25.170 Covenant running with the land—Forfeiture.** All sales made in accordance with the provisions of this chapter shall have incorporated in the instrument of conveyance of title the conditions of this chapter relating to the use of the land as a covenant running with the land. Any violation of such covenant shall result in a right by the commission, as grantee, to forfeit the land. [1955 c 73 § 17.]

**53.25.190 Eminent domain.** All port districts of the state of Washington which have created or may hereafter create industrial development districts in the manner provided by law, in addition to all powers possessed by such port districts, be and are hereby granted power of eminent domain to acquire real property within the limits of such industrial development district which property is marginal lands as the term is herein defined. The exercise of the power granted in this section shall be exercised in the same manner and by the same procedure as in or may be provided by law for cities of the first class except insofar as such duties may be inconsistent with the provisions of this chapter and the duties devolving upon the city treasurer under said law be and the same are hereby imposed upon the county treasurer for the purposes of this chapter. [1955 c 73 § 19.]

*Eminent domain: State Constitution Art. 1 § 16 (Amendment 9).*

*Eminent domain by cities: Chapter 8.12 RCW.*

**53.25.200 Advances of general fund moneys or credit.** Port districts are hereby granted the power to advance their general fund moneys or credit, or both, without interest to accomplish the objects and purposes of this chapter, which fund shall be repaid from the sale or lease, or both, of such developed or redeveloped lands, provided, if the money advanced for such development or redevelopment was obtained from the sale of general obligation bonds of the port, then such advances shall bear the same rate of interest that said bonds bore. [1955 c 73 § 20.]

**53.25.210 Determination that land sought by eminent domain is marginal.** The determination that property sought by eminent domain proceedings is marginal lands as herein defined is a judicial question, provided that a duly adopted resolution of the commissioners of the port district that the property sought is marginal lands as the term is herein defined, setting forth the characteristics of the lands sought to be acquired which constitutes the marginal lands as herein defined, shall be prima facie evidence that such land is marginal lands as defined in this chapter. [1955 c 73 § 21.]

**53.25.900 Repeal and saving.** Chapter 53.24 RCW and chapter 53.28 RCW and chapter 45, Laws of 1939, as last amended by section 1, chapter 166, Laws of 1943 are repealed: PROVIDED, That nothing herein contained shall be construed as affecting any existing right acquired under the provisions of said act. [1955 c 73 § 22.]

**53.25.910 Severability—1955 c 73.** Should any section or provision of this chapter be held invalid by any court of competent jurisdiction, the same shall not affect the validity of the chapter as a whole or any part thereof other than the portion held to be invalid. [1955 c 73 § 23.]

### Chapter 53.29 RCW TRADE CENTER ACT

#### Sections

53.29.010	Declaration of purpose.
53.29.015	Definitions.
53.29.020	Power to establish trade centers—Facilities authorized.
53.29.030	Cooperation with other entities—Annual service fee for support of local government.
53.29.900	Short title—Liberal construction—Powers cumulative.
53.29.910	Severability—1967 c 56.

**53.29.010 Declaration of purpose.** It is declared to be the finding of the legislature of the state of Washington that:

(1) The servicing functions and activities connected with the oceanborne and overseas airborne trade and commerce of port districts, including customs clearance, shipping negotiations, cargo routing, freight forwarding, financing, insurance arrangements and other similar transactions which are presently performed in various, scattered physical and electronic locations in the districts should be centralized to provide for more efficient and economical transportation of persons and more efficient and economical physical or electronic facilities and services for the exchange and buying, selling and transportation of commodities and other property in world trade and commerce;

(2) Unification, at a single, centrally located physical or electronic site of a facility of commerce, i.e., a trade center, accommodating the functions and activities described in subsection (1) of this section and the appropriate governmental, administrative and other services connected with or incidental to transportation and security of persons and property and the promotion and protection of port commerce, and providing a central locale for exhibiting, and otherwise promoting the exchange and buying and selling of commodities and property in world trade and commerce, will materially assist in preserving the material and other benefits of a prosperous port community;

(3) The undertaking of the aforesaid unified trade center project by a port district or the Washington public ports association has the single object of preserving, and will aid in the promotion, security, and preservation of, the economic well-being of port districts and the state of Washington and is found and determined to be a public purpose. [2002 c 145 § 1; 1989 c 425 § 5; 1967 c 56 § 1.]

**Findings—Severability—1989 c 425:** See notes following RCW 53.06.070.

**53.29.015 Definitions.** The definitions in this section apply throughout RCW 53.29.020 and 53.29.030 unless the context clearly requires otherwise.

(1) "Person" has the same meaning as defined in the electronic signatures in global and national commerce act (15 U.S.C. Sec. 7006 (8)) in effect on June 13, 2002.

(2) "Transaction" has the same meaning as defined in the electronic signatures in global and national commerce act (15 U.S.C. Sec. 7006 (13)) in effect on June 13, 2002. However, "transaction" also includes actions relating to governmental affairs. [2002 c 145 § 4.]

**53.29.020 Power to establish trade centers—Facilities authorized.** In addition to all other powers granted to port districts, any such district, the Washington public ports association, or the federation of Washington ports as described in RCW 53.06.070 may acquire, as provided for other port properties in RCW 53.08.010, construct, develop, operate and maintain all land or other property interests, buildings, structures or other improvements, and may participate in transactions necessary to provide, electronically or otherwise, facilities or to exercise powers or purposes of a trade center including but not limited to the following electronic or physical facilities:

(1) A facility consisting of one or more structures, improvements and areas for the centralized accommodation of public and private agencies, persons and facilities in order to afford improved service to waterborne and airborne import and export trade and commerce;

(2) Facilities for the promotion of such import and export trade and commerce, inspection, testing, display and appraisal facilities, foreign trade zones, terminal and transportation facilities, office meeting rooms, auditoriums, libraries, language translation services, storage, warehouse, marketing and exhibition facilities, facilities for federal, state, county and other municipal and governmental agencies providing services relating to the foregoing and including, but not being limited to, customs houses and customs stores, and other incidental facilities and accommodations. [2002 c 145 § 2; 1989 c 425 § 6; 1967 c 56 § 2.]

**Findings—Severability—1989 c 425:** See notes following RCW 53.06.070.

**53.29.030 Cooperation with other entities—Annual service fee for support of local government.** (1) In carrying out the powers authorized by this chapter and chapter 53.06 RCW, port districts and the Washington public ports association are authorized to cooperate, act, and invest jointly with other public and private agencies and persons, including, but not limited to, the federal government, the state, other ports and municipal corporations, other states and their political subdivisions, and private nonprofit trade promotion groups and associate development organizations.

(2) Port districts operating trade center buildings or operating association or federation trade centers, shall pay an annual service fee to the county treasurer wherein the center is located for municipal services rendered to the trade center building. The measure of such service fee shall be equal to three percent of the gross rentals received from the nongovernmental tenants of such trade center building. Such proceeds shall be distributed by the county treasurer as follows:

Forty percent to the school district, forty percent to the city, and twenty percent to the county wherein the center is located: PROVIDED, That if the center is located in an unincorporated area, twenty percent shall be allocated to the fire district, forty percent to the school district, and forty percent to the county. [2002 c 145 § 3; 1989 c 425 § 7; 1967 c 56 § 3.]

**Findings—Severability—1989 c 425:** See notes following RCW 53.06.070.

**53.29.900 Short title—Liberal construction—Powers cumulative.** This chapter, which may be known and cited as the "Trade Center Act", shall be liberally construed, its purpose being to provide port districts, and their related association and federation, with additional powers to provide trade centers and to promote and encourage trade, tourism, travel, and economic development in a coordinated and efficient manner through the ports of the state of Washington. The powers herein granted shall be in addition to all others granted to port districts. [1989 c 425 § 8; 1967 c 56 § 4.]

**Findings—Severability—1989 c 425:** See notes following RCW 53.06.070.

**53.29.910 Severability—1967 c 56.** If any provision of this chapter, or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons and circumstances is not affected. [1967 c 56 § 5.]

## Chapter 53.31 RCW

### EXPORT TRADING COMPANIES

#### Sections

53.31.010	Legislative findings—Intent.
53.31.020	Definitions.
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53.31.040	Export trading companies—Powers—Formation—Dissolution.
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53.31.060	Certificate of review under federal export trading company act—Authorized.
53.31.901	Severability—1986 c 276.

**53.31.010 Legislative findings—Intent.** It is declared to be the public policy of the state to promote and preserve the economic well-being of the citizens of this state by creating opportunities for expanded participation in international trade by state businesses and expanding international trade through state ports. Increased international trade of state products creates and retains jobs, increases the state's tax base, and diversifies the state's economy. Port districts, through economies of scale, are uniquely situated to promote and expand international trade and provide greater opportunities for state businesses to participate in international trade.

The legislature finds that significant public benefit, in the form of increased employment and tax revenues, can be realized through export trading companies without lending the credit of port districts, and without capital investment of public funds by port districts. The legislature finds that the use of port district funds to promote and establish export trading companies under this chapter constitutes trade promotion

and industrial development within the meaning of Article VIII, section 8 of the state Constitution.

It is the purpose of this chapter: (1) To stimulate greater participation by private businesses in international trade; (2) to authorize port districts to promote and facilitate international trade more actively; (3) to make export services more widely available; (4) to generate revenue for port districts; and (5) to develop markets for Washington state goods and services. Port sponsored export trading companies can also assist small to medium-sized companies in achieving economies of scale in order to expand into the export market.

It is the intent of this chapter to enhance export trade and not to create outside competition for existing Washington state businesses. The primary intent of a port sponsored export trading company is to increase exports of Washington state products.

This chapter shall not be construed as modifying or restricting any other powers granted to port districts by law. The legislature does not intend by the enactment of this chapter for port districts to use export trading companies to create unfair competition with private business. [1986 c 276 § 1.]

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

(1) "Port district" means any port district other than a countywide port district in a county with a population of two hundred ten thousand or more, established under Title 53 RCW.

(2) "Export services" means the following services when provided in order to facilitate the export of goods or services through Washington ports: International market research, promotion, consulting, marketing, legal assistance, trade documentation, communication and processing of foreign orders to and for exporters and foreign purchasers, financing, and contracting or arranging for transportation, insurance, warehousing, foreign exchange, and freight forwarding.

(3) "Export trading company" means an entity created by a port district under RCW 53.31.040.

(4) "Obligations" means bonds, notes, securities, or other obligations or evidences of indebtedness.

(5) "Person" means any natural person, firm, partnership, association, private or public corporation, or governmental entity. [1991 c 363 § 133; 1986 c 276 § 2.]

**Purpose—Captions not law—1991 c 363:** See notes following RCW 2.32.180.

**53.31.030 Export trading companies—Authorized—Adoption of business plan.** (1) Public port districts, formed under chapter 53.04 RCW are authorized to establish export trading companies and a company so formed may contract with other public ports, financial institutions, freight forwarders, and public or private concerns within or outside the state to carry out the purposes of this chapter. A port district may participate financially in only one export trading company.

(2) A port district proposing to establish an export trading company shall adopt a business plan with safeguards and limitations to ensure that any private benefit to be realized from the use of funds of the export trading company are incidental to the purposes of this chapter. The business plan shall be adopted only after public hearing and shall be reviewed at

least once every two years. Amendments to the plan shall be adopted only after public hearing. The business plan shall include:

- (a) A description of export promotion activities to be conducted during the period of the plan;
- (b) A proposed budget of operations which shall include an itemized list of estimated revenues and expenditures;
- (c) A description of the safeguards and limitations which ensure that the export trading company will best be used to enhance international trade and produce public benefit in the form of employment, capital investment, and tax revenues;
- (d) A description of private competitors which may be capable of providing the functions in the business plan; and
- (e) Such other matters as may be determined by the port district.

(3) A port district, for the purpose of establishing or promoting an export trading company under this chapter, may provide financial assistance to the export trading company. A port district may not provide such assistance or services for more than five years or in an amount greater than five hundred thousand dollars. [1986 c 276 § 3.]

**53.31.040 Export trading companies—Powers—Formation—Dissolution.** (1) For the purpose of promoting international trade, export trading companies formed under this chapter may provide export services through:

- (a) Holding and disposing of goods in international trade;
- (b) Taking title to goods.

All such activities engaged in or pursued by an export trading company shall be charged for in accordance with the customs of the trade at competitive market rates.

(2) Nothing contained in this chapter may be construed to authorize an export trading company to own or operate directly or indirectly any business which provides freight-forwarding, insurance, foreign exchange, or warehousing services. Nothing contained in this chapter may be construed to permit an export trading company to engage in the business of transporting commodities by motor vehicle, barge, ship, or rail for compensation.

(3)(a) Proceedings to form a public corporation designated as an export trading company shall be initiated by a resolution of the board of commissioners of a port district adopting a charter for the corporation. The charter shall contain such provisions as are authorized by law and include provisions for a board of directors which shall conduct the affairs of the export trading company. The board of directors shall include no fewer than three nor more than five members, all appointed by the port district board of commissioners. Commissioners of the port shall be eligible to serve as members of the board and shall constitute a majority of the board of directors at all times. Unless a later date is specified, the resolution shall take effect on the thirtieth day after adoption. The corporation shall be deemed formed for all purposes upon filing in the office of the secretary of state a certified copy of the effective resolution and the charter adopted by the resolution.

(b) In any suit, action, or proceeding involving the validity or enforcement of or relating to any contract of the corporation, the corporation is conclusively presumed to be established and authorized to transact business and exercise its powers under this chapter upon proof of the adoption of the

resolution creating the corporation by the governing body. A copy of the resolution duly certified by the secretary of the port district commission shall be admissible in evidence in any suit, action, or proceeding.

(c) A corporation created by a port district pursuant to this chapter may be dissolved by the district if the corporation (i) has no property to administer, other than funds or property, if any, to be paid or transferred to the district by which it was established; and (ii) all its outstanding obligations have been satisfied. Such a dissolution shall be accomplished by the governing body of the port district adopting a resolution providing for the dissolution.

(d) The creating port district may, at its discretion and at any time, alter or change the structure, organizational programs, or activities of the corporation, including termination of the corporation if contracts entered into by the corporation are not impaired. Subject to any contractual obligations, any net earnings of the corporation shall inure only to the benefit of the creating port district. Upon dissolution of the corporation, all assets and title to all property owned by the corporation shall vest in the creating port district.

(4) A port district may contract with an export trading company to provide services on a reimbursement basis at current business rates to the export trading company, including but not limited to accounting, legal, clerical, technical, and other administrative services. Separate accounting records prepared according to generally accepted accounting principles shall be maintained by the export trading company.

(5) Any obligation of an export trading company shall not in any manner be an obligation of the port district nor a charge upon any revenues or property of the port district.

(6) An export trading company may borrow money or contract indebtedness and pledge, in whole or in part, any of its revenues or assets not subject to prior liens or pledges. An export trading company may not pledge any revenue or property of a port district or other municipal corporation and no port district or other municipal corporation may pledge its revenues or property to the payment thereof. An export trading company has no power to issue general obligation bonds, levy taxes, or exercise power of eminent domain. [1989 c 11 § 23; 1986 c 276 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.31.050 Confidentiality of records supplied by private persons.** All financial and commercial information and records supplied by private persons to an export trading company with respect to export projects shall be kept confidential unless such confidentiality shall be waived by the party supplying the information or by all parties engaged in the discussion. [1986 c 276 § 5.]

**53.31.060 Certificate of review under federal export trading company act—Authorized.** An export trading company may apply for and hold a certificate of review provided for under 15 U.S.C. Secs. 4001 through 4021, the federal export trading company act of 1982. [1986 c 276 § 6.]

**53.31.901 Severability—1986 c 276.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the

provision to other persons or circumstances is not affected. [1986 c 276 § 11.]

### Chapter 53.34 RCW TOLL FACILITIES

#### Sections

53.34.010	Toll bridges, tunnels authorized—Highway approaches—Tolls proposed.
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53.34.220	Chapter supplemental to other laws—Liberal construction.
53.34.900	Severability—1959 c 236.
53.34.910	Chapter controls inconsistent acts.

**53.34.010 Toll bridges, tunnels authorized—Highway approaches—Tolls proposed.** In addition to all other powers granted to port districts, any such district may, with the consent of the department of transportation, acquire by condemnation, purchase, lease, or gift, and may construct, reconstruct, maintain, operate, furnish, equip, improve, better, add to, extend, and lease to others in whole or in part and sell in whole or in part any one or more of the following port projects, within or without or partially within and partially without the corporate limits of the district whenever the commission of the district determines that any one or more of such projects are necessary for or convenient to the movement of commercial freight and passenger traffic a part of which traffic moves to, from, or through the territory of the district:

- (1) Toll bridges;
- (2) Tunnels under or upon the beds of any river, stream, or other body of water, or through mountain ranges.

In connection with the acquisition or construction of any one or more of such projects the port districts may, with the consent of the state department of transportation, further acquire or construct, maintain, operate, or improve limited or unlimited access highway approaches of such length as the commission of such district deems advisable to provide means of interconnection of the facilities with public highways and of ingress and egress to any such project, including plazas and toll booths, and to construct and maintain under,

along, over, or across any such project telephone, telegraph, or electric transmission wires and cables, fuel lines, gas transmission lines or mains, water transmission lines or mains, and other mechanical equipment not inconsistent with the appropriate use of the project, all for the purpose of obtaining revenues for the payment of the cost of the project.

Consistent with RCW 47.56.850, any toll, including any change in an existing toll rate, proposed under this section must first be reviewed and approved by the tolling authority designated in RCW 47.56.850 if the toll, or change in toll rate, would have a significant impact, as determined by the tolling authority, on the operation of any state facility. [2008 c 122 § 21; 1984 c 7 § 365; 1959 c 236 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.34.020 Contracts for use of projects—Regulations—Controversies.** The district shall have the power to enter into a contract or contracts for the use of said projects, their approaches and equipment and from time to time to amend such contracts, with persons and with private and public corporations, and by said contracts to give such persons or corporations the right to use said projects, their approaches and equipment for the transmission of power for telephone and telegraph lines, for the transportation of water, gas, petroleum, and other products, for railroad and railway purposes, and for any other purpose to which the same may be adapted: PROVIDED, That no such contract shall be for a period longer than ninety-nine years, and that the projects shall be put to the largest possible number of uses consistent with the purposes for which such projects are constructed.

In making such contract or contracts and providing for payments and rentals thereunder the port district shall determine the value of the separate and different uses to which the projects are to be put and shall apportion the annual rentals and charges as nearly as possible according to the respective values of such uses. No such contract shall be made with any person or corporation unless and until such person or corporation shall bind himself or herself or itself to pay as rental therefor an amount determined by the port district and specified in the contract which shall be a fair and just proportion of the total amount required to pay interest on the bonds provided for in this chapter, plus a just proportion of the amount necessary for their retirement, and plus the cost of maintenance of the projects, their approaches and equipment.

The port district may require any of such contracts to be entered into before beginning the construction of said projects or before the expenditure of funds under the provisions of this chapter if in its judgment it is deemed expedient.

There shall be no monopoly of the use of said projects, and their approaches by any one use, or by any person or corporation, private or public, in respect to the several uses, and the port district may continue to make separate, additional, and supplemental contracts for one or more uses until in the judgment of said port district the capacity of the projects and approaches for any such use has been reached. When such capacity has been reached contracts for the use of said projects shall be given preference in regard to such uses according to the public interest as determined by the port district, and subsequent contracts shall be subject to all existing and prior contracts. The port district shall have the power to

prescribe regulations for the use of such facilities by the parties to contracts for such use, or any of them, and to hear and determine all controversies which may arise between such parties, under such rules as the port district may from time to time promulgate; and all contracts shall expressly reserve such power to the port district. [2010 c 8 § 16009; 1959 c 236 § 2.]

#### **53.34.030 Revenue bonds and notes—Authorized—**

**Purposes—Sale, maturity, cost.** Whenever any port district shall determine to acquire or construct any one or more projects authorized under the provisions of this chapter, the commission of such district shall have the power and is authorized to issue negotiable revenue bonds and notes from time to time in one or more series or installments in such principal amount as, in the opinion of the commission, shall be necessary to provide sufficient money for the acquisition, construction, reconstruction, extension or improvement thereof as set forth in RCW 53.34.010, including engineering, inspection, legal and financial fees and costs, working capital, interest on such bonds and notes during construction and for a reasonable period thereafter, establishment of reserves to secure such bonds and notes and all other expenditures of such district incidental, necessary or convenient to the establishment of such projects on a sound financial basis, and to issue negotiable revenue bonds and notes for the purpose of renewing or refunding such outstanding bonds and notes in whole or in part at or prior to maturity. All such revenue bonds or notes shall be negotiable instruments within the meaning and purposes of the negotiable instruments law and shall be sold by the commission in such manner and for such price as the commission deems for the best interests of the district: PROVIDED, That the bonds and warrants may be in any form, including bearer bonds or bearer notes, or registered bonds or registered notes as provided in RCW 39.46.030. The commission may provide in any contract for the construction or acquisition of all or any part of a project or projects or for the additions or betterments thereto or extensions or improvements thereof that payment therefor shall be made only in such revenue bonds or notes. Any revenue bonds issued under the authority of chapter 236, Laws of 1959 shall have a final maturity not to exceed forty years from date of issue. [1983 c 167 § 133; 1970 ex.s. c 56 § 69; 1969 ex.s. c 232 § 79; 1959 c 236 § 3.]

**Purpose—1970 ex.s. c 56:** See note following RCW 39.52.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **53.34.040 Revenue bonds and notes—Resolution—**

**Security—Form, interest, payment, etc.** (1) Revenue bonds and notes may be issued by one or more resolutions and may be secured by trust agreement by and between the district and one or more corporate trustees, depositories, or fiscal agents, which may be any trust company or state or national bank having powers of a trust company within or without the state of Washington. Such bonds or notes shall bear such date or dates, mature at such time or times, bear interest at such rate or rates, be in such denominations, be in such form either coupon or registered as provided in RCW 39.46.030, carry such registration privileges, be executed in such manner, be payable in such medium of payment at such

place or places within or without the state of Washington, and be subject to such terms of redemption and at such redemption premiums as such resolution, resolutions, or trust agreements may provide. No proceedings for the issuance of such bonds or notes shall be required other than those required by the provisions of this chapter, and none of the provisions of any other laws relative to the terms and conditions for the issuance, payment, redemption, registration, sale or delivery of bonds of public bodies, corporation, or political subdivisions of this state shall be applicable to bonds or notes issued by port districts pursuant to this chapter.

(2) Notwithstanding subsection (1) of this section, such bonds and notes may be issued and sold in accordance with chapter 39.46 RCW. [1983 c 167 § 134; 1970 ex.s. c 56 § 70; 1969 ex.s. c 232 § 80; 1959 c 236 § 4.]

**Purpose—1970 ex.s. c 56:** See note following RCW 39.52.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **53.34.050 Covenants to safeguard and secure bonds**

**and notes.** Any resolution, resolutions, or trust agreements authorizing the issuance of any bonds or notes of a port district may contain covenants and agreements on the part of the district to protect and safeguard the security and payment of such bonds or notes, which shall be a part of the contract with the owners of such obligations thereby authorized as to:

(1) Pledging all or any part of the revenues, income, receipts, profits and other moneys derived by the district issuing such obligations from the ownership, operation, management, lease, or sale of any one or more of the projects constructed from the proceeds thereof to secure the payment of bonds or notes;

(2) The establishment and collection of rates, rentals, tolls, charges, license, and other fees to be charged by the district and the amounts to be raised in each year for the services and commodities sold, leased, furnished, or supplied by any one or more of the projects established from the proceeds of such obligations, and the deposit, use, and disposition of the revenues of the district received therefrom;

(3) The setting aside of reserves or sinking funds for such obligations, and the deposit, investment, and disposition thereof;

(4) Limitations on the purpose or purposes to which the proceeds of sale of any issue of bonds or notes then or thereafter issued payable from the revenues of any such project or projects may be applied, and pledging such proceeds to secure the payment of such bonds or notes;

(5) Limitations on the issuance of additional revenue bonds or notes of the district, the terms and conditions upon which such additional revenue bonds or notes may be issued and secured, and the refunding of outstanding or other bonds or notes;

(6) The procedure, if any, by which the terms of any contract with bond owners may be amended or abrogated, the amount of bonds or notes the owners of which must consent thereto, and the manner in which such consent may be given;

(7) Limitations on the amount of moneys derived from any project or projects to be expended for operating, administrative or other expenses of the district in connection with any such project or projects;

(8) The employment of independent auditors and engineers or other technical consultants to advise and assist the district in the operation, management, and improvement of any project or projects;

(9) Limitations or prohibitions on rendering free service in connection with any project or projects;

(10) Specifying conditions constituting events of default and vesting in one or more trustees including trustees which may be appointed by the bond owners and note owners, such special rights, property rights, powers, and duties with respect to the property and revenues of any project or projects as the commission of the district may deem advisable the better to secure the payment of such bonds and notes;

(11) Prescribing conditions controlling the acquisition, sale, lease, or other disposition of real and personal property used or useful in connection with any project or projects, the amount and kinds of policies of insurance to be carried by the district in connection therewith, and the use and disposition of the proceeds of policies of insurance; and

(12) Any other matters of like or different character which in any way affect the security or protection of bonds or notes of the district. [1983 c 167 § 135; 1959 c 236 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.34.060 Notes.** A district shall have power from time to time to issue bond anticipation revenue notes (herein referred to as notes), and from time to time to issue renewal notes, such notes in any case to mature not later than six years from the date of incurring the indebtedness represented thereby in an amount not exceeding in the aggregate at any time outstanding the amount of revenue bonds then or theretofore authorized but not issued. Payment of such notes shall be made from any moneys or revenue which the district may have available for such purpose or the proceeds of the sale of revenue bonds of the district, or such notes may be exchanged for a like amount of such revenue bonds bearing the same or a lower or higher rate of interest than that borne by such notes.

All notes may be issued and sold in the same manner as revenue bonds. Any district shall have power to make contracts for the future sale from time to time of notes on terms and conditions stated in such contracts, and the district shall have power to pay such consideration as it shall deem proper for any commitments to purchase notes in the future. Such notes may also be collaterally secured by pledges and deposits with a bank or trust company, in trust for the payment of said notes, of revenue bonds in an aggregate amount at least equal to the amount of such notes and, in any event, in amount deemed by the district sufficient to provide for the payment of the notes in full at the maturity thereof. The district may provide in such collateral agreement that the notes may be exchanged for revenue bonds held as collateral security for the notes, or that the trustee may sell the revenue bonds if the notes are not otherwise paid at maturity and apply the proceeds of such sale to the payment of the notes. Such notes shall bear interest at a rate or rates as authorized by the port commission. [1970 ex.s. c 56 § 71; 1969 ex.s. c 232 § 81; 1959 c 236 § 6.]

**Purpose—1970 ex.s. c 56:** See note following RCW 39.52.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.34.070 Bonds and notes payable solely from revenues, etc.—Adequate rates and charges to be established.**

Revenue bonds and notes issued under the provisions of this chapter shall be payable solely from the revenues, income, receipts, profits, charges, fees, rentals, and moneys received or derived by or through the ownership, operation, sale, lease, or other disposition in whole or in part of any project or projects authorized under the provisions of this chapter, or through the issuance of refunding bonds or notes, and the commission of any district issuing revenue bonds or notes under the authority of this chapter shall establish, maintain, and collect rates, tolls, rents, and charges from time to time so long as any of such revenue bonds are outstanding and unpaid for all services sold, furnished, or supplied by or through any such project or projects sufficient to produce an amount, together with any other moneys of the district available and dedicated to such purpose, to pay the principal of and interest and premium, if any, on all revenue bonds and notes payable from the revenues of any project or projects as the same may respectively fall due in accordance with the terms of the resolution or resolutions or trust agreement authorizing the issuance and securing the payment of such obligations. [1959 c 236 § 7.]

**53.34.080 Special funds and accounts—Disposition.**

The resolution, resolutions, or trust agreement providing for the issuance of revenue bonds or notes pursuant to the provisions of this chapter shall create and establish a special fund of the district into which the district shall be obligated to deposit as collected all income, revenues, receipts, and profits derived by the district through the ownership and operation of any project or projects acquired or constructed from the proceeds of the sale of such revenue bonds or notes: PROVIDED, That additional separate special funds or accounts may be created by such resolution or trust agreement into which the district may obligate itself to deposit the proceeds of the sale of such revenue bonds and notes, the proceeds of the sale or other disposition in whole or in part of any project or projects, the proceeds of any policies of insurance on such projects, and any other additional moneys received by the district and applicable to such projects. All such moneys shall be held by the district, the depositories and trustees of such funds and accounts, in trust for the equal and ratable benefit and security of the holders from time to time of the revenue bonds and notes issued pursuant to the resolution, resolutions, or trust agreement establishing such special funds or accounts, and shall be collected, held, deposited, and disbursed solely for the acquisition, construction, operation, maintenance, renewal, replacement, improvement, extension, and betterment of such project or projects and the payment of the principal of and interest and premium, if any, on the revenue bonds and notes issued pursuant to such resolution, resolutions, or trust agreements, and the creation and maintenance of reasonable reserves for all such purposes: PROVIDED, HOWEVER, That the district may in its discretion and subject to any agreements with the holders of such revenue bonds and notes expend amounts of such moneys as are not required for the purposes aforesaid for other corporate purposes of the district.

The district may pledge such moneys or revenues of the district subject to prior pledges thereof, if any, for the pay-

ment of such notes and may in addition secure the notes in the same manner as herein provided for revenue bonds. [1959 c 236 § 8.]

**53.34.090 Pledge of moneys, when binding—When lien attaches.** It is the intention hereof that any pledge of revenues, income, receipts, profits, charges, fees, or other moneys made by a district for the payment of bonds shall be valid and binding from the time of the adoption of any resolution or the execution of any trust agreement making such pledge notwithstanding the fact that there may not then be any simultaneous delivery thereof, that the revenues, income, receipts, profits, charges, fees, and other moneys so pledged shall as soon as received by the district immediately be subject to the lien of such pledge without the physical delivery thereof and without further act, and that the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the district irrespective of whether such parties have notice thereof. Neither the resolution, resolutions, or trust agreement authorizing revenue bonds or notes nor any other instrument by which such a pledge is created need be recorded to be effective. [1959 c 236 § 9.]

**53.34.100 No personal liability on bonds or notes.** Neither the members of a commission nor any person executing revenue bonds or notes shall be liable personally on such bonds or notes, or be subject to any personal liability or accountability by reason of the issuance thereof. [1959 c 236 § 10.]

**53.34.110 District may purchase bonds or notes.** A district shall have power out of any funds available therefor to purchase revenue bonds or notes of such district. Any bonds or notes so purchased may be held, canceled, or resold by the district subject to and in accordance with any resolution or resolutions or trust agreements with bondholders. [1959 c 236 § 11.]

**53.34.120 State not to limit or alter rights of district or impair rights or remedies of bond or note holders.** The state of Washington does hereby covenant and agree with the holders of revenue bonds or notes issued by a district under the authority of this chapter that the state will not limit or alter the rights hereby vested in a district to acquire, maintain, construct, reconstruct, improve, extend, add to, better and operate the projects authorized to be constructed or acquired under the provisions hereof and to establish, collect, and pledge such rates, rentals, tolls, charges, license, and other fees as may be convenient or necessary to produce sufficient revenue to meet the expense of maintenance and operation of such projects and to fulfill the terms of any agreements made with holders of such revenue bonds and notes or in any way impair the rights and remedies of bondholders and noteholders until the bonds or notes together with interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of the bondholders or noteholders, are fully met and discharged. The provisions of this chapter and of the resolutions, trust agreements and proceedings authoriz-

ing revenue bonds and notes hereunder shall constitute a contract with the holders of said bonds and notes. [1959 c 236 § 12.]

**53.34.130 Bonds, notes, obligations not state or district debt—No ad valorem taxes.** The revenue bonds, revenue notes, and any other obligations of a district issued under the authority of this chapter shall not be a debt of the state of Washington or of any political subdivision of this state, nor shall such obligations be considered indebtedness of the port district issuing same within any constitutional, statutory, or other limitation of indebtedness, and neither the state nor any political subdivision thereof, including the port district issuing such revenue bonds or notes, shall ever become obligated to levy ad valorem taxes on any taxable property within the state for the payment of such revenue bonds and notes, but such revenue bonds and notes shall be payable solely from and shall be a charge only upon the revenues and other funds of the project or projects pledged to the payment thereof by the proceedings authorizing the issuance of such bonds and notes. [1959 c 236 § 13.]

**53.34.140 Registration of bonds and notes—Prima facie validity.** Prior to the issuance and delivery of revenue bonds or notes under the authority of this chapter, such revenue bonds or notes and a certified copy of the resolution, resolutions, or trust agreements authorizing such revenue bonds or notes shall be forwarded by the port commission to the state auditor together with any additional information requested by him or her, and when such revenue bonds or notes have been examined they shall be registered by the auditor in books to be kept by him or her for that purpose, and a certificate of registration shall be endorsed upon each such revenue bond or note and signed by the auditor or a deputy appointed by him or her for that purpose.

Revenue bonds or notes so registered shall then be prima facie valid and binding obligations of the port district in accordance with the terms thereof, notwithstanding any defect or irregularity in the proceedings for the authorization and issuance of such revenue bonds or notes or in the sale, execution or delivery thereof or in the application of the proceeds thereof. [2010 c 8 § 16010; 1959 c 236 § 14.]

**53.34.150 Bonds and notes as legal investment and security.** Revenue bonds and notes issued under the authority of this chapter are made securities in which all public officers and bodies of this state, all municipalities and municipal subdivisions and all other political subdivisions of this state, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks, and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or other obligations of the state, may properly and legally invest funds, including capital, in their control or belonging to them. Such bonds and notes are also made securities which may be deposited with and shall be received by

all public officers and bodies of this state, all municipalities, municipal subdivisions, and other political subdivisions of this state for any purpose for which the deposit of bonds or other obligations of this state is now or may hereafter be authorized. [1959 c 236 § 15.]

**53.34.160 Projects declared public benefit and governmental function—Covenant by state with bond and note holders—Tax exemption.** It is found, determined, and declared that the creation and establishment of projects authorized by this chapter are in all respects for the benefit of the people of the state of Washington, for the improvement of their welfare and prosperity, and for the promotion of intrastate, interstate, and foreign commerce, the transportation of freight, commercial, and passenger traffic, is a public purpose, that such projects operated by port districts are essential parts of the public transportation system, and that such districts will be performing essential governmental functions in the exercise of the powers conferred upon them by this chapter; and the state of Washington covenants with the holders of revenue bonds and notes that port districts shall not be required to pay any taxes or assessments, or other governmental charges in lieu thereof, upon any of the property acquired by them or under their respective jurisdictions, control, possession, or supervision, upon the activities of port districts in the operation and maintenance of such projects, or upon any charges, fees, rentals, revenues, or other income received by such districts from such projects and that the revenue bonds and notes of port districts and the income therefrom shall at all times be exempt from all taxation in the state of Washington, except transfer, inheritance, and estate taxes. This section shall constitute a covenant and agreement with the holders of all revenue bonds and notes issued by port districts pursuant to the provisions of this chapter. [1959 c 236 § 16.]

**53.34.170 District's power to acquire property, rights, etc.—Gifts—Condemnation—Contracts by public agencies authorized.** In the acquisition, construction, reconstruction, improvement, extension, or betterment of any project or projects authorized under the provisions of this chapter any port district creating and establishing any such project or projects may have and exercise all of the powers heretofore or hereafter granted to port districts for corporate purposes and, in addition thereto, may acquire by gift or grant, lease, purchase, or condemnation any public and private property, franchises and property rights, including state, county, and school lands and property, and littoral and water rights whether or not any such property is then devoted to public or quasi public proprietary or governmental use: PROVIDED, That the court shall find that the proposed condemnation of any property already devoted to a public use is for a higher public use, and may by appropriate contracts with any city, county, or other political subdivision of the state, with the state and any department of the government of the state (hereinafter referred to collectively as public agencies), or with any department, instrumentality or agency of the United States, acquire title to or the use of existing roads, streets, parkways, avenues, or highways or the closing of any roads, streets, parkways, avenues, or highways as may be

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necessary or convenient to the acquisition, construction, or operation of any such project or projects under such terms and conditions as may be mutually agreed upon. All public agencies are authorized to enter into contracts with port districts for the aforesaid purposes. [1959 c 236 § 17.]

**53.34.180 Public agencies authorized to contract with district for contribution of money, property, services, etc.** Any public agency, including without limitation the department of transportation, may contract with a port district that is constructing a project or projects under this chapter for the contribution of moneys or real or personal property in aid of the construction of the projects, or for the furnishing of engineering, legal, police, and fire protection, and all other services necessary or convenient to the acquisition, construction, reconstruction, operation, maintenance, renewal, replacement, improvement, additions to, or extension of the project or projects. The contracts shall run for such period of years and contain such terms and conditions as the parties thereto mutually agree upon. Any public agency, by resolution, may authorize the execution of the contracts with a port district and no other authorization on the part of the public agency is necessary, regardless of any provision of laws or of a city charter to the contrary. Obligations assumed by a public agency under the contracts entered into under this chapter shall be included and provided for in each annual budget of the public agency made thereafter until all the obligations have been fully discharged. [1984 c 7 § 366; 1959 c 236 § 18.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.34.190 Bylaws, rules for management, uses, charges—Penalty for violation.** (1) Any port district establishing a project under the authority of this chapter may make such bylaws, rules, and regulations for the management and use of such project and for the collection of rentals, tolls, fees, and other charges for services or commodities sold, furnished or supplied through such project.

(2) The violation of any bylaw, rule, or regulation described in subsection (1) of this section is a misdemeanor punishable by fine not to exceed one hundred dollars or by imprisonment for not longer than thirty days, or both. [2003 c 53 § 287; 1959 c 236 § 19.]

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

**53.34.200 Actions for damages, injuries, death—Allegation in complaint of presentment of claim.** In every action against a district for damages, for injuries to real or personal property, or for the destruction thereof, or for personal injuries or death arising in connection with the acquisition, construction, reconstruction, operation, or maintenance of a project authorized by the provisions of this chapter, the complaint shall contain an allegation that at least thirty days have elapsed since a demand, claim, or claims upon which such action is founded were presented to the secretary of the district, or to its chief executive officer, and that the district has neglected or refused to make an adjustment or payment thereof for thirty days after such presentment. [1959 c 236 § 20.]

**53.34.220 Chapter supplemental to other laws—Liberal construction.** The powers and rights granted to port districts and public agencies by the provisions of this chapter are in addition and supplemental to and not in substitution of the powers and rights heretofore or hereafter granted to such districts and public agencies by any other law or city charter, and no limitations or restrictions or proceedings for the exercise of powers and rights by port districts and public agencies contained in any other laws or city charters shall apply to the exercise of powers and rights granted by the provisions of this chapter, and the provisions of this chapter shall be liberally construed to permit the accomplishment of the purposes hereof. [1959 c 236 § 22.]

**53.34.900 Severability—1959 c 236.** If any section, clause or provision of this chapter shall be declared unconstitutional or invalid in whole or in part, to the extent that this chapter is not unconstitutional or invalid this chapter shall be valid and effective, and no other section, clause, or provision hereof shall on account of such declaration be deemed invalid or ineffective. [1959 c 236 § 23.]

**53.34.910 Chapter controls inconsistent acts.** Insofar as the provisions of this chapter are inconsistent with the provisions of any other act or of any city charter, the provisions of this chapter shall be controlling. [1959 c 236 § 24.]

## Chapter 53.35 RCW BUDGETS

### Sections

53.35.010	Preliminary budget.
53.35.020	Publication of notice of preliminary budget and hearing.
53.35.030	Hearing—Final budget.
53.35.040	Final budget to be filed with county commissioners.
53.35.045	Alternate date for filing final budget.
53.35.050	Supplemental budgets.
53.35.060	Fiscal year.
53.35.070	Chapter exclusive method for budgets.
53.35.071	Expenditures for industrial development, trade promotion, or promotional hosting—Budgeting required.
53.35.900	Severability—1959 c 159.

**53.35.010 Preliminary budget.** On or before the 15th day of September of each year each port commission shall prepare a preliminary budget of the port district for the ensuing fiscal year showing the estimated expenditures and the anticipated available funds from which all expenditures are to be paid. [1959 c 159 § 1.]

**53.35.020 Publication of notice of preliminary budget and hearing.** Following the preparation of the preliminary budget, the port commission shall publish a notice stating that the preliminary budget of the port district has been prepared and placed on file at the office of the port district; that a copy thereof may be obtained by any taxpayer at an address set forth in the notice; that the commission will meet at a date, hour and place set forth in the notice, such date to be not earlier than September 15th and not later than the first Tuesday following the first Monday in October, for the purpose of fixing and adopting the final budget of the port district for the ensuing year. The notice shall be published once each week for two consecutive weeks in a legal newspaper of

the district, or if there is none, in any newspaper of general circulation in the county, the first publication to be not less than nine days nor more than twenty days prior to the date of the hearing. [1959 c 159 § 2.]

**53.35.030 Hearing—Final budget.** On the day set by the notice provided for in RCW 53.35.020 the commission shall meet at the place and hour designated for the purpose of a hearing on the budget and adoption of a final budget. Any person may present objections to the preliminary budget following which the commission shall, by resolution adopt a final budget. [1959 c 159 § 3.]

**53.35.040 Final budget to be filed with county commissioners.** It shall be the duty of the commissioners of port districts, for the purpose of levying port district taxes, to file with the clerk of the board of county commissioners on or before the Wednesday next following the first Monday in October in each year a certified copy of such final budget which shall specify the amounts to be raised by taxation on the assessed valuation of the property in the port district. [1959 c 159 § 4.]

**53.35.045 Alternate date for filing final budget.** Notwithstanding any provision of law to the contrary, the board of commissioners of a port district may file with the clerk of the county legislative authority a certified copy of the port district final budget, provided for in RCW 53.35.040, on the first Monday in December. The board of port commissioners may also set other dates relating to the budget process, including but not limited to the dates set in RCW 53.35.010 and 53.35.020 to conform to the alternate date for final budget filing. [1974 ex.s. c 19 § 1.]

**53.35.050 Supplemental budgets.** A port commission may adopt by resolution one or more supplemental budgets at any time during the fiscal year. Such supplemental budget shall be adopted only after public hearing. Notice of such hearing shall be given by a single publication of notice of the date, place and hour of the hearing in a legal newspaper of the district, or if there is none, in any newspaper of general circulation in the county, the publication of such notice to be at least five days and not more than fifteen days prior to the hearing date. [1959 c 159 § 5.]

**53.35.060 Fiscal year.** The fiscal year for a port district shall be the calendar year. [1959 c 159 § 6.]

**53.35.070 Chapter exclusive method for budgets.** The provisions of this chapter shall constitute the exclusive requirement and authority for the preparation, adoption, certification and filing of port district budgets. [1959 c 159 § 7.]

**53.35.071 Expenditures for industrial development, trade promotion, or promotional hosting—Budgeting required.** See RCW 53.36.120.

**53.35.900 Severability—1959 c 159.** Should any section or parts of sections of this chapter be declared unconsti-

tutional it shall in no case affect the validity of other provisions of this chapter. [1959 c 159 § 8.]

**Chapter 53.36 RCW  
FINANCES**

Sections

- 53.36.010 District treasurer.
- 53.36.015 Payment of claims—Use of warrants and checks.
- 53.36.020 Tax levy—Limitation.
- 53.36.030 Indebtedness—Limitation.
- 53.36.040 Funds in anticipation of revenues—Warrants.
- 53.36.050 County treasurer—General and special funds—Depositories—Investment of excess funds.
- 53.36.060 Incidental expense fund.
- 53.36.070 Levy for dredging, canal construction, or land leveling or filling purposes.
- 53.36.080 Collection of levies for dredging, canal construction, or land leveling or filling purposes.
- 53.36.100 Levy for industrial development district purposes—Notice—Petition—Election.
- 53.36.110 Levy for industrial development district purposes—Excess funds to be used solely for retirement of general obligations.
- 53.36.120 Expenditures for industrial development, trade promotion, or promotional hosting—Budgeting required.
- 53.36.130 Expenditures for industrial development, trade promotion, or promotional hosting—Source and amount of funds.
- 53.36.140 Expenditures for industrial development, trade promotion, or promotional hosting—Rules and regulations—Authorizations—Vouchers.
- 53.36.150 Expenditures for industrial development, trade promotion, or promotional hosting—Duties of state auditor.

*Accounting system and state examination: RCW 43.09.200 through 43.09.280.*

*Disposition of rentals from aquatic lands managed by a port district: RCW 79.105.420.*

*Tax district relief: Chapter 39.64 RCW.*

*Vouchers on public funds: Chapter 42.24 RCW.*

**53.36.010 District treasurer.** The treasurer of the county in which a port district is located shall be treasurer of the district unless the commission of a port district which has for the last three consecutive years received annual gross operating revenues of one hundred thousand dollars or more, excluding tax revenues and grants for capital purposes, designates by resolution some other person having experience in financial or fiscal matters as treasurer of the port district to act with the same powers and under the same restrictions as provided by law for a county treasurer acting on behalf of a port district: PROVIDED, That any port district which was authorized by the county treasurer to appoint its own treasurer prior to July 24, 1983, may continue to appoint its own treasurer. The commission may, and if the treasurer is not the county treasurer it shall, require a bond, with a surety company authorized to do business in the state of Washington, in an amount and under the terms and conditions which the commission by resolution from time to time finds will protect the district against loss. The premium on such bonds shall be paid by the district. All district funds shall be paid to the treasurer and shall be disbursed by him or her upon warrants signed by a port auditor appointed by the port commission, upon vouchers approved by the commission. [2010 c 8 § 16011; 1983 c 250 § 1; 1974 ex.s. c 13 § 1; 1955 c 348 § 5. Prior: 1921 c 179 § 1, part; 1911 c 92 § 5, part; RRS § 9693, part.]

*County treasurer, calling warrants: RCW 36.29.060.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.36.015 Payment of claims—Use of warrants and checks.** A port district that acts as its own treasurer as provided in RCW 53.36.010 may by resolution adopt a policy for the payment of claims or other obligations of the port district, which are payable out of solvent funds, electing either to pay obligations by warrant or by check. However, no check shall be issued when the applicable fund is not solvent at the time payment is ordered, but a warrant shall be issued instead. When checks are to be used, the port commission shall designate the qualified public depository where checks are to be drawn, and the officers authorized or required to sign checks. Wherever in this title reference is made to warrants, the term includes checks where authorized by this section. [2002 c 95 § 1.]

**53.36.020 Tax levy—Limitation.** A district may raise revenue by levy of an annual tax not to exceed forty-five cents per thousand dollars of assessed value against the assessed valuation of the taxable property in such port district for general port purposes, including the establishment of a capital improvement fund for future capital improvements, except that any levy for the payment of the principal and interest of the general bonded indebtedness of the port district shall be in excess of any levy made by the port district under the forty-five cents per thousand dollars of assessed value limitation. The levy shall be made and taxes collected in the manner provided for the levy and collection of taxes in school districts of the first class. [1973 1st ex.s. c 195 § 56; 1955 c 65 § 11. Prior: 1951 c 133 § 1; 1943 c 166 § 2, part; 1921 c 183 § 1, part; 1917 c 125 § 1, part; 1913 c 62 § 4, part; 1911 c 92 § 4, part; Rem. Supp. 1943 § 9692, part.]

*Budgets: Chapter 53.35 RCW.*

*Levy of taxes: Chapter 84.52 RCW.*

*Limitation on levies: State Constitution Art. 7 § 2 (Amendments 55 and 59); RCW 84.52.050 through 84.52.056.*

*School district levy: Chapter 28A.545 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.36.030 Indebtedness—Limitation.** (1)(a) Except as provided in (b) of this subsection, a port district may at any time contract indebtedness or borrow money for district purposes and may issue general obligation bonds therefor not exceeding an amount, together with any existing indebtedness of the district not authorized by the voters, of one-fourth of one percent of the value of the taxable property in the district.

(b) Port districts having less than eight hundred million dollars in value of taxable property during 1991 may at any time contract indebtedness or borrow money for port district purposes and may issue general obligation bonds therefor not exceeding an amount, combined with existing indebtedness of the district not authorized by the voters, of three-eighths of one percent of the value of the taxable property in the district. Prior to contracting for any indebtedness authorized by this subsection (1)(b), the port district must have a comprehensive plan for harbor improvements or industrial development and a long-term financial plan approved by the \*department of community, trade, and economic development. The \*department of community, trade, and economic development is immune from any liability for its part in reviewing or approv-

ing port district's improvement or development plans, or financial plans. Any indebtedness authorized by this subsection (1)(b) may be used only to acquire or construct a facility, and, prior to contracting for such indebtedness, the port district must have a lease contract for a minimum of five years for the facility to be acquired or constructed by the debt.

(2) With the assent of three-fifths of the voters voting thereon at a general or special port election called for that purpose, a port district may contract indebtedness or borrow money for district purposes and may issue general obligation bonds therefor provided the total indebtedness of the district at any such time shall not exceed three-fourths of one percent of the value of the taxable property in the district.

(3) In addition to the indebtedness authorized under subsections (1) and (2) of this section, port districts having less than two hundred million dollars in value of taxable property and operating a municipal airport may at any time contract indebtedness or borrow money for airport capital improvement purposes and may issue general obligation bonds therefor not exceeding an additional one-eighth of one percent of the value of the taxable property in the district without authorization by the voters; and, with the assent of three-fifths of the voters voting thereon at a general or special port election called for that purpose, may contract indebtedness or borrow money for airport capital improvement purposes and may issue general obligation bonds therefor for an additional three-eighths of one percent provided the total indebtedness of the district for all port purposes at any such time shall not exceed one and one-fourth percent of the value of the taxable property in the district.

(4) Any port district may issue general district bonds evidencing any indebtedness, payable at any time not exceeding fifty years from the date of the bonds. Any contract for indebtedness or borrowed money authorized by RCW 53.36.030(1)(b) shall not exceed twenty-five years. The bonds shall be issued and sold in accordance with chapter 39.46 RCW.

(5) Elections required under this section shall be held as provided in RCW 39.36.050.

(6) For the purpose of this section, "indebtedness of the district" shall not include any debt of a countywide district with a population less than twenty-five hundred people when the debt is secured by a mortgage on property leased to the federal government; and the term "value of the taxable property" shall have the meaning set forth in RCW 39.36.015.

(7) This section does not apply to a loan made under a loan agreement under chapter 39.69 RCW, and a computation of indebtedness under this chapter must exclude the amount of a loan under such a loan agreement. [1996 c 66 § 1; 1995 c 102 § 1; 1991 c 314 § 29; 1990 c 254 § 1; 1984 c 186 § 41; 1970 ex.s. c 42 § 32; 1965 ex.s. c 54 § 1; 1959 c 52 § 1; 1955 c 65 § 12. Prior: 1943 c 166 § 2, part; 1921 c 183 § 1, part; 1917 c 125 § 1, part; 1911 c 92 § 4, part; Rem. Supp. 1943 § 9692, part.]

**\*Reviser's note:** The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

**Findings—1991 c 314:** See note following RCW 43.160.020.

**Purpose—1984 c 186:** See note following RCW 39.46.110.

*General provisions applicable to district bonds:* Chapter 39.44 RCW.

*Limitation upon indebtedness:* State Constitution Art. 8 § 6 (Amendment 27); chapter 39.36 RCW.

*Port district indebtedness authorized, emergency public works:* RCW 39.28.030.

*Validation requirement:* RCW 39.40.010.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.36.040 Funds in anticipation of revenues—Warrants.** (1) Any port commission is hereby authorized, prior to the receipt of taxes raised by levy, to borrow money or issue the warrants of the district in anticipation of the revenues to be derived by such district and such warrants shall be redeemed from the first money available from such taxes when collected. Such warrants may be in any form, including bearer warrants or registered warrants as provided in RCW 39.46.030.

(2) Notwithstanding subsection (1) of this section, such warrants may be issued and sold in accordance with chapter 39.46 RCW. [1983 c 167 § 136; 1921 c 179 § 2; 1911 c 92 § 12; RRS § 9699.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.36.050 County treasurer—General and special funds—Depositories—Investment of excess funds.** The county treasurer acting as port treasurer shall create a fund to be known as the "Port of . . . . . Fund," into which shall be paid all money received by him or her from the collection of taxes in behalf of such port district, and shall also maintain such other special funds as may be created by the port commission into which shall be placed such moneys as the port commission may by its resolution direct. All such port funds shall be deposited with the county depositories under the same restrictions, contracts, and security as is provided by statute for county depositories and all interest collected on such port funds shall belong to such port district and shall be deposited to its credit in the proper port funds: PROVIDED, That any portion of such port moneys determined by the port commission to be in excess of the current needs of the port district may be invested by the county treasurer in accordance with RCW 36.29.020, 36.29.022, and chapter 39.59 RCW, and all interest collected thereon shall likewise belong to such port district and shall be deposited to its credit in the proper port funds. [2010 c 8 § 16012; 1997 c 393 § 10; 1959 c 52 § 2; 1921 c 179 § 3; 1911 c 92 § 13; RRS § 9700.]

*County depositories:* Chapter 36.48 RCW.

**53.36.060 Incidental expense fund.** The port commission of any port district may, by resolution, create an incidental expense fund in such amount as the port commission may direct. Such incidental expense fund may be kept and maintained in a bank or banks designated in the resolution creating the fund, and such depository shall be required to give bonds or securities to the port district for the protection of such incidental expense fund, in the full amount of the fund authorized by the said resolution. Vouchers shall be drawn to reimburse said incidental expense fund and such vouchers shall be approved by the port commission. Transient labor, freight, express, cartage, postage, petty supplies, and minor expenses of the port district may be paid from said incidental expense fund and all such disbursements therefrom shall be by check of the port auditor or such other officer as the port commission shall by resolution direct. All expenditures from said

incidental expense fund shall be covered by vouchers drawn by the port auditor and approved by the manager or such other officer of the port district as the port commission may by resolution direct. The officer disbursing said fund shall be required to give bond to the port district in the full authorized amount of the said incidental expense fund for the faithful performance of his or her duties in connection with the disbursement of moneys from such fund. [2010 c 8 § 16013; 1933 c 189 § 16; RRS § 9699-1.]

**53.36.070 Levy for dredging, canal construction, or land leveling or filling purposes.** Any port district organized under the laws of this state shall, in addition to the powers otherwise provided by law, have the power to raise revenue by the levy and collection of an annual tax on all taxable property within such port district of not to exceed forty-five cents per thousand dollars of assessed value against the assessed valuation of the taxable property in such port district, for dredging, canal construction, or land leveling or filling purposes, the proceeds of any such levy to be used exclusively for such dredging, canal construction, or land leveling and filling purposes: PROVIDED, That no such levy for dredging, canal construction, or land leveling or filling purposes under the provisions of RCW 53.36.070 and 53.36.080 shall be made unless and until the question of authorizing the making of such additional levy shall have been submitted to a vote of the electors of the district in the manner provided by law for the submission of the question of making additional levies in school districts of the first class at an election held under the provisions of \*RCW 29.13.020 and shall have been authorized by a majority of the electors voting thereon. [1983 c 3 § 162; 1973 1st ex.s. c 195 § 57; 1965 ex.s. c 22 § 1; 1925 c 29 § 1; RRS § 9692-1.]

*\*Reviser's note:* RCW 29.13.020 was recodified as RCW 29A.04.330 pursuant to 2003 c 111 § 2401, effective July 1, 2004.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.36.080 Collection of levies for dredging, canal construction, or land leveling or filling purposes.** Whenever such additional levy for dredging, canal construction, or land leveling or filling purposes shall have been authorized by the electors of the district at an election, held subsequent to the time of making the levy for the district for general purposes, in any year, such levy shall be certified by the port commission in the manner provided by law for certifying levies for general purposes of the district, and shall be forthwith spread and extended upon the tax rolls for the current year, and the taxes so levied and extended shall be collected in the manner provided by law for the collection of general taxes. [1965 ex.s. c 22 § 2; 1925 c 29 § 2; RRS § 9692-2.]

*Collection of taxes, generally: Chapter 84.56 RCW.*

**53.36.100 Levy for industrial development district purposes—Notice—Petition—Election.** (1) A port district having adopted a comprehensive scheme of harbor improvements and industrial developments may thereafter raise revenue, for six years only, and a second six years if the procedures are followed under subsection (2) of this section, in addition to all other revenues now authorized by law, by an annual levy not to exceed forty-five cents per thousand dol-

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lars of assessed value against the assessed valuation of the taxable property in such port district. In addition, if voters approve a ballot proposition authorizing additional levies by a simple majority vote, a port district located in a county bordering on the Pacific Ocean having adopted a comprehensive scheme of harbor improvements and industrial developments may impose these levies for a third six-year period. Said levies shall be used exclusively for the exercise of the powers granted to port districts under chapter 53.25 RCW except as provided in RCW 53.36.110. The levy of such taxes is herein authorized notwithstanding the provisions of RCW 84.52.050 and 84.52.043. The revenues derived from levies made under RCW 53.36.100 and 53.36.110 not expended in the year in which the levies are made may be paid into a fund for future use in carrying out the powers granted under chapter 53.25 RCW, which fund may be accumulated and carried over from year to year, with the right to continue to levy the taxes provided for in RCW 53.36.100 and 53.36.110 for the purposes herein authorized.

(2) If a port district intends to levy a tax under this section for one or more years after the first six years these levies were imposed, the port commission shall publish notice of this intention, in one or more newspapers of general circulation within the district, by June 1 of the year in which the first levy of the seventh through twelfth year period is to be made. If within ninety days of the date of publication a petition is filed with the county auditor containing the signatures of eight percent of the number of voters registered and voting in the port district for the office of the governor at the last preceding gubernatorial election, the county auditor shall canvass the signatures in the same manner as prescribed in \*RCW 29.79.200 and certify their sufficiency to the port commission within two weeks. The proposition to make these levies in the seventh through twelfth year period shall be submitted to the voters of the port district at a special election, called for this purpose, no later than the date on which a primary election would be held under \*RCW 29.13.070. The levies may be made in the seventh through twelfth year period only if approved by a majority of the voters of the port district voting on the proposition. [1994 c 278 § 1; 1982 1st ex.s. c 3 § 1; 1979 c 76 § 1; 1973 1st ex.s. c 195 § 58; 1957 c 265 § 1.]

*\*Reviser's note:* RCW 29.79.200 and 29.13.070 were recodified as RCW 29A.72.230 and 29A.04.310, respectively, pursuant to 2003 c 111 § 2401, effective July 1, 2004. RCW 29A.04.310 was subsequently repealed by 2004 c 271 § 193. Later enactment of RCW 29A.04.310, see RCW 29A.04.311.

*Levy by port district under RCW 53.36.100—Application of chapter 84.55 RCW: RCW 84.55.045.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.36.110 Levy for industrial development district purposes—Excess funds to be used solely for retirement of general obligations.** In the event the levy herein authorized shall produce revenue in excess of the requirements to complete the projects of a port district then provided for in its comprehensive scheme of harbor improvements and industrial developments or amendments thereto, said excess shall be used solely for the retirement of general obligation bonded indebtedness. [1957 c 265 § 2.]

**53.36.120 Expenditures for industrial development, trade promotion, or promotional hosting—Budgeting required.** Under the authority of Article VIII, section 8, of the state Constitution, port district expenditures for industrial development, trade promotion or promotional hosting shall be pursuant to specific budget items as approved by the port commission at the annual public hearings on the port district budget. [1967 c 136 § 1.]

**53.36.130 Expenditures for industrial development, trade promotion, or promotional hosting—Source and amount of funds.** Funds for promotional hosting expenditures shall be expended only from gross operating revenues and shall not exceed one percent thereof upon the first two million five hundred thousand dollars of such gross operating revenues, one-half of one percent upon the next two million five hundred thousand dollars of such gross operating revenues, and one-fourth of one percent on the excess over five million dollars of such operating revenues: PROVIDED, HOWEVER, That in no case shall these limitations restrict a port district to less than twenty-five hundred dollars per year from any funds available to the port. [1967 c 136 § 2.]

**53.36.140 Expenditures for industrial development, trade promotion, or promotional hosting—Rules and regulations—Authorizations—Vouchers.** Port commissions shall adopt, in writing, rules and regulations governing promotional hosting expenditures by port employees or agents. Such rules shall identify officials and agents authorized to make such expenditures and the approved objectives of such spending. Port commissioners shall not personally make such expenditures, or seek reimbursement therefor, except where specific authorization of such expenditures has been approved by the port commission. All payments and reimbursements shall be identified and supported on vouchers approved by the port auditor. [1967 c 136 § 3.]

**53.36.150 Expenditures for industrial development, trade promotion, or promotional hosting—Duties of state auditor.** The state auditor shall, as provided in chapter 43.09 RCW:

- (1) Audit expenditures made pursuant to RCW 53.36.120 through 53.36.150; and
- (2) Promulgate appropriate rules and definitions as a part of the uniform system of accounts for port districts to carry out the intent of RCW 53.36.120 through 53.36.150: PROVIDED, That such accounts shall continue to include "gross operating revenues" which shall be exclusive of revenues derived from any property tax levy except as provided in RCW 53.36.130. [1967 c 136 § 4.]

## Chapter 53.40 RCW

### REVENUE BONDS AND WARRANTS

#### Sections

53.40.010	Revenue bonds authorized.
53.40.020	Purposes for which bonds may be issued and sold.
53.40.030	Bonds—Term, form, etc.
53.40.040	Bonds payable solely out of revenues—Special funds.
53.40.050	Sale of bonds to federal government.
53.40.110	Interest, signatures, sale of bonds—Covenants—Safeguards—Enforcement.

53.40.120	Irregularity in bonds or use of funds no defense.
53.40.125	District may mortgage industrial development facility.
53.40.130	Funding, refunding bonds.
53.40.135	Revenue warrants.
53.40.140	Construction of chapter.
53.40.150	Validation—1959 c 183.

**53.40.010 Revenue bonds authorized.** The port commission of any port district is authorized for the purpose of carrying out the lawful powers granted port districts by the laws of the state to contract indebtedness and to issue revenue bonds evidencing such indebtedness in conformity with this chapter. [1959 c 183 § 1; 1957 c 59 § 1; 1949 c 122 § 1; Rem. Supp. 1949 § 9711-1.]

*Alternative authority to issue revenue bonds: RCW 39.46.150, 39.46.160.*

*Declaratory judgments of local bond issues: Chapter 7.25 RCW.*

*Funds for reserve purposes may be included in issue amount: RCW 39.44.140.*

**53.40.020 Purposes for which bonds may be issued and sold.** All such revenue bonds authorized under the terms of this chapter may be issued and sold by the port district from time to time and in such amounts as is deemed necessary by the port commission to provide sufficient funds for the carrying out of all port district powers, and without limiting the generality thereof, shall include the following: Acquisition, construction, reconstruction, maintenance, repair, additions and operation of port properties and facilities, including in the cost thereof engineering, inspection, accounting, fiscal and legal expenses; the cost of issuance of bonds, including printing, engraving and advertising and other similar expenses; payment of interest on the outstanding bonds issued for any project during the period of actual construction and for six months after the completion thereof, and the proceeds of such bond issue are hereby made available for all such purposes. "Port property and facilities," as used in this section, includes facilities for the freezing or processing of agricultural products. [1987 c 289 § 2; 1959 c 183 § 2; 1957 c 59 § 3. Prior: 1949 c 122 § 2, part; Rem. Supp. 1949 § 9711-2, part.]

**53.40.030 Bonds—Term, form, etc.** (1) The port commission shall determine the form, conditions, and denominations of all such bonds, the maturity date or dates which the bonds so sold shall bear, and the interest rate or rates thereon. It shall not be necessary that all bonds of the same authorized issue bear the same interest rate or rates. Principal and interest of the bonds shall be payable at such place or places as may be fixed and determined by the port commission. The bonds may contain provisions for registration thereof as to principal only or as to both principal and interest as provided in RCW 39.46.030. The bonds shall have interest payable at such time or times as may be determined by the port commission and in such amounts as it may prescribe. The port commission may provide for retirement of bonds issued under this chapter at any time or times prior to their maturity, and in such manner and upon the payment of such premiums as may be fixed and determined by resolution of the port commission. The port commission may delegate authority to the chief executive officer of the port to approve the interest rate or rates, maturity date or dates, redemption rights, interest

payment dates, and principal maturities under such terms and conditions approved by resolution of the port commission.

(2) Notwithstanding subsection (1) of this section, such bonds may be issued and sold in accordance with chapter 39.46 RCW. [2000 c 181 § 1; 1983 c 167 § 137; 1970 ex.s. c 56 § 73; 1969 ex.s. c 232 § 37; 1959 c 183 § 3; 1957 c 59 § 4. Prior: 1949 c 122 § 2, part; Rem. Supp. 1949 § 9711-2, part.]

**Purpose—1970 ex.s. c 56:** See note following RCW 39.52.020.

*Bonds—Form, terms of sale, payment, etc.:* Chapter 39.44 RCW.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.40.040 Bonds payable solely out of revenues—Special funds.** Bonds issued under the provisions of this chapter shall be payable solely out of operating revenues of the port district. Such bonds shall be authorized by resolution adopted by the port commission, which resolution shall create a special fund or funds into which the port commission may obligate and bind the port district to set aside and pay any part or parts of, or all of, or a fixed proportion of, or a fixed amount of the gross revenue of the port district for the purpose of paying the principal of and interest on such bonds as the same shall become due, and if deemed necessary to maintain adequate reserves therefor. Such fund or funds shall be drawn upon solely for the purpose of paying the principal and interest upon the bonds issued pursuant to this chapter.

The bonds shall be negotiable instruments within the provisions and intent of the negotiable instruments law of this state, even though they shall be payable solely from such special fund or funds, and the tax revenue of the port district may not be used to pay, secure, or guarantee the payment of the principal of and interest on such bonds. The bonds and any coupons attached thereto shall state upon their face that they are payable solely from such special fund or funds. If the port commission fails to set aside and pay into such fund or funds the payments provided for in such resolution, the owner of any such bonds may bring suit to compel compliance with the provisions of the resolution. [1983 c 167 § 138; 1959 c 183 § 4; 1957 c 59 § 5; 1949 c 122 § 4; Rem. Supp. 1949 § 9711-4.]

*Negotiable instruments—Uniform Commercial Code:* Title 62A RCW.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.40.050 Sale of bonds to federal government.** Port districts may, but are not required by the terms of this chapter to do so, sell any or all such bonds issued pursuant to this chapter to the federal government, or any agency of the federal government, at private sale and without the necessity of public advertisement or calling for bids. [1959 c 183 § 5; 1957 c 59 § 6; 1949 c 122 § 3; Rem. Supp. 1949 § 9711-3.]

*Bonds sold to government at private sale:* Chapter 39.48 RCW.

**53.40.110 Interest, signatures, sale of bonds—Covenants—Safeguards—Enforcement.** (1) The bonds issued pursuant to the provisions of this chapter shall bear interest at such rate or rates as authorized by the port commission; shall be signed on behalf of the port district by the president of the port commission and shall be attested by the secretary of the port commission, one of which signatures may be a facsimile signature, and shall have the seal of the port district impressed thereon; any interest coupons attached thereto shall be signed by the facsimile signatures of said officials.

(2010 Ed.)

Such bonds shall be sold in the manner and at such price as the port commission shall deem best, either at public or private sale.

The port commission may provide such covenants as it may deem necessary to secure the payment of the principal of and interest on such bonds and may but shall not be required to include covenants to create a reserve fund or account and to authorize the payment or deposit of certain moneys therein for the purpose of securing the payment of such principal and interest; to establish, maintain, and collect tariffs, rates, charges, fees, rentals, and sales prices on facilities and services the income of which is pledged for the payment of such bonds, sufficient to pay or secure the payment of such principal and interest and to maintain an adequate coverage over annual debt service; and to make any and all other covenants not inconsistent with the provisions of this chapter which will increase the marketability of such bonds. The port commission may also provide that revenue bonds payable out of the same source or sources may later be issued on a parity with any revenue bonds being issued and sold. The provisions of this chapter and any resolution or resolutions providing for the authorization, issuance, and sale of such bonds shall constitute a contract with the owners of such bonds, and the provisions thereof shall be enforceable by any owner of such bonds by mandamus or any appropriate suit, action or proceeding at law or in equity in any court of competent jurisdiction.

(2) Notwithstanding subsection (1) of this section, such bonds may be issued and sold in accordance with chapter 39.46 RCW. [1983 c 167 § 139; 1970 ex.s. c 56 § 74; 1969 ex.s. c 232 § 38; 1959 c 183 § 6; 1949 c 122 § 9; Rem. Supp. 1949 § 9711-8.]

**Purpose—1970 ex.s. c 56:** See note following RCW 39.52.020.

*Mandamus:* Chapter 7.16 RCW.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.40.120 Irregularity in bonds or use of funds no defense.** The Reconstruction Finance Corporation, or any other agency of the United States government making any such loan, or any other holder or owner of any bonds issued pursuant to this chapter, shall not be required to see to the application of the moneys derived from such bonds to the purposes for which the bonds are issued as specified in any resolution authorizing the issuance thereof. No defense of invalidity, or irregularity in any such bonds funded or refunded by the issuance of bonds hereunder, shall be a valid defense in any action at law or equity for a judgment upon or for the enforcement or collection of any bonds issued pursuant to this chapter, and no court shall have jurisdiction to entertain any such defense in any such action or proceeding. [1957 c 59 § 10. Prior: 1949 c 122 § 7, part; Rem. Supp. 1949 § 9711-6, part.]

**53.40.125 District may mortgage industrial development facility.** The port commission of any port district, as security for the payment of the principal of and interest on any revenue bonds issued and any agreements made in connection therewith, may mortgage, pledge, or otherwise encumber the particular industrial development facility or facilities or any part or parts thereof that are being financed

[Title 53 RCW—page 45]

by the revenue bonds, whether then owned or thereafter acquired, and may assign any mortgage and repledge any security conveyed to the port district for that particular facility or facilities. [1987 c 289 § 1.]

**53.40.130 Funding, refunding bonds.** (1) The port commission of any port district may by resolution, from time to time, provide for the issuance of funding or refunding revenue bonds to fund or refund any outstanding revenue warrants, bonds, and any premiums and interest due thereon at or before the maturity of such warrants or bonds, and may combine various outstanding revenue warrants and parts or all of various series and issues of outstanding revenue bonds and any matured coupons in the amount thereof to be funded or refunded.

The port commission shall create a special fund for the sole purpose of paying the principal of and interest on such funding or refunding revenue bonds, into which fund the commission shall obligate and bind the port district to set aside and pay any part or parts of, or all of, or a fixed proportion of, or a fixed amount of the gross revenue of the port district sufficient to pay such principal and interest as the same shall become due, and if deemed necessary to maintain adequate reserves therefor.

Such funding or refunding bonds shall be negotiable instruments within the provisions and intent of the negotiable instruments law of this state, and the tax revenue of the port district may not be used to pay, secure, or guarantee the payment of the principal of and interest on such bonds. Such bonds may be in any form, including bearer bonds or registered bonds as provided in RCW 39.46.030.

The port district may exchange such funding or refunding bonds for the warrants, bonds, and any coupons being funded or refunded, or it may sell such funding or refunding bonds in the manner, at such rate or rates of interest and at such price as the port commission shall deem to be for the best interest of the district and its inhabitants, either at public or private sale.

The provisions of this chapter relating to the terms, conditions, covenants, issuance, and sale of revenue bonds shall be applicable to such funding or refunding bonds except as may be otherwise specifically provided in this section.

(2) Notwithstanding subsection (1) of this section, such bonds may be issued and sold in accordance with chapter 39.46 RCW. [1983 c 167 § 140; 1970 ex.s. c 56 § 75; 1969 ex.s. c 232 § 39; 1959 c 183 § 7; 1949 c 122 § 8; Rem. Supp. 1949 § 9711-7.]

**Purpose—1970 ex.s. c 56:** See note following RCW 39.52.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.40.135 Revenue warrants.** Port districts may also issue revenue warrants for the same purposes for which they may issue revenue bonds, and the provisions of this chapter relating to the terms, conditions, covenants, issuance, and sale of revenue bonds shall be applicable to such revenue warrants. [1959 c 183 § 8.]

**53.40.140 Construction of chapter.** This chapter shall be complete authority for the issuance of the bonds and warrants hereby authorized, and shall be liberally construed to

accomplish its purposes. Any restrictions, limitations or regulations relative to the issuance of such bonds or warrants contained in any other act shall not apply to the bonds or warrants issued under this chapter. Any act inconsistent herewith shall be deemed modified to conform with the provisions of this chapter for the purpose of this chapter only. [1949 c 122 § 10; Rem. Supp. 1949 § 9711-9.]

**53.40.150 Validation—1959 c 183.** Any sale of revenue bonds or warrants of port districts heretofore made, whether at public or private sale and whether at par or less than par as authorized herein, and any terms, conditions, and covenants of any revenue bonds or warrants of port districts heretofore issued, are hereby declared to be valid, legal, and binding in all respects: PROVIDED, HOWEVER, That this section shall not be construed to exonerate any officer or agent of any such district from any liability for any acts which were committed fraudulently or in bad faith. [1959 c 183 § 9.]

## Chapter 53.44 RCW

### FUNDING AND REFUNDING INDEBTEDNESS— 1947 ACT

#### Sections

- 53.44.010 Funding and refunding authorized.
- 53.44.030 Maturities—Payment.

*Funding and refunding revenue bonds: RCW 53.40.130.*

*Public bonds, form, terms of sale, payment, etc.: Chapter 39.44 RCW.*

**53.44.010 Funding and refunding authorized.** The board of commissioners of any port district of the state may fund or refund any of the general bonded indebtedness and/or warrants of the district now or hereafter existing and accrued interest thereon, and may combine various series and/or issues of warrants and/or bonds into a single issue of funding or refunding bonds, by the issuance of general obligation funding or refunding bonds, when the board, by resolution, finds, determines, and declares that such proposed funding or refunding will inure to the benefit and credit of the district and will not result in an increase of the district's indebtedness or in an increase in the rate of interest borne by the indebtedness so funded or refunded. Such funding or refunding may be accomplished by the sale of said funding or refunding bonds or by their exchange for the bonds and/or warrants to be refunded. General obligation bonds of a port district which do not provide for prior redemption, may also be refunded with the consent of the holders thereof. Such bonds shall be issued in accordance with chapter 39.46 RCW. [1984 c 186 § 42; 1947 c 239 § 1; Rem. Supp. 1947 § 5623-1.]

**Purpose—1984 c 186:** See note following RCW 39.46.110.

**53.44.030 Maturities—Payment.** Such funding or refunding bonds shall run for a period of not exceeding twenty years from date thereof. The board may apply to the payment of the funding or refunding bonds and to the prior redemption thereof any other moneys or funds belonging to the district which are legally available for such purpose. [1984 c 186 § 43; 1947 c 239 § 3; Rem. Supp. 1947 § 5623-3.]

**Purpose—1984 c 186:** See note following RCW 39.46.110.

## Chapter 53.46 RCW CONSOLIDATION

### Sections

53.46.005	Definitions.
53.46.010	Consolidation authorized—Petition or resolution, contents.
53.46.020	Special election—Conduct.
53.46.030	Certification of election—Establishment as municipal corporation—Commissioners, terms.
53.46.040	Prior obligations—Powers of consolidated district—Separation of funds.
53.46.050	County commissioners may act if no active port commission.
53.46.060	Dissolution of district which has no active commission—Authority of county commissioners.
53.46.070	Title to property vests in consolidated district.
53.46.080	District including area from two or more counties—Procedure to determine proportion of taxes.
53.46.090	District including area from two or more counties—Levy and collection of taxes—Principal county treasurer, duties.
53.46.100	General powers of consolidated district—Debt limitation.

**53.46.005 Definitions.** As used in this chapter the term "principal county auditor" and "principal county treasurer" shall be the county auditor or county treasurer in the county having the largest assessed valuation of the total of the proposed consolidated port district. [1965 c 102 § 1.]

**53.46.010 Consolidation authorized—Petition or resolution, contents.** Two or more port districts may be joined into one consolidated port district in the following manner: The port commissioners of each of the port districts proposed to be consolidated may, or on petition of ten percent of the qualified electors residing within each of the districts proposed to be consolidated based on the total vote cast in the last general election, shall, by joint resolution submit to the qualified electors of the port districts to be consolidated the proposition of consolidating such districts into one port district. Such resolution or petition in request thereof shall identify each port district to be consolidated, listing its assets and liabilities; state the name by which the port district resulting from the consolidation shall be known; legally describe each port commissioner district to be created within the port district resulting from the consolidation; state the terms and conditions, if any, under which the consolidation is proposed; and call a special election in the territory of the port districts to be consolidated, to determine whether such consolidation shall take place, and to fill the offices of the port commission of the port district resulting from the consolidation. The resolution or petition shall provide that the commission in the proposed district shall consist of three, five, or seven commissioners and that the number shall be approved by the voters at the time the proposition for consolidation is voted upon. The proposition in this respect shall provide that the commissioners shall be elected one each from commissioner districts which shall be described as set forth in this section, or if such districts are not so described then the commissioners shall be elected at large. [1965 c 102 § 2; 1961 c 26 § 1.]

**53.46.020 Special election—Conduct.** The special election to consider such consolidation and to fill such offices shall be conducted in accordance with the general election

laws of the state. [1990 c 259 § 20; 1965 c 102 § 3; 1961 c 26 § 2.]

**53.46.030 Certification of election—Establishment as municipal corporation—Commissioners, terms.** The county canvassing board of election returns shall certify the results of the election to the board of county commissioners; and if at such election a majority of voters voting on the question of consolidation in each port district to be consolidated shall vote in favor of consolidation, the board of county commissioners shall so declare, and the port district resulting from the consolidation shall then be and become a municipal corporation of the state of Washington. The county auditor shall in such event issue a certificate of election to the successful candidate from each port commissioner district. If the proposed district includes area in two or more counties, certificates of election shall be issued by the principal county auditor, and the canvassing board of elections shall be made up of the chairs of the board of county commissioners, prosecutors, and the auditors of each county with area within the consolidated port district. Of the successful port commissioner candidates, if three are elected, the one receiving the highest number of votes shall serve until his or her successor is elected and qualified at the third subsequent regular election for port commissioner, and the ones receiving the second and third highest numbers of votes shall serve until their successors are elected and qualified at the second and first subsequent regular elections for port commissioner, respectively. If five or seven commissioners are elected, the two with the greatest number of votes shall serve until their successors are elected and qualified at the third subsequent regular election of port commissioners, the two commissioners receiving the next highest number of votes shall serve until their successors are elected and qualified at the second subsequent regular election of port commissioners; and the remaining commissioner or commissioners shall serve until their successors are elected and qualified at the next regular election of port commissioners. [2010 c 8 § 16014; 1965 c 102 § 4; 1961 c 26 § 3.]

**53.46.040 Prior obligations—Powers of consolidated district—Separation of funds.** None of the obligations of each port district which has been consolidated shall be affected by the consolidation, and taxes and assessments for payment of such obligations shall continue to be levied and collected in respect to property in such former port district notwithstanding the consolidation. The port commission of the port district resulting from the consolidation shall have all the powers possessed at the time of the consolidation by the port commission of each port district which has been consolidated, to levy or collect taxes or assessments in respect to property in such former port district, for payment of such obligations. While any such obligations remain outstanding, funds subject to such obligations shall be kept separate. [1961 c 26 § 4.]

**53.46.050 County commissioners may act if no active port commission.** In the event a port district does not have an active port commission to which the petition for consolidation may be directed, the board of county commissioners for

the county wherein such inactive port district is located may act in the place and stead of the port commission for the purposes of consolidation. [1961 c 26 § 5.]

**53.46.060 Dissolution of district which has no active commission—Authority of county commissioners.** For the purpose of dissolution of any port district not having an active port commission the board of county commissioners of the county wherein such inactive port district is located may exercise the powers and duties vested by chapter 53.48 RCW in the governing body of such port district. [1961 c 26 § 6.]

**53.46.070 Title to property vests in consolidated district.** Upon consolidation of two or more port districts the title to all property owned by or held in trust for the former districts shall vest in the consolidated port district. [1965 c 102 § 5.]

**53.46.080 District including area from two or more counties—Procedure to determine proportion of taxes.** If the district includes area from two or more counties, it shall be the duty of the county assessor in each county to certify annually to the auditor of his or her county, who shall forward the same to the principal county auditor, the total assessed valuation of that part of the port district which lies within his or her county. The port commission of such consolidated port district shall certify to the principal county auditor the budget and the levies to be assessed for port purposes: PROVIDED, That the amount of tax to be levied upon taxable property of that part of a port district lying in one county shall be in such ratio to the whole amount levied upon the property lying in the entire consolidated port district as the assessed valuation lying in such county bears to the assessed valuation of the property in the entire consolidated port district.

Thereafter the principal county auditor shall forward a certificate to each county auditor, for the county commissioners thereof, which shall specify the proportion of taxes to be levied for port district purposes. [2010 c 8 § 16015; 1965 c 102 § 6.]

**53.46.090 District including area from two or more counties—Levy and collection of taxes—Principal county treasurer, duties.** Upon receipt of the certificate from the principal county auditor as provided in RCW 53.46.080 it shall be the duty of the board of county commissioners of each county to levy on all taxable property of the consolidated port district which lies within the county a tax sufficient to raise the amount necessary to meet the county's proportionate share of the total tax levy. Such taxes shall be levied and collected in the same manner as other taxes are levied and collected. The proceeds shall be forwarded quarterly by the treasurer of each county to the principal county treasurer. The principal county treasurer shall place to the credit of said consolidated port district all funds received from the other county treasurers as well as those amounts he or she shall have collected for the account of the port district. The principal county treasurer shall be the treasurer of the consolidated port district and shall perform all functions required of a treasurer of a port district. [2010 c 8 § 16016; 1965 c 102 § 7.]

**53.46.100 General powers of consolidated district—Debt limitation.** Any port district created by consolidation prior to June 10, 1965, or formed hereafter under chapter 102, Laws of 1965, shall have all the powers of a newly formed port district, without any other restriction except the requirements of RCW 53.46.040: PROVIDED, That general obligation indebtedness outstanding for all port purposes within the area of the consolidated port shall not exceed the limits of RCW 53.36.030, and for purpose of computing such bonded debt, the bonds outstanding of all port agencies shall be considered. [1965 c 102 § 8.]

## Chapter 53.47 RCW

### DISSOLUTION OF INACTIVE PORT DISTRICTS

#### Sections

53.47.010	Purpose.
53.47.020	Port district deemed inactive, when.
53.47.030	Petition for dissolution—Filing—Contents.
53.47.040	Hearing on petition—Notice, publication—Creditor claims, determination—Terms and conditions of court order if district to be dissolved.
53.47.050	Effect of final order of dissolution.
53.47.900	Chapter cumulative and nonexclusive.

*Dissolution of inactive special purpose districts: Chapter 36.96 RCW.*

**53.47.010 Purpose.** This chapter shall provide an additional method by which inactive port districts may be dissolved. [1971 ex.s. c 162 § 1.]

**53.47.020 Port district deemed inactive, when.** A port district shall be deemed inactive if, at the time of the filing of the petition for dissolution with the clerk of the superior court of the county in which such port district is situated, such port has failed to comply with subdivision (1), (2), or (3) of this section.

(1) The port district has failed to file its budget with the board of county commissioners or, in the case of home rule charters, the appropriate governing body for the two fiscal years immediately preceding the date of filing such petition, and the port district, having been in existence for two years or more, has failed to adopt its comprehensive plan of harbor improvement and/or industrial development as provided by statute, and does not presently own or has not leased within two years prior to the filing of such petition, real property for use for port purposes.

(2) The port district does not presently own or has not leased or owned real property for use for port purposes within the four calendar years prior to the filing of such petition.

(3) The port district has not filed its budget with the board of county commissioners or, in the case of home rule charters, the appropriate governing body for the two fiscal years immediately preceding the filing of said petition has not adopted its comprehensive plan of harbor improvement and/or industrial development as provided by statute, and has not met with a legal quorum at least twice in the last two calendar years prior to the filing of such petition. [1971 ex.s. c 162 § 2.]

*Harbor improvement plan: RCW 53.20.010.*

**53.47.030 Petition for dissolution—Filing—Contents.** The county prosecutor of the county in which such

port district is located acting upon his or her own motion shall file such petition for dissolution with the clerk of the superior court of the county in which such inactive port district is located. Such petition shall:

- (1) Describe with certainty the port district which is declared to be inactive and which is sought to be dissolved;
- (2) Allege with particularity that the port district sought to be dissolved is inactive within the purview of any of the several particulars set forth in RCW 53.47.020; and
- (3) Request that the court find the port district inactive and declare it dissolved upon such terms and conditions as the court may impose and declare. [2010 c 8 § 16017; 1971 ex.s. c 162 § 3.]

**53.47.040 Hearing on petition—Notice, publication—Creditor claims, determination—Terms and conditions of court order if district to be dissolved.** The superior court, upon the filing of such petition, shall set such petition for hearing not less than one hundred twenty days and not more than one hundred eighty days after the date of filing said petition. Further, the court shall order the clerk of said court to give notice of the time and place fixed for the hearing by publication of notice in a newspaper of general circulation within such district, such publication to be once each week for three consecutive weeks, the date of first publication to be not less than thirty nor more than seventy days prior to the date fixed for the hearing upon such petition. Said notice shall further provide that all creditors of said district, including holders of revenue or general obligation bonds issued by said district, if any, shall present their claims to the clerk of said court within ninety days from the date of first publication of said notice, and that upon failure to do so all such claims will be forever barred. The clerk shall also mail a copy by ordinary mail of such notice to all creditors of said district, including holders of revenue or general obligation bonds issued by said district, if any, such mailing to be mailed not later than thirty days after the hearing date has been set. No other or further notices shall be required at any stage of the proceedings for dissolution of an inactive port district pursuant to this chapter.

The clerk, ten days prior to the date set for the hearing, shall deliver to the court the following:

- (1) A list of the liabilities of the port district in detail with the names and addresses of creditors as then known; and
- (2) A list of the assets of the port district in detail as then known.

The court upon hearing the petition shall fix and determine all such claims subject to proof being properly filed as provided in this section; shall fix and determine the financial condition of the district as to its assets and liabilities, and if it finds the port district to be inactive in respect of any standard of inactivity set forth by this chapter, shall order the port district to be dissolved upon the following terms and conditions:

- (1) If there be no outstanding debts, or if the debts be less than the existing assets, the court shall appoint the auditor of the county in which the port district is located to be trustee of the port's assets and shall empower such person to wind up and liquidate the affairs of such district in such manner as the court shall provide and to file his or her accounting with the court within ninety days from the date of his or her appointment. Upon the filing of such account, the court shall fix a

date for hearing upon the same and upon approval thereof, if such accounting be the final accounting, shall enter its order approving the same and declaring the port district dissolved.

At the request of the trustee the county sheriff may sell, at public auction, all real and personal property of the port district. The county sheriff shall cause a notice of such sale fixing the time and place thereof which shall be at a suitable place, which will be noted in the advertisement for sale. Such notice shall contain a description of the property to be sold and shall be signed by the sheriff or his or her deputy. Such notice shall be published at least once in an official newspaper in said county at least ten days prior to the date fixed for said sale. The sheriff or his or her deputy shall conduct said sale and sell the property described in the notice at public auction to the highest and best bidder for cash, and upon payment of the amount of such bid shall deliver the said property to such bidder. The moneys arising from such sale shall be turned over to the county auditor acting as trustee: PROVIDED, HOWEVER, That the sheriff shall first deduct the costs and expenses of the sale from the moneys and shall apply such moneys to pay said costs and expenses.

The court order shall provide that the assets remaining in the hands of the trustee shall be transferred to any school district, districts, or portions of districts, lying within the dissolved port district boundaries. The transfer of assets shall be prorated to the districts based on the assessed valuation of said districts.

- (2) If the debts exceed the assets of the port district, then the court shall appoint the auditor of the county in which a port district is located to be trustee of the port's assets for the purpose of conserving the same and of paying liability of the port district as funds become available therefor. The trustee shall be empowered to generally manage, wind up, and liquidate the affairs of such district in such manner as the court shall provide and to file his or her accounting with the court within ninety days from the date of his or her appointment and as often thereafter as the court shall provide. The board of county commissioners, acting as pro tempore port district commissioners under the authority of RCW 53.36.020 shall levy an annual tax not exceeding forty-five cents per thousand dollars of assessed value or such lesser amount as may previously have been voted by the taxpayers within said district, together with an amount deemed necessary for payment of the costs and expenses attendant upon the dissolution of said district, upon all the taxable property within said district, the amount of such levy to be determined from time to time by the court. When, as shown by the final accounting of the trustee, all of the indebtedness of the district shall have been satisfied, the cost and expense of the proceeding paid or provided for, and the affairs of the district wound up, the court shall declare the district dissolved: PROVIDED, That if the indebtedness be composed in whole or in part of bonded debt for which a regular program of retirement has been provided, then the board of county commissioners shall be directed by the court to continue to make such annual levies as are required for the purpose of debt service upon said bonded debt. [2010 c 8 § 16018; 1973 1st ex.s. c 195 § 59; 1971 ex.s. c 162 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.47.050 Effect of final order of dissolution.** Upon the entry of the final order of dissolution declaring the port district dissolved all offices of the port district shall be deemed abolished, and no other or further levy shall be certified by the county commissioners except pursuant to the directive of the court as hereinabove provided. [1971 ex.s. c 162 § 5.]

**53.47.900 Chapter cumulative and nonexclusive.** The provisions of this chapter shall be cumulative and nonexclusive and shall not affect any other remedy. [1971 ex.s. c 162 § 6.]

## Chapter 53.48 RCW

### DISSOLUTION OF PORT AND OTHER DISTRICTS

#### Sections

53.48.001	Dissolution of certain districts subject to review by boundary review board.
53.48.010	Definitions.
53.48.020	Petition.
53.48.030	Order for hearing—Notice.
53.48.040	Order of dissolution—Sale of assets.
53.48.050	Payment of debts and costs—Balance to school district.
53.48.060	Insolvency—Second hearing.
53.48.070	Notice of second hearing.
53.48.080	Sale of property—Levy to pay deficit.
53.48.090	Order of dissolution or refusal.
53.48.120	Provision for costs and expenses.
53.48.140	Dissolution of district which has no active commission—Powers of county commissioners.

#### *Dissolution of*

*air pollution control authorities: RCW 70.94.260.*  
*cemetery districts: RCW 68.52.320.*  
*fire protection districts, election method: RCW 52.10.010.*  
*flood control districts: 1937 act—RCW 86.09.622, 86.09.625.*  
*inactive special purpose districts: Chapter 36.96 RCW.*  
*irrigation districts: Chapters 87.52, 87.53, 87.56 RCW.*  
*metropolitan park districts: RCW 35.61.310.*  
*soil conservation districts: RCW 89.08.350 through 89.08.370.*  
*water-sewer districts, election method: RCW 57.04.090, 57.04.100, and chapter 53.48 RCW.*

**53.48.001 Dissolution of certain districts subject to review by boundary review board.** The dissolution of a metropolitan park district, fire protection district, water-sewer district, or flood control zone district under chapter 53.48 RCW may be subject to potential review by a boundary review board under chapter 36.93 RCW. [1999 c 153 § 62; 1989 c 84 § 46.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.48.010 Definitions.** The following words and terms shall, whenever used in this chapter, have the meaning set forth in this section:

(1) The term "district" as used herein, shall include all municipal and quasi-municipal corporations having a governing body, other than cities, towns, counties, and townships, such as port districts, school districts, water-sewer districts, fire protection districts, and all other special districts of similar organization, but shall not include local improvement districts, diking, drainage and irrigation districts, special districts as defined in RCW 85.38.010, nor public utility districts.

(2) The words "board of commissioners," as used herein, shall mean the governing authority of any district as defined

in subdivision (1) of this section. [1999 c 153 § 63; 1986 c 278 § 17; 1979 ex.s. c 30 § 10; 1941 c 87 § 1; Rem. Supp. 1941 § 8931-11.]

**Purpose—1941 c 87:** "This act is intended to authorize the dissolution of all types of municipal corporations having governing bodies, other than those excepted from the application of this act, in cases where the occasion or reason for continued existence of such corporation has ceased, or where the best interests of all persons concerned would be served by such dissolution, and shall be liberally construed to effect such intent." [1941 c 87 § 12.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**53.48.020 Petition.** For the purpose of dissolution of a district, a petition for an order of dissolution signed by the majority of the board of commissioners, or other governing authority of such district shall be presented to the superior court of the county in which the board of commissioners is situated. [1941 c 87 § 2; Rem. Supp. 1941 § 8931-12.]

**53.48.030 Order for hearing—Notice.** Upon the filing of such petition for an order of dissolution, the superior court shall enter an order setting the same for hearing at a date not less than thirty days from the date of filing, and the clerk of the court of said county shall give notice of such hearing by publication in a newspaper of general circulation in the county in which the district is located once a week for three successive weeks, and by posting in three public places in the county in which the district is located at least twenty-one days before said hearing. At least one notice shall be posted in the district. The notices shall set forth the filing of the petition, its purpose and the date and place of the hearing thereon. [1941 c 87 § 3; Rem. Supp. 1941 § 8931-13.]

**53.48.040 Order of dissolution—Sale of assets.** After said hearing the court shall enter its order dissolving or refusing to dissolve said district. A finding that the best interests of all persons concerned will be served by the proposed dissolution shall be essential to an order of dissolution. If the court find that such district is solvent, the court shall order the sale of such assets, other than cash, by the sheriff of the county in which the board is situated, in the manner provided by law for the sale of property on execution. [1941 c 87 § 4; Rem. Supp. 1941 § 8931-14.]

*Execution: Chapter 6.17 RCW.*

**53.48.050 Payment of debts and costs—Balance to school district.** The proceeds of the sale, together with moneys on hand in the treasury of the district, shall after payment of all costs and expenses, be paid to the treasurer of the same county and placed to the credit of the school district, or districts, in which such district is situated. [1941 c 87 § 5; Rem. Supp. 1941 § 8931-15.]

*Port districts in counties with populations of from eight thousand to less than twelve thousand—Disposition of funds: Chapter 53.49 RCW.*

**53.48.060 Insolvency—Second hearing.** Upon a finding of insolvency the court shall then determine the indebtedness of the district, the creditors thereof and their claims. The court shall then set a date and a place for a second hearing, which hearing shall be not less than sixty days nor more than one hundred twenty days from the hearing as provided in RCW 53.48.030.

The purpose of such hearing shall be to determine ways and means of retiring the established indebtedness of the district and paying all costs and expenses of proceedings hereunder. Such ways and means may include the levy of assessments against the property in the district as provided in RCW 53.48.080. [1941 c 87 § 6; Rem. Supp. 1941 § 8931-16.]

**53.48.070 Notice of second hearing.** The clerk shall give notice of the second hearing by publication in a newspaper of general circulation in the county in which the district is located once a week for three successive weeks, and by posting in three public places in the county in which the district is located at least twenty-one days before the hearing, and shall give such other notice to creditors and other interested parties as the court may deem necessary or advisable. At least one notice shall be posted in the district. The notices shall set forth the filing of the petition, its purpose, the finding of the court on the petition, the date and place of the second hearing and the purpose of the hearing as stated in RCW 53.48.060. [1941 c 87 § 7; Rem. Supp. 1941 § 8931-17.]

**53.48.080 Sale of property—Levy to pay deficit.** At the second hearing the court shall have authority to order the sale of any district property. If the proceeds of such sale together with any cash remaining on hand to the credit of the district are insufficient to retire such indebtedness together with all costs and expenses, the court shall have authority to order the board of commissioners to levy assessments in the manner provided by law against the property in the district in amounts sufficient to retire said indebtedness and pay the costs and expenses. At such hearing any property owner within the district may appear and be heard for or against such levy. [1941 c 87 § 8; Rem. Supp. 1941 § 8931-18.]

**53.48.090 Order of dissolution or refusal.** After the indebtedness of the district has been settled or paid, the court shall determine whether the best interests of all persons concerned will be served by the proposed dissolution and shall make a finding thereon. The court shall then enter its order dissolving or refusing to dissolve said district. [1941 c 87 § 9; Rem. Supp. 1941 § 8931-19.]

**53.48.120 Provision for costs and expenses.** In all proceedings brought under this chapter the court shall make provision for the costs and expenses of proceedings hereunder and for the payment of the same. [1941 c 87 § 10; Rem. Supp. 1941 § 8931-20.]

**53.48.140 Dissolution of district which has no active commission—Powers of county commissioners.** See RCW 53.46.060.

#### Chapter 53.49 RCW

#### DISPOSITION OF FUNDS ON DISSOLUTION OF CERTAIN DISTRICTS

##### Sections

- 53.49.010 Port districts in counties with populations of from eight thousand to less than twelve thousand—Disposition of funds.  
53.49.020 Port districts in counties with populations of from eight thousand to less than twelve thousand—Order to transfer funds.

(2010 Ed.)

**53.49.010 Port districts in counties with populations of from eight thousand to less than twelve thousand—Disposition of funds.** Whenever any port district located in any county with a population of from eight thousand to less than twelve thousand shall be dissolved and disestablished or is about to be dissolved and disestablished and any sums of money remain in any of its funds, the port commissioners are authorized and directed to apply by petition, which may be filed without fee, to the superior court of such county for an order authorizing the transfer of such funds to the school district fund or if there be more than one such district, the school district funds of all districts, which are located within the boundaries of such port district. [1991 c 363 § 134; 1943 c 282 § 1; Rem. Supp. 1943 § 9718-10. Formerly RCW 53.48.100.]

**Purpose—Captions not law—1991 c 363:** See notes following RCW 2.32.180.

**53.49.020 Port districts in counties with populations of from eight thousand to less than twelve thousand—Order to transfer funds.** The superior court of any such county shall enter his or her order authorizing such transfer of funds if he or she is satisfied, after hearing the petition therefor, that the port district is dissolved and disestablished or is about to be dissolved and disestablished and that no obligations of the port district remain unpaid. The court shall equitably divide such sums of money between school districts if there be more than one district involved. [2010 c 8 § 16019; 1943 c 282 § 2; Rem. Supp. 1943 § 9718-11. Formerly RCW 53.48.110.]

#### Chapter 53.54 RCW

#### AIRCRAFT NOISE ABATEMENT

##### Sections

- 53.54.010 Programs for abatement of aircraft noise authorized.  
53.54.020 Investigation and monitoring of noise impact—Programs to conform to needs—"Impacted areas."  
53.54.030 Authorized programs—When property deemed within impacted area.  
53.54.040 Fund authorized—Sources.  
53.54.900 Liberal construction—Powers additional.  
53.54.910 Severability—1974 ex.s. c 121.

**53.54.010 Programs for abatement of aircraft noise authorized.** A port district operating an airport serving more than twenty scheduled jet aircraft flights per day may undertake any of the programs or combinations of such programs, as authorized by this chapter, for the purpose of alleviating and abating the impact of jet aircraft noise on areas surrounding such airport. [1974 ex.s. c 121 § 1.]

**53.54.020 Investigation and monitoring of noise impact—Programs to conform to needs—"Impacted areas."** Prior to initiating programs as authorized in this chapter, the port commission shall undertake the investigation and monitoring of aircraft noise impact to determine the nature and extent of the impact. The port commission shall adopt a program of noise impact abatement based upon the investigations and as amended periodically to conform to needs demonstrated by the monitoring programs: PROVIDED, That in no case may the port district undertake any

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of the programs of this chapter in an area which is more than six miles beyond the paved end of any runway or more than one mile from the centerline of any runway or from an imaginary runway centerline extending six miles from the paved end of such runway. Such areas as determined above, shall be known as "impacted areas". [1984 c 193 § 1; 1979 c 85 § 1; 1974 ex.s. c 121 § 2.]

**53.54.030 Authorized programs—When property deemed within impacted area.** For the purposes of this chapter, in developing a remedial program, the port commission may utilize one or more of the following programs:

(1) Acquisition of property or property rights within the impacted area, which shall be deemed necessary to accomplish a port purpose. The port district may purchase such property or property rights by time payment notwithstanding the time limitations provided for in RCW 53.08.010. The port district may mortgage or otherwise pledge any such properties acquired to secure such transactions. The port district may assume any outstanding mortgages.

(2) Transaction assistance programs, including assistance with real estate fees and mortgage assistance, and other neighborhood remedial programs as compensation for impacts due to aircraft noise and noise associated conditions. Any such programs shall be in connection with properties located within an impacted area and shall be provided upon terms and conditions as the port district shall determine appropriate.

(3) Programs of soundproofing structures located within an impacted area. Such programs may be executed without regard to the ownership, provided the owner waives damages and conveys an easement for the operation of aircraft, and for noise and noise associated conditions therewith, to the port district.

(4) Mortgage insurance of private owners of lands or improvements within such noise impacted area where such private owners are unable to obtain mortgage insurance solely because of noise impact. In this regard, the port district may establish reasonable regulations and may impose reasonable conditions and charges upon the granting of such mortgage insurance: PROVIDED, That such fees and charges shall at no time exceed fees established for federal mortgage insurance programs for like service.

(5) An individual property may be provided benefits by the port district under each of the programs described in subsections (1) through (4) of this section. However, an individual property may not be provided benefits under any one of these programs more than once, unless the property is subjected to increased aircraft noise or differing aircraft noise impacts that would have afforded different levels of mitigation, even if the property owner had waived all damages and conveyed a full and unrestricted easement.

(6) Management of all lands, easements, or development rights acquired, including but not limited to the following:

(a) Rental of any or all lands or structures acquired;

(b) Redevelopment of any such lands for any economic use consistent with airport operations, local zoning and the state environmental policy;

(c) Sale of such properties for cash or for time payment and subjection of such property to mortgage or other security transaction: PROVIDED, That any such sale shall reserve to

the port district by covenant an unconditional right of easement for the operation of all aircraft and for all noise or noise conditions associated therewith.

(7) A property shall be considered within the impacted area if any part thereof is within the impacted area. [1993 c 150 § 1; 1985 c 115 § 1; 1974 ex.s. c 121 § 3.]

**53.54.040 Fund authorized—Sources.** A port district may establish a fund to be utilized in effectuating the intent of this chapter. The port district may finance such fund by: The proceeds of any grants or loans made by federal agencies; rentals, charges and other revenues as may be generated by programs authorized by this chapter, airport revenues; and revenue bonds based upon such revenues. The port district may also finance such fund, as necessary, in whole or in part, with the proceeds of general obligation bond issues of not more than one-eighth of one percent of the value of taxable property in the port district: PROVIDED, That any such bond issue shall be in addition to bonds authorized by RCW 53.36.030: PROVIDED FURTHER, That any such general obligation bond issue may be subject to referendum by petition as provided by county charter, the same as if it were a county ordinance. [1974 ex.s. c 121 § 4.]

**53.54.900 Liberal construction—Powers additional.** The rule of strict construction shall have no application to this chapter, which shall be liberally construed to carry out the purposes and objects for which this chapter is intended. The powers granted in this chapter shall be in addition to all others granted to port districts. [1974 ex.s. c 121 § 5.]

**53.54.910 Severability—1974 ex.s. c 121.** If any provision of this 1974 act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances shall not be affected. [1974 ex.s. c 121 § 7.]

## Chapter 53.56 RCW

### FIRE DEPARTMENTS— PERFORMANCE MEASURES

#### Sections

53.56.010	Intent.
53.56.020	Definitions.
53.56.030	Policy statement—Service delivery objectives.
53.56.040	Annual evaluations—Annual report.
53.56.900	Part headings not law—2005 c 376.

**53.56.010 Intent.** The legislature intends for port districts to set standards for addressing the reporting and accountability of substantially career fire departments, and to specify performance measures applicable to response time objectives for certain major services. The legislature acknowledges the efforts of the international city/county management association, the international association of fire chiefs, and the national fire protection association for the organization and deployment of resources for fire departments. The arrival of first responders with automatic external defibrillator capability before the onset of brain death, and the arrival of adequate fire suppression resources before flash-over is a critical event during the mitigation of an emer-

gency, and is in the public's best interest. For these reasons, this chapter contains performance measures, comparable to that research, relating to the organization and deployment of fire suppression operations, emergency medical operations, and special operations by substantially career fire departments. This chapter does not, and is not intended to, in any way modify or limit the authority of port districts to set levels of service. [2005 c 376 § 401.]

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

(1) "Advanced life support" means functional provision of advanced airway management, including intubation, advanced cardiac monitoring, manual defibrillation, establishment and maintenance of intravenous access, and drug therapy.

(2) "Aircraft rescue and firefighting" means the firefighting actions taken to rescue persons and to control or extinguish fire involving or adjacent to aircraft on the ground.

(3) "Brain death" as defined by the American heart association means the irreversible death of brain cells that begins four to six minutes after cardiac arrest.

(4) "Fire department" means a port district fire department responsible for firefighting actions, emergency medical services, and other special operations in a specified geographic area. The department must be a substantially career fire department, and not a substantially volunteer fire department.

(5) "Fire suppression" means the activities involved in controlling and extinguishing fires.

(6) "First responder" means provision of initial assessment and basic first-aid intervention, including cardiac pulmonary resuscitation and automatic external defibrillator capability.

(7) "Flash-over" as defined by national institute of standards and technology means when all combustibles in a room burst into flame and the fire spreads rapidly.

(8) "Marine rescue and firefighting" means the firefighting actions taken to prevent, control, or extinguish fire involved in or adjacent to a marine vessel and the rescue actions for occupants using normal and emergency routes for egress.

(9) "Port" means a port district that provides fire protection services, which may include firefighting actions, emergency medical services, and other special operations, in a specified geographic area.

(10) "Response time" means the time immediately following the turnout time that begins when units are en route to the emergency incident and ends when units arrive at the scene.

(11) "Special operations" means those emergency incidents to which the fire department responds that require specific and advanced training and specialized tools and equipment.

(12) "Turnout time" means the time beginning when units receive notification of the emergency to the beginning point of response time. [2005 c 376 § 402.]

**53.56.030 Policy statement—Service delivery objectives.** (1) Every port shall maintain a written statement or policy that establishes the following:

- (a) The existence of a fire department;
- (b) Services that the fire department is required to provide;
- (c) The basic organizational structure of the fire department;
- (d) The expected number of fire department employees; and
- (e) Functions that fire department employees are expected to perform.

(2) Every port shall include service delivery objectives in the written statement or policy required under subsection (1) of this section. These objectives shall include specific response time objectives for the following major service components, if appropriate:

- (a) Fire suppression;
- (b) Emergency medical services;
- (c) Special operations;
- (d) Aircraft rescue and firefighting;
- (e) Marine rescue and firefighting; and
- (f) Wild land firefighting.

(3) Every port, in order to measure the ability to arrive and begin mitigation operations before the critical events of brain death or flash-over, shall establish time objectives for the following measurements:

- (a) Turnout time;
- (b) Response time for the arrival of the first arriving engine company at a fire suppression incident and response time for the deployment of a full first alarm assignment at a fire suppression incident;
- (c) Response time for the arrival of a unit with first responder or higher level capability at an emergency medical incident; and
- (d) Response time for the arrival of an advanced life support unit at an emergency medical incident, where this service is provided by the fire department.

(4) Every port shall also establish a performance objective of not less than ninety percent for the achievement of each response time objective established under subsection (3) of this section.

(5) An annual part 139 inspection and certification by the federal aviation administration shall be considered to meet the requirements of this section. [2005 c 376 § 403.]

**53.56.040 Annual evaluations—Annual report.** (1) Every port shall evaluate its level of service and deployment delivery and response time objectives on an annual basis. The evaluations shall be based on data relating to level of service, deployment, and the achievement of each response time objective in each geographic area within the port's jurisdiction.

(2) Beginning in 2007, every port shall issue an annual written report which shall be based on the annual evaluations required by subsection (1) of this section.

(a) The annual report shall define the geographic areas and circumstances in which the requirements of this standard are not being met.

(b) The annual report shall explain the predictable consequences of any deficiencies and address the steps that are necessary to achieve compliance.

(3) An annual part 139 inspection and certification by the federal aviation administration shall be considered to meet the requirements of this section. [2005 c 376 § 404.]

**53.56.900 Part headings not law—2005 c 376.** See RCW 35.103.900.

# Title 54

## PUBLIC UTILITY DISTRICTS

### Chapters

- 54.04** General provisions.
- 54.08** Formation—Dissolution—Elections.
- 54.12** Commissioners.
- 54.16** Powers.
- 54.20** Condemnation proceedings.
- 54.24** Finances.
- 54.28** Privilege taxes.
- 54.32** Consolidation and annexation.
- 54.36** Liability to other taxing districts.
- 54.40** Five commissioner districts.
- 54.44** Nuclear, thermal, electric generating power facilities—Joint development.
- 54.48** Agreements between electrical public utilities and cooperatives.
- 54.52** Voluntary contributions to assist low-income customers.

*Acquisition of electrical distribution property from public utility district by cities and towns: RCW 35.92.054.*

*Conversion of overhead electric utility to underground: Chapter 35.96 RCW, RCW 36.88.410 through 36.88.485.*

*Conveyance of real property by public bodies—Recording: RCW 65.08.095.*

*Credit card use by local governments: RCW 43.09.2855.*

*Electric energy, falling waters—Sale or purchase authorized: RCW 43.52.410.*

*Electricity generation from biomass energy: Chapter 36.140 RCW.*

*Hospitalization and medical aid for public employees and dependents—Premiums, governmental contributions authorized: RCW 41.04.180, 41.04.190.*

*Joint operating agencies: Chapter 43.52 RCW.*

*Local governmental organizations, actions affecting boundaries, etc., review by boundary review board: Chapter 36.93 RCW.*

*Municipal corporation may authorize investment of funds which are in custody of county treasurer or other municipal corporation treasurer: RCW 36.29.020.*

*Municipal utilities: Chapter 35.92 RCW.*

*Public bodies may retain collection agencies to collect public debts—Fees: RCW 19.16.500.*

*Water-sewer districts, disposition of property to public utility district: Chapter 57.42 RCW.*

### Chapter 54.04 RCW GENERAL PROVISIONS

#### Sections

- 54.04.010 Definitions.
- 54.04.020 Districts authorized.
- 54.04.030 Restrictions on invading other municipalities.
- 54.04.035 Annexation of territory.
- 54.04.037 Annexation of territory—Coordination among county officials.
- 54.04.039 County with federal nuclear reservation within its boundaries—Special procedure for addition or withdrawal of territory from public utility district.
- 54.04.040 Utilities within a city or town—Restrictions.
- 54.04.045 Locally regulated utilities—Attachments to poles—Rates—Contracting.
- 54.04.050 Group employee insurance—Annuities—Retirement income policies.

- 54.04.055 Employee benefits—District may continue to pay premiums after employee retires.
- 54.04.060 District elections.
- 54.04.070 Contracts for work or materials—Notice—Exemptions.
- 54.04.080 Bids—Deposit—Low bidder claiming error—Contract—Bond—Definitions.
- 54.04.082 Alternative bid procedure.
- 54.04.085 Electrical facility construction or improvement—Bid proposals—Contract proposal forms—Conditions for issuance—Appeals.
- 54.04.090 Minimum wages.
- 54.04.092 Application of RCW 54.04.070 through 54.04.090 to certain service provider agreements under chapter 70.150 RCW.
- 54.04.100 Wholesale power—Procedure as to rate filing—Definition—Duty to furnish to district.
- 54.04.120 Planning powers.
- 54.04.130 Employee benefit plans when private utility acquired—Rights, powers and duties as to existing private employee benefit plans.
- 54.04.140 Employee benefit plans when private utility acquired—Admission to district's employee plan—Service credit—Contributions—Benefits.
- 54.04.150 Employee benefit plans when private utility acquired—Agreements and contracts—Prior rights preserved.
- 54.04.160 Assumption of obligations of private pension plan when urban transportation system acquired.
- 54.04.170 Collective bargaining authorized for employees.
- 54.04.180 Collective bargaining authorized for districts.
- 54.04.190 Production and distribution of biodiesel, ethanol, and ethanol blend fuels—Crop purchase contracts for dedicated energy crops.

*Lien for labor and materials on public works: Chapter 60.28 RCW.*

*Local governmental organizations, actions affecting boundaries, etc., review by boundary review board: Chapter 36.93 RCW.*

*Traffic control at work sites: RCW 47.36.200.*

*Utility poles, unlawful to attach object to—Penalty: RCW 70.54.090.*

**54.04.010 Definitions.** As used in this title "revenue obligation" or "revenue obligations" mean and include bonds, notes, warrants, certificates of indebtedness, or any other evidences of indebtedness issued by a district which, by the terms thereof, shall be payable from the revenues of its public utilities. [1959 c 218 § 14.]

*"Wholesale power" defined: RCW 54.04.100.*

**54.04.020 Districts authorized.** Municipal corporations, to be known as public utility districts, are hereby authorized for the purposes of chapter 1, Laws of 1931 and may be established within the limits of the state of Washington, as provided herein. [1931 c 1 § 2; RRS § 11606.]

**Purpose—1931 c 1:** "The purpose of this act is to authorize the establishment of public utility districts to conserve the water and power resources of the State of Washington for the benefit of the people thereof, and to supply public utility service, including water and electricity for all uses." [1931 c 1 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.04.030 Restrictions on invading other municipalities.** Chapter 1, Laws of 1931, shall not be deemed or construed to repeal or affect any existing act, or any part thereof, relating to the construction, operation and maintenance of public utilities by irrigation or water-sewer districts or other

municipal corporations, but shall be supplemental thereto and concurrent therewith. No public utility district created hereunder shall include therein any municipal corporation, or any part thereof, where such municipal corporation already owns or operates all the utilities herein authorized: PROVIDED, that in case it does not own or operate all such utilities it may be included within such public utility district for the purpose of establishing or operating therein such utilities as it does not own or operate: PROVIDED, FURTHER, That no property situated within any irrigation or water-sewer districts or other municipal corporations shall ever be taxed or assessed to pay for any utility, or part thereof, of like character to any utility, owned or operated by such irrigation or water districts or other municipal corporations. [1999 c 153 § 64; 1931 c 1 § 12; RRS § 11616.]

*Irrigation districts: Title 87 RCW.*

*Municipal utilities: RCW 80.04.500, 81.04.490 and chapter 35.92 RCW.*

*Water-sewer districts: Title 57 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.04.035 Annexation of territory.** In addition to other powers authorized in Title 54 RCW, public utility districts may annex territory as provided in this section.

The boundaries of a public utility district may be enlarged and new contiguous territory added pursuant to the procedures for annexation by cities and towns provided in RCW 35.13.015 through 35.13.110. The provisions of these sections concerning community municipal corporations, review boards, and comprehensive plans, however, do not apply to public utility district annexations. For purposes of conforming with such procedures, the public utility district is deemed to be the city or town and the board of commissioners is deemed to be the city or town legislative body.

Annexation procedures provided in this section may only be used to annex territory that is both: (1) Contiguous to the annexing public utility district; and (2) located within the service area of the annexing public utility district. As used in this section, a public utility district's "service area" means those areas whether located within or outside of the annexing public utility district's boundaries that were generally served with electrical energy by the annexing public utility district on January 1, 1987. Such service area may, or may not, have been recognized in an agreement made under chapter 54.48 RCW, but no area may be included within such service area that was generally served with electrical energy on January 1, 1987, by another public utility as defined in RCW 54.48.010. An area proposed to be annexed may be located in the same or a different county as the annexing public utility district.

If an area proposed to be annexed is located within the boundaries of another public utility district, annexation may be initiated only upon petition of registered voters residing in the area in accordance with RCW 35.13.020 and adoption by the boards of commissioners of both districts of identical resolutions stating (a) the boundaries of the area to be annexed, (b) a determination that annexation is in the public interest of the residents of the area to be annexed as well as the public interest of their respective districts, (c) approval of annexation by the board, (d) the boundaries of the districts after annexation, (e) the disposition of any assets of the districts in the area to be annexed, (f) the obligations to be assumed by

the annexing district, (g) apportionment of election costs, and (h) that voters in the area to be annexed will be advised of lawsuits that may impose liability on the annexed territory and the possible impact of annexation on taxes and utility rates.

If annexation is approved, the area annexed shall cease to be a part of the one public utility district at the same time that it becomes a part of the other district. The annexing public utility district shall assume responsibility for providing the area annexed with the services provided by the other public utility district in the area annexed. [1987 c 292 § 2; 1983 c 101 § 1.]

*Consolidation and annexation: Chapter 54.32 RCW.*

**54.04.037 Annexation of territory—Coordination among county officials.** When territory has been added to a public utility district in accordance with RCW 54.04.035, the supervisor of elections and other officers of the county in which the public utility district first operated shall coordinate elections, the levy and collection of taxes, and other necessary duties with the appropriate county officials of the other county. [1987 c 292 § 3.]

**54.04.039 County with federal nuclear reservation within its boundaries—Special procedure for addition or withdrawal of territory from public utility district.** (1) Any voting precinct located within a county that has a federal nuclear reservation within its boundaries is:

(a) Withdrawn from a public utility district if the precinct receives at least one electric distribution, water, or sewer service from a city, and no electric distribution, water, or sewer service from a public utility district;

(b) Included in a public utility district if any portion of the precinct receives at least one electric distribution, water, or sewer service from the public utility district.

(2) For voting precincts that meet the requirements of subsection (1) of this section, within ten days after March 24, 2004, and for voting precincts that later meet the requirements of subsection (1) of this section, within thirty days of meeting the requirements:

(a) The city that provides any electric distribution, water, or sewer service to a precinct that is withdrawn from a public utility district under subsection (1) of this section shall submit to the public utility district and the county auditor a list of street addresses, or map of the areas to which any service is provided;

(b) The public utility district that provides any electric distribution, water, or sewer service to a precinct that is included in the public utility district under subsection (1) of this section shall submit to the city or town and the county auditor a list of street addresses, or map of the areas to which any service is provided.

(3) Within ten days of receipt of the information required under subsection (2) of this section, the auditor shall determine which voting precincts are required to be withdrawn from or included in the public utility district, and provide that information to the public utility district commissioners who shall, within ten days, revise the boundaries of the district in conformance with RCW 54.12.010 without dividing any voting precinct.

(4) Unless otherwise provided in an agreement between the public utility district and the city or town, taxes or assessments levied or assessed against property located in an area withdrawn from a public utility district shall remain a lien and be collected as by law (a) if the taxes or assessments were levied or assessed before the withdrawal or (b) if the levies or assessments were made to pay or secure an obligation of the district duly incurred or issued before the withdrawal. The withdrawal of an area from the boundaries of a district does not exempt any property therein from taxation or assessment for the purpose of paying the costs of retiring or redeeming any obligation of the district duly incurred or issued before the withdrawal.

(5) Except as set forth in subsection (4) of this section, a public utility district may not levy or impose any taxes upon property located within those voting precincts withdrawn from the public utility district.

(6) Nothing in chapter 113, Laws of 2004 limits the authority of public utility districts and cities or towns to enter into service agreements that are otherwise permitted by law. [2004 c 113 § 2.]

**Effective date—2004 c 113:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [March 24, 2004]." [2004 c 113 § 3.]

**54.04.040 Utilities within a city or town—Restrictions.** A district shall not construct any property to be utilized by it in the operation of a plant or system for the generation, transmission, or distribution of electric energy for sale, on the streets, alleys, or public places within a city or town without the consent of the governing body of the city or town and approval of the plan and location of the construction, which shall be made under such reasonable terms as the city or town may impose. All such properties shall be maintained and operated subject to such regulations as the city or town may prescribe under its police power. [1957 c 278 § 9. Prior: (i) 1941 c 245 § 3a; Rem. Supp. 1941 § 11616-4. (ii) 1941 c 245 § 1, part; Rem. Supp. 1941 § 11616-1.]

**54.04.045 Locally regulated utilities—Attachments to poles—Rates—Contracting.** (1) As used in this section:

(a) "Attachment" means the affixation or installation of any wire, cable, or other physical material capable of carrying electronic impulses or light waves for the carrying of intelligence for telecommunications or television, including, but not limited to cable, and any related device, apparatus, or auxiliary equipment upon any pole owned or controlled in whole or in part by one or more locally regulated utilities where the installation has been made with the necessary consent.

(b) "Licensee" means any person, firm, corporation, partnership, company, association, joint stock association, or cooperatively organized association, which is authorized to construct attachments upon, along, under, or across public ways.

(c) "Locally regulated utility" means a public utility district not subject to rate or service regulation by the utilities and transportation commission.

(d) "Nondiscriminatory" means that pole owners may not arbitrarily differentiate among or between similar classes of licensees approved for attachments.

(2) All rates, terms, and conditions made, demanded, or received by a locally regulated utility for attachments to its poles must be just, reasonable, nondiscriminatory, and sufficient. A locally regulated utility shall levy attachment space rental rates that are uniform for the same class of service within the locally regulated utility service area.

(3) A just and reasonable rate must be calculated as follows:

(a) One component of the rate shall consist of the additional costs of procuring and maintaining pole attachments, but may not exceed the actual capital and operating expenses of the locally regulated utility attributable to that portion of the pole, duct, or conduit used for the pole attachment, including a share of the required support and clearance space, in proportion to the space used for the pole attachment, as compared to all other uses made of the subject facilities and uses that remain available to the owner or owners of the subject facilities;

(b) The other component of the rate shall consist of the additional costs of procuring and maintaining pole attachments, but may not exceed the actual capital and operating expenses of the locally regulated utility attributable to the share, expressed in feet, of the required support and clearance space, divided equally among the locally regulated utility and all attaching licensees, in addition to the space used for the pole attachment, which sum is divided by the height of the pole; and

(c) The just and reasonable rate shall be computed by adding one-half of the rate component resulting from (a) of this subsection to one-half of the rate component resulting from (b) of this subsection.

(4) For the purpose of establishing a rate under subsection (3)(a) of this section, the locally regulated utility may establish a rate according to the calculation set forth in subsection (3)(a) of this section or it may establish a rate according to the cable formula set forth by the federal communications commission by rule as it existed on June 12, 2008, or such subsequent date as may be provided by the federal communications commission by rule, consistent with the purposes of this section.

(5) Except in extraordinary circumstances, a locally regulated utility must respond to a licensee's application to enter into a new pole attachment contract or renew an existing pole attachment contract within forty-five days of receipt, stating either:

(a) The application is complete; or

(b) The application is incomplete, including a statement of what information is needed to make the application complete.

(6) Within sixty days of an application being deemed complete, the locally regulated utility shall notify the applicant as to whether the application has been accepted for licensing or rejected. In extraordinary circumstances, and with the approval of the applicant, the locally regulated utility may extend the sixty-day timeline under this subsection. If the application is rejected, the locally regulated utility must provide reasons for the rejection. A request to attach may only be denied on a nondiscriminatory basis (a) where there

is insufficient capacity; or (b) for reasons of safety, reliability, or the inability to meet generally applicable engineering standards and practices.

(7) Nothing in this section shall be construed or is intended to confer upon the utilities and transportation commission any authority to exercise jurisdiction over locally regulated utilities. [2008 c 197 § 2; 1996 c 32 § 5.]

**Intent—2008 c 197:** "It is the policy of the state to encourage the joint use of utility poles, to promote competition for the provision of telecommunications and information services, and to recognize the value of the infrastructure of locally regulated utilities. To achieve these objectives, the legislature intends to establish a consistent cost-based formula for calculating pole attachment rates, which will ensure greater predictability and consistency in pole attachment rates statewide, as well as ensure that locally regulated utility customers do not subsidize licensees. The legislature further intends to continue working through issues related to pole attachments with interested parties in an open and collaborative process in order to minimize the potential for disputes going forward." [2008 c 197 § 1.]

**54.04.050 Group employee insurance—Annuities—Retirement income policies.** (1) Subject to chapter 48.62 RCW, any public utility district engaged in the operation of electric or water utilities may enter into contracts of group insurance for the benefit of its employees, and pay all or any part of the premiums for such insurance. Such premiums shall be paid out of the revenues derived from the operation of such properties: PROVIDED, That if the premium is to be paid by the district and employees jointly, and the benefits of the policy are offered to all eligible employees, not less than seventy-five percent of such employees may be so insured.

(2) A public utility district whose employees or officials are not members of the state retirement system engaged in the operation of electric or water utilities may contract for individual annuity contracts, retirement income policies or group annuity contracts, including prior service, to provide a retirement plan, or any one or more of them, and pay all or any part of the premiums therefor out of the revenue derived from the operation of its properties. [1991 sp.s. c 30 § 23; 1984 c 15 § 1; 1959 c 233 § 1; 1941 c 245 § 8; Rem. Supp. 1941 § 11616-6.]

*Group insurance: Chapters 48.21 and 48.24 RCW.*

*Hospitalization and medical insurance authorized: RCW 41.04.180.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.04.055 Employee benefits—District may continue to pay premiums after employee retires.** Any public utility district which provides for the coverage of any of its employees under any plan for individual annuity contracts, retirement income policies, group annuity contracts, group insurance for the benefit of its employees, or any other contract for the benefit of its employees, and pays all or any part of the premiums or other payments required therefor, is hereby authorized to continue to make such payments for such employees after their retirement from employment. Such payments agreed to by the public utility district shall be considered as deferred compensation. Such payments shall not be retroactive but shall only be available for those employees employed on or after August 6, 1965 provided that such payments for retired employees shall not exceed those being paid for regular employees. [1965 ex.s. c 149 § 1.]

**54.04.060 District elections.** The supervisor of elections or other proper officer of the county shall give notice of all elections held under this title, for the time and in the manner and form provided for city, town, school district, and port district elections. When the supervisor or other officer deems an emergency exists, and is requested so to do by a resolution of the district commission, he or she may call a special election at any time in the district, and he or she may combine or divide precincts for the purpose of holding special elections, and special elections shall be conducted and notice thereof given in the manner provided by law.

The supervisor or other officer shall provide polling places, appoint the election officers, provide their compensation, provide ballot boxes, and ballots or voting machines, poll books and tally sheets, and deliver them to the election officers at the polling places, publish and post notices of the elections in the manner provided by law, and apportion to the district its share of the expense of the election.

The manner of conducting and voting at the elections, opening and closing of polls, keeping of poll lists, canvassing the votes, declaring the result, and certifying the returns, shall be the same as for the election of state and county officers, except as otherwise provided herein.

The district commission shall certify to the supervisor a list of offices to be filled at a district election and the commission, if it desires to submit to the voters of the district a proposition, shall require the secretary of the commission to certify it at the time and in the manner and form provided for certifying propositions by the governing board of cities, towns, and port districts. [2010 c 8 § 17001; 1951 c 207 § 1; 1941 c 245 § 5; 1931 c 1 § 5; RRS § 11609.]

**54.04.070 Contracts for work or materials—Notice—Exemptions.** (1) Any item, or items of the same kind of materials, equipment, or supplies purchased, the estimated cost of which is in excess of fifteen thousand dollars, exclusive of sales tax, shall be by contract. However, a district may make purchases of the same kind of items of materials, equipment, and supplies not exceeding seven thousand five hundred dollars in any calendar month without a contract, purchasing any excess thereof over seven thousand five hundred dollars by contract.

(2) Any work ordered by a district commission, the estimated cost of which is in excess of twenty-five thousand dollars, exclusive of sales tax, shall be by contract. However, a district commission may have its own regularly employed personnel perform work which is an accepted industry practice under prudent utility management without a contract. For purposes of this section, "prudent utility management" means performing work with regularly employed personnel utilizing material of a worth not exceeding one hundred fifty thousand dollars in value without a contract. This limit on the value of material being utilized in work being performed by regularly employed personnel shall not include the value of individual items of equipment purchased or acquired and used as one unit of a project.

(3) Before awarding a contract required under subsection (1) or (2) of this section, the commission shall publish a notice once or more in a newspaper of general circulation in the district at least thirteen days before the last date upon which bids will be received, inviting sealed proposals for the

work or materials. Plans and specifications for the work or materials shall at the time of publication be on file at the office of the district and subject to public inspection. Any published notice ordering work to be performed for the district shall be mailed at the time of publication to any established trade association which files a written request with the district to receive such notices. The commission may, at the same time and as part of the same notice, invite tenders for the work or materials upon plans and specifications to be submitted by the bidders.

(4) As an alternative to the competitive bidding requirements of this section and RCW 54.04.080, a district may let contracts using the small works roster process under RCW 39.04.155.

(5) Whenever equipment or materials required by a district are held by a governmental agency and are available for sale but such agency is unwilling to submit a proposal, the commission may ascertain the price of such items and file a statement of such price supported by the sworn affidavit of one member of the commission, and may consider such price as a bid without a deposit or bond.

(6) Pursuant to RCW 39.04.280, the commission may waive the competitive bidding requirements of this section and RCW 54.04.080 if an exemption contained within RCW 39.04.280 applies to the purchase or public work. [2008 c 216 § 2; 2002 c 72 § 2; 2000 c 138 § 211; 1998 c 278 § 7; 1993 c 198 § 14; 1990 c 251 § 1; 1971 ex.s. c 220 § 4; 1955 c 124 § 2. Prior: 1951 c 207 § 2; 1931 c 1 § 8, part; RRS § 11612, part.]

**Findings—Intent—2008 c 216:** "The legislature finds that public utility districts provide customer-owned, nonprofit utility services throughout Washington state. The legislature further finds that statutory bid limits for public utility districts have not been increased to address inflation and dramatic cost increases in construction materials. The legislature further finds that existing bid limits and high construction material costs often preclude public utility districts from maintaining and repairing their utility infrastructure, providing training and experience to utility workers, and accommodating high contract administrative costs. The legislature further finds that existing bid limits result in increased costs to both public utility districts and utility customers. Therefore, it is the intent of the legislature to amend the bid limits for public utility districts to address inflation and increased material costs." [2008 c 216 § 1.]

**Purpose—Part headings not law—2000 c 138:** See notes following RCW 39.04.155.

*Contracts with state department of transportation: RCW 47.01.210.*

*Emergency public works: Chapter 39.28 RCW.*

*Prevailing wages on public works: Chapter 39.12 RCW.*

*Public purchase preferences: Chapter 39.24 RCW.*

**54.04.080 Bids—Deposit—Low bidder claiming error—Contract—Bond—Definitions.** Any notice inviting sealed bids shall state generally the work to be done, or the material to be purchased and shall call for proposals for furnishing it, to be sealed and filed with the commission on or before the time named therein. Each bid shall be accompanied by a certified or cashier's check, payable to the order of the commission, for a sum not less than five percent of the amount of the bid, or accompanied by a bid bond in an amount not less than five percent of the bid with a corporate surety licensed to do business in the state, conditioned that the bidder will pay the district as liquidated damages the amount specified in the bond unless he or she enters into a contract in accordance with his or her bid and furnishes the

performance bond within ten days from the date on which he or she is notified that he or she is the successful bidder. A low bidder who claims error and fails to enter into a contract is prohibited from bidding on the same project if a second or subsequent call for bids is made for the project.

At the time and place named, the bids shall be publicly opened and read, and the commission shall canvass the bids, and may let the contract to the lowest responsible bidder upon the plans and specifications on file, or to the best bidder submitting his or her own plans or specifications; or if the contract to be let is to construct or improve electrical facilities, the contract may be let to the lowest bidder prequalified according to the provisions of RCW 54.04.085 upon the plans and specifications on file, or to the best bidder submitting his or her own plans and specifications: PROVIDED, That no contract shall be let for more than fifteen percent in excess of the estimated cost of the materials or work. The commission may reject all bids and readvertise, and in such case all checks shall be returned to the bidders. The commission may procure materials in the open market, have its own personnel perform the work or negotiate a contract for such work to be performed by others, in lieu of readvertising, if it receives no bid. If the contract is let, all checks shall be returned to the bidders, except that of the successful bidder, which shall be retained until a contract is entered into and a bond to perform the work furnished, with sureties satisfactory to the commission, in an amount to be fixed by the commission, not less than twenty-five percent of the contract price, in accordance with the bid. If the bidder fails to enter into the contract and furnish the bond within ten days from the date at which he or she is notified that he or her [she] is the successful bidder, his or her check and the amount thereof shall be forfeited to the district.

The commission shall, by resolution, define the term "same kind of materials, equipment, and supplies" with respect to purchase of items under the provisions of RCW 54.04.070.

The term "construction or improvement of any electrical facility" as used in this section and in RCW 54.04.085, shall mean the construction, the moving, maintenance, modification, or enlargement of facilities primarily used or to be used for the transmission or distribution of electricity at voltages above seven hundred fifty volts, including structures directly supporting transmission or distribution conductors but not including site preparation, housing, or protective fencing associated with but not included in a contract for such construction, moving, modification, maintenance, or enlargement of such facilities.

The commission shall be the final authority with regard to whether a bid is responsive to the call for bids and as to whether a bidder is a responsible bidder under the conditions of his or her bid. No award of contract shall be invalidated solely because of the failure of any prospective bidder to receive an invitation to bid. [1996 c 18 § 12; 1972 ex.s. c 41 § 1; 1971 ex.s. c 220 § 3; 1955 c 124 § 3. Prior: 1951 c 207 § 3; 1931 c 1 § 8, part; RRS § 11612, part.]

**54.04.082 Alternative bid procedure.** For the awarding of a contract to purchase any item, or items of the same kind of materials, equipment, or supplies in an amount exceeding fifteen thousand dollars per calendar month, but

less than sixty thousand dollars per calendar month, exclusive of sales tax, the commission may, in lieu of the procedure described in RCW 54.04.070 and 54.04.080 requiring public notice to invite sealed proposals for such materials, equipment, or supplies, pursuant to commission resolution use the process provided in RCW 39.04.190. Waiver of the deposit or bid bond required under RCW 54.04.080 may be authorized by the commission in securing such bid quotations. [2008 c 216 § 3; 2002 c 72 § 1; 1995 c 354 § 1; 1993 c 198 § 15; 1977 ex.s. c 116 § 1.]

**Findings—Intent—2008 c 216:** See note following RCW 54.04.070.

**54.04.085 Electrical facility construction or improvement—Bid proposals—Contract proposal forms—Conditions for issuance—Appeals.** A district shall require that bid proposals upon any construction or improvement of any electrical facility shall be made upon contract proposal form supplied by the district commission, and in no other manner. The district commission shall, before furnishing any person, firm or corporation desiring to bid upon any electrical work with a contract proposal form, require from such person, firm or corporation, answers to questions contained in a standard form of questionnaire and financial statement, including a complete statement of the financial ability and experience of such person, firm, or corporation in performing electrical work. Such questionnaire shall be sworn to before a notary public or other person authorized to take acknowledgment of deeds, and shall be submitted once a year and at such other times as the district commission may require. Whenever the district commission is not satisfied with the sufficiency of the answers contained in such questionnaire and financial statement or whenever the district commission determines that such person, firm, or corporation does not meet all of the requirements hereinafter set forth it may refuse to furnish such person, firm or corporation with a contract proposal form and any bid proposal of such person, firm or corporation must be disregarded. In order to obtain a contract proposal form, a person, firm or corporation shall have all of the following requirements:

- (1) Adequate financial resources, or the ability to secure such resources;
- (2) The necessary experience, organization, and technical qualifications to perform the proposed contract;
- (3) The ability to comply with the required performance schedule taking into consideration all of its existing business commitments;
- (4) A satisfactory record of performance, integrity, judgment and skills; and
- (5) Be otherwise qualified and eligible to receive an award under applicable laws and regulations.

Such refusal shall be conclusive unless appeal therefrom to the superior court of the county where the utility district is situated or Thurston county be taken within fifteen days, which appeal shall be heard summarily within ten days after the same is taken and on five days' notice thereof to the district commission. [1971 ex.s. c 220 § 2.]

**54.04.090 Minimum wages.** Each contractor and subcontractor performing work for a public utility district or a local utility district within a public utility district shall pay or

cause to be paid to its employees on the work or under the contract or subcontract, not less than the minimum scale fixed by the resolution of the commission prior to the notice and call for bids on the work. The commission, in fixing the minimum scale of wages, shall fix them as nearly as possible to the current prevailing wages within the district for work of like character. [1955 c 124 § 4. Prior: 1931 c 1 § 8, part; RRS § 11612, part.]

*Prevailing wages on public works: Chapter 39.12 RCW.*

**54.04.092 Application of RCW 54.04.070 through 54.04.090 to certain service provider agreements under chapter 70.150 RCW.** RCW 54.04.070 through 54.04.090 shall not apply to agreements entered into under authority of chapter 70.150 RCW provided there is compliance with the procurement procedure under RCW 70.150.040. [1986 c 244 § 14.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.04.100 Wholesale power—Procedure as to rate filing—Definition—Duty to furnish to district.** Whenever a decree of public use and necessity heretofore has been or hereafter shall be entered in condemnation proceedings conducted by a public utility district for the acquisition of electrical distribution properties, or whenever it has executed a contract for the purchase of such properties, the district may cause to be filed with the utilities and transportation commission a copy of such contract or a certified copy of the decree, together with a petition requesting that the commission cause a rate to be filed with it for the sale of wholesale power to the district. Thereupon the utilities and transportation commission shall order that a rate be filed with the commission forthwith for the sale of wholesale power to such district. The term "wholesale power" means electric energy sold for purposes of resale. The commission shall have authority to enter such order as to any public service corporation which owns or operates the electrical distribution properties being condemned or purchased or as to any such corporation which owns or operates transmission facilities within a reasonable distance of such distribution properties and which engages in the business of selling wholesale power, pursuant to contract or otherwise. The rate filed shall be for the period of service specified by the district, or if the district does not specify a particular period, such rate shall apply from the commencement of service until the district terminates same by thirty days' written notice.

Upon reasonable notice, any such public service corporation shall furnish wholesale power to any public utility district owning or operating electrical distribution properties. Whenever a public service corporation shall furnish wholesale power to a district and the charge or rate therefor is reviewed by the commission, such reasonable rate as the commission finally may fix shall apply as to power thereafter furnished and as to that previously furnished under such charge or rate from the time that the complaint concerning the same shall have been filed by the commission or the district, as the case may be. [1983 c 4 § 5; 1945 c 130 § 2; Rem. Supp. 1945 § 10459-12. Formerly RCW 54.04.010, 54.04.100, and 54.04.110.]

**Purpose—1945 c 130:** "The legislature has found that the public utility districts of this state, including several which at the present moment are completing the acquisition of electrical properties and the sale of revenue bonds, have immediate need for this act, in order to effectuate timely arrangements for their wholesale power requirements, clarify their condemnation procedure, and plan their operations." [1945 c 130 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.04.120 Planning powers.** In order that the commissioners of a public utility district may be better able to plan for the marketing of power and for the development of resources pertaining thereto, they shall have the same powers as are vested in a board of county commissioners as provided in \*chapter 44, Laws of 1935 (sections 9322-2 to 9322-4, both inclusive, and 9322-10 to 9322-11 inclusive, Remington's Revised Statutes, also Pierce's Perpetual Code 776-3 to -7, 776-19 and -21), entitled: "An Act relating to city, town, county and regional planning and the creation, organization, duties and powers of planning commissions." For the purposes of such act, the president of a public utility district shall have the powers of the chair of the board of county commissioners, and a planning commission created hereunder shall have the same powers, enumerated in the above sections, with reference to a public utility district as a county planning commission has with reference to a county. However, this section shall not be construed to grant the power to adopt, regulate, or enforce comprehensive plans, zoning, land use, or building codes. [2010 c 8 § 17002; 1985 c 95 § 1; 1945 c 130 § 4; Rem. Supp. 1945 § 10459-14.]

\*Reviser's note: The portions of chapter 44, Laws of 1935 compiled as RRS §§ 9322-2 to 9322-4 and 9322-10 to 9322-11 are codified in RCW 35.63.020 through 35.63.070.

**Purpose—Severability—1945 c 130:** See notes following RCW 54.04.100.

**54.04.130 Employee benefit plans when private utility acquired—Rights, powers and duties as to existing private employee benefit plans.** Whenever any municipal corporation acquires by condemnation or otherwise any utility which at the time of acquisition is in private ownership and the employees of such private utility have been for at least two years and are at the time of acquisition covered by any plan for individual annuity contracts, retirement income policies, group annuity contracts, group insurance for the benefit of employees, or any other contract for the benefit of employees, such district shall, when the personnel is retained by the district, assume all of the obligations and liabilities of the private utility acquired with relation to such plan and the employees covered thereby at the time of acquisition; or the municipal corporation may by agreement with a majority of the employees affected substitute a plan or contract of the same or like nature. The municipal corporations acquiring such private utility shall proceed in such manner as is necessary so as not to reduce or impair any benefits or privileges which such employees would have received or be entitled to had such acquisition not been effected. The district may pay all or any part of the premiums or other payments required therefor out of the revenue derived from the operation of its properties. [1961 c 139 § 1.]

**54.04.140 Employee benefit plans when private utility acquired—Admission to district's employee plan—**

(2010 Ed.)

**Service credit—Contributions—Benefits.** Any person affected by RCW 54.04.130 who was employed by the private utility at the time of acquisition may, at his or her option, apply to the district and/or appropriate officers, for admission to any plan available to other employees of the district. Every such person who was covered at the time of acquisition by a plan with the private utility shall have added and accredited to his or her period of employment his or her period of immediately preceding continuous service with such private utility if he or she remains in the service of the municipal corporation until such plan for which he or she seeks admission becomes applicable to him or her.

No such person shall have added and accredited to his or her period of employment his or her period of service with said private utility unless he or she or a third party shall pay to the appropriate officer or fund of the plan to which he or she requests admission his or her contribution for the period of such service with the private utility at the rate provided in or for such plan to which he or she desires admission, or if he or she shall be entitled to any private benefits, as a result of such private service, unless he or she agrees at the time of his or her employment with the district to accept a reduction in the payment of any benefits payable under the plan to which he or she requests entry that are based in whole or in part on such added and accredited service by the amount of benefits received. For the purposes of contributions, the date of entry of service shall be deemed the date of entry into service with the private utility, which service is accredited by this section, and the amount of contributions for the period of accredited service shall be based on the wages or salary of such person during that added and accredited period of service with the private utility.

The district may receive such payments from a third party and shall make from such payments contributions with respect to such prior service as may be necessary to enable it to assume its obligations.

After such contributions have been made and such service added and accredited such employee shall be established in the plan to which he or she seeks admission with all rights, benefits, and privileges that he or she would have been entitled to had he or she been a member of the plan from the beginning of his or her immediately preceding continuous employment with the private utility or of his or her eligibility. [2010 c 8 § 17003; 1961 c 139 § 2.]

**54.04.150 Employee benefit plans when private utility acquired—Agreements and contracts—Prior rights preserved.** The municipal corporation may enter into any agreements and contracts necessary to carry out the powers and duties prescribed by RCW 54.04.130 and 54.04.140, but nothing in RCW 54.04.130 through 54.04.160 shall be so construed as requiring without consent the modification of the obligation of any contract or as requiring any third party to modify the rights, privileges or obligations acquired or incurred under a prior agreement. [1961 c 139 § 3.]

**54.04.160 Assumption of obligations of private pension plan when urban transportation system acquired.** Any municipal corporation which has heretofore or shall hereafter acquire from a private owner any urban transporta-

tion system which at the time of such acquisition has or had in effect any pension or retirement system for its employees, shall assume all such obligations with respect to continued contributions to and/or administration of, such retirement system, as the private owner bore or shall bear at such time, insofar as shall be necessary to discharge accrued obligations under such retirement system to beneficiaries who are not thereafter made members of a municipal or state retirement system. [1961 c 139 § 4.]

**54.04.170 Collective bargaining authorized for employees.** Employees of public utility districts are hereby authorized and entitled to enter into collective bargaining relations with their employers with all the rights and privileges incident thereto as are accorded to similar employees in private industry. [1963 c 28 § 1.]

**54.04.180 Collective bargaining authorized for districts.** Any public utility district may enter into collective bargaining relations with its employees in the same manner that a private employer might do and may agree to be bound by the result of such collective bargaining. [1963 c 28 § 2.]

**54.04.190 Production and distribution of biodiesel, ethanol, and ethanol blend fuels—Crop purchase contracts for dedicated energy crops.** In addition to any other authority provided by law, public utility districts are authorized to produce and distribute biodiesel, ethanol, and ethanol blend fuels, including entering into crop purchase contracts for a dedicated energy crop for the purpose of generating electricity or producing biodiesel produced from Washington feedstocks, cellulosic ethanol, and cellulosic ethanol blend fuels for use in internal operations of the electric utility and for sale or distribution. [2007 c 348 § 210.]

**Findings—Part headings not law—2007 c 348:** See RCW 43.325.005 and 43.325.903.

**Chapter 54.08 RCW**

**FORMATION—DISSOLUTION—ELECTIONS**

Sections

54.08.001	Actions subject to review by boundary review board.
54.08.010	Districts including entire county or less—Procedure.
54.08.041	Formation election expenses.
54.08.050	Validity of district, questioning of.
54.08.060	Special election for formation of district and first commissioners—Terms.
54.08.070	Construction or acquisition of electric facilities for generation, transmission, or distribution of power—When voter approval required—Election.
54.08.080	Dissolution.

**54.08.001 Actions subject to review by boundary review board.** Actions taken under chapter 54.08 RCW may be subject to potential review by a boundary review board under chapter 36.93 RCW. [1989 c 84 § 47.]

**54.08.010 Districts including entire county or less—Procedure.** At any general election held in an even-numbered year, the county legislative authority of any county in this state may, or, on petition of ten percent of the qualified electors of the county based on the total vote cast in the last

general county election held in an even-numbered year, shall, by resolution, submit to the voters of the county the proposition of creating a public utility district which shall be coextensive with the limits of the county as now or hereafter established. A form of petition for the creation of a public utility district shall be submitted to the county auditor within ten months prior to the election at which the proposition is to be submitted to the voters. Petitions shall be filed with the county auditor not less than four months before the election and the county auditor shall within thirty days examine the signatures thereof and certify to the sufficiency or insufficiency thereof. If the petition be found to be insufficient, it shall be returned to the persons filing the same, who may amend or add names thereto for ten days, when the same shall be returned to the county auditor, who shall have an additional fifteen days to examine the same and attach his or her certificate thereto. No person having signed the petition shall be allowed to withdraw his or her name therefrom after the filing of the same with the county auditor: PROVIDED, That each signature shall be dated and that no signature dated prior to the date on which the form of petition was submitted to the county auditor shall be valid. Whenever the petition shall be certified to as sufficient, the county auditor shall forthwith transmit the same, together with his or her certificate of sufficiency attached thereto, to the county legislative authority which shall submit the proposition to the voters of the county at the next general election in an even-numbered year according to RCW 29A.04.330. The notice of the election shall state the boundaries of the proposed public utility district and the object of such election, and shall in other respects conform to the requirements of the general laws of the state of Washington, governing the time and manner of holding elections. In submitting the question to the voters for their approval or rejection, the proposition shall be expressed on the ballot substantially in the following terms:

Public Utility District No. . . . . YES   
 Public Utility District No. . . . . NO

Any petition for the formation of a public utility district may describe a less area than the entire county in which the petition is filed, the boundaries of which shall follow the then existing precinct boundaries and not divide any voting precinct; and in the event that such a petition is filed the county legislative authority shall fix a date for a hearing on such petition, and shall publish the petition, without the signatures thereto appended, for two weeks prior to the date of the hearing, together with a notice stating the time of the meeting when the petition will be heard. The publication, and all other publications required by chapter 1, Laws of 1931, shall be in a newspaper of general circulation in the county in which the district is situated. The hearing on the petition may be adjourned from time to time, not exceeding four weeks in all. If upon the final hearing the county legislative authority shall find that any lands have been unjustly or improperly included within the proposed public utility district and will not be benefited by inclusion therein, it shall change and fix the boundary lines in such manner as it shall deem reasonable and just and conducive to the public welfare and convenience, and make and enter an order establishing and defining the boundary lines of the proposed public utility district: PROVIDED, That no lands shall be included within the

boundaries so fixed lying outside the boundaries described in the petition, except upon the written request of the owners of those lands. Thereafter the same procedure shall be followed as prescribed in this chapter for the formation of a public utility district including an entire county, except that the petition and election shall be confined solely to the lesser public utility district.

No public utility district created after September 1, 1979, shall include any other public utility district within its boundaries: PROVIDED, That this paragraph shall not alter, amend, or modify provisions of chapter 54.32 RCW. [2010 c 8 § 17004; 2006 c 344 § 36; 1985 c 469 § 55; 1979 ex.s. c 240 § 1; 1977 c 53 § 1; 1931 c 1 § 3; RRS § 11607. Formerly RCW 54.08.010 and 54.08.020.]

**Effective date—2006 c 344 §§ 1-16 and 18-40:** See note following RCW 29A.04.311.

*Elections: Title 29A RCW.*

**54.08.041 Formation election expenses.** All expenses of elections for the formation of such public utility districts shall be paid by the county holding such election, and such expenditure is hereby declared to be for a county purpose, and the money paid out for such purpose shall be repaid to such county by the public utility district, if formed. [1969 c 106 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.08.050 Validity of district, questioning of.** The existence of any public utility district now or hereafter formed under chapter 1, Laws of 1931, cannot hereafter be legally questioned by any person except the state of Washington in an appropriate court action brought within six months from the date that the county election board shall have canvassed the returns of the election held on the proposition of creating such district. If the existence of a district is not challenged within the period above specified, by the filing and service of petition or complaint in the action aforesaid, the state of Washington thereafter shall be barred forever from questioning the legal existence and validity of such district by reason of any defect in the organization thereof, and the same shall be deemed duly and regularly organized under the laws of this state. [1941 c 245 § 10; Rem. Supp. 1941 § 11616-7.]

**54.08.060 Special election for formation of district and first commissioners—Terms.** Whenever a proposition for the formation of a public utility district is to be submitted to voters in any county, the county legislative authority may by resolution call a special election, and at the request of petitioners for the formation of such district contained in the petition shall do so and shall provide for holding the same at the earliest practicable time. If the boundaries of the proposed district embrace an area less than the entire county, such election shall be confined to the area so included. The notice of such election shall state the boundaries of the proposed district and the object of such election; in other respects, such election shall be held and called in the same manner as provided by law for the holding and calling of general elections: PROVIDED, That notice thereof shall be given for not less than ten days nor more than thirty days prior to such special

election. In submitting the proposition to the voters for their approval or rejection, such proposition shall be expressed on the ballots in substantially the following terms:

Public Utility District No. . . . . YES  
Public Utility District No. . . . . NO

At the same special election on the proposition to form a public utility district, there shall also be an election for three public utility district commissioners. However, the election of such commissioners shall be null and void if the proposition to form the public utility district does not receive approval by a majority of the voters voting on the proposition. No primary shall be held. A special filing period shall be opened as provided in \*RCW 29.15.170 and 29.15.180. The person receiving the greatest number of votes for the commissioner of each commissioner district shall be elected as the commissioner of that district. Commissioner districts shall be established as provided in RCW 54.12.010. The terms of the initial commissioners shall be staggered as follows: (1) The person who is elected receiving the greatest number of votes shall be elected to a six-year term of office if the election is held in an even-numbered year or a five-year term if the election is held in an odd-numbered year; (2) the person who is elected receiving the next greatest number of votes shall be elected to a four-year term of office if the election is held in an even-numbered year or a three-year term of office if the election is held in an odd-numbered year; and (3) the other person who is elected shall be elected to a two-year term of office if the election is held in an even-numbered year or a one-year term of office if the election is held in an odd-numbered year. The commissioners first to be elected at such special election shall assume office immediately when they are elected and qualified, but the length of their terms of office shall be calculated from the first day in January in the year following their elections.

The term "general election" as used herein means biennial general elections at which state and county officers in a noncharter county are elected. [1994 c 223 § 55; 1979 ex.s. c 126 § 36; 1951 c 207 § 5.]

**\*Reviser's note:** RCW 29.15.170 and 29.15.180 were recodified as RCW 29A.24.170 and 29A.24.180, respectively, pursuant to 2003 c 111 § 2401, effective July 1, 2004. RCW 29A.24.170 and 29A.24.180 were subsequently repealed by 2004 c 271 § 193. Later enactment of RCW 29A.24.170 and 29A.24.180, see RCW 29A.24.171 and 29A.24.181, respectively.

**Purpose—1979 ex.s. c 126:** See RCW 29A.20.040(1).

*Elections: Title 29A RCW.*

**54.08.070 Construction or acquisition of electric facilities for generation, transmission, or distribution of power—When voter approval required—Election.** Any district which does not own or operate electric facilities for the generation, transmission, or distribution of electric power on March 25, 1969, or any district which hereafter does not construct or acquire such electric facilities within ten years of its creation, shall not construct or acquire any such electric facilities without the approval of such proposal by the voters of such district: PROVIDED, That a district shall have the power to construct or acquire electric facilities within ten years following its creation by action of its commission without voter approval of such action.

At any general election held in an even-numbered year, the proposal to construct or acquire electric facilities may be submitted to the voters of the district by resolution of the public utility district commission or shall be submitted to the voters of the district by the county legislative authority on petition of ten percent of the qualified electors of such district, based on the total vote cast in the last general county election held in an even-numbered year. A form of petition for the construction or acquisition of electric facilities by the public utility district shall be submitted to the county auditor within ten months prior to the election at which such proposition is to be submitted to the voters. Petitions shall be filed with the county auditor not less than four months before such election and the county auditor shall within thirty days examine the signatures thereof and certify to the sufficiency or insufficiency thereof. If such petition is found to be insufficient, it shall be returned to the persons filing the same, who may amend and add names thereto for ten days, when the same shall be returned to the county auditor, who shall have an additional fifteen days to examine the same and attach his or her certificate thereto. No person having signed such petition shall be allowed to withdraw his or her name therefrom after the filing of the same with the county auditor: PROVIDED, That each signature shall be dated and that no signature dated prior to the date on which the form of petition was submitted to the county auditor shall be valid. Whenever such petition shall be certified to as sufficient, the county auditor shall forthwith transmit the same, together with his or her certificate of sufficiency attached thereto, to the county legislative authority which shall submit such proposition to the voters of said district at the next general election in an even-numbered year according to RCW 29A.04.330. The notice of the election shall state the object of such election, and shall in other respects conform to the requirements of the general laws of Washington, governing the time and manner of holding elections.

The proposal submitted to the voters for their approval or rejection, shall be expressed on the ballot substantially in the following terms:

Shall Public Utility District No. . . . . of . . . . . County construct or acquire electric facilities for the generation, transmission or distribution of electric power?

Yes

No

Within ten days after such election, the election board of the county shall canvass the returns, and if at such election a majority of the voters voting on such proposition shall vote in favor of such construction or acquisition of electric facilities, the district shall be authorized to construct or acquire electric facilities. [2010 c 8 § 17005; 2006 c 344 § 37; 1979 ex.s. c 240 § 2; 1969 c 106 § 3.]

**Effective date—2006 c 344 §§ 1-16 and 18-40:** See note following RCW 29A.04.311.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.08.080 Dissolution.** Any district now or hereafter created under the laws of this state may be dissolved, as hereinafter provided, by a majority vote of the qualified electors of such district at any general election upon a resolution of

the district commission, or upon petition being filed and such proposition for dissolution submitted to said electors in the same manner provided by chapter 54.08 RCW for the creation of public utility districts. The returns of the election on such proposition for dissolution shall be canvassed and the results declared in the same manner as is provided by RCW 54.08.010: PROVIDED, HOWEVER, That any such proposition to dissolve a district shall not be submitted to the electors if within five years prior to the filing of such petition or resolution such district has undertaken any material studies or material action relating to the construction or acquisition of any utility properties or if such district at the time of the submission of such proposition is actually engaged in the operation of any utility properties.

If a majority of the votes cast at the election favor dissolution, the commission of the district shall petition, without any filing fee, the superior court of the county in which such district is located for an order authorizing the payment of all indebtedness of the district and directing the transfer of any surplus funds or property to the general fund of the county in which such district is organized. [1969 c 106 § 4.]

*Dissolution of special purpose districts: Chapters 36.96 and 53.48 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

## Chapter 54.12 RCW COMMISSIONERS

### Sections

- 54.12.010 Exercise of power by commissioners—Number—Districts—Terms—Vacancies—Adjustment of boundaries.
- 54.12.080 Compensation and expenses—Group insurance.
- 54.12.090 President—Secretary—Rules—Seal—Minutes.
- 54.12.100 Oath or affirmation.
- 54.12.110 Electrical utilities—Civil immunity of commissioners and employees for good faith mistakes and errors of judgment.

*Redistricting by local governments and municipal corporations—Census information for—Plan, prepared when, criteria for, hearing on, request for review of, certification, remand—Sanctions when review request frivolous: RCW 29A.76.010.*

**54.12.010 Exercise of power by commissioners—Number—Districts—Terms—Vacancies—Adjustment of boundaries.** A public utility district that is created as provided in RCW 54.08.010 shall be a municipal corporation of the state of Washington, and the name of such public utility district shall be Public Utility District No. . . . . of . . . . . County.

The powers of the public utility district shall be exercised through a commission consisting of three members in three commissioner districts, and five members in five commissioner districts.

(1) If the public utility district is countywide and the county has three county legislative authority districts, then, at the first election of commissioners and until any change is made in the boundaries of public utility district commissioner districts, one public utility district commissioner shall be chosen from each of the three county legislative authority districts.

(2) If the public utility district comprises only a portion of the county, with boundaries established in accordance with chapter 54.08 RCW, or if the public utility district is countywide and the county does not have three county legislative

authority districts, three public utility district commissioner districts, numbered consecutively, each with approximately equal population and following precinct lines, as far as practicable, shall be described in the petition for the formation of the public utility district, subject to appropriate change by the county legislative authority if and when it changes the boundaries of the proposed public utility district. One commissioner shall be elected as a commissioner of each of the public utility district commissioner districts.

(3) Only a registered voter who resides in a commissioner district may be a candidate for, or hold office as, a commissioner of the commissioner district. Only voters of a commissioner district may vote at a primary to nominate candidates for a commissioner of the commissioner district. Voters of the entire public utility district may vote at a general election to elect a person as a commissioner of the commissioner district.

(4) The term of office of each public utility district commissioner other than the commissioners at large shall be six years, and the term of each commissioner at large shall be four years. Each term shall be computed in accordance with RCW 29A.20.040 following the commissioner's election. All public utility district commissioners shall hold office until their successors shall have been elected and have qualified and assume office in accordance with RCW 29A.20.040.

(5) A vacancy in the office of public utility district commissioner shall occur as provided in chapter 42.12 RCW or by nonattendance at meetings of the public utility district commission for a period of sixty days unless excused by the public utility district commission. Vacancies on a board of public utility district commissioners shall be filled as provided in chapter 42.12 RCW.

(6) The boundaries of the public utility district commissioner districts may be changed only by the public utility district commission, and shall be examined every ten years to determine substantial equality of population in accordance with chapter 29A.76 RCW. Except as provided in this section or RCW 54.04.039, the boundaries shall not be changed oftener than once in four years. Boundaries may only be changed when all members of the commission are present. Whenever territory is added to a public utility district under RCW 54.04.035, or added or withdrawn under RCW 54.04.039, the boundaries of the public utility commissioner districts shall be changed to include the additional or exclude the withdrawn territory. Unless the boundaries are changed pursuant to RCW 54.04.039, the proposed change of the boundaries of the public utility district commissioner district must be made by resolution and after public hearing. Notice of the time of the public hearing shall be published for two weeks before the hearing. Upon a referendum petition signed by ten percent of the qualified voters of the public utility district being filed with the county auditor, the county legislative authority shall submit the proposed change of boundaries to the voters of the public utility district for their approval or rejection. The petition must be filed within ninety days after the adoption of resolution of the proposed action. The validity of the petition is governed by the provisions of chapter 54.08 RCW. [2004 c 113 § 1; 1994 c 223 § 56; 1990 c 59 § 109; 1987 c 292 § 1; 1979 ex.s. c 126 § 37; 1977 ex.s. c 36 § 8; 1977 c 53 § 2; 1969 c 106 § 1; 1959 c 265 § 9; 1941 c 245

§ 4; 1931 c 1 § 4; Rem. Supp. 1941 § 11608. Formerly RCW 54.08.030, 54.08.040, 54.12.010 through 54.12.070.]

**Effective date—2004 c 113:** See note following RCW 54.04.039.

**Intent—Effective date—1990 c 59:** See notes following RCW 29A.04.013.

**Purpose—1979 ex.s. c 126:** See RCW 29A.20.040(1).

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.12.080 Compensation and expenses—Group insurance.** (1) Commissioners of public utility districts shall receive salaries as follows:

(a) Each public utility district commissioner of a district operating utility properties shall receive a salary of one thousand eight hundred dollars per month, as adjusted for inflation by the office of financial management in subsection (6) of this section, during a calendar year if the district received total gross revenue of over fifteen million dollars during the fiscal year ending June 30th before the calendar year.

(b) Each public utility district commissioner of a district operating utility properties shall receive a salary of one thousand three hundred dollars per month, as adjusted for inflation by the office of financial management in subsection (6) of this section, during a calendar year if the district received total gross revenue of from two million dollars to fifteen million dollars during the fiscal year ending June 30th before the calendar year.

(c) Commissioners of other districts shall receive a salary of six hundred dollars per month, as adjusted for inflation by the office of financial management in subsection (6) of this section, for each commissioner.

(2) In addition to salary, all districts shall provide for the payment of per diem compensation to each commissioner at a rate of ninety dollars, as adjusted for inflation by the office of financial management in subsection (6) of this section, for each day or portion thereof spent in actual attendance at official meetings of the district commission or in performance of other official services or duties on behalf of the district, to include meetings of the commission of his or her district or meetings attended by one or more commissioners of two or more districts called to consider business common to them, but such compensation paid during any one year to a commissioner shall not exceed twelve thousand six hundred dollars, as adjusted for inflation by the office of financial management in subsection (6) of this section. Per diem compensation shall not be paid for services of a ministerial or professional nature.

(3) Any commissioner may waive all or any portion of his or her compensation payable under this section as to any month or months during his or her term of office, by a written waiver filed with the district as provided in this section. The waiver, to be effective, must be filed any time after the commissioner's election and prior to the date on which the compensation would otherwise be paid. The waiver shall specify the month or period of months for which it is made.

(4) Each district commissioner shall be reimbursed for reasonable expenses actually incurred in connection with such business and meetings, including his or her subsistence and lodging and travel while away from his or her place of residence.

(5) Any district providing group insurance for its employees, covering them, their immediate family, and dependents, may provide insurance for its commissioner with the same coverage.

(6) The dollar thresholds for salaries and per diem compensation established in this section must be adjusted for inflation by the office of financial management every five years, beginning July 1, 2008, based upon changes in the consumer price index during that time period. "Consumer price index" means, for any calendar year, that year's annual average consumer price index, for Washington state, for wage earners and clerical workers, all items, compiled by the bureau of labor and statistics, United States department of labor. If the bureau of labor and statistics develops more than one consumer price index for areas within the state, the index covering the greatest number of people, covering areas exclusively within the boundaries of the state, and including all items shall be used for the adjustments for inflation in this section. The office of financial management must calculate the new dollar threshold and transmit it to the office of the code reviser for publication in the Washington State Register at least one month before the new dollar threshold is to take effect.

(7) A person holding office as commissioner for two or more special purpose districts shall receive only that per diem compensation authorized for one of his or her commissioner positions as compensation for attending an official meeting or conducting official services or duties while representing more than one of his or her districts. However, such commissioner may receive additional per diem compensation if approved by resolution of all boards of the affected commissions. [2010 c 58 § 1; 2008 c 218 § 1; 2007 c 469 § 4; 1998 c 121 § 4; 1997 c 28 § 1; 1985 c 330 § 4; 1977 ex.s. c 157 § 1; 1969 c 106 § 5; 1967 c 161 § 1; 1957 c 140 § 2; 1955 c 124 § 5; 1951 c 207 § 4. Prior: (i) 1931 c 1 § 8, part; RRS § 11612, part. (ii) 1941 c 245 § 6; Rem. Supp. 1941 § 11616-5.]

*Group employee insurance: RCW 54.04.050.*

*Hospitalization and medical insurance not deemed additional compensation: RCW 41.04.190.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.12.090 President—Secretary—Rules—Seal—Minutes.** The commission shall elect from its members, a president and secretary, and shall, by resolution, adopt rules governing the transaction of district business, and adopt an official seal. All proceedings of the commission shall be by motion or resolution, recorded in its minute books, which shall be public records.

A majority of the members shall constitute a quorum of the commission for the transaction of business. The concurrence of a majority of the whole commission in office at the time shall be necessary for the passage of any resolution, and no business shall be transacted, except in usual and ordinary course, unless there are in office at least a majority of the full number of commissioners as fixed by law.

The commission may create and fill such positions and fix salaries and bonds thereof as it may provide by resolution. [1955 c 124 § 6. Prior: 1931 c 1 § 8, part; RRS § 11612, part.]

[Title 54 RCW—page 12]

**54.12.100 Oath or affirmation.** Each commissioner before he or she enters upon the duties of his or her office shall take and subscribe an oath or affirmation that he or she will faithfully and impartially discharge the duties of his or her office to the best of his or her ability. This oath, or affirmation, shall be administered and certified by an officer of the county in which the district is situated, who is authorized to administer oaths, without charge therefor. The oath or affirmation shall be filed with the county auditor. [2010 c 8 § 17006; 1986 c 167 § 23; 1959 c 265 § 10.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.12.110 Electrical utilities—Civil immunity of commissioners and employees for good faith mistakes and errors of judgment.** Commissioners and employees of public utility districts shall be immune from civil liability for mistakes and errors of judgment in the good faith performance of acts within the scope of their official duties involving the exercise of judgment and discretion which relate solely to their responsibilities for electrical utilities. This grant of immunity shall not be construed as modifying the liability of the public utility district. [1983 1st ex.s. c 48 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

## Chapter 54.16 RCW

### POWERS

#### Sections

- 54.16.005 Definitions.
- 54.16.010 Surveys, plans, investigations, or studies.
- 54.16.020 Acquisition of property and rights—Eminent domain.
- 54.16.030 Water and irrigation works.
- 54.16.032 Authority to assist customers in the acquisition of water conservation equipment—Limitations.
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- 54.16.040 Electric energy.
- 54.16.045 Nonpolluting power generation by individual—Exemption from regulation—Authorization to contract with utility.
- 54.16.047 Hydroelectric resources—Separate legal authority—Creation by irrigation districts and cities, towns, or public utility districts.
- 54.16.050 Water rights.
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- 54.16.070 District may borrow money, contract indebtedness, issue bonds or obligations—Guaranty fund.
- 54.16.080 Levy and collection of taxes—Tax anticipation warrants.
- 54.16.083 Community revitalization financing—Public improvements.
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- 54.16.092 Employment interview expenses.
- 54.16.095 Liability insurance for officials and employees.
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- 54.16.160 Assessment roll—Hearing—Appellate review—Expenses.
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- 54.16.180 Sale, lease, disposition of properties, equipment, and materials—Procedure—Acquisition, operation of sewage system by districts in certain counties.
- 54.16.190 General resolutions.
- 54.16.200 Joint exercise of powers and joint acquisition of properties.
- 54.16.210 Joint acquisition, operation, etc., with city of electrical utility properties.
- 54.16.220 Columbia river hydroelectric projects—Grant back of easements to former owners.
- 54.16.230 Sewage system works—Acquire, construct, operate, etc.—Authorizing election—Procedure.
- 54.16.240 Sewage system works—Resolution or petition—Voter approval or rejection.
- 54.16.250 Sewage system works—Ballot proposition—Canvass.
- 54.16.260 Sewage system works—Accounts and funding.
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- 54.16.280 Energy conservation plan—Financing authorized for energy conservation projects in structures or equipment—Limitations.
- 54.16.285 Limitations on termination of utility service for residential heating.
- 54.16.300 Combined utility functions.
- 54.16.310 Operation, maintenance, and inspection of sewage disposal facilities, septic tanks, and wastewater disposal facilities and systems—Maintenance costs.
- 54.16.320 Assumption of substandard water system—Limited immunity from liability.
- 54.16.330 Telecommunications facilities—Purposes—Limitations—Provision of wholesale telecommunications services—Eminent domain.
- 54.16.340 Wholesale telecommunications services—Petition for review of rates, terms, conditions.
- 54.16.350 Tariff for irrigation pumping service—Authority to buy back electricity.
- 54.16.360 Cooperative watershed management.
- 54.16.370 Purchase of electric power and energy from joint operating agency.
- 54.16.380 Appliance repair service—Operation by district.
- 54.16.385 Appliance repair service—Requirements.
- 54.16.390 Environmental mitigation activities.
- 54.16.400 Voluntary donations for purposes of urban forestry.

*Deferral of special assessments: Chapter 84.38 RCW.*

*Special benefit assessments—Property taxes—Exemptions: RCW 84.34.300 through 84.34.380.*

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

(1) "Commission" means the Washington utilities and transportation commission.

(2) "Telecommunications" has the same meaning as that contained in RCW 80.04.010.

(3) "Telecommunications facilities" means lines, conduits, ducts, poles, wires, cables, crossarms, receivers, transmitters, instruments, machines, appliances, instrumentalities and all devices, real estate, easements, apparatus, property, and routes used, operated, owned, or controlled by any entity to facilitate the provision of telecommunications services.

(4) "Wholesale telecommunications services" means the provision of telecommunications services or facilities for resale by an entity authorized to provide telecommunications services to the general public and internet service providers. [2000 c 81 § 2.]

**Findings—2000 c 81:** See note following RCW 53.08.005.

**54.16.010 Surveys, plans, investigations, or studies.** A district may make surveys, plans, investigations or studies for generating electric energy by water power, steam, or other methods, and for systems and facilities for the generation, transmission or distribution thereof, and for domestic and industrial water supply and irrigation, and for matters and purposes reasonably incidental thereto, within or without the

(2010 Ed.)

district, and compile comprehensive maps and plans showing the territory that can be most economically served by the various resources and utilities, the natural order in which they should be developed, and how they may be joined and coordinated to make a complete and systematic whole. [1969 c 106 § 6; 1955 c 390 § 2. Prior: 1945 c 143 § 1(a); 1931 c 1 § 6(a); Rem. Supp. 1945 § 11610(a).]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.16.020 Acquisition of property and rights—Eminent domain.** A district may construct, condemn and purchase, purchase, acquire, lease, add to, maintain, operate, develop, and regulate all lands, property, property rights, water, water rights, dams, ditches, flumes, aqueducts, pipes and pipe lines, water power, leases, easements, rights-of-way, franchises, plants, plant facilities, and systems for generating electric energy by water power, steam, or other methods; plants, plant facilities, and systems for developing, conserving, and distributing water for domestic use and irrigation; buildings, structures, poles and pole lines, and cables and conduits and any and all other facilities; and may exercise the right of eminent domain to effectuate the foregoing purposes or for the acquisition and damaging of such property and rights, or property of any kind appurtenant thereto, and for the purpose of acquiring the right to make physical connection with plants and plant facilities of all persons and municipalities. The right of eminent domain shall be exercised pursuant to resolution of the commission and conducted in the same manner and by the same procedure as is provided for the exercise of that power by cities and towns of the state in the acquisition of like property and property rights. It shall be no defense to a condemnation proceeding that a portion of the electric current generated or sold by the district will be applied to private purposes, if the principal uses intended are public: PROVIDED, That no public utility owned by a city or town shall be condemned, and none shall be purchased without submission of the question to the voters of the utility district. In a condemnation proceeding, the court shall submit to the jury the values placed upon the property by the taxing authority for taxation purposes, and in respect to property, plants, and facilities of persons using public highways for furnishing public service without franchises, shall consider in determining the value thereof the fact that the property, plants, and facilities are subject to be removed from the highways by reason of being so operated without a franchise. [1955 c 390 § 3. Prior: 1945 c 143 § 1(b); 1931 c 1 § 6(b); Rem. Supp. 1945 § 11610(b).]

*Eminent domain: State Constitution Art. 1 § 16 (Amendment 9).*

*Eminent domain by cities: Chapter 8.12 RCW.*

**54.16.030 Water and irrigation works.** A district may construct, purchase, condemn and purchase, acquire, add to, maintain, conduct, and operate water works and irrigation plants and systems, within or without its limits, for the purpose of furnishing the district, and the inhabitants thereof, and of the county in which the district is located, and any other persons including public and private corporations within or without the limits of the district or the county, with an ample supply of water for all purposes, public and private, including water power, domestic use, and irrigation, with full

and exclusive authority to sell and regulate and control the use, distribution, and price thereof. [1999 c 154 § 1; 1998 c 49 § 1; 1955 c 390 § 4. Prior: 1945 c 143 § 1(c); 1931 c 1 § 6(c); Rem. Supp. 1945 § 11610(c).]

**54.16.032 Authority to assist customers in the acquisition of water conservation equipment—Limitations.**

Any district is hereby authorized, within limits established by the Constitution of the state of Washington, to assist the owners of structures in financing the acquisition and installation of fixtures, systems, and equipment, for compensation or otherwise, for the conservation or more efficient use of water in the structures under a water conservation plan adopted by the district if the cost per unit of water saved or conserved by the use of the fixtures, systems, and equipment is less than the cost per unit of water supplied by the next least costly new water source available to the district to meet future demand. Except where otherwise authorized, assistance shall be limited to:

(1) Providing an inspection of the structure, either directly or through one or more inspectors under contract, to determine and inform the owner of the estimated cost of purchasing and installing conservation fixtures, systems, and equipment for which financial assistance will be approved and the estimated life cycle savings to the water system and the consumer that are likely to result from the installation of the fixtures, systems, or equipment;

(2) Providing a list of businesses that sell and install the fixtures, systems, and equipment within or in close proximity to the service area of the city or town, each of which businesses shall have requested to be included and shall have the ability to provide the products in a workmanlike manner and to utilize the fixtures, systems, and equipment in accordance with the prevailing national standards;

(3) Arranging to have approved conservation fixtures, systems, and equipment installed by a private contractor whose bid is acceptable to the owner of the structure and verifying the installation; and

(4) Arranging or providing financing for the purchase and installation of approved conservation fixtures, systems, and equipment. The fixtures, systems, and equipment shall be purchased or installed by a private business, the owner, or the utility.

Pay back shall be in the form of incremental additions to the utility bill, billed either together with use charge or separately. Loans shall not exceed two hundred forty months in length. [2009 c 416 § 2; 1989 c 421 § 4.]

**Intent—Contingent effective date—1989 c 421:** See notes following RCW 35.92.017.

**54.16.035 Provision of water service beyond district subject to review by boundary review board.** The provision of water service beyond the boundaries of a public utility district may be subject to potential review by a boundary review board under chapter 36.93 RCW. [1989 c 84 § 48.]

**54.16.040 Electric energy.** A district may purchase, within or without its limits, electric current for sale and distribution within or without its limits, and construct, condemn and purchase, purchase, acquire, add to, maintain, conduct,

and operate works, plants, transmission and distribution lines and facilities for generating electric current, operated either by water power, steam, or other methods, within or without its limits, for the purpose of furnishing the district, and the inhabitants thereof and any other persons, including public and private corporations, within or without its limits, with electric current for all uses, with full and exclusive authority to sell and regulate and control the use, distribution, rates, service, charges, and price thereof, free from the jurisdiction and control of the utilities and transportation commission, in all things, together with the right to purchase, handle, sell, or lease motors, lamps, transformers and all other kinds of equipment and accessories necessary and convenient for the use, distribution, and sale thereof: PROVIDED, That the commission shall not supply water to a privately owned utility for the production of electric energy, but may supply, directly or indirectly, to an instrumentality of the United States government or any publicly or privately owned public utilities which sell electric energy or water to the public, any amount of electric energy or water under its control, and contracts therefor shall extend over such period of years and contain such terms and conditions for the sale thereof as the commission of the district shall elect; such contract shall only be made pursuant to a resolution of the commission authorizing such contract, which resolution shall be introduced at a meeting of the commission at least ten days prior to the date of the adoption of the resolution: PROVIDED FURTHER, That it shall first make adequate provision for the needs of the district, both actual and prospective. [1955 c 390 § 5. Prior: 1945 c 143 § 1(d); 1931 c 1 § 6(d); Rem. Supp. 1945 § 11610(d).]

*Joint operating agency:* RCW 43.52.360.

*Reduced utility rates for low-income senior citizens and other low-income citizens:* RCW 74.38.070.

*Right of city or town to acquire electrical distribution property from P.U.D.:* RCW 35.92.054.

**54.16.045 Nonpolluting power generation by individual—Exemption from regulation—Authorization to contract with utility.** See chapter 80.58 RCW.

**54.16.047 Hydroelectric resources—Separate legal authority—Creation by irrigation districts and cities, towns, or public utility districts.** See RCW 87.03.825 through 87.03.840.

**54.16.050 Water rights.** A district may take, condemn and purchase, purchase and acquire any public and private property, franchises and property rights, including state, county, and school lands, and property and littoral and water rights, for any of the purposes aforesaid, and for railroads, tunnels, pipe lines, aqueducts, transmission lines, and all other facilities necessary or convenient, and, in connection with the construction, maintenance, or operation of any such utilities, may acquire by purchase or condemnation and purchase the right to divert, take, retain, and impound and use water from or in any lake or watercourse, public or private, navigable or nonnavigable, or held, owned, or used by the state, or any subdivision thereof, or by any person for any public or private use, or any underflowing water within the state; and the district may erect, within or without its limits,

dams or other works across any river or watercourse, or across or at the outlet of any lake, up to and above high water mark; and, for the purpose of constructing or laying aqueducts or pipelines, dams, or waterworks or other necessary structures in storing, retaining, and distributing water, or for any other purpose authorized hereunder, the district may occupy and use the beds and shores up to the high water mark of any such lake, river, or watercourse, and acquire by purchase or by condemnation and purchase, or otherwise, any water, water rights, easements, or privileges named herein or necessary for any of such purposes, and a district may acquire by purchase, or condemnation and purchase, or otherwise, any lands, property, or privileges necessary to protect the water supply of the district from pollution: PROVIDED, That should private property be necessary for any of its purposes, or for storing water above high water mark, the district may condemn and purchase, or purchase and acquire such private property. [1955 c 390 § 6. Prior: 1945 c 143 § 1(e), part; 1931 c 1 § 6(e), part; Rem. Supp. 1945 § 11610(e), part.]

*Water rights: Title 90 RCW.*

**54.16.060 Intertie lines.** A district may build and maintain intertie lines connecting its power plant and distribution system with the power plant and distribution system owned by any other public utility district, or municipal corporation, or connect with the power plants and distribution systems owned by any municipal corporation in the district, and from any such intertie line, sell electric energy to any person, public utility district, city, town or other corporation, public or private, and, by means of transmission or pole lines, conduct electric energy from the place of production to the point of distribution, and construct and lay aqueducts, pipe or pole lines, and transmission lines along and upon public highways, roads, and streets, and condemn and purchase, purchase or acquire, lands, franchises, and rights-of-way necessary therefor. [1955 c 390 § 7. Prior: 1945 c 143 § 1(e), part; 1931 c 1 § 6(e), part; Rem. Supp. 1945 § 11610(e), part.]

**54.16.070 District may borrow money, contract indebtedness, issue bonds or obligations—Guaranty fund.** (1) A district may contract indebtedness or borrow money for any corporate purpose on its credit or on the revenues of its public utilities, and to evidence such indebtedness may issue general obligation bonds or revenue obligations; may issue and sell local utility district bonds of districts created by the commission, and may purchase with surplus funds such local utility district bonds, and may create a guaranty fund to insure prompt payment of all local utility district bonds. The general obligation bonds shall be issued and sold in accordance with chapter 39.46 RCW. A district is authorized to establish lines of credit or make other prearranged agreements, or both, to borrow money with any financial institution.

(2) Notwithstanding subsection (1) of this section, such revenue obligations and local utility district bonds may be issued and sold in accordance with chapter 39.46 RCW. [1991 c 74 § 1; 1984 c 186 § 44; 1983 c 167 § 144; 1959 c 218 § 1; 1955 c 390 § 8. Prior: 1945 c 143 § 1(f); 1931 c 1 § 6(f); Rem. Supp. 1945 § 11610(f).]

**Purpose—1984 c 186:** See note following RCW 39.46.110.

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Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.16.080 Levy and collection of taxes—Tax anticipation warrants.** A district may raise revenue by the levy of an annual tax on all taxable property within the district, not exceeding forty-five cents per thousand dollars of assessed value in any one year, exclusive of interest and redemption for general obligation bonds. The commission shall prepare a proposed budget of the contemplated financial transactions for the ensuing year and file it in its records, on or before the first Monday in September. Notice of the filing of the proposed budget and the date and place of hearing thereon shall be published for at least two consecutive weeks in a newspaper printed and of general circulation in the county. On the first Monday in October, the commission shall hold a public hearing on the proposed budget at which any taxpayer may appear and be heard against the whole or any part thereof. Upon the conclusion of the hearing, the commission shall, by resolution, adopt the budget as finally determined, and fix the final amount of expenditures for the ensuing year. Taxes levied by the commission shall be certified to and collected by the proper officer of the county in which the district is located in the same manner as provided for the certification and collection of port district taxes. The commission may, prior to the receipt of taxes raised by levy, borrow money or issue warrants of the district in anticipation of the revenue to be derived from the levy or taxes for district purposes, and the warrants shall be redeemed from the first money available from such taxes. The warrants shall not exceed the anticipated revenue of one year, and shall bear interest at a rate determined by the commission. [1981 c 156 § 18; 1973 1st ex.s. c 195 § 60; 1955 c 390 § 9. Prior: 1945 c 143 § 1(g); 1931 c 1 § 6(g); Rem. Supp. 1945 § 11610(g).]

*Application of one percentum levy limitation to public utility district: State Constitution Art. 7 § 2 and RCW 84.52.050.*

*Collection of taxes by port districts: RCW 53.36.020.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.16.083 Community revitalization financing—Public improvements.** In addition to other authority that a public utility district possesses, a public utility district may provide any public improvement as defined under RCW 39.89.020, but this additional authority is limited to participating in the financing of the public improvements as provided under RCW 39.89.050.

This section does not limit the authority of a public utility district to otherwise participate in the public improvements if that authority exists elsewhere. [2001 c 212 § 19.]

**Severability—2001 c 212:** See RCW 39.89.902.

**54.16.085 Interfund loans.** A public utility district may make and repay interfund loans between its funds. [1987 c 18 § 2.]

**54.16.090 Contracts with other agencies or utilities—Gifts, etc.—Employees and experts—Advancements.** A district may enter into any contract or agreement with the United States, or any state, municipality, or other utility district, or any department of those entities, or with any cooperative, mutual, consumer-owned utility, or with any investor-

owned utility or with an association of any of such utilities, for carrying out any of the powers authorized by this title.

It may acquire by gift, devise, bequest, lease, or purchase, real and personal property necessary or convenient for its purposes, or for any local district therein.

It may make contracts, employ engineers, attorneys, and other technical or professional assistance; print and publish information or literature; advertise or promote the sale and distribution of electricity or water and do all other things necessary to carry out the provisions of this title.

It may advance funds, jointly fund or jointly advance funds for surveys, plans, investigations, or studies as set forth in RCW 54.16.010, including costs of investigations, design and licensing of properties and rights of the type described in RCW 54.16.020, including the cost of technical and professional assistance, and for the advertising and promotion of the sale and distribution of electricity or water. [1969 c 106 § 7; 1955 c 390 § 10. Prior: 1945 c 143 § 1(h), (i), (j), part; 1931 c 1 § 6(h), (i), (j), part; Rem. Supp. 1945 § 11610(h), (i), (j), part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.16.092 Employment interview expenses.** When a district commission finds that a vacancy for a technical or managerial position requires special qualifications or entails responsibilities and duties of such a nature that substantial benefits will accrue to the district from personal interviews of candidates for such a vacancy to be held in the district, the district commission, by resolution adopted at a regular meeting, may authorize the payment of actual necessary travel and living expenses of such candidates incurred while in travel status. [1975 1st ex.s. c 140 § 1.]

*Special purpose districts, expenditures to recruit job candidates: RCW 42.24.170.*

**54.16.095 Liability insurance for officials and employees.** The board of commissioners of each public utility district may purchase liability insurance with such limits as they may deem reasonable for the purpose of protecting their officials and employees against liability for personal or bodily injuries and property damage arising from their acts or omissions while performing or in good faith purporting to perform their official duties. [1973 c 125 § 5.]

**54.16.096 Liability insurance for officers and employees authorized.** See RCW 36.16.138.

**54.16.097 Actions against officer, employee, or agent—Defense and costs provided by public utility district—Exception.** Whenever any action, claim, or proceeding is instituted against any person who is or was an officer, employee, or agent of a public utility district established under this title arising out of the performance or failure of performance of duties for, or employment with any such district, the commission of the district may grant a request by such person that the attorney of the district's choosing be authorized to defend said claim, suit, or proceeding, and the costs of defense, attorney's fees, and any obligation for payment arising from such action may be paid from the district's funds: PROVIDED, That costs of defense and/or judgment

or settlement against such person shall not be paid in any case where the court has found that such person was not acting in good faith or within the scope of his or her employment with or duties for the district. [2010 c 8 § 17007; 1975 c 60 § 2.]

**54.16.100 Manager—Appointment—Compensation—Duties.** The commission, by resolution introduced at a regular meeting and adopted at a subsequent regular meeting, shall appoint and may remove at will a district manager, and shall, by resolution, fix his or her compensation.

The manager shall be the chief administrative officer of the district, in control of all administrative functions and shall be responsible to the commission for the efficient administration of the affairs of the district placed in his or her charge. The manager shall be an experienced executive with administrative ability. In the absence or temporary disability of the manager, the manager shall, with the approval of the president of the commission, designate some competent person as acting manager.

The manager may attend all meetings of the commission and its committees, and take part in the discussion of any matters pertaining to the duties of his or her department, but shall have no vote.

The manager shall carry out the orders of the commission, and see that the laws pertaining to matters within the functions of his or her department are enforced; keep the commission fully advised as to the financial condition and needs of the districts; prepare an annual estimate for the ensuing fiscal year of the probable expenses of the department, and recommend to the commission what development work should be undertaken, and what extensions and additions, if any, should be made during the ensuing fiscal year, with an estimate of the costs of the development work, extensions, and additions; certify to the commission all bills, allowances, and payrolls, including claims due contractors of public works; recommend to the commission compensation of the employees of his or her office, and a scale of compensation to be paid for the different classes of service required by the district; hire and discharge employees under his or her direction; and perform such other duties as may be imposed upon the manager by resolution of the commission. It is unlawful for the manager to make any contribution of money in aid of or in opposition to the election of any candidate for public utility commissioner or to advocate or oppose any such election. [1990 c 16 § 1; 1955 c 390 § 11. Prior: 1945 c 143 § 1(j), part; 1931 c 1 § 6(j), part; Rem. Supp. 1945 § 11610(j), part.]

**54.16.110 May sue and be sued—Claims.** A district may sue in any court of competent jurisdiction, and may be sued in the county in which its principal office is located or in which it owns or operates facilities. No suit for damages shall be maintained against a district except on a claim filed with the district complying in all respects with the terms and requirements for claims for damages set forth in chapter 4.96 RCW. [1993 c 449 § 11; 1979 ex.s. c 240 § 3; 1955 c 390 § 12. Prior: 1945 c 143 § 1(k); 1931 c 1 § 6(k); Rem. Supp. 1945 § 11610(k).]

**Purpose—Severability—1993 c 449:** See notes following RCW 4.96.010.

*Claims against cities of the second class: RCW 35.31.040.*

**54.16.120 Local utility districts authorized.** A district may, by resolution, establish and define the boundaries of local assessment districts to be known as local utility district No. . . . , for distribution, under the general supervision and control of the commission, of water for all purposes, public and private, including domestic use, irrigation, and electric energy, and for providing street lighting, or any of them, and in like manner provide for the purchasing, or otherwise acquiring, or constructing and equipping and maintaining and operating distribution systems for such purposes, and for extensions and betterments thereof, and may levy and collect in accordance with the special benefits conferred thereon, special assessments and reassessments on property specially benefited thereby, for paying the cost and expense thereof, or any portions thereof, as herein provided, and issue local improvement bonds or warrants or both to be repaid wholly or in part by collection of local improvement assessments. A district also may form local utility districts located entirely or in part outside its limits or the limits of the county in which the district is located to provide water, or sewer facilities if otherwise authorized under this title. [1999 c 154 § 2; 1975 c 46 § 1; 1955 c 390 § 13. Prior: 1951 c 209 § 1; 1945 c 143 § 1(l), part; 1931 c 1 § 6(l), part; Rem. Supp. 1945 § 11610(l), part.]

*Assessments and charges against state lands: Chapter 79.44 RCW.*

*Local improvements, supplemental authority: Chapter 35.51 RCW.*

**54.16.125 Exemption of farm and agricultural land from special benefit assessments.** See RCW 84.33.210 through 84.33.270, 84.34.300 through 84.34.380, and 84.34.922.

**54.16.130 Local districts—Procedure—Financing.** The commission shall by resolution establish the method of procedure in all matters relating to local utility districts. A public utility district may determine by resolution what work shall be done or improvements made at the expense, in whole or in part, of the property specially benefited thereby; and adopt and provide the manner, machinery and proceedings in any way relating to the making and collecting of assessments therefor in pursuance thereof. Except as herein otherwise provided or as may hereafter be set forth by resolution, all matters and proceedings relating to the local utility district, the levying and collection of assessments, the issuance and redemption of local improvement warrants and bonds, and the enforcement of local assessment liens hereunder, shall be governed, as nearly as may be, by the laws relating to local improvements for cities and towns: PROVIDED, That no protest against a local utility district improvement shall be received after twelve o'clock noon of the day set for hearing. Such bonds and warrants may be in any form, including bearer bonds or bearer warrants, or registered warrants or registered bonds as provided in RCW 39.46.030. Such bonds and warrants may also be issued and sold in accordance with chapter 39.46 RCW.

The commission may determine to finance the project by bonds or warrants secured by assessments against the property within the local utility district: Or it may finance the project by revenue bonds, in which case no bonds or warrants shall be issued by the local utility district, but assessments

shall be levied upon the taxable property therein on the basis of special benefits up to, but not exceeding the total cost of the improvement and in such cases the entire principal and interest of such assessments shall be paid into a revenue bond fund of the district, to be used for the sole purpose of the payment of revenue bonds. [1983 c 167 § 145; 1955 c 390 § 14. Prior: 1951 c 209 § 2; 1945 c 143 § 1(l), part; 1931 c 1 § 6(l), part; Rem. Supp. 1945 § 11610(l), part.]

*Local improvement*

*first-class cities: Chapters 35.43 through 35.56 RCW.*

*guaranty fund: RCW 54.24.200 through 54.24.260.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.16.140 Petition or resolution for local district—Hearing—Notice.** Any such improvement shall be ordered by resolution of the commission either upon petition or resolution therefor. When a petition, signed by ten percent of the owners of land in the district to be therein described, is filed with the commission, asking that the plan or improvement therein set forth be adopted and ordered, and defining the boundaries of a local improvement district to be assessed in whole or in part to pay the cost thereof, the commission shall fix the date of hearing thereon, and give not less than two weeks notice thereof by publication. The commission may deny the petition or order the improvement, unless a majority of the owners of lands in the district file prior to twelve o'clock noon of the day of the hearing, with the secretary a petition protesting against the improvement. If the commission orders the improvement, it may alter the boundaries of the proposed local district and prepare and adopt detail plans of the local improvement, declare the estimated cost thereof, what proportion thereof shall be borne by the local improvement district, and what proportion, if any shall be borne by the entire public utility district. [1955 c 390 § 15. Prior: 1945 c 143 § 1(l), part; 1931 c 1 § 6(l), part; Rem. Supp. 1945 § 11610(l), part.]

**54.16.142 Local utility districts—Notice must contain statement that assessments may vary from estimates.** Any notice given to the public or to the owners of specific lots, tracts, or parcels of land relating to the formation of a local utility district shall contain a statement that actual assessments may vary from assessment estimates so long as they do not exceed a figure equal to the increased true and fair value the improvement, or street lighting, adds to the property. [1989 c 243 § 9.]

**54.16.145 Local utility districts—Sanitary sewer or potable water facilities—Notice to certain property owners.** Whenever it is proposed that a local utility district finance sanitary sewers or potable water facilities, additional notice of the public hearing on the proposed local utility district shall be mailed to the owners of any property located outside of the proposed local utility district that would be required as a condition of federal housing administration loan qualification, at the time of notice, to be connected to the specific sewer or water facilities installed by the local utility district. The notice shall include information about this restriction. [1987 c 315 § 4.]

**54.16.150 Procedure when petition is signed by majority of landowners.** When a petition signed by a majority of the landowners in a proposed local improvement district is filed with the commission, asking that the improvement therein described be ordered, the commission shall forthwith fix a date for hearing thereon after which it shall, by resolution, order the improvement, and may alter the boundaries of the proposed district; prepare and adopt the improvement; prepare and adopt detail plans thereof; declare the estimated cost thereof, what proportion of the cost shall be borne by the local district, and what proportion, if any, shall be borne by the entire public utility district, and provide the general funds thereof to be applied thereto, if any; acquire all lands and other properties therefor; pay all damages caused thereby; and commence in the name of the public utility district such eminent domain proceedings and supplemental assessment or reassessment proceedings to pay all eminent domain awards necessary to entitle the district to proceed with the work, and shall thereafter proceed with the work, and shall file with the county treasurer its roll levying special assessments in the amount to be paid by special assessment against the property in the local improvement district in proportion to the special benefits to be derived by the property in the local district from the improvement: PROVIDED, HOWEVER, No such improvement shall be ordered unless the same appears to the commission to be financially and economically feasible: AND PROVIDED FURTHER, That the commission may require as a condition to ordering such improvement or to making its determination as to the financial and economic feasibility, that all or a portion of such engineering, legal, or other costs incurred or to be incurred by the commission in determining financial and economic feasibility shall be borne or guaranteed by the petitioners of the proposed local improvement district under such rules as the commission may adopt. No person shall withdraw his or her name from the petition after the same has been filed with the commission. [2010 c 8 § 17008; 1959 c 142 § 3; 1955 c 390 § 16. Prior: 1945 c 143 § 1(l), part; 1931 c 1 § 6(l), part; Rem. Supp. 1945 § 11610(l), part.]

**54.16.160 Assessment roll—Hearing—Appellate review—Expenses.** Before approval of the roll, a notice shall be published once each week for two successive weeks in a newspaper of general circulation in the county, stating that the roll is on file and open to inspection in the office of the secretary, and fixing a time not less than fifteen nor more than thirty days from the date of the first publication of the notice, within which protests must be filed with the secretary against any assessments shown thereon, and fixing a time when a hearing shall be held by the commission on the protests. After the hearing the commission may alter any and all assessments shown on the roll and may, by resolution, approve it, but if an assessment is raised, a new notice, similar to the first, shall be given, and a hearing had thereon, after which final approval of the roll may be made. Any person aggrieved by the assessments shall perfect an appeal to the superior court of the county within ten days after the approval, in the manner provided for appeals from assessments levied by cities of the first class. In the event such an appeal shall be taken, the judgment of the court shall confirm the assessment insofar as it affects the property of the appel-

lant unless the court shall find from the evidence that such assessment is founded upon a fundamentally wrong basis and/or the decision of the commission thereon was arbitrary or capricious; in which event the judgment of the court shall correct, change, modify, or annul the assessment insofar as it affects the property of the appellant. In the same manner as provided with reference to cities of the first class appellate review of the judgment of the superior court may be sought, as in other cases, within fifteen days after the date of the entry of the judgment in the superior court. Engineering, office, and other expenses necessary or incident to the improvement shall be borne by the public utility district: PROVIDED, That when a municipal corporation included in the public utility district already owns or operates a utility of a character like that for which the assessments are levied hereunder, all such engineering and other expenses shall be borne by the local assessment district. [1988 c 202 § 51; 1971 c 81 § 123; 1959 c 142 § 4; 1955 c 390 § 17. Prior: 1945 c 143 § 1(l), part; 1931 c 1 § 6(l), part; Rem. Supp. 1945 c 11610(l), part.]

*Procedure on appeal from assessments levied by cities of the first class: RCW 35.44.200 through 35.44.270.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.16.165 Segregation of assessments.** Whenever any land against which there has been levied any special assessment by any public utility district shall have been sold in part or subdivided, the board of commissioners of such public utility district shall have the power to order a segregation of the assessment.

Any person owning any part of the land involved in a special assessment and desiring to have such special assessment against the tracts of land segregated to apply to smaller parts thereof shall apply in writing to the board of commissioners of the public utility district which levied the assessment. If the commissioners determine that a segregation should be made they shall do so as nearly as possible on the same basis as the original assessment was levied and the total of the segregated parts of the assessment shall equal the assessment before segregation.

The commission shall then send notice thereof by mail to the several owners interested in the tract, as shown on the general tax rolls. If no protest is filed within twenty days from date of mailing said notice, the commission shall then by resolution approve said segregation. If a protest is filed, the commission shall have a hearing thereon, after mailing to the several owners at least ten days notice of the time and place thereof. After the hearing, the commission may by resolution approve said segregation, with or without change. Within ten days after the approval, any person aggrieved by the segregation may perfect an appeal to the superior court of the county wherein the property is situated and thereafter seek appellate review, all as provided for appeals from assessments levied by cities of the first class. The resolution approving said segregation shall describe the original tract, the amount and date of the original assessment, and shall define the boundaries of the divided parts and the amount of the assessment chargeable to each part, and shall order the county treasurer to make segregation on the original assessment roll as directed in the resolution. A certified copy of the resolution shall be delivered to the county treasurer who shall proceed to make the segregation ordered. The board of commissioners may

require as a condition to the order of segregation that the person seeking it pay the public utility district the reasonable engineering and clerical costs incident to making the segregation. Unless otherwise provided in said resolution, the county treasurer shall apportion amounts paid on the original assessment in the same proportion as the segregated assessments bear to the original assessment. Upon segregation being made by the county treasurer, as aforesaid, the lien of the special assessment shall apply to the segregated parcels only to the extent of the segregated part of such assessment. [1988 c 202 § 52; 1971 c 81 § 124; 1959 c 142 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **54.16.170 Apportionment of cost of improvement.**

When an improvement is ordered hereunder, payment for which shall be made in part from assessments against property specially benefited, not more than fifty percent of the cost thereof shall ever be borne by the entire public utility district, nor shall any sum be contributed by it to any improvement acquired or constructed with or by any other body, exceed such amount, unless a majority of the electors of the district consent to or ratify the making of such expenditure. [1955 c 390 § 18. Prior: 1945 c 143 § 1(l), part; 1931 c 1 § 6(l), part; Rem. Supp. 1945 § 11610(l), part.]

#### **54.16.180 Sale, lease, disposition of properties, equipment, and materials—Procedure—Acquisition, operation of sewage system by districts in certain counties.**

(1) A district may sell and convey, lease, or otherwise dispose of all or any part of its works, plants, systems, utilities and properties, after proceedings and approval by the voters of the district, as provided for the lease or disposition of like properties and facilities owned by cities and towns. The affirmative vote of three-fifths of the voters voting at an election on the question of approval of a proposed sale, shall be necessary to authorize such a sale.

(2) A district may, without the approval of the voters, sell, convey, lease, or otherwise dispose of all or any part of the property owned by it that is located:

(a) Outside its boundaries, to another public utility district, city, town or other municipal corporation; or

(b) Within or without its boundaries, which has become unserviceable, inadequate, obsolete, worn out or unfit to be used in the operations of the system and which is no longer necessary, material to, and useful in such operations, to any person or public body.

(3) A district may sell, convey, lease or otherwise dispose of items of equipment or materials to any other district, to any cooperative, mutual, consumer-owned or investor-owned utility, to any federal, state, or local government agency, to any contractor employed by the district or any other district, utility, or agency, or any customer of the district or of any other district or utility, from the district's stores without voter approval or resolution of the district's board, if such items of equipment or materials cannot practicably be obtained on a timely basis from any other source, and the amount received by the district in consideration for any such sale, conveyance, lease, or other disposal of such items of equipment or materials is not less than the district's cost to

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purchase such items or the reasonable market value of equipment or materials.

(4) A district located within a county with a population of from one hundred twenty-five thousand to less than two hundred ten thousand may sell and convey to a city of the first class, which owns its own water system, all or any part of a water system owned by the district where a portion of it is located within the boundaries of the city, without approval of the voters, upon such terms and conditions as the district shall determine.

(5) A district located in a county with a population of from twelve thousand to less than eighteen thousand and bordered by the Columbia river may, separately or in connection with the operation of a water system, or as part of a plan for acquiring or constructing and operating a water system, or in connection with the creation of another or subsidiary local utility district, provide for the acquisition or construction, additions or improvements to, or extensions of, and operation of, a sewage system within the same service area as in the judgment of the district commission is necessary or advisable to eliminate or avoid any existing or potential danger to public health due to lack of sewerage facilities or inadequacy of existing facilities.

(6) A district located within a county with a population of from one hundred twenty-five thousand to less than two hundred ten thousand bordering on Puget Sound may sell and convey to any city or town with a population of less than ten thousand all or any part of a water system owned by the district without approval of the voters upon such terms and conditions as the district shall determine.

(7) A district may sell and convey, lease, or otherwise dispose of, to any person or entity without approval of the voters and upon such terms and conditions as it determines, all or any part of an electric generating project owned directly or indirectly by the district, regardless of whether the project is completed, operable, or operating, as long as:

(a) The project is or would be powered by an eligible renewable resource as defined in RCW 19.285.030; and

(b) The district, or the separate legal entity in which the district has an interest in the case of indirect ownership, has:

(i) The right to lease the project or to purchase all or any part of the energy from the project during the period in which it does not have a direct or indirect ownership interest in the project; and

(ii) An option to repurchase the project or part thereof sold, conveyed, leased, or otherwise disposed of at or below fair market value upon termination of the lease of the project or termination of the right to purchase energy from the project.

(8) Districts are municipal corporations for the purposes of this section. A commission shall be held to be the legislative body, a president and secretary shall have the same powers and perform the same duties as a mayor and city clerk, and the district resolutions shall be held to be ordinances within the meaning of statutes governing the sale, lease, or other disposal of public utilities owned by cities and towns. [2008 c 198 § 5; 1999 c 69 § 1; 1994 c 81 § 78; 1991 c 363 § 135; 1977 ex.s. c 31 § 1; 1963 c 196 § 1; 1959 c 275 § 1; 1955 c 390 § 19. Prior: 1945 c 143 § 1(m); 1931 c 1 § 6(m); Rem. Supp. 1945 § 11610(m).]

**Finding—2008 c 198:** See note following RCW 39.34.030.

**Purpose—Captions not law—1991 c 363:** See notes following RCW 2.32.180.

**54.16.190 General resolutions.** The commission of a district may adopt general resolutions to carry out the purposes, objects, and provisions of this title. [1955 c 390 § 20. Prior: 1945 c 143 § 1(n); 1931 c 1 § 6(n); Rem. Supp. 1945 § 11610(n).]

**54.16.200 Joint exercise of powers and joint acquisition of properties.** Any two or more public utility districts organized under the provisions of the laws of this state shall have the power, by mutual agreement, to exercise jointly all powers granted to each individual district, and in the exercise of such powers shall have the right and power to acquire jointly all or any part of any electric utility properties which, at \*the time of the passage of this act, constitutes an interconnected and physically integrated electric utility system, whether entirely within or partly within and partly without such districts: PROVIDED, That any two or more districts so acting jointly, by mutual agreement, shall not acquire any electric utility distribution properties in any other public utility district without the consent of such district, and shall not exercise jointly the power to condemn any privately owned utility property or any public utility owned by a municipality, to levy taxes or, to create subdistricts. [1949 c 227 § 2; Rem. Supp. 1949 § 10459-15.]

**\*Reviser's note:** As to "the time of the passage of this act," the legislative history of chapter 227, Laws of 1949 is as follows: Passed the house March 8, 1949; passed the senate March 7, 1949; approved by the governor March 22, 1949.

*Joint operating agency: RCW 43.52.360.*

**54.16.210 Joint acquisition, operation, etc., with city of electrical utility properties.** See chapter 35.92 RCW.

**54.16.220 Columbia river hydroelectric projects—Grant back of easements to former owners.** Notwithstanding any other provision of law, every public utility district acquiring privately owned lands, real estate or property for reservoir purposes of a hydroelectric power project dam on the Columbia river, upon acquisition of title to said lands, whether acquired by purchase or condemnation, shall grant back to the former owners of the lands acquired upon their request therefor, whether prior to conveyance of title to the district or within sixty days thereafter, a perpetual easement appurtenant to the adjoining property for such occupancy and use and improvement of the acquired lands as will not be detrimental to the operation of the hydroelectric project and not be in violation of the required conditions of the district's federal power commission license for the project: PROVIDED, That said former owners shall not thereafter erect any structure or make any extensive physical change thereon except under a permit issued by the public utility district: PROVIDED FURTHER, That said easement shall include a provision that any shorelands thereunder shall be open to the public, and shall be subject to cancellation upon sixty days notice to the owners by the district that such lands are to be conveyed to another public agency for game or game fish purposes or public recreational use, in which event the owners shall remove any structures they may have erected

thereon within a reasonable time without cost to the district. The provisions of this section shall not be applicable with respect to: (1) lands acquired from an owner who does not desire an easement for such occupancy and use; (2) lands acquired from an owner where the entire estate has been acquired; (3) lands acquired for, and reasonably necessary for, project structures (including borrow areas) or for relocation of roads, highways, railroads, other utilities or railroad industrial sites; and (4) lands heretofore acquired or disposed of by sale or lease by a public utility district for whatsoever purpose. [1965 ex.s. c 118 § 1.]

**54.16.230 Sewage system works—Acquire, construct, operate, etc.—Authorizing election—Procedure.** A public utility district may acquire, construct, operate, maintain, and add to sewage systems, subject to and in compliance with the county comprehensive plan, under the general powers of Title 54 RCW or through the formation of local utility districts as provided in RCW 54.16.120 through 54.16.170: PROVIDED, That prior to engaging in any sewage system works as authorized by this section, the voters of the public utility district shall first approve by majority vote a referendum proposition authorizing such district to exercise the powers set forth in this section, which proposition shall be presented at a general election. [1975 1st ex.s. c 57 § 1.]

**54.16.240 Sewage system works—Resolution or petition—Voter approval or rejection.** The commission of a public utility district, by resolution may, or on petition in the same manner as provided for the creation of a district under RCW 54.08.010 shall, submit to the voters for their approval or rejection the proposal that said public utility district be authorized to exercise the powers set forth in RCW 54.16.230. [1975 1st ex.s. c 57 § 2.]

**54.16.250 Sewage system works—Ballot proposition—Canvass.** The legislative authority of the county in which the public utility district is located, upon receipt of the resolution of the public utility district commission or petition as provided for in RCW 54.08.010, shall submit such proposal to the voters of the district at the next general election in substantially the following terms:

Shall Public Utility District No. . . . . of . . . . . County be authorized to acquire, construct, operate, maintain, and add to sewage systems?

Yes

No

Within ten days after such election, the election board of the county shall canvass the returns, and if at such election a majority of voters voting on the proposition shall vote in favor of such authority, the district shall have the powers set forth in RCW 54.16.230. [1975 1st ex.s. c 57 § 3.]

**54.16.260 Sewage system works—Accounts and funding.** Accounts and funding for any sewage system or systems shall be kept as provided in RCW 43.09.210. [1975 1st ex.s. c 57 § 4.]

**54.16.270 Sewage system works—Existing authority not affected.** Nothing contained in RCW 54.16.230 through 54.16.260 shall change or alter the present authority of certain public utility districts as regards sewage systems and as provided in RCW 54.16.180. [1975 1st ex.s. c 57 § 5.]

**54.16.280 Energy conservation plan—Financing authorized for energy conservation projects in structures or equipment—Limitations.** Any district is hereby authorized, within limits established by the Constitution of the state of Washington, to assist the owners of structures or equipment in financing the acquisition and installation of materials and equipment, for compensation or otherwise, for the conservation or more efficient use of energy in such structures or equipment pursuant to an energy conservation plan adopted by the district if the cost per unit of energy saved or produced by the use of such materials and equipment is less than the cost per unit of energy produced by the next least costly new energy resource which the district could acquire to meet future demand. Any financing authorized under this chapter shall only be used for conservation purposes in existing structures, and such financing shall not be used for any purpose which results in a conversion from one energy source to another. For the purposes of this section, "conservation purposes in existing structures" may include projects to allow a district's customers to generate all or a portion of their own electricity through the on-site installation of a distributed electricity generation system that uses as its fuel solar, wind, geothermal, or hydropower, or other renewable resource that is available on-site and not from a commercial source. Such projects shall not be considered "a conversion from one energy source to another" which is limited to the change or substitution of one commercial energy supplier for another commercial energy supplier. Except where otherwise authorized, such assistance shall be limited to:

(1) Providing an inspection of the structure or equipment, either directly or through one or more inspectors under contract, to determine and inform the owner of the estimated cost of purchasing and installing conservation materials and equipment for which financial assistance will be approved and the estimated life cycle savings in energy costs that are likely to result from the installation of such materials or equipment;

(2) Providing a list of businesses who sell and install such materials and equipment within or in close proximity to the service area of the district, each of which businesses shall have requested to be included and shall have the ability to provide the products in a workmanlike manner and to utilize such materials in accordance with the prevailing national standard;

(3) Arranging to have approved conservation materials and equipment installed by a private contractor whose bid is acceptable to the owner of the residential structure and verifying such installation;

(4) Arranging or providing financing for the purchase and installation of approved conservation materials and equipment. Such materials and equipment shall be purchased from a private business and shall be installed by a private business or the owner; and

(5) Pay back shall be in the form of incremental additions to the utility bill, billed either together with use charge

or separately. Loans shall not exceed two hundred forty months in length. [2010 1st sp.s. c 4 § 1; 2002 c 276 § 3; 1989 c 268 § 2; 1979 ex.s. c 239 § 3.]

**Findings—Intent—2002 c 276:** See note following RCW 35.92.360.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.16.285 Limitations on termination of utility service for residential heating.** (1) A district providing utility service for residential space heating shall not terminate such utility service between November 15 through March 15 if the customer:

(a) Notifies the utility of the inability to pay the bill, including a security deposit. This notice should be provided within five business days of receiving a payment overdue notice unless there are extenuating circumstances. If the customer fails to notify the utility within five business days and service is terminated, the customer can, by paying reconnection charges, if any, and fulfilling the requirements of this section, receive the protections of this chapter;

(b) Provides self-certification of household income for the prior twelve months to a grantee of the \*department of community, trade, and economic development which administers federally funded energy assistance programs. The grantee shall determine that the household income does not exceed the maximum allowed for eligibility under the state's plan for low-income energy assistance under 42 U.S.C. 8624 and shall provide a dollar figure that is seven percent of household income. The grantee may verify information provided in the self-certification;

(c) Has applied for home heating assistance from applicable government and private sector organizations and certifies that any assistance received will be applied to the current bill and future utility bills;

(d) Has applied for low-income weatherization assistance to the utility or other appropriate agency if such assistance is available for the dwelling;

(e) Agrees to a payment plan and agrees to maintain the payment plan. The plan will be designed both to pay the past due bill by the following October 15 and to pay for continued utility service. If the past due bill is not paid by the following October 15, the customer shall not be eligible for protections under this chapter until the past due bill is paid. The plan shall not require monthly payments in excess of seven percent of the customer's monthly income plus one-twelfth of any arrearage accrued from the date application is made and thereafter during November 15 through March 15. A customer may agree to pay a higher percentage during this period, but shall not be in default unless payment during this period is less than seven percent of monthly income plus one-twelfth of any arrearage accrued from the date application is made and thereafter. If assistance payments are received by the customer subsequent to implementation of the plan, the customer shall contact the utility to reformulate the plan; and

(f) Agrees to pay the moneys owed even if he or she moves.

(2) The utility shall:

(a) Include in any notice that an account is delinquent and that service may be subject to termination, a description of the customer's duties in this section;

(b) Assist the customer in fulfilling the requirements under this section;

(c) Be authorized to transfer an account to a new residence when a customer who has established a plan under this section moves from one residence to another within the same utility service area;

(d) Be permitted to disconnect service if the customer fails to honor the payment program. Utilities may continue to disconnect service for those practices authorized by law other than for nonpayment as provided for in this section. Customers who qualify for payment plans under this section who default on their payment plans and are disconnected can be reconnected and maintain the protections afforded under this chapter by paying reconnection charges, if any, and by paying all amounts that would have been due and owing under the terms of the applicable payment plan, absent default, on the date on which service is reconnected; and

(e) Advise the customer in writing at the time it disconnects service that it will restore service if the customer contacts the utility and fulfills the other requirements of this section.

(3) All districts providing utility service for residential space heating shall offer residential customers the option of a budget billing or equal payment plan. The budget billing or equal payment plan shall be offered low-income customers eligible under the state's plan for low-income energy assistance prepared in accordance with 42 U.S.C. 8624(C)(1) without limiting availability to certain months of the year, without regard to the length of time the customer has occupied the premises, and without regard to whether the customer is the tenant or owner of the premises occupied.

(4) An agreement between the customer and the utility, whether oral or written, shall not waive the protections afforded under this chapter. [1995 c 399 § 144; 1991 c 165 § 3; 1990 1st ex.s. c 1 § 3; 1986 c 245 § 3; 1985 c 6 § 19; 1984 c 251 § 2.]

**\*Reviser's note:** The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

**Findings—1991 c 165:** See note following RCW 35.21.300.

**54.16.300 Combined utility functions.** A public utility district by resolution may combine two or more of its separate utility functions into a single utility and combine its related funds or accounts into a single fund or account. The separate utility functions include electrical energy systems, domestic water systems, irrigation systems, sanitary sewer systems, and storm sewer systems. All powers granted to public utility districts to acquire, construct, maintain, and operate such systems may be exercised in the joint acquisition, construction, maintenance, and operation of such combined systems. The establishment, maintenance, and operation of the combined system shall be governed by the public utility district statutes relating to one of the utility systems that is being combined, as specified in the resolution combining the utility systems. [1987 c 18 § 1.]

**54.16.310 Operation, maintenance, and inspection of sewage disposal facilities, septic tanks, and wastewater disposal facilities and systems—Maintenance costs.** A public utility district as authorized by a county board of health, may perform operation and maintenance, including

inspections, of on-site sewage disposal facilities, alternate sewage disposal facilities, approved septic tanks or approved septic tank systems, other facilities and systems for the collection, interception, treatment, and disposal of wastewater, and for the control and protection, preservation, and rehabilitation of surface and underground waters. Those costs associated with the maintenance of private on-site sewage systems may be charged by the public utility district to the system owner. [1990 c 107 § 1.]

**54.16.320 Assumption of substandard water system—Limited immunity from liability.** A public utility district assuming responsibility for a water system that is not in compliance with state or federal requirements for public drinking water systems, and its agents and employees, are immune from lawsuits or causes of action, based on noncompliance with state or federal requirements for public drinking water systems, which predate the date of assuming responsibility and continue after the date of assuming responsibility, provided that the public utility district has submitted and is complying with a plan and schedule of improvements approved by the department of health. This immunity shall expire on the earlier of the date the plan of improvements is completed or four years from the date of assuming responsibility. This immunity does not apply to intentional injuries, fraud, or bad faith. [1994 c 292 § 10.]

**Findings—Intent—1994 c 292:** See note following RCW 57.04.050.

**54.16.330 Telecommunications facilities—Purposes—Limitations—Provision of wholesale telecommunications services—Eminent domain.** (1) A public utility district in existence on June 8, 2000, may construct, purchase, acquire, develop, finance, lease, license, handle, provide, add to, contract for, interconnect, alter, improve, repair, operate, and maintain any telecommunications facilities within or without the district's limits for the following purposes:

(a) For the district's internal telecommunications needs; and

(b) For the provision of wholesale telecommunications services within the district and by contract with another public utility district.

Nothing in this subsection shall be construed to authorize public utility districts to provide telecommunications services to end users.

(2) A public utility district providing wholesale telecommunications services shall ensure that rates, terms, and conditions for such services are not unduly or unreasonably discriminatory or preferential. Rates, terms, and conditions are discriminatory or preferential when a public utility district offering rates, terms, and conditions to an entity for wholesale telecommunications services does not offer substantially similar rates, terms, and conditions to all other entities seeking substantially similar services.

(3) A public utility district providing wholesale telecommunications services shall not be required to but may establish a separate utility system or function for such purpose. In either case, a public utility district providing wholesale telecommunications services shall separately account for any revenues and expenditures for those services according to

standards established by the state auditor pursuant to its authority in chapter 43.09 RCW and consistent with the provisions of this title. Any revenues received from the provision of wholesale telecommunications services must be dedicated to costs incurred to build and maintain any telecommunications facilities constructed, installed, or acquired to provide such services, including payments on debt issued to finance such services, until such time as any bonds or other financing instruments executed after June 8, 2000, and used to finance such telecommunications facilities are discharged or retired.

(4) When a public utility district provides wholesale telecommunications services, all telecommunications services rendered to the district for the district's internal telecommunications needs shall be allocated or charged at its true and full value. A public utility district may not charge its nontelecommunications operations rates that are preferential or discriminatory compared to those it charges entities purchasing wholesale telecommunications services.

(5) A public utility district shall not exercise powers of eminent domain to acquire telecommunications facilities or contractual rights held by any other person or entity to telecommunications facilities.

(6) Except as otherwise specifically provided, a public utility district may exercise any of the powers granted to it under this title and other applicable laws in carrying out the powers authorized under this section. Nothing in chapter 81, Laws of 2000 limits any existing authority of a public utility district under this title. [2004 c 158 § 1; 2000 c 81 § 3.]

**Findings—2000 c 81:** See note following RCW 53.08.005.

**54.16.340 Wholesale telecommunications services—Petition for review of rates, terms, conditions.** (1) A person or entity that has requested wholesale telecommunications services from a public utility district providing wholesale telecommunications services under this chapter may petition the commission under the procedures set forth in RCW 80.04.110 (1) through (3) if it believes the district's rates, terms, and conditions are unduly or unreasonably discriminatory or preferential. The person or entity shall provide the public utility district notice of its intent to petition the commission and an opportunity to review within thirty days the rates, terms, and conditions as applied to it prior to submitting its petition. In determining whether a district is providing discriminatory or preferential rates, terms, and conditions, the commission may consider such matters as service quality, cost of service, technical feasibility of connection points on the district's facilities, time of response to service requests, system capacity, and other matters reasonably related to the provision of wholesale telecommunications services. If the commission, after notice and hearing, determines that a public utility district's rates, terms, and conditions are unduly or unreasonably discriminatory or preferential, it shall issue a final order finding noncompliance with this section and setting forth the specific areas of apparent noncompliance. An order imposed under this section shall be enforceable in any court of competent jurisdiction.

(2) The commission may order a public utility district to pay a share of the costs incurred by the commission in con-

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nection with adjudicating or enforcing the provisions of this section.

(3) Without limiting other remedies at law or equity, the commission and prevailing party may also seek injunctive relief to compel compliance with an order.

(4) Nothing in this section shall be construed to affect the commission's authority and jurisdiction with respect to actions, proceedings, or orders permitted or contemplated for a state commission under the federal telecommunications act of 1996, P.L. 104-104 (110 Stat. 56). [2000 c 81 § 5.]

**Findings—2000 c 81:** See note following RCW 53.08.005.

**54.16.350 Tariff for irrigation pumping service—Authority to buy back electricity.** The commission may approve a tariff for irrigation pumping service that allows the district to buy back electricity from customers to reduce electricity usage by those customers during the district's particular irrigation season. [2001 c 122 § 2.]

**Effective date—2001 c 122:** See note following RCW 80.28.310.

**54.16.360 Cooperative watershed management.** In addition to the authority provided in RCW 54.16.030 relating to water supply, a public utility district may participate in and expend revenue on cooperative watershed management actions, including watershed management partnerships under RCW 39.34.210 and other intergovernmental agreements, for purposes of water supply, water quality, and water resource and habitat protection and management. [2003 c 327 § 14.]

**Finding—Intent—2003 c 327:** See note following RCW 39.34.190.

**54.16.370 Purchase of electric power and energy from joint operating agency.** A district may contract to purchase from a joint operating agency electric power and energy required for its present or future requirements. For projects the output of which is limited to qualified alternative energy resources as defined by RCW 19.29A.090(3), the contract may include the purchase of capability of the projects to produce electricity in addition to the actual output of the projects. The contract may provide that the district must make the payments required by the contract whether or not a project is completed, operable, or operating and notwithstanding the suspension, interruption, interference, reduction, or curtailment of the output of a project or the power and energy contracted for. The contract may also provide that payments under the contract are not subject to reduction, whether by offset or otherwise, and shall not be conditioned upon the performance or nonperformance of the joint operating agency or a city, town, or district under the contract or other instrument. [2003 c 138 § 2.]

**54.16.380 Appliance repair service—Operation by district.** Any public utility district that has operated an electrical appliance repair service for at least ten years prior to July 24, 2005, may continue to operate an electrical appliance repair service within its service territory. [2005 c 175 § 2.]

**Intent—2005 c 175:** "It is the intent of the legislature to avoid unnecessary hardships on the citizens of a community by recognizing the traditional appliance repair services that have been offered for many years by any public utility district described in section 2 of this act.

The legislature understands that some of these services improve the energy efficiency of the appliance repaired, which helps citizens save money

and energy as well as extending the life of the appliance.

The legislature recognizes these historic services coexist with the private sector without creating aggressive competition between public and private enterprises.

It is the intent of the legislature to have these services be financially self-supporting and not be subsidized by any other customer rate structures.

Public utility districts affected by this act are encouraged to continue to work collaboratively with the private sector in providing these services." [2005 c 175 § 1.]

#### **54.16.385 Appliance repair service—Requirements.**

When a public utility district provides electrical appliance repair services under RCW 54.16.380, the public utility district shall:

- (1) Charge customers the true and fair cost for the services;
- (2) Keep records documenting the revenues and expenditures for the services and make those records available to the public; and
- (3) Develop measures or benchmarks to track and evaluate the performance of the services. [2005 c 175 § 3.]

**Intent—2005 c 175:** See note following RCW 54.16.380.

**54.16.390 Environmental mitigation activities.** (1) A public utility district may develop and make publicly available a plan for the district to reduce its greenhouse gases emissions or achieve no-net emissions from all sources of greenhouse gases that the district owns, leases, uses, contracts for, or otherwise controls.

(2) A public utility district may, as part of its utility operation, mitigate the environmental impacts, such as greenhouse gases emissions, of its operation and any power purchases. Mitigation may include, but is not limited to, those greenhouse gases mitigation mechanisms recognized by independent, qualified organizations with proven experience in emissions mitigation activities. Mitigation mechanisms may include the purchase, trade, and banking of greenhouse gases offsets or credits. If a state greenhouse gases registry is established, a public utility district that has purchased, traded, or banked greenhouse gases mitigation mechanisms under this section shall receive credit in the registry. [2007 c 349 § 4.]

**Finding—Intent—2007 c 349 § 4:** "The legislature finds and declares that greenhouse gases offset contracts, credits, and other greenhouse gases mitigation efforts are a recognized utility purpose that confers a direct benefit on the utility's ratepayers. The legislature declares that section 4 of this act is intended to reverse the result of *Okeson v. City of Seattle* (January 18, 2007), by expressly granting public utility districts the statutory authority to engage in mitigation activities to offset their utility's impact on the environment." [2007 c 349 § 3.]

**54.16.400 Voluntary donations for purposes of urban forestry.** (1) Public utility districts may request voluntary donations from their customers for the purposes of urban forestry. The request may be in the form of a check-off on the billing statement or other form of a request for a voluntary donation.

(2) Voluntary donations collected by public utility districts under this section may be used by the public utility district to:

- (a) Support the development and implementation of evergreen community ordinances, as that term is defined in

RCW 35.105.010, for cities, towns, or counties within their service areas; or

(b) Complete projects consistent with the model evergreen community management plans and ordinances developed under RCW 35.105.050.

(3) Donations received under this section do not contribute to the gross income of a light and power business or gas distribution business under chapter 82.16 RCW. [2008 c 299 § 22.]

**Short title—2008 c 299:** See note following RCW 35.105.010.

## **Chapter 54.20 RCW**

### **CONDEMNATION PROCEEDINGS**

#### Sections

54.20.010 Statement of operations—Decree of appropriation—Retirement of properties—Accounting—Limitation on new proceedings.

**54.20.010 Statement of operations—Decree of appropriation—Retirement of properties—Accounting—Limitation on new proceedings.** In any condemnation proceeding heretofore or hereafter instituted or conducted by a public utility district for the acquisition of properties, the district may serve upon the condemnee's attorneys of record and file with the court a notice of its intention to present a decree of appropriation together with a demand for a verified statement showing in reasonable detail the following information with respect to the operation of the properties since the date of verdict, if the case was tried by jury, or since the date of the judgment fixing compensation, if the case was tried by the court, namely: the cost of any improvements and betterments to the properties which were reasonably necessary and prudently made; the gross income received from the properties, betterments and improvements; the actual reasonable expense, exclusive of depreciation, incurred in the operation thereof. If the condemnee fails to serve and file the statement within fifteen days after service of the demand therefor, it may be compelled to do so by contempt proceedings, and the time during which such proceedings are pending shall not be considered in computing the time within which the district may exercise its right of appropriation. After the statement is filed, the district may pay the amount of the verdict or judgment plus (1) accrued interest thereon less the net income before allowance for depreciation, and (2) the cost of such improvements and betterments, all as shown by the sworn statement, and concurrently obtain its decree of appropriation. The condemnee may retire from use after the verdict or judgment such items of the properties as may be reasonably necessary in the ordinary and usual course of operation thereof, in which case it shall show in its statement the reasonable value of such items retired, and the district may deduct such value from the sum otherwise payable by it. If the condemnee fails to file the statement within fifteen days after service of the demand therefor, the district at its option may pay the full amount of the judgment or verdict plus accrued interest thereon and concurrently obtain a decree of appropriation.

After payment has been made and the decree of appropriation entered as provided in this section, the district or the condemnee shall be entitled to an accounting in the condemnation proceedings to determine the true amount of each item

required to be furnished in the above statement, and to payment of any balance found due in such accounting.

Whenever any such condemnation proceedings have been, or hereafter may be abandoned, no new proceedings for the acquisition of the same or substantially similar properties shall be instituted until the expiration of one year from the date of such abandonment, but such proceedings may be instituted at any time thereafter. [1945 c 130 § 3; Rem. Supp. 1945 § 10459-13. Formerly RCW 54.20.010 through 54.20.050.]

**Purpose—Severability—1945 c 130:** See notes following RCW 54.04.100.

**Chapter 54.24 RCW  
FINANCES**

Sections

GENERAL PROVISIONS

54.24.010 Treasurer—Bond—Duties—Funds—Depositaries.  
54.24.012 Destruction of canceled or paid revenue obligations and interest coupons.

BONDS OR WARRANTS—1931 ACT

54.24.018 Acquisition of property—Adoption of plan—Bonds or warrants—Special funds.

BONDS—REVENUE OBLIGATIONS—1941 ACT

54.24.020 General obligation bonds, revenue obligations for cost of utilities.  
54.24.030 Revenue obligations—Special fund—Form, term, payment, etc.—Resolution of authority, contents—Contracts for future sale.  
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GENERAL PROVISIONS

**54.24.010 Treasurer—Bond—Duties—Funds—Depositaries.** (1) The treasurer of the county in which a utility district is located shall be ex officio treasurer of the district: PROVIDED, That the commission by resolution may designate some other person having experience in financial or fiscal matters as treasurer of the utility district. The commission may require a bond, with a surety company authorized to do business in the state of Washington, in an amount and under the terms and conditions which the commission by

resolution from time to time finds will protect the district against loss. The premium on any such bond shall be paid by the district.

(2) All district funds shall be paid to the treasurer and shall be disbursed by him or her only on warrants issued by an auditor appointed by the commission, upon orders or vouchers approved by it. The treasurer shall establish a public utility district fund, into which shall be paid all district funds, and he or she shall maintain such special funds as may be created by the commission, into which he or she shall place all money as the commission may, by resolution, direct.

(3) If the treasurer of the district is the treasurer of the county all district funds shall be deposited with the county depositaries under the same restrictions, contracts, and security as provided for county depositaries; if the treasurer of the district is some other person, all funds shall be deposited in such bank or banks authorized to do business in this state as the commission by resolution shall designate, and with surety bond to the district or securities in lieu thereof of the kind, no less in amount, as provided in \*RCW 36.48.020 for deposit of county funds.

(4) Such surety bond or securities in lieu thereof shall be filed or deposited with the treasurer of the district, and approved by resolution of the commission.

(5) All interest collected on district funds shall belong to the district and be deposited to its credit in the proper district funds.

(6) A district may provide and require a reasonable bond of any other person handling moneys or securities of the district: PROVIDED, That the district pays the premium thereon.

(7) If the treasurer of the district is some other person than the treasurer of the county, the commission may adopt a policy for the payment of claims or other obligations of the utility district, which are payable out of solvent funds, and may elect to pay such obligations by check or warrant. However, if the applicable fund is not solvent at the time payment is ordered, then no check may be issued and payment shall be by warrant. When checks are to be used, the commission shall designate the qualified public depository upon which the checks are to be drawn as well as the officers required or authorized to sign the checks. For the purposes of this chapter, "warrant" includes checks where authorized by this subsection. [2009 c 173 § 2; 1999 c 18 § 6; 1959 c 218 § 2; 1957 c 140 § 1; 1955 c 124 § 7. Prior: (i) 1931 c 1 § 9; RRS § 11613. (ii) 1931 c 1 § 8, part; RRS § 11612, part.]

\*Reviser's note: RCW 36.48.020 was repealed by 1984 c 177 § 21.

**54.24.012 Destruction of canceled or paid revenue obligations and interest coupons.** After any revenue obligations or interest coupons have been canceled or paid they may be destroyed as directed by the district, any provisions of chapter 40.14 RCW notwithstanding: PROVIDED, That a certificate of destruction giving full descriptive reference to the documents destroyed shall be made by the person or persons authorized to perform such destruction and one copy of the certificate shall be filed with the treasurer of the district. [1959 c 218 § 15.]

## BONDS OR WARRANTS—1931 ACT

**54.24.018 Acquisition of property—Adoption of plan—Bonds or warrants—Special funds.** (1) Whenever the commission shall deem it advisable that the public utility district purchase, purchase and condemn, acquire, or construct any such public utility, or make any additions or betterments thereto, or extensions thereof, the commission shall provide therefor by resolution, which shall specify and adopt the system or plan proposed, and declare the estimated cost thereof, as near as may be, and specify whether general or utility indebtedness is to be incurred, the amount of such indebtedness, the amount of interest and the time in which all general bonds (if any) shall be paid, not to exceed thirty years. In the event the proposed general indebtedness to be incurred will bring the nonvoter approved indebtedness of the public utility district to an amount exceeding three-fourths of one percent of the value of the taxable property of the public utility district, as the term "value of the taxable property" is defined in RCW 39.36.015, the proposition of incurring such indebtedness and the proposed plan or system shall be submitted to the qualified electors of said public utility district for their approval or rejection at the next general election held in such public utility district. Elections shall be held as provided in RCW 39.36.050.

Whenever the commission (or a majority of the qualified voters of such public utility district, voting at said election, when it is necessary to submit the same to said voters) shall have adopted a system or plan for any such public utility, as aforesaid, and shall have authorized indebtedness therefor by a three-fifths vote of the qualified voters of such district, voting at said election, general or public utility bonds may be used as hereinafter provided. The principal and interest of such general bonds shall be paid from the revenue of such public utility district after deducting costs of maintenance, operation, and expenses of the public utility district, and any deficit in the payment of principal and interest of said general bonds shall be paid by levying each year a tax upon the taxable property within said district sufficient to pay said interest and principal of said bonds, which tax shall be due and collectible as any other tax. Said bonds shall be issued and sold in accordance with chapter 39.46 RCW.

(2) All bonds and warrants issued under the authority of this chapter shall be legal securities, which may be used by any bank or trust company for deposit with the state treasurer, or any county or city treasurer, as security for deposits, in lieu of a surety bond, under any law relating to deposits of public moneys.

(3) When the commission shall not desire to incur a general indebtedness in the purchase, condemnation and purchase, acquisition, or construction of any such public utility, or addition or betterment thereto, or extension thereof, it shall have the power to create a special fund or funds for the sole purpose of defraying the cost of such public utility, or addition or betterment thereto, or extension thereof, into which special fund or funds it may obligate and bind the district to set aside and pay a fixed proportion of the gross revenues of such public utility, or any fixed amount out of, and not exceeding a fixed proportion of, such revenues, or a fixed amount without regard to any fixed proportion, and to issue and sell revenue bonds or warrants bearing interest at such

rate or rates, payable semiannually, executed in such manner, and payable at such times and places as the commission shall determine, but such bonds or warrants and the interest thereon, shall be payable only out of such special fund or funds. In creating any such special fund or funds, the commission shall have due regard to the cost of operation and maintenance of the plant or system as constructed or added to, and to any proportion or part of the revenues previously pledged as a fund for the payment of bonds or warrants, and shall not set aside into such special fund or funds a greater amount or proportion of the revenues and proceeds than, in its judgment, will be available over and above such cost of maintenance and operation and the amount or proportion, if any, of the revenues so previously pledged. Any such bonds or warrants, and interest thereon, issued against any such fund, as herein provided, shall be a valid claim of the owner thereof only as against the said special fund and its fixed proportion or amount of the revenue pledged to such fund, and shall not constitute an indebtedness of such district within the meaning of the constitutional provisions and limitations. Each such bond or warrant shall state on its face that it is payable from a special fund, naming such fund and the resolution creating it. Said bonds and warrants shall be sold in such manner as the commission shall deem for the best interests of the district. The commission may provide in any contract for the construction and acquisition of a proposed improvement or utility that payment therefor shall be made only in such bonds or warrants at the par value thereof. In all other respects, the issuance of such utility bonds or warrants and payment therefor shall be governed by the public utility laws for cities and towns. The revenue or utility bonds or warrants may be in any form, including bearer bonds or bearer warrants, or registered bonds or registered warrants as provided in RCW 39.46.030.

(4) Notwithstanding subsection (3) of this section, any of such revenue bonds and revenue warrants may be issued and sold in accordance with chapter 39.46 RCW. [1984 c 186 § 45; 1983 c 167 § 146; 1971 c 12 § 1. Prior: 1970 ex.s. c 56 § 77; 1970 ex.s. c 42 § 33; 1969 ex.s. c 232 § 14; 1931 c 1 § 7; RRS § 11611. Formerly RCW 54.24.130 through 54.24.160.]

**Purpose—1984 c 186:** See note following RCW 39.46.110.

**Purpose—1970 ex.s. c 56:** See note following RCW 39.52.020.

*Municipal utilities: Chapter 35.92 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

## BONDS—REVENUE OBLIGATIONS—1941 ACT

**54.24.020 General obligation bonds, revenue obligations for cost of utilities.** Whenever the commission of a public utility district, organized pursuant to chapter 1 of the Laws of 1931 (sections 11605 et seq. of Remington's Revised Statutes) shall deem it advisable that the district purchase, purchase and condemn, acquire or construct any public utility, or make any additions or betterments thereto or extensions thereof, the commission shall provide therefor by resolution, which shall specify and adopt the system or plan proposed and declare the estimated cost thereof, as near as may be, including as part of such cost funds necessary for working capital for the operation of such public utility by the district and for the payment of the expenses incurred in the

acquisition or construction thereof, and shall specify whether general obligation bonds or revenue obligations are to be issued to defray such cost and the amount of such general obligation bonds or revenue obligations.

The commissioners may provide in such resolution that any additional works, plants, or facilities subsequently acquired or constructed by the district for the same uses, whether or not physically connected therewith, shall be deemed additions or betterments to or extensions of such public utility. [1959 c 218 § 3; 1941 c 182 § 1; Rem. Supp. 1941 § 11611-1.]

*Revenue obligations defined: RCW 54.04.010.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.24.030 Revenue obligations—Special fund—Form, term, payment, etc.—Resolution of authority, contents—Contracts for future sale.** (1) Whenever the commission shall deem it advisable to issue revenue obligations for the purpose of defraying the cost or part of the cost of such public utility or any additions or betterments thereto or extensions thereof, it shall have power as a part of such plan and system to create a special fund or funds for the purpose of defraying the cost of such public utility, or additions or betterments thereto or extensions thereof, into which special fund or funds it may obligate and bind the district to set aside and pay a fixed proportion of the gross revenues of such public utility, and all additions or betterments thereto or extensions thereof, or any fixed amount out of, and not exceeding a fixed proportion of such revenues, or a fixed amount without regard to any fixed proportion, or an amount of such revenues equal to a fixed percentage of the aggregate principal amount of revenue obligations at any time issued against the special fund or funds, and to issue and sell revenue obligations payable as to both principal and interest only out of such fund or funds.

Such revenue obligations shall bear such date or dates, mature at such time or times, be in such denominations, be in such form, either coupon or registered, as provided in RCW 39.46.030, or both, carry such registration privileges, be made transferable, exchangeable, and interchangeable, be payable in such medium of payment, at such place or places, and be subject to such terms of redemption as the commission shall by resolution determine.

Any resolution or resolutions authorizing the issuance of any revenue obligations maturing in not exceeding six years from the date thereof (hereinafter in this section referred to as "short term obligations") may contain, in addition to all other provisions authorized by this title, and as an alternate method for the payment thereof, provisions which shall be a part of the contract with the holders of the short term obligations thereby authorized as to:

(a) Refunding the short term obligations at or prior to maturity and, if so provided, outstanding bonds by the issuance of revenue bonds of the district either by the sale of bonds and application of the proceeds to the payment of the short term obligations and outstanding bonds or by the exchange of bonds for the short term obligations;

(b) Satisfying, paying, or discharging the short term obligations at the election of the district by the tender or delivery of revenue bonds of the district in exchange therefor: PRO-

VIDED, That the aggregate principal amount of bonds shall not exceed by more than five percent the aggregate principal amount of the short term obligations, to satisfy, pay, or discharge said short term obligations for which the bonds are tendered or delivered;

(c) Exchanging or converting the short term obligations at the election of the owner thereof for or into the bonds of the district: PROVIDED, That the aggregate principal amount of the bonds shall not exceed by more than five percent the aggregate principal amount of the short term obligations to be exchanged for or converted into bonds;

(d) Pledging bonds of the district as collateral to secure payment of the short term obligations and providing for the terms and conditions of the pledge and the manner of enforcing the pledge, which terms and conditions may provide for the delivery of the bonds in satisfaction of the short term obligations: PROVIDED, That the aggregate principal amount of the bonds pledged shall not exceed by more than five percent the aggregate principal amount of the short term obligations to secure said short term obligations for which they are pledged;

(e) Depositing bonds in escrow or in trust with a trustee or fiscal agent or otherwise providing for the issuance and disposition of the bonds as security for carrying out any of the provisions in any resolution adopted pursuant to this section and providing for the powers and duties of the trustee, fiscal agent, or other depository and the terms and conditions upon which the bonds are to be issued, held and disposed of;

(f) Any other matters of like or different character which relate to any provision or provisions of any resolution adopted pursuant to this section.

A district shall have power to make contracts for the future sale from time to time of revenue obligations by which the purchasers shall be committed to purchase such revenue obligations from time to time on the terms and conditions stated in such contract; and a district shall have power to pay such consideration as it shall deem proper for such commitments.

(2) Notwithstanding subsection (1) of this section, such revenue obligations may be issued and sold in accordance with chapter 39.46 RCW. [1983 c 167 § 147; 1959 c 218 § 4; 1941 c 182 § 2; Rem. Supp. 1941 § 11611-2.]

*Alternative authority to issue revenue bonds: RCW 39.46.150, 39.46.160.*

*Funds for reserve purposes may be included in issue amount: RCW 39.44.140.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.24.040 Considerations in creating special fund—Status of claims against fund—When lien attaches.** In creating any special fund for the payment of revenue obligations, the commission shall have due regard to the cost of operation and maintenance of the plant or system constructed or added to, and to any proportion or amount of the revenues previously pledged as a fund for the payment of revenue obligations, and shall not set aside into such special fund or funds a greater amount or proportion of the revenues and proceeds than in its judgment will be available over and above such cost of maintenance and operation and the amount or proportion, if any, of the revenues so previously pledged. Any such revenue obligations and interest thereon issued against any such fund as herein provided shall be a valid claim of the

owner thereof only as against such special fund and the proportion or amount of the revenues pledged to such fund, but shall constitute a prior charge over all other charges or claims whatsoever, including the charge or lien of any general obligation bonds against such fund and the proportion or amount of the revenues pledged thereto. Such revenue obligations shall not constitute an indebtedness of such district within the meaning of the constitutional provisions and limitations. Each revenue obligation shall state on its face that it is payable from a special fund, naming such fund and the resolution creating it, or shall describe such alternate method for the payment thereof as shall be provided by the resolution authorizing same.

It is the intention hereof that any pledge of the revenues or other moneys or obligations made by a district shall be valid and binding from the time that the pledge is made; that the revenues or other moneys or obligations so pledged and thereafter received by a district shall immediately be subject to the lien of such pledge without any physical delivery or further act, and that the lien of any such pledge shall be valid and binding as against any parties having claims of any kind in tort, contract, or otherwise against a district irrespective of whether such parties have notice thereof. Neither the resolution or other instrument by which a pledge is created need be recorded. [1983 c 167 § 148; 1959 c 218 § 5; 1941 c 182 § 5; Rem. Supp. 1941 § 11611-5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.24.050 Covenants to secure owners of revenue obligations.** Any resolution creating any such special fund or authorizing the issue of revenue obligations payable therefrom, or by such alternate method of payment as may be provided therein, shall specify the title of such revenue obligations as determined by the commission and may contain covenants by the district to protect and safeguard the security and the rights of the owners thereof, including covenants as to, among other things:

(1) The purpose or purposes to which the proceeds of sale of such obligations may be applied and the use and disposition thereof;

(2) The use and disposition of the gross revenues of the public utility, and any additions or betterments thereto or extensions thereof, the cost of which is to be defrayed with such proceeds, including the creation and maintenance of funds for working capital to be used in the operation of the public utility and for renewals and replacements to the public utility;

(3) The amount, if any, of additional revenue obligations payable from such fund which may be issued and the terms and conditions on which such additional revenue obligations may be issued;

(4) The establishment and maintenance of adequate rates and charges for electric energy, water, and other services, facilities, and commodities sold, furnished, or supplied by the public utility;

(5) The operation, maintenance, management, accounting, and auditing of the public utility;

(6) The terms and prices upon which such revenue obligations or any of them may be redeemed at the election of the district;

(7) Limitations upon the right to dispose of such public utility or any part thereof without providing for the payment of the outstanding revenue obligations; and

(8) The appointment of trustees, depositaries, and paying agents to receive, hold, disburse, invest, and reinvest all or any part of the income, revenues, receipts, and profits derived by the district from the operation, ownership, and management of its public utility. [1983 c 167 § 149; 1959 c 218 § 6; 1945 c 143 § 2; 1941 c 182 § 3; Rem. Supp. 1945 § 11611-3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.24.060 Sale, delivery of revenue obligations.** (1) Such utility revenue obligations shall be sold and delivered in such manner, at such rate or rates of interest and for such price or prices and at such time or times as the commission shall deem for the best interests of the district. The commission may, if it deem it to the best interest of the district, provide in any contract for the construction or acquisition of the public utility, or the additions or betterments thereto or extensions thereof, that payment therefor shall be made only in such revenue obligations at the par value thereof.

(2) Notwithstanding subsection (1) of this section, such obligations may be issued and sold in accordance with chapter 39.46 RCW. [1983 c 167 § 150; 1970 ex.s. c 56 § 78; 1969 ex.s. c 232 § 83; 1959 c 218 § 7; 1941 c 182 § 4; Rem. Supp. 1941 § 11611-4.]

**Effective date—Purpose—1970 ex.s. c 56:** See notes following RCW 39.44.030.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.24.070 Prima facie validity of revenue obligations.** The state auditor need not register, certify, nor sign revenue obligations after July 26, 1981. These obligations shall be held in every action, suit, or proceeding in which their validity is or may be brought into question prima facie valid and binding obligations of the districts in accordance with their terms, notwithstanding any defects or irregularities in the proceedings for the organization of the district and the election of the commissioners thereof or for the authorization and issuance of such revenue obligations or in the sale, execution, or delivery thereof. [1981 c 37 § 1; 1959 c 218 § 8; 1941 c 182 § 6; Rem. Supp. 1941 § 11611-6.]

**54.24.080 Rates and charges—Waiver of connection charges for low-income persons.** (1) The commission of each district which shall have revenue obligations outstanding shall have the power and shall be required to establish, maintain, and collect rates or charges for electric energy and water and other services, facilities, and commodities sold, furnished, or supplied by the district. The rates and charges shall be fair and, except as authorized by RCW 74.38.070 and by subsections (2) and (3) of this section, nondiscriminatory, and shall be adequate to provide revenues sufficient for the payment of the principal of and interest on such revenue obligations for which the payment has not otherwise been provided and all payments which the district is obligated to set aside in any special fund or funds created for such purpose, and for the proper operation and maintenance of the public utility and all necessary repairs, replacements, and renewals thereof.

(2) The commission of a district may waive connection charges for properties purchased by low-income persons from organizations exempt from tax under section 501(c)(3) of the federal internal revenue code as amended prior to the July 23, 1995. Waivers of connection charges for the same class of electric or gas utility service must be uniformly applied to all qualified property. Nothing in this subsection (2) authorizes the impairment of a contract.

(3) In establishing rates or charges for water service, commissioners may in their discretion consider the achievement of water conservation goals and the discouragement of wasteful water use practices. [1995 c 140 § 3; 1991 c 347 § 21; 1959 c 218 § 9; 1941 c 182 § 7; Rem. Supp. 1941 § 11611-7.]

**Purposes—1991 c 347:** See note following RCW 90.42.005.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### 54.24.090 Funding, refunding revenue obligations.

Whenever any district shall have outstanding any utility revenue obligations, the commission shall have power by resolution to provide for the issuance of funding or refunding revenue obligations with which to take up and refund such outstanding revenue obligations or any part thereof at the maturity thereof or before maturity if the same be by their terms or by other agreement subject to call for prior redemption, with the right in the commission to include various series and issues of such outstanding revenue obligations in a single issue of funding or refunding revenue obligations, and to issue refunding revenue obligations to pay any redemption premium payable on the outstanding revenue obligations being funded or refunded. Such funding or refunding revenue obligations shall be payable only out of a special fund created out of the gross revenues of such public utility, and shall only be a valid claim as against such special fund and the amount of the revenues of such utility pledged to such fund. Such funding or refunding revenue obligations shall in the discretion of the commission be exchanged at par for the revenue obligations which are being funded or refunded or shall be sold in such manner, at such price and at such rate or rates of interest as the commission shall deem for the best interest of the district. Said funding or refunding [revenue] obligations shall except as specifically provided in this section, be issued in accordance with the provisions with respect to revenue obligations in chapter 182, Laws of 1941 set forth. [1970 ex.s. c 56 § 79; 1969 ex.s. c 232 § 84; 1959 c 218 § 10; 1941 c 182 § 8; Rem. Supp. 1941 c 11611-8.]

**Effective date—Purpose—1970 ex.s. c 56:** See notes following RCW 39.44.030.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.24.100 Execution of revenue obligations—Signatures.** (1) All revenue obligations, including funding and refunding revenue obligations, shall be executed in such manner as the commission may determine: PROVIDED, That warrants may be signed as provided in RCW 54.24.010. Any interest coupons attached to any revenue obligations may be executed with facsimile or lithographed signatures, or otherwise, as the commission may determine.

(2) Notwithstanding subsection (1) of this section, such obligations may be issued and sold in accordance with chap-

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ter 39.46 RCW. [1983 c 167 § 151; 1981 c 37 § 2; 1959 c 218 § 11; 1941 c 182 § 9; Rem. Supp. 1941 § 11611-9.]

*Facsimile signatures:* RCW 39.44.100 through 39.44.102; chapter 39.62 RCW.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.24.110 Laws and resolutions as contract.** The provisions of chapter 182, Laws of 1941 and the provisions of chapter 1, Laws of 1931, not hereby superseded, and of any resolution or resolutions providing for the issuance of any revenue obligations as herein set forth shall constitute a contract with the holder or holders of such revenue obligations and the agreements and covenants of the district and its commission under said acts and any such resolution or resolutions shall be enforceable by any revenue obligation holder by mandamus or any other appropriate suit or action in any court of competent jurisdiction. [1959 c 218 § 12; 1941 c 182 § 10; Rem. Supp. 1941 § 11611-10.]

*Mandamus:* RCW 7.16.150 through 7.16.280.

**54.24.120 Obligations as lawful securities and investments.** All bonds, warrants, and revenue obligations issued under the authority of chapter 1, Laws of 1931 and chapter 182, Laws of 1941 shall be legal securities, which may be used by any bank or trust company for deposit with the state treasurer, or any county, city, or town treasurer, as security for deposits in lieu of a surety bond under any law relating to deposits of public moneys and shall constitute legal investments for trustees and other fiduciaries other than corporations doing a trust business in this state and for savings and loan associations, banks, and insurance companies doing business in this state. All such bonds, warrants, and revenue obligations and all coupons appertaining thereto shall be negotiable instruments within the meaning of and for all purposes of the negotiable instruments law of this state. [1959 c 218 § 13; 1941 c 182 § 11; Rem. Supp. 1941 § 11611-11.]

*Investment securities:* Article 62A.8 RCW.

### LOCAL IMPROVEMENT GUARANTY FUND

**54.24.200 Local improvement guaranty fund.** Every public utility district in the state is hereby authorized, by resolution, to create a fund for the purpose of guaranteeing, to the extent of such fund, and in the manner hereinafter provided, the payment of such of its local improvement bonds and/or warrants as the commission may determine issued to pay for any local improvement within any local utility district established within the boundaries of the public utility district. Such fund shall be designated "local improvement guaranty fund, public utility district No. . . .". For the purpose of maintaining such fund the public utility district shall set aside and pay into it such proportion as the commissioners may direct by resolution of the monthly gross revenues of its public utilities for which local improvement bonds and/or warrants have been issued and guaranteed by said fund: PROVIDED, HOWEVER, That any obligation to make payments into said fund as herein provided shall be junior to any pledge of said gross revenues for the payment of any outstanding or future general obligation bonds or revenue bonds of the district. The proportion may be varied from time to time as the

commissioners deem expedient: PROVIDED, FURTHER, That under the existence of the conditions set forth in subdivisions (1) and (2), hereunder, and when consistent with the covenants of a public utility district securing its bonds, the proportion shall be as therein specified, to wit:

(1) When bonds and/or warrants of a local utility district have been guaranteed and are outstanding and the guaranty fund does not have a cash balance equal to twenty percent of all bonds and/or warrants originally guaranteed hereunder, excluding bonds and/or warrants which have been retired in full, then twenty percent of the gross monthly revenues from each public utility for which such bonds and/or warrants have been issued and are outstanding but not necessarily from users in other parts of the public utility district as a whole, shall be set aside and paid into the guaranty fund: PROVIDED, That when, under the requirements of this subdivision, the cash balance accumulates so that it is equal to twenty percent of the total original guaranteed bonds and/or warrants, exclusive of any issue of bonds and/or warrants of a local utility district which issue has been paid and/or redeemed in full, or equal to the full amount of all bonds and/or warrants guaranteed, outstanding and unpaid, which amount might be less than twenty percent of the original total guaranteed, then no further revenue need be set aside and paid into the guaranty fund so long as such condition continues;

(2) When warrants issued against the guaranty fund remain outstanding and uncalled, for lack of funds, for six months from date of issuance, or when bonds, warrants, or any coupons or interest payments guaranteed hereunder have been matured for six months and have not been redeemed, then twenty percent of the gross monthly revenue, or such portion thereof as the commissioners determine will be sufficient to retire the warrants or redeem the coupons, interest payments, bonds and/or warrants in the ensuing six months, derived from all the users of the public utilities for which such bonds and/or warrants have been issued and are outstanding in whole or in part, shall be set aside and paid into the guaranty fund: PROVIDED, That when under the requirements of this subdivision all warrants, coupons, bonds and/or warrants specified in this subdivision have been redeemed and interest payments made, no further income need be set aside and paid into the guaranty fund under the requirements of this subdivision unless other warrants remain outstanding and unpaid for six months or other coupons, bonds and/or warrants default or interest payments are not made: PROVIDED, FURTHER, HOWEVER, That no more than a total of twenty percent of the gross monthly revenue shall be required to be set aside and paid into the guaranty fund by these subdivisions (1) and (2). [1983 c 167 § 152; 1957 c 150 § 1.]

*Local utility districts: RCW 54.16.120.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.24.210 Local improvement guaranty fund—Duties of the district.** To comply with the requirements of setting aside and paying into the local improvement guaranty fund a proportion of the monthly gross revenues of the public utilities of a district, for which guaranteed local improvement bonds and/or warrants have been issued and are outstanding,

the district shall bind and obligate itself so long as economically feasible to maintain and operate the utilities and establish, maintain and collect such rates for water and/or electric energy, as the case may be, as will produce gross revenues sufficient to maintain and operate the utilities, and make necessary provision for the guaranty fund. The district shall alter its rates for water and/or electric energy, as the case may be, from time to time and shall vary them in different portions of its territory to comply with such requirements. [1957 c 150 § 2.]

**54.24.220 Local improvement guaranty fund—Warrants to meet liabilities.** When a bond, warrant, or any coupon or interest payment guaranteed by the guaranty fund matures and there are not sufficient funds in the local utility district bond redemption fund to pay it, the county treasurer shall pay it from the local improvement guaranty fund of the public utility district; if there are not sufficient funds in the guaranty fund to pay it, it may be paid by issuance and delivery of a warrant upon the local improvement guaranty fund.

When the cash balance in the local improvement guaranty fund is insufficient for the required purposes, warrants drawing interest at a rate determined by the commission may be issued by the district auditor, against the fund to meet any liability accrued against it and shall issue them upon demand of the owners of any matured coupons, bonds, interest payments, and/or warrants guaranteed hereby, or to pay for any certificate of delinquency for delinquent installments of assessments as provided hereinafter. Guaranty fund warrants shall be a first lien in their order of issuance upon the guaranty fund. [1983 c 167 § 153; 1981 c 156 § 19; 1957 c 150 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.24.230 Local improvement guaranty fund—Certificates of delinquency—Contents, purchase, payment, issuance, sale.** Within twenty days after the date of delinquency of any annual installment of assessments levied for the purpose of paying the local improvement bonds and/or warrants of a district guaranteed hereunder, the county treasurer shall compile a statement of all installments delinquent together with the amount of accrued interest and penalty appurtenant to each installment, and shall forthwith purchase, for the district, certificates of delinquency for all such delinquent installments. Payment for the certificates shall be made from the local improvement guaranty fund and if there is not sufficient money in that fund to pay for the certificates, the county treasurer shall accept the local improvement guaranty fund warrants in payment therefor. All certificates shall be issued in the name of the local improvement guaranty fund and all guaranty fund warrants issued in payment therefor shall be issued in the name of the appropriate local utility district fund. When a market is available and the commissioners direct, the county treasurer shall sell any certificates belonging to the local improvement guaranty fund, for not less than face value thereof plus accrued interest from date of issuance to date of sale.

The certificates shall be issued by the county treasurer, shall bear interest at the rate of ten percent per year, shall each be for the face value of the delinquent installment, plus

accrued interest to date of issuance, plus a penalty of five percent of the face value, and shall set forth the:

- (1) Description of property assessed;
- (2) Date the installment of assessment became delinquent; and
- (3) Name of the owner or reputed owner, if known. [1957 c 150 § 4.]

**54.24.240 Local improvement guaranty fund—Certificates of delinquency—Redemption, foreclosure.** The certificates of delinquency may be redeemed by the owner of the property assessed at any time up to two years from the date of foreclosure of the certificate.

If a certificate is not redeemed on the second occurring first day of January, after its issuance, the county treasurer shall foreclose the certificate in the manner specified for the foreclosure of the lien of local improvement assessments in cities, and if no redemption is made within the succeeding two years, from date of the decree of foreclosure, shall execute and deliver unto the public utility district, as trustee for the fund, a deed conveying fee simple title to the property described in the foreclosed certificate. [1957 c 150 § 5.]

**54.24.250 Local improvement guaranty fund—Subrogation of district as trustee of fund, effect on fund, disposition of proceeds.** When there is paid out of a guaranty fund any sum on the principal or interest upon local improvement bonds, and/or warrants, or on the purchase of certificates of delinquency, the public utility district, as trustee for the fund, shall be subrogated to all rights of the owner of the bonds, and/or warrants, any interest coupons, or delinquent assessment installments so paid; and the proceeds thereof, or of the assessment underlying them, shall become a part of the guaranty fund. There shall also be paid into the guaranty fund the interest received from the bank deposits of the fund, as well as any surplus remaining in the local utility district funds guaranteed hereunder, after the payment of all outstanding bonds and/or warrants payable primarily out of such local utility district funds. As among the several issues of bonds and/or warrants guaranteed by the fund, no preference shall exist, but defaulted interest coupons and bonds and/or warrants shall be purchased out of the fund in the order of their presentation.

The commissioners shall prescribe, by resolution, appropriate rules for the guaranty fund consistent herewith. So much of the money of a guaranty fund as is necessary and not required for other purposes hereunder may be used to purchase property at county tax foreclosure sales or from the county after foreclosure in cases where the property is subject to unpaid local improvement assessments securing bonds and/or warrants guaranteed hereunder and such purchase is deemed necessary for the purpose of protecting the guaranty fund. In such cases the funds shall be subrogated to all rights of the district. After so acquiring title to real property, the district may lease or resell and convey it in the same manner that county property may be leased or resold and for such prices and on such terms as may be determined by resolution of the commissioners. All proceeds resulting from such resales shall belong to and be paid into the guaranty fund. [1983 c 167 § 154; 1957 c 150 § 6.]

(2010 Ed.)

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.24.260 Local improvement guaranty fund—Rights and remedies of bond or warrant holder which shall be printed on bond or warrant—Disposition of balance of fund.** Neither the holder nor the owner of local improvement bonds and/or warrants guaranteed hereunder shall have a claim therefor against the public utility district, except for payment from the special assessment made for the improvement for which the bonds and/or warrants were issued, and except as against the guaranty fund. The district shall not be liable to any holder or owner of such local improvement bonds and/or warrants for any loss to the guaranty fund occurring in the lawful operation thereof by the district. The remedy of the holder of a local improvement bond and/or warrant shall be confined to the enforcement of the assessment and to the guaranty fund. A copy of the foregoing part of this section shall be plainly written, printed, or engraved on each local improvement bond and/or warrant guaranteed hereby. The establishment of a guaranty fund shall not be deemed at variance from any comprehensive plan heretofore adopted by a district.

If a guaranty fund at any time has balance therein in cash, and the obligations guaranteed thereby have all been paid off, the balance may be transferred to such other fund of the district as the commissioners shall, by resolution, direct. [1957 c 150 § 7.]

**Chapter 54.28 RCW  
PRIVILEGE TAXES**

Sections

- 54.28.010 Definitions.
- 54.28.011 "Gross revenue" defined.
- 54.28.020 Tax imposed—Rates—Additional tax imposed.
- 54.28.025 Tax imposed with respect to thermal electric generating facilities—Rate—Additional tax imposed.
- 54.28.030 Districts' report to department of revenue.
- 54.28.040 Tax computed—Payment—Penalties—Disposition.
- 54.28.050 Distribution of tax.
- 54.28.055 Distribution of tax proceeds from thermal electric generating facilities.
- 54.28.060 Interest.
- 54.28.070 Municipal taxes—May be passed on.
- 54.28.080 Additional tax for payment on bonded indebtedness of school districts.
- 54.28.090 Deposit of funds to credit of certain taxing districts.
- 54.28.100 Use of moneys received by taxing district.
- 54.28.110 Voluntary payments by district to taxing entity for removal of property from tax rolls.
- 54.28.120 Amount of tax if district acquires electric utility property from public service company.

*Special benefit assessments—Property taxes—Exemptions: RCW 84.34.300 through 84.34.380.*

**54.28.010 Definitions.** As used in this chapter:

- (1) "Operating property" means all of the property utilized by a public utility district in the operation of a plant or system for the generation, transmission, or distribution of electric energy for sale;
- (2) "Taxing districts" means counties, cities, towns, school districts, and road districts;
- (3) "Distributes to consumers" means the sale of electric energy to ultimate consumers thereof, and does not include sales of electric energy for resale by the purchaser;

(4) "Wholesale value" means all costs of a public utility district associated with the generation and transmission of energy from its own generation and transmission system to the point or points of inter-connection with a distribution system owned and used by a district to distribute such energy to consumers, or in the event a distribution system owned by a district is not used to distribute such energy, then the term means the gross revenues derived by a district from the sale of such energy to consumers;

(5) "Thermal electric generating facility" means a steam-powered electrical energy producing facility utilizing nuclear or fossil fuels;

(6) "Placed in operation" means delivery of energy into a transmission or distribution system for use or sale in such a manner as to establish a value accruing to the power plant operator, except operation incidental to testing or startup adjustments;

(7) "Impacted area" for a thermal electric generating facility on a federal reservation means that area in the state lying within thirty-five statute miles of the most commonly used entrance of the federal reservation and which is south of the southern boundary of township fifteen north. [1977 ex.s. c 366 § 1; 1967 ex.s. c 26 § 22; 1959 c 274 § 1; 1957 c 278 § 7. Prior: (i) 1941 c 245 § 1, part; Rem. Supp. 1941 § 11616-1, part. (ii) 1949 c 227 § 1(f); Rem. Supp. 1949 § 11616-2(f).]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.28.011 "Gross revenue" defined.** "Gross revenue" means the amount received from the sale of electric energy, which also includes any regularly recurring charge billed to consumers as a condition of receiving electric energy, and excluding any tax levied by a municipal corporation upon the district pursuant to RCW 54.28.070. [2010 1st sp.s. c 23 § 1001; 1957 c 278 § 12.]

**Application—2010 1st sp.s. c 23 § 1001:** "Section 1001 of this act applies prospectively only." [2010 1st sp.s. c 23 § 1718.]

**Effective date—2010 1st sp.s. c 23:** See note following RCW 82.32.655.

**Findings—Intent—2010 1st sp.s. c 23:** See notes following RCW 82.04.220.

**54.28.020 Tax imposed—Rates—Additional tax imposed.** (1) There is hereby levied and there shall be collected from every district a tax for the act or privilege of engaging within this state in the business of operating works, plants or facilities for the generation, distribution and sale of electric energy. With respect to each such district, except with respect to thermal electric generating facilities taxed under RCW 54.28.025, such tax shall be the sum of the following amounts: (a) Two percent of the gross revenues derived by the district from the sale of all electric energy which it distributes to consumers who are served by a distribution system owned by the district; (b) five percent of the first four mills per kilowatt-hour of wholesale value of self-generated energy distributed to consumers by a district; (c) five percent of the first four mills per kilowatt-hour of revenue obtained by the district from the sale of self-generated energy for resale.

(2) An additional tax is imposed equal to the rate specified in RCW 82.02.030 multiplied by the tax payable under subsection (1) of this section. [1983 2nd ex.s. c 3 § 8; 1982

1st ex.s. c 35 § 18; 1977 ex.s. c 366 § 2; 1959 c 274 § 2; 1957 c 278 § 2. Prior: 1949 c 227 § 1(a); 1947 c 259 § 1(a); 1941 c 245 § 2(a); Rem. Supp. 1949 § 11616-2(a).]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.28.025 Tax imposed with respect to thermal electric generating facilities—Rate—Additional tax imposed.**

(1) There is hereby levied and there shall be collected from every district operating a thermal electric generating facility, as defined in RCW 54.28.010 as now or hereafter amended, having a design capacity of two hundred fifty thousand kilowatts or more, located on a federal reservation, which is placed in operation after September 21, 1977, a tax for the act or privilege of engaging within the state in the business of generating electricity for use or sale, equal to one and one-half percent of wholesale value of energy produced for use or sale, except energy used in the operation of component parts of the power plant and associated transmission facilities under control of the person operating the power plant.

(2) An additional tax is imposed equal to the rate specified in RCW 82.02.030 multiplied by the tax payable under subsection (1) of this section. [1983 2nd ex.s. c 3 § 9; 1982 1st ex.s. c 35 § 19; 1977 ex.s. c 366 § 6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.28.030 Districts' report to department of revenue.**

On or before the fifteenth day of March of each year, each district subject to this tax shall file with the department of revenue a report verified by the affidavit of its manager or secretary on forms prescribed by the department of revenue. Such report shall state (1) the gross revenues derived by the district from the sale of all distributed energy to consumers and the respective amounts derived from such sales within each county; (2) the gross revenues derived by the district from the sale of self-generated energy for resale; (3) the amount of all generated energy distributed from each of the facilities subject to taxation by a district from its own generating facilities, the wholesale value thereof, and the basis on which the value is computed; (4) the total cost of all generating facilities and the cost of acquisition of land and land rights for such facilities or for reservoir purposes in each county; and (5) such other and further information as the department of revenue reasonably may require in order to administer the provisions of this chapter. In case of failure by a district to file such report, the department may proceed to determine the information, which determination shall be contestable by the district only for actual fraud. [1977 ex.s. c 366 § 3; 1975 1st ex.s. c 278 § 30; 1959 c 274 § 3; 1957 c 278 § 3. Prior: 1949 c 227 § 1(b); 1947 c 259 § 1(b); 1941 c 245 § 2(b); Rem. Supp. 1949 § 11616-2(b).]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.28.040 Tax computed—Payment—Penalties—Disposition.** (1) Before May 1st, the department of revenue shall compute the tax imposed by this chapter for the last preceding calendar year and notify the district of the amount thereof, which shall be payable on or before the following June 1st.

(2) If payment of any tax is not received by the department on or before the due date, there shall be assessed a pen-

alty of five percent of the amount of the tax; if the tax is not received within one month of the due date, there shall be assessed a total penalty of ten percent of the amount of the tax; and if the tax is not received within two months of the due date, there shall be assessed a total penalty of twenty percent of the amount of the tax.

(3) Upon receipt of the amount of each tax imposed the department of revenue shall deposit the same with the state treasurer, who shall deposit four percent of the revenues received under RCW 54.28.020(1) and 54.28.025(1) and all revenues received under RCW 54.28.020(2) and 54.28.025(2) in the general fund of the state and shall distribute the remainder in the manner hereinafter set forth. The state treasurer shall send a duplicate copy of each transmittal to the department of revenue. [1996 c 149 § 16; 1982 1st ex.s. c 35 § 20; 1975 1st ex.s. c 278 § 31; 1957 c 278 § 4. Prior: 1949 c 227 § 1(c); 1947 c 259 § 1(c); 1941 c 245 § 2(c); Rem. Supp. 1949 § 11616-2(c).]

**Findings—Intent—Effective date—1996 c 149:** See notes following RCW 82.32.050.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.28.050 Distribution of tax.** After computing the tax imposed by RCW 54.28.020(1), the department of revenue shall instruct the state treasurer, after placing thirty-seven and six-tenths percent in the state general fund to be dedicated for the benefit of the public schools, to distribute the balance collected under RCW 54.28.020(1)(a) to each county in proportion to the gross revenue from sales made within each county; and to distribute the balance collected under RCW 54.28.020(1) (b) and (c) as follows: If the entire generating facility, including reservoir, if any, is in a single county then all of the balance to the county where such generating facility is located. If any reservoir is in more than one county, then to each county in which the reservoir or any portion thereof is located a percentage equal to the percentage determined by dividing the total cost of the generating facilities, including adjacent switching facilities, into twice the cost of land and land rights acquired for any reservoir within each county, land and land rights to be defined the same as used by the federal power commission. If the powerhouse and dam, if any, in connection with such reservoir are in more than one county, the balance shall be divided sixty percent to the county in which the owning district is located and forty percent to the other county or counties or if said powerhouse and dam, if any, are owned by a joint operating agency organized under chapter 43.52 RCW, or by more than one district or are outside the county of the owning district, then to be divided equally between the counties in which such facilities are located. If all of the powerhouse and dam, if any, are in one county, then the balance shall be distributed to the county in which the facilities are located.

The provisions of this section shall not apply to the distribution of taxes collected under RCW 54.28.025. [1982 1st ex.s. c 35 § 21; 1980 c 154 § 8; 1977 ex.s. c 366 § 4; 1975 1st ex.s. c 278 § 32; 1959 c 274 § 4; 1957 c 278 § 5. Prior: 1949 c 227 § 1(d); 1947 c 259 § 1(d); 1941 c 245 § 2(d); Rem. Supp. 1949 § 11616-2(d).]

**Purpose—Effective dates—Savings—Disposition of certain funds—Severability—1980 c 154:** See notes following chapter 82.45 RCW digest.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

(2010 Ed.)

**54.28.055 Distribution of tax proceeds from thermal electric generating facilities.** (1) After computing the tax imposed by RCW 54.28.025(1), the department of revenue shall instruct the state treasurer to distribute the amount collected as follows:

(a) Fifty percent to the state general fund for the support of schools; and

(b) Twenty-two percent to the counties, twenty-three percent to the cities, three percent to the fire protection districts, and two percent to the library districts.

(2) Each county, city, fire protection district and library district shall receive a percentage of the amount for distribution to counties, cities, fire protection districts and library districts, respectively, in the proportion that the population of such district residing within the impacted area bears to the total population of all such districts residing within the impacted area. For the purposes of this chapter, the term "library district" includes only regional libraries as defined in \*RCW 27.12.010(4), rural county library districts as defined in \*RCW 27.12.010(5), intercounty rural library districts as defined in \*RCW 27.12.010(6), and island library districts as defined in \*RCW 27.12.010(7). The population of a library district, for purposes of such a distribution, shall not include any population within the library district and the impact area that also is located within a city or town.

(3) If any distribution pursuant to subsection (1)(b) of this section cannot be made, then that share shall be prorated among the state and remaining local districts.

(4) All distributions directed by this section to be made on the basis of population shall be calculated in accordance with data to be provided by the office of financial management. [1986 c 189 § 1; 1982 1st ex.s. c 35 § 22; 1979 c 151 § 165; 1977 ex.s. c 366 § 7.]

**\*Reviser's note:** RCW 27.12.010 was alphabetized pursuant to RCW 1.08.015(2)(k), changing subsections (4) through (7) to subsections (6), (7), (2), and (3), respectively.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.28.060 Interest.** Interest at the rate as computed under RCW 82.32.050(2) shall be added to the tax hereby imposed from the due date until the date of payment. The tax shall constitute a debt to the state and may be collected as such. [1996 c 149 § 12; 1957 c 278 § 6. Prior: 1949 c 227 § 1(e); 1947 c 259 § 1(e); 1941 c 245 § 2(e); Rem. Supp. 1949 § 11616-2(e).]

**Findings—Intent—Effective date—1996 c 149:** See notes following RCW 82.32.050.

**54.28.070 Municipal taxes—May be passed on.** Any city or town in which a public utility district operates works, plants or facilities for the distribution and sale of electricity shall have the power to levy and collect from such district a tax on the gross revenues derived by such district from the sale of electricity within the city or town, exclusive of the revenues derived from the sale of electricity for purposes of resale. Such tax when levied shall be a debt of the district, and may be collected as such. Any such district shall have the power to add the amount of such tax to the rates or charges it makes for electricity so sold within the limits of such city or town. [1941 c 245 § 3; Rem. Supp. 1941 § 11616-3.]

[Title 54 RCW—page 33]

**54.28.080 Additional tax for payment on bonded indebtedness of school districts.** Whenever any district acquires an operating property from any private person, firm, or corporation and a portion of the operating property is situated within the boundaries of any school district and at the time of such acquisition there is an outstanding bonded indebtedness of the school district, then the public utility district shall, in addition to the tax imposed by this chapter, pay directly to the school district a proportion of all subsequent payments by the school district of principal and interest on said bonded indebtedness, said additional payments to be computed and paid as follows: The amount of principal and interest required to be paid by the school district shall be multiplied by the percentage which the assessed value of the property acquired bore to the assessed value of the total property in the school district at the time of such acquisition. Such additional amounts shall be paid by the public utility district to the school district not less than fifteen days prior to the date that such principal and interest payments are required to be paid by the school district. In addition, any public utility district which acquires from any private person, firm, or corporation an operating property situated within a school district, is authorized to make voluntary payments to such school district for the use and benefit of the school district. [1957 c 278 § 8. Prior: 1949 c 227 § 1(g); 1941 c 245 § 2; Rem. Supp. 1949 § 11616-2(g).]

**54.28.090 Deposit of funds to credit of certain taxing districts.** The county legislative authority of each county shall direct the county treasurer to deposit funds to the credit of each taxing district in the county, other than school districts, according to the manner they deem most equitable; except not less than an amount equal to three-fourths of one percent of the gross revenues obtained by a district from the sale of electric energy within any incorporated city or town shall be remitted to such city or town. Information furnished by the district to the county legislative authority shall be the basis for the determination of the amount to be paid to such cities or towns.

The provisions of this section shall not apply to the distribution of taxes collected under RCW 54.28.025. [1980 c 154 § 9; 1977 ex.s. c 366 § 5; 1957 c 278 § 10.]

**Purpose—Effective dates—Savings—Disposition of certain funds—Severability—1980 c 154:** See notes following chapter 82.45 RCW digest.

**54.28.100 Use of moneys received by taxing district.** All moneys received by any taxing district shall be used for purposes for which state taxes may be used under the provisions of the state constitution. [1957 c 278 § 11.]

*Revenue and taxation: State Constitution Art. 7.*

**54.28.110 Voluntary payments by district to taxing entity for removal of property from tax rolls.** Whenever, hereafter, property is removed from the tax rolls as a result of the acquisition of operating property or the construction of a generating plant by a public utility district, such public utility district may make voluntary payments to any municipal corporation or other entity authorized to levy and collect taxes in an amount not to exceed the amount of tax revenues being received by such municipal corporation or other entity at the time of said acquisition or said construction and which are

lost by such municipal corporation or other entity as a result of the acquisition of operating property or the construction of a generating plant by the public utility district: PROVIDED, That this section shall not apply to taxing districts as defined in RCW 54.28.010, and: PROVIDED FURTHER, That in the event any operating property so removed from the tax rolls is dismantled or partially dismantled the payment which may be paid hereunder shall be correspondingly reduced. [1957 c 278 § 13.]

**54.28.120 Amount of tax if district acquires electric utility property from public service company.** In the event any district hereafter purchases or otherwise acquires electric utility properties comprising all or a portion of an electric generation and/or distribution system from a public service company, as defined in RCW 80.04.010, the total amount of privilege taxes imposed under chapter 278, Laws of 1957 to be paid by the district annually on the combined operating property within each county where such utility property is located, irrespective of any other basis of levy contained in this chapter, will be not less than the combined total of the ad valorem taxes, based on regular levies, last levied against the electric utility property constituting the system so purchased or acquired plus the taxes paid by the district for the same year on the revenues of other operating property in the same county under terms of this chapter. If all or any portion of the property so acquired is subsequently sold, or if rates charged to purchasers of electric energy are reduced, the amount of privilege tax required under this section shall be proportionately reduced. [1957 c 278 § 14.]

## Chapter 54.32 RCW

### CONSOLIDATION AND ANNEXATION

#### Sections

54.32.001	Actions subject to review by boundary review board.
54.32.010	Consolidation of districts—Property taxed—Boundaries enlarged.
54.32.040	Right of countywide utility district to acquire distribution properties.

*Annexation of territory: RCW 54.04.035.*

**54.32.001 Actions subject to review by boundary review board.** Actions taken under chapter 54.32 RCW may be subject to potential review by a boundary review board under chapter 36.93 RCW. [1989 c 84 § 49.]

**54.32.010 Consolidation of districts—Property taxed—Boundaries enlarged.** Two or more contiguous public utility districts may become consolidated into one public utility district after proceedings had as required by \*sections 8909, 8910 and 8911, of Remington's Compiled Statutes of Washington, PROVIDED, That a ten percent petition shall be sufficient; and public utility districts shall be held to be municipal corporations within the meaning of said sections, and the commission shall be held to be the legislative body of the public utility district as the term legislative body is used in said sections: PROVIDED, That any such consolidation shall in nowise affect or impair the title to any property owned or held by any such public utility district, or in trust therefor, or any debts, demands, liabilities or obliga-

tions existing in favor of or against either of the districts so consolidated, or any proceeding then pending: PROVIDED, FURTHER, That no property within either of the former public utility districts shall ever be taxed to pay any of the indebtedness of either of the other such former districts.

The boundaries of any public utility district may be enlarged and new territory included therein, after proceedings had as required by \*\*section 8894 of Remington's Compiled Statutes of Washington: PROVIDED, That a ten percent petition shall be sufficient; and public utility districts shall be held to be municipal corporations within the meaning of said section, and the commission shall be held to be the legislative body of the public utility district: PROVIDED, That no property within such territory so annexed shall ever be taxed to pay any portion of any indebtedness of such public utility district contracted prior to or existing at the date of such annexation.

In all cases wherein public utility districts of less area than an entire county desire to be consolidated with a public utility district including an entire county, and in all cases wherein it is desired to enlarge a public utility district including an entire county, by annexing a lesser area than an entire county, no election shall be required to be held in the district including an entire county. [1931 c 1 § 10; RRS § 11614. Formerly RCW 54.32.010 through 54.32.030.]

**Reviser's note:** \*(1) Rem. Comp. Stat. §§8909, 8910, and 8911 relating to the consolidation of municipal corporations had been repealed and reenacted by 1929 c 64 at the time the above section was enacted. 1929 c 64 was compiled as RRS § 8909-1 through 8909-12; see chapter 35.10 RCW.

\*\*\*(2) Rem. Comp. Stat. §8894 became chapter 35.12 RCW. RCW 35.12.010, the only section in that chapter, was repealed by 1969 ex.s. c 89 § 18.

**54.32.040 Right of countywide utility district to acquire distribution properties.** Upon the formation of a countywide public utility district in any county such district shall have the right, in addition to any other right provided by law, to acquire by purchase or condemnation any electrical distribution properties in the county from any other public utility district or combination of public utility districts for a period of five years from the time of organization of said public utility district. [1951 c 272 § 2.]

*Acquisition of electrical distribution property from public utility district by cities and towns: RCW 35.92.054.*

**Chapter 54.36 RCW**

**LIABILITY TO OTHER TAXING DISTRICTS**

Sections

54.36.010	Definitions.
54.36.020	Increased financial burden on school district—Determination of number of construction pupils.
54.36.030	Compensation of school district for construction pupils—Computation.
54.36.040	Compensation of school district for construction pupils—Amount to be paid.
54.36.050	Compensation of school district for construction pupils—How paid when more than one project in the same school district.
54.36.060	Power to make voluntary payments to school district for capital construction.
54.36.070	Increased financial burden on county or other taxing district—Power to make payments.
54.36.080	Funds received by school district—Equalization apportionment.

(2010 Ed.)

**54.36.010 Definitions.** As used in this chapter:

"Public utility district" means public utility district or districts or a joint operating agency or agencies.

"Construction project" means the construction of generating facilities by a public utility district. It includes the relocation of highways and railroads, by whomever done, to the extent that it is occasioned by the overflowing of their former locations, or by destruction or burying incident to the construction.

"Base-year enrollment" means the number of pupils enrolled in a school district on the first of May next preceding the date construction was commenced.

"Subsequent-year enrollment" means the number of pupils enrolled in a school district on any first of May after construction was commenced.

"Construction pupils" means pupils who have a parent who is a full time employee on the construction project and who moved into the school district subsequent to the first day of May next preceding the day the construction was commenced.

"Nonconstruction pupils" means other pupils. [1975 1st ex.s. c 10 § 1; 1973 1st ex.s. c 154 § 99; 1957 c 137 § 1.]

*Operating agencies: Chapter 43.52 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.36.020 Increased financial burden on school district—Determination of number of construction pupils.**

When as the result of a public utility district construction project a school district considers it is suffering an increased financial burden in any year during the construction project, it shall determine the number of construction pupils enrolled in the school district on the first of May of such year. [1957 c 137 § 2.]

**54.36.030 Compensation of school district for construction pupils—Computation.**

If the subsequent-year enrollment exceeds one hundred and three percent of the base-year enrollment, the public utility district shall compensate the school district for a number of construction pupils computed as follows:

(1) If the subsequent-year enrollment of nonconstruction pupils is less than the base-year enrollment, compensation shall be paid for the total number of all pupils minus one hundred and three percent of the base-year enrollment.

(2) If the subsequent-year enrollment of nonconstruction pupils is not less than the base-year enrollment, compensation shall be paid for the total number of construction pupils minus three percent of the base-year enrollment. [1957 c 137 § 3.]

**54.36.040 Compensation of school district for construction pupils—Amount to be paid.**

The compensation to be paid per construction pupils as computed in RCW 54.36.030 shall be one-third of the average per-pupil cost of the local school district, for the school year then current. [1957 c 137 § 4.]

**54.36.050 Compensation of school district for construction pupils—How paid when more than one project in the same school district.** If more than one public utility

district or joint operating agency is carrying on a construction project in the same school district, the number of construction pupils for whom the school district is to receive compensation shall be computed as if the projects were constructed by a single agency. The public utility districts or joint operating agencies involved shall divide the cost of such compensation between themselves in proportion to the number of construction pupils occasioned by the operations of each. [1957 c 137 § 5.]

**54.36.060 Power to make voluntary payments to school district for capital construction.** Public utility districts are hereby authorized to make voluntary payments to a school district for capital construction if their construction projects cause an increased financial burden for such purpose on the school district. [1957 c 137 § 6.]

**54.36.070 Increased financial burden on county or other taxing district—Power to make payments.** Public utilities are hereby authorized to make payments to a county or other taxing district in existence before the commencement of construction on the construction project which suffers an increased financial burden because of their construction projects, but such amount shall not be more than the amount by which the property taxes levied against the contractors engaged in the work on the construction project failed to meet said increased financial burden. [1957 c 137 § 7.]

**54.36.080 Funds received by school district—Equalization apportionment.** The funds paid by a public utility district to a school district under the provisions of this chapter shall not be considered a school district receipt by the superintendent of public instruction in determining equalization apportionments under \*RCW 28.41.080. [1957 c 137 § 8.]

*\*Reviser's note:* RCW 28.41.080 was repealed by 1965 ex.s. c 154 § 12; as a part thereof said section concludes with the following proviso "... PROVIDED, That the provisions of such statutes herein repealed insofar as they are expressly or impliedly adopted by reference or otherwise referred to in or for the benefit of any other statutes, are hereby preserved for such purposes."

**Chapter 54.40 RCW**

**FIVE COMMISSIONER DISTRICTS**

(Formerly: First-class districts)

Sections

- 54.40.010 Five commissioner districts—Requirements.
- 54.40.020 Existing districts—Qualifications—Voters' approval.
- 54.40.030 Transmittal of copies of federal hydroelectric license to county auditor.
- 54.40.040 Criteria, election to reclassify as a five commissioner district—Ballot form—Vote required.
- 54.40.050 Petition for reclassification—Certificate of sufficiency—Election.
- 54.40.060 Division of district.
- 54.40.070 Special election for commissioners from districts—Terms.

**54.40.010 Five commissioner districts—Requirements.** A five commissioner public utility district is a district that (1) either: (a) Has or had a license from the federal power commission to construct a hydroelectric project of an estimated cost of more than two hundred and fifty million dollars, including interest during construction; or (b) has a

population of five hundred thousand or more; and (2) voters of the district approved a ballot proposition authorizing the district to become a five commissioner district as provided under RCW 54.40.040. All other public utility districts shall be known as three commissioner districts. [1994 c 223 § 57; 1977 ex.s. c 36 § 1; 1959 c 265 § 2.]

**54.40.020 Existing districts—Qualifications—Voters' approval.** Every public utility district which on September 21, 1977, shall be in existence and have such a license shall be qualified to become a five commissioner district upon approval of the voters of said district, and every public utility district which on September 21, 1977, shall have become a first-class district as previously provided by chapter 265, Laws of 1959 shall be a five commissioner district. [1977 ex.s. c 36 § 2; 1959 c 265 § 3.]

**54.40.030 Transmittal of copies of federal hydroelectric license to county auditor.** Within five days after a public utility district shall receive a license from the federal power commission to construct a hydroelectric project of an estimated cost of more than two hundred and fifty million dollars, including interest during construction, or, in the case of a district which on September 21, 1977, is in existence and has such a license within five days of September 21, 1977, the district shall forward a true copy of said license, certified by the secretary of the district, to the county auditor of the county wherein said district is located. [1977 ex.s. c 36 § 3; 1959 c 265 § 4.]

**54.40.040 Criteria, election to reclassify as a five commissioner district—Ballot form—Vote required.** A public utility district that has or had a license from the federal power commission to construct a hydroelectric project of an estimated cost of more than two hundred fifty million dollars, including interest during construction, or has a population of five hundred thousand or more, shall be classified as a five commissioner district if voters of the district approve a ballot proposition authorizing the change. In submitting the question to the voters for their approval or rejection, the proposition shall be expressed on the ballot in substantially the following terms:

Shall Public Utility District No. . . . . be reclassified a Five Commissioner District for the purpose of increasing the number of commissioners to five. . . . . YES   
 NO

Should a majority of the voters voting on the question approve the proposition, the district shall be declared a five commissioner district upon the certification of the election returns. [1994 c 223 § 58; 1977 ex.s. c 36 § 4; 1959 c 265 § 5.]

**54.40.050 Petition for reclassification—Certificate of sufficiency—Election.** The question of reclassification of a public utility district that has or had a license from the federal power commission to construct a hydroelectric project of an estimated cost of more than two hundred fifty million dollars, including interest during construction, or has a population of

five hundred thousand or more, as a five commissioner public utility district shall be submitted to the voters if a petition proposing the change is filed with the county auditor of the county in which the district is located, identifying the district by number and praying that an election be held to determine whether it shall become a five commissioner district. The petition must be signed by a number of registered voters of the district equal to at least ten percent of the number of registered voters in the district who voted at the last general election and include each signer's residence address.

The petition shall be filed with the county auditor for verification of the validity of the signatures. Within thirty days after receipt of the petition, the county auditor shall determine the sufficiency of the petition. If the petition is found insufficient, the person who filed the same shall be notified by mail and he or she shall have an additional fifteen days from the date of mailing such notice within which to submit additional signatures, and the county auditor shall have an additional thirty days after the submission of such additional signatures to determine the validity of the entire petition. No signature may be withdrawn after the petition has been filed.

If the petition, including these additional signatures if any, is found sufficient, the county auditor shall certify its sufficiency to the public utility district and if the commissioners of the public utility district had certified to the county auditor the eligibility of the district for reclassification as provided in this chapter, the county auditor shall submit to the voters of the district the question of whether the district shall become a five commissioner district. The election shall be held at the next state general election occurring sixty or more days after the petition was certified as having sufficient valid signatures. [2010 c 8 § 17009; 1994 c 223 § 59; 1977 ex.s. c 36 § 5; 1959 c 265 § 6.]

**54.40.060 Division of district.** If the reclassification to a five commissioner district is approved by the voters, the public utility district commission within sixty days after the results of said election are certified shall divide the public utility district into two districts of as nearly equal population as possible, and shall designate the districts as District A and District B. [1994 c 223 § 60; 1977 ex.s. c 36 § 6; 1959 c 265 § 7.]

**54.40.070 Special election for commissioners from districts—Terms.** Within thirty days after the public utility district commission divides the district into District A and District B, the county legislative authority shall call a special election, to be held at the next special election date provided for under \*RCW 29.13.010 that occurs sixty or more days after the call, at which time the initial commissioners for District A and District B shall be elected. No primary shall be held and a special filing period shall be opened as provided in \*RCW 29.15.170 and 29.15.180. The person receiving the greatest number of votes for each position shall be elected.

The person who is elected receiving the greatest number of votes shall be elected to a four-year term of office, and the other person who is elected shall be elected to a two-year term of office, if the election is held in an even-numbered year, or the person who is elected receiving the greatest num-

ber of votes shall be elected to a three-year term of office, and the other person who is elected shall be elected to a one-year term of office, if the election is held in an odd-numbered year. The length of these terms of office shall be calculated from the first day in January in the year following their elections.

The newly elected commissioners shall assume office immediately after being elected and qualified and shall serve until their successors are elected and qualified and assume office in accordance with \*RCW 29.04.170. Each successor shall be elected to a four-year term of office. [1994 c 223 § 61; 1977 ex.s. c 36 § 7; 1959 c 265 § 8.]

**\*Reviser's note:** RCW 29.13.010, 29.15.170, 29.15.180, and 29.04.170 were recodified as RCW 29A.04.320, 29A.24.170, 29A.24.180, and 29A.20.040, respectively, pursuant to 2003 c 111 § 2401, effective July 1, 2004. RCW 29A.04.320, 29A.24.170, and 29A.24.180 were subsequently repealed by 2004 c 271 § 193. Later enactment of RCW 29A.04.320, 29A.24.170, and 29A.24.180, see RCW 29A.04.321, 29A.24.171, and 29A.24.181, respectively.

## Chapter 54.44 RCW

### NUCLEAR, THERMAL, ELECTRIC GENERATING POWER FACILITIES—JOINT DEVELOPMENT

#### Sections

54.44.010	Declaration of public purpose.
54.44.020	Authority to participate in and enter into agreements—Percentage of ownership—Expenses—Taxes—Payments.
54.44.030	Liability of city, joint operating agency, or public utility district—Extent—Limitations.
54.44.040	Authority to provide money and/or property, issue revenue bonds—Declaration of public purpose.
54.44.050	Depositories—Disbursement of funds.
54.44.060	Agreements to conform to applicable laws.
54.44.900	Liberal construction—Not to affect existing acts.
54.44.901	Severability—1973 1st ex.s. c 7.
54.44.910	Severability—1967 c 159.

**54.44.010 Declaration of public purpose.** It is declared to be in the public interest and for a public purpose that cities of the first class, public utility districts, joint operating agencies organized under chapter 43.52 RCW, regulated electrical companies and, rural electrical cooperatives including generation and transmission cooperatives be permitted to participate together in the development of nuclear and other thermal power facilities and transmission facilities as hereinafter provided as one means of achieving economies of scale and thereby promoting the economic development of the state and its natural resources to meet the future power needs of the state and all its inhabitants. [1975-'76 2nd ex.s. c 72 § 1; 1973 1st ex.s. c 7 § 1; 1967 c 159 § 1.]

**Legislative finding—Emergency—1973 1st ex.s. c 7:** "The legislature finds that the immediate planning, financing, acquisition and construction of electric generating and transmission facilities as provided in sections 1 through 6 of this 1973 amendatory act is a public necessity to meet the power requirements of the public utility districts, cities, joint operating agencies and regulated utilities referred to in sections 1 through 6 of this 1973 amendatory act and the inhabitants of this state; further that such public utility districts, cities, joint operating agencies and regulated utilities are ready, willing and able to undertake such planning, financing, acquisition and construction of said electric generating and transmission facilities immediately upon the passage of sections 1 through 6 of this 1973 amendatory act. This 1973 amendatory act is necessary for the immediate preservation of the public peace, health and safety, the support of the state government and its existing public institutions, and shall take effect immediately." [1973 1st ex.s. c 7 § 7.]

*Energy facilities, site locations: Chapter 80.50 RCW.*

*Nuclear energy and radiation: Chapter 70.98 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.44.020 Authority to participate in and enter into agreements—Percentage of ownership—Expenses—Taxes—Payments.** (1) Except as provided in subsections (2) and (3) of this section, cities of the first class, public utility districts organized under chapter 54.08 RCW, and joint operating agencies organized under chapter 43.52 RCW, any such cities and public utility districts which operate electric generating facilities or distribution systems and any joint operating agency shall have power and authority to participate and enter into agreements with each other and with electrical companies which are subject to the jurisdiction of the Washington utilities and transportation commission or the public utility commissioner of Oregon, hereinafter called "regulated utilities", and with rural electric cooperatives, including generation and transmission cooperatives for the undivided ownership of any type of electric generating plants and facilities, including, but not limited to, nuclear and other thermal power generating plants and facilities and transmission facilities including, but not limited to, related transmission facilities, hereinafter called "common facilities", and for the planning, financing, acquisition, construction, operation and maintenance thereof. It shall be provided in such agreements that each city, public utility district, or joint operating agency shall own a percentage of any common facility equal to the percentage of the money furnished or the value of property supplied by it for the acquisition and construction thereof and shall own and control a like percentage of the electrical output thereof.

(2) Cities of the first class, public utility districts organized under chapter 54.08 RCW, and joint operating agencies organized under chapter 43.52 RCW, shall have the power and authority to participate and enter into agreements for the undivided ownership of a coal-fired thermal electric generating plant and facility placed in operation before July 1, 1975, including related common facilities, and for the planning, financing, acquisition, construction, operation, and maintenance of the plant and facility. It shall be provided in such agreements that each city, public utility district, or joint operating agency shall own a percentage of any common facility equal to the percentage of the money furnished or the value of property supplied by the city, district, or agency, for the acquisition and construction of the facility, and shall own and control a like percentage of the electrical output thereof. Cities of the first class, public utility districts, and joint operating agencies may enter into agreements under this subsection with each other, with regulated utilities, with rural electric cooperatives, with electric companies subject to the jurisdiction of the regulatory commission of any other state, and with any power marketer subject to the jurisdiction of the federal energy regulatory commission.

(3)(a) Except as provided in subsections (1) and (2) of this section, cities of the first class, counties with a biomass facility authorized under RCW 36.140.010, public utility districts organized under chapter 54.08 RCW, any cities that operate electric generating facilities or distribution systems, any joint operating agency organized under chapter 43.52 RCW, or any separate legal entity comprising two or more thereof organized under chapter 39.34 RCW shall, either

directly or as co-owners of a separate legal entity, have power and authority to participate and enter into agreements described in (b) and (c) of this subsection with each other, and with any of the following, either directly or as co-owners of a separate legal entity:

(i) Any public agency, as that term is defined in RCW 39.34.020;

(ii) Electrical companies that are subject to the jurisdiction of the Washington utilities and transportation commission or the regulatory commission of any state; and

(iii) Rural electric cooperatives and generation and transmission cooperatives or any wholly owned subsidiaries of either rural electric cooperatives or generation and transmission cooperatives.

(b) Except as provided in (b)(i)(B) of this subsection (3), agreements may provide for:

(i)(A) The undivided ownership, or indirect ownership in the case of a separate legal entity, of common facilities that include any type of electric generating plant generating an eligible renewable resource, as defined in RCW 19.285.030, and transmission facilities including, but not limited to, related transmission facilities, and for the planning, financing, acquisition, construction, operation, and maintenance thereof;

(B) For counties with a biomass facility authorized under RCW 36.140.010, the provisions in (b)(i)(A) of this subsection (3) are limited to the purposes of RCW 36.140.010; and

(ii) The formation, operation, and ownership of a separate legal entity that may own the common facilities.

(c) Agreements must provide that each city, county, public utility district, or joint operating agency:

(i) Owns a percentage of any common facility or a percentage of any separate legal entity equal to the percentage of the money furnished or the value of property supplied by it for the acquisition and construction thereof; and

(ii) Owns and controls, or has a right to own and control in the case of a separate legal entity, a like percentage of the electrical output thereof.

(d) Any entity in which a public utility district participates, either directly or as co-owner of a separate legal entity, in constructing or developing a common facility pursuant to this subsection shall comply with the provisions of chapter 39.12 RCW.

(4) Each participant shall defray its own interest and other payments required to be made or deposited in connection with any financing undertaken by it to pay its percentage of the money furnished or value of property supplied by it for the planning, acquisition and construction of any common facility, or any additions or betterments thereto. The agreement shall provide a uniform method of determining and allocating operation and maintenance expenses of the common facility.

(5) Each city, county acting under RCW 36.140.010, public utility district, joint operating agency, regulated utility, and cooperatives participating in the direct or indirect ownership or operation of a common facility described in subsections (1) through (3) of this section shall pay all taxes chargeable to its share of the common facility and the electric energy generated thereby under applicable statutes as now or hereafter in effect, and may make payments during preliminary work and construction for any increased financial bur-

den suffered by any county or other existing taxing district in the county in which the common facility is located, pursuant to agreement with such county or taxing district. [2010 c 167 § 2; 2008 c 198 § 3; 1997 c 230 § 2; 1975-'76 2nd ex.s. c 72 § 2; 1974 ex.s. c 72 § 1; 1973 1st ex.s. c 7 § 2; 1967 c 159 § 2.]

**Finding—2008 c 198:** See note following RCW 39.34.030.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**54.44.030 Liability of city, joint operating agency, or public utility district—Extent—Limitations.** In carrying out the powers granted in this chapter, each such city, public utility district, or joint operating agency shall be severally liable only for its own acts and not jointly or severally liable for the acts, omissions or obligations of others. No money or property supplied by any such city, public utility district, or joint operating agency for the planning, financing, acquisition, construction, operation or maintenance of any common facility shall be credited or otherwise applied to the account of any other participant therein, nor shall the undivided share of any city, public utility district, or joint operating agency in any common facility be charged, directly or indirectly, with any debt or obligation of any other participant or be subject to any lien as a result thereof. No action in connection with a common facility shall be binding upon any public utility district, city, or joint operating agency unless authorized or approved by resolution or ordinance of its governing body. [1973 1st ex.s. c 7 § 3; 1967 c 159 § 3.]

**54.44.040 Authority to provide money and/or property, issue revenue bonds—Declaration of public purpose.** Any such city, public utility district, or joint operating agency participating in common facilities under this chapter, without an election, may furnish money and provide property, both real and personal, issue and sell revenue bonds pledging revenues of its electric system and its interest or share of the revenues derived from the common facilities and any additions and betterments thereto in order to pay its respective share of the costs of the planning, financing, acquisition and construction thereof. Such bonds shall be issued under the provisions of applicable laws authorizing the issuance of revenue bonds for the acquisition and construction of electric public utility properties by cities, public utility districts, or joint operating agencies as the case may be. All moneys paid or property supplied by any such city, public utility district, or joint operating agency for the purpose of carrying out the powers conferred herein are declared to be for a public purpose. [1973 1st ex.s. c 7 § 4; 1967 c 159 § 4.]

**54.44.050 Depositories—Disbursement of funds.** All moneys belonging to cities, public utility districts, and joint operating agencies in connection with common facilities shall be deposited in such depositories as qualify for the deposit of public funds and shall be accounted for and disbursed in accordance with applicable law. [1973 1st ex.s. c 7 § 5; 1967 c 159 § 5.]

**54.44.060 Agreements to conform to applicable laws.** Any agreement with respect to work to be done or material furnished by any such city, public utility district, or joint

operating agency in connection with the construction, maintenance and operation of the common facilities, and any additions and betterments thereto shall be in conformity, as near as may be, with applicable laws now or hereafter in effect relating to public utility districts or cities of the first class. [1973 1st ex.s. c 7 § 6; 1967 c 159 § 6.]

**54.44.900 Liberal construction—Not to affect existing acts.** The provisions of this chapter shall be liberally construed to effectuate the purposes thereof. This chapter shall not be construed to affect any existing act or part thereof relating to the construction, operation or maintenance of any public utility. [1967 c 159 § 7.]

**54.44.901 Severability—1973 1st ex.s. c 7.** If any provision of this 1973 amendatory act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected. [1973 1st ex.s. c 7 § 8.]

**54.44.910 Severability—1967 c 159.** If any provisions of this act or its application to any person or circumstance shall be held invalid or unconstitutional, the remainder of this act or its application to other persons or circumstances shall not be affected. [1967 c 159 § 8.]

**Chapter 54.48 RCW**

**AGREEMENTS BETWEEN ELECTRICAL PUBLIC UTILITIES AND COOPERATIVES**

Sections

- 54.48.010 Definitions.
- 54.48.020 Legislative declaration of policy.
- 54.48.030 Agreements between public utilities and cooperatives authorized—Boundaries—Extension procedures—Purchase or sale—Approval.
- 54.48.040 Cooperatives not to be classified as public utilities or under authority of utilities and transportation commission.

**54.48.010 Definitions.** When used in this chapter:

- (1) "Public utility" means any privately owned public utility company engaged in rendering electric service to the public for hire, any public utility district engaged in rendering service to residential customers and any city or town engaged in the electric business.
- (2) "Cooperative" means any cooperative having authority to engage in the electric business. [1969 c 102 § 1.]

**54.48.020 Legislative declaration of policy.** The legislature hereby declares that the duplication of the electric lines and service of public utilities and cooperatives is uneconomical, may create unnecessary hazards to the public safety, discourages investment in permanent underground facilities, and is unattractive, and thus is contrary to the public interest and further declares that it is in the public interest for public utilities and cooperatives to enter into agreements for the purpose of avoiding or eliminating such duplication. [1969 c 102 § 2.]

**54.48.030 Agreements between public utilities and cooperatives authorized—Boundaries—Extension proce-**

**dures—Purchase or sale—Approval.** In aid of the foregoing declaration of policy, any public utility and any cooperative is hereby authorized to enter into agreements with any one or more other public utility or one or more other cooperative for the designation of the boundaries of adjoining service areas which each such public utility or each such cooperative shall observe, for the establishment of procedures for orderly extension of service in adjoining areas not currently served by any such public utility or any such cooperative and for the acquisition or disposal by purchase or sale by any such public utility or any such cooperative of duplicating utility facilities, which agreements shall be for a reasonable period of time not in excess of twenty-five years: PROVIDED, That the participation in such agreement of any public utility which is an electrical company under RCW 80.04.010, excepting cities and towns, shall be approved by the Washington utilities and transportation commission. [1969 c 102 § 3.]

**54.48.040 Cooperatives not to be classified as public utilities or under authority of utilities and transportation commission.** Nothing herein shall be construed to classify a cooperative having authority to engage in the electric business as a public utility or to include cooperatives under the authority of the Washington utilities and transportation commission. [1969 c 102 § 4.]

### Chapter 54.52 RCW

#### VOLUNTARY CONTRIBUTIONS TO ASSIST LOW-INCOME CUSTOMERS

##### Sections

- 54.52.010 Voluntary contributions to assist low-income residential customers—Administration.
- 54.52.020 Disbursal of contributions—Quarterly report.
- 54.52.030 Contributions not considered commingling of funds.

**54.52.010 Voluntary contributions to assist low-income residential customers—Administration.** A public utility district may include along with, or as part of its regular customer billings, a request for voluntary contributions to assist qualified low-income residential customers of the district in paying their electricity bills. All funds received by the district in response to such requests shall be (1) transmitted (a) to the grantee of the \*department of community, trade, and economic development which administers federally funded energy assistance programs for the state in the district's service area or (b) to a charitable organization within the district's service area; or (2) retained by the district. All such funds shall be used solely to supplement assistance to low-income residential customers of the district in paying their electricity bills. The grantee, charitable organization, or district is responsible to determine which of the district's customers are qualified for low-income assistance and the amount of assistance to be provided to those who are qualified. [2007 c 132 § 1; 1995 c 399 § 145; 1985 c 6 § 20; 1984 c 59 § 1.]

**\*Reviser's note:** The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

**54.52.020 Disbursal of contributions—Quarterly report.** All assistance provided under this chapter shall be disbursed by the grantee, charitable organization, or district. When applicable, the public utility district will be paid on behalf of the customer by the grantee or the charitable organization. When direct vendor payment is not feasible, a check will be issued jointly payable to the customer and the public utility district. The availability of funds for assistance to a district's low-income customers as a result of voluntary contributions shall not reduce the amount of assistance for which the district's customers are eligible under the federally funded energy assistance programs administered by the grantee of the \*department of community, trade, and economic development within the district's service area. When applicable, the grantee or charitable organization shall provide the district with a quarterly report on January 15th, April 15th, July 15th, and October 15th which includes information concerning the total amount of funds received from the district, the names of all recipients of assistance from these funds, the amount received by each recipient, and the amount of funds received from the district currently on hand and available for future low-income assistance. [2007 c 132 § 2; 1995 c 399 § 146; 1985 c 6 § 21; 1984 c 59 § 2.]

**\*Reviser's note:** The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

**54.52.030 Contributions not considered commingling of funds.** Contributions received under a program implemented by a public utility district in compliance with this chapter shall not be considered a commingling of funds. [1984 c 59 § 3.]

# Title 55

## SANITARY DISTRICTS

### Chapters

#### **55.04 Formation and dissolution.**

*Conveyance of real property by public bodies—Recording: RCW 65.08.095.*

*Credit card use by local governments: RCW 43.09.2855.*

*Dissolution of inactive special purpose districts: Chapter 36.96 RCW.*

*Hospitalization and medical aid for public employees and dependents—Premiums, governmental contributions authorized: RCW 41.04.180, 41.04.190.*

*Local governmental organizations, actions affecting boundaries, etc., review by boundary review board: Chapter 36.93 RCW.*

*Municipal corporation may authorize investment of funds which are in custody of county treasurer or other municipal corporation treasurer: RCW 36.29.020.*

*Public bodies may retain collection agencies to collect public debts—Fees: RCW 19.16.500.*

### **Chapter 55.04 RCW**

#### **FORMATION AND DISSOLUTION**

#### Sections

55.04.050 Dissolution.

55.04.060 Disincorporation of district located in county with a population of two hundred ten thousand or more and inactive for five years.

*Elections: Title 29A RCW.*

**55.04.050 Dissolution.** See port districts, chapter 53.48 RCW.

**55.04.060 Disincorporation of district located in county with a population of two hundred ten thousand or more and inactive for five years.** See chapter 57.90 RCW.



# Title 57

## WATER-SEWER DISTRICTS

### Chapters

- 57.02 General provisions.**
- 57.04 Formation and dissolution.**
- 57.06 Validation and construction.**
- 57.08 Powers.**
- 57.12 Officers and elections.**
- 57.16 Comprehensive plan—Local improvement districts.**
- 57.20 Finances.**
- 57.22 Contracts for system extensions.**
- 57.24 Annexation of territory.**
- 57.28 Withdrawal of territory.**
- 57.32 Consolidation of districts—Transfer of part of district.**
- 57.36 Merger of districts.**
- 57.42 Disposition of property to public utility district.**
- 57.46 Voluntary contributions to assist low-income customers.**
- 57.90 Disincorporation of districts in counties with 210,000 population or more.**

*Assumption of jurisdiction over district or territory to city or town: Chapter 35.13A RCW.*

*City sewerage, drainage, and water supply: RCW 35.21.210, chapters 35.67 and 35.92 RCW.*

*Conveyances of real property by public bodies—Recording: RCW 65.08.095.*

*County water systems, authority, procedure: Chapter 36.94 RCW.*

*Credit card use by local governments: RCW 43.09.2855.*

*Furnishing impure water: RCW 70.54.020.*

*Hospitalization and medical aid for public employees and dependents—Premiums, governmental contributions authorized: RCW 41.04.180, 41.04.190.*

*Irrigation districts authorized to acquire water district's water system, authority to convey: RCW 87.03.015.*

*Municipal corporation may authorize investment of funds that are in custody of county treasurer or other municipal corporation treasurer: RCW 36.29.020.*

*Pollution of watershed or source of drinking water: RCW 70.54.010, 70.54.030.*

*Port district may provide sewer and water utilities in adjacent areas: RCW 53.08.040.*

*Taxing authority of cities: Chapter 35.13B RCW.*

### Chapter 57.02 RCW GENERAL PROVISIONS

#### Sections

- 57.02.001 Reclassification of water and sewer districts—Previous actions valid.
- 57.02.010 Petition signatures of property owners—Rules governing.
- 57.02.015 Board of commissioners may notify property owners about petitions—Review of petitions—Information.
- 57.02.020 Claims against district.
- 57.02.030 Title to be liberally construed.
- 57.02.040 Water-sewer district activities to be approved—Criteria for approval by county legislative authority.
- 57.02.045 Approval by county legislative authority final, when—Boundary review board approval.
- 57.02.050 Multicounty districts—Delegation of duties—Exceptions.

- 57.02.070 Ratification of actions for the formation, annexation, consolidation, or merger of water districts prior to July 10, 1982.
- 57.02.080 Water-sewer districts desiring to merge into irrigation districts—Procedure.
- 57.02.090 Elections.

*Effect when city or town takes over portion of water system: RCW 57.08.035.*

**57.02.001 Reclassification of water and sewer districts—Previous actions valid.** Every sewer district and every water district previously created shall be reclassified and shall become a water-sewer district, and shall be known as the ". . . . Water-Sewer District," or "Water-Sewer District No. . . . ." or shall continue to be known as a "sewer district" or a "water district," with the existing name or number inserted, as appropriate. As used in this title, "district" means a water-sewer district, a sewer district, or a water district. All debts, contracts, and obligations previously made or incurred by or in favor of any water district or sewer district, and all bonds or other obligations issued or executed by those districts, and all assessments or levies, and all other things and proceedings done or taken by those districts or by their respective officers, are declared legal and valid and of full force and effect. [1996 c 230 § 101.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.02.010 Petition signatures of property owners—Rules governing.** Wherever in this title petitions are required to be signed by the owners of property, the following rules shall govern the sufficiency of the petitions:

(1) The signature of a record owner, as determined by the records of the county auditor of the county in which the real property is located, shall be sufficient without the signature of the owner's spouse.

(2) For mortgaged property, the signature of the mortgagor shall be sufficient.

(3) For property purchased on contract, the signature of the contract purchaser, as shown by the records of the county auditor of the county in which the real property is located, shall be sufficient.

(4) Any officer of a corporation owning land in the district duly authorized to execute deeds or encumbrances on behalf of the corporation may sign on behalf of that corporation, except that there shall be attached to the petition a certified excerpt from the bylaws showing such authority.

(5) If any property in the district stands in the name of a deceased person or any person for whom a guardian has been appointed, the signature of the personal representative, administrator, or guardian, as the case may be, shall be equivalent to the signature of the owner of the property. [1996 c 230 § 102; 1982 1st ex.s. c 17 § 8; 1953 c 251 § 24.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.02.015 Board of commissioners may notify property owners about petitions—Review of petitions—Information.** The board of commissioners of a district may notify the owner or reputed owner of any tract, parcel of land, or other property located within the area included in a petition being circulated for a local improvement district or utility local improvement district under chapter 57.16 RCW, an annexation under chapter 57.24 RCW, a consolidation under chapter 57.32 RCW, a merger under chapter 57.36 RCW, a withdrawal of territory under chapter 57.28 RCW, or a transfer of territory under RCW 57.32.160.

Upon the request of any person, the board of commissioners of a district may:

- (1) Review a proposed petition for proper drafting; and
- (2) Provide information regarding the effects of the adoption of any proposed petition. [1996 c 230 § 103; 1979 c 35 § 3. Formerly RCW 56.02.110.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.02.020 Claims against district.** See chapter 4.96 RCW.

**57.02.030 Title to be liberally construed.** The rule of strict construction shall not apply to this title, which shall be liberally construed to carry out its purposes and objects. [1996 c 230 § 104; 1959 c 108 § 19.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.02.040 Water-sewer district activities to be approved—Criteria for approval by county legislative authority.** (1) Notwithstanding any provision of law to the contrary, the following proposed actions shall be approved as provided for in RCW 57.02.045:

- (a) Formation or reorganization under chapter 57.04 RCW;
- (b) Annexation of territory under chapter 57.24 RCW;
- (c) Withdrawal of territory under chapter 57.28 RCW;
- (d) Transfer of territory under RCW 57.32.160;
- (e) Consolidation under chapter 57.32 RCW; and
- (f) Merger under chapter 57.36 RCW.

(2) At least one of the districts involved shall give notice of the proposed action to the county legislative authority, state department of ecology, and state department of health. The county legislative authority shall within thirty days of receiving notice of the proposed action approve the action or hold a hearing on the action.

(3) The county legislative authority shall decide within sixty days of a hearing whether to approve or not approve the proposed action. In approving or not approving the proposed action, the county legislative authority shall consider the following criteria:

(a) Whether the proposed action in the area under consideration is in compliance with the development program that is outlined in the county comprehensive plan, or city or town comprehensive plan where appropriate, and its supporting documents;

(b) Whether the proposed action in the area under consideration is in compliance with the basinwide water and/or sewage plan as approved by the state department of ecology and the state department of social and health services; and

(c) Whether the proposed action is in compliance with the policies expressed in the county plan for water and/or sewage facilities.

(4) If the proposed action is inconsistent with subsection (3)(a), (b), or (c) of this section, the county legislative authority shall not approve it. If the proposed action is consistent with subsection (3)(a), (b), and (c) of this section, the county legislative authority shall approve it unless it finds that water or sewer service in the area under consideration will be most appropriately served by the county itself under the provisions of chapter 36.94 RCW, or by another district, city, town, or municipality. If there has not been adopted for the area under consideration a plan or program under subsection (3)(a), (b), or (c) of this section, the proposed action shall not be found inconsistent with such subsection.

(5) Where a district is proposed to be formed, and where no boundary review board is established in the county, the petition described in RCW 57.04.030 shall serve as the notice of proposed action under this section, and the hearing provided for in RCW 57.04.030 shall serve as the hearing provided for in this section and in RCW 57.02.045. [1996 c 230 § 105; 1988 c 162 § 7; 1971 ex.s. c 139 § 2.]

1988 validation: RCW 57.06.180.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.02.045 Approval by county legislative authority final, when—Boundary review board approval.** In any county where a boundary review board, as provided in chapter 36.93 RCW, is not established, the approval of the proposed action shall be by the county legislative authority pursuant to RCW 57.02.040 and shall be final, and the procedures required to adopt such proposed action shall be followed as provided by law.

In any county where a boundary review board, as provided in chapter 36.93 RCW, is established, a notice of intention of the proposed action shall be filed with the boundary review board as required by RCW 36.93.090 and with the county legislative authority. The county legislative authority shall transmit to the boundary review board a report of its approval or disapproval of the proposed action together with its findings and recommendations under RCW 57.02.040. Approval by the county legislative authority of the proposed action shall be final and the procedures required to adopt the proposal shall be followed as provided by law, unless the boundary review board reviews the action under RCW 36.93.100 through 36.93.180. If the county legislative authority does not approve the proposed action, the boundary review board shall review the action under RCW 36.93.150 through 36.93.180. The action of the boundary review board shall supersede approval or disapproval by the county legislative authority.

Where a district is proposed to be formed, and where no boundary review board is established in the county, the hearings provided for in RCW 57.04.030 shall serve as the hearing provided for in this section and in RCW 57.02.040. [1996 c 230 § 106; 1988 c 162 § 6; 1971 ex.s. c 139 § 3. Formerly RCW 56.02.070.]

1988 validation: RCW 57.06.180.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.02.050 Multicounty districts—Delegation of duties—Exceptions.** Whenever the boundaries or proposed boundaries of a district include or are proposed to include by means of formation, annexation, transfer, withdrawal, consolidation, or merger, territory in more than one county:

(1) All duties delegated by this title to officers of the county in which the district is located shall be delegated to the officers of the county in which the largest land area of the district is located, except that elections shall be conducted pursuant to general election law;

(2) Actions subject to review and approval under RCW 57.02.040 shall be reviewed and approved only by the officers or boundary review board in the county in which such actions are proposed to occur;

(3) Verification of voters' signatures shall be conducted by the county auditor of the county in which such signators reside; and

(4) Comprehensive plan review and approval or rejection by the respective county legislative authorities under RCW 57.16.010 shall be limited to that part of such plans within the respective counties. [1996 c 230 § 108; 1994 c 223 § 66; 1982 1st ex.s. c 17 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.02.070 Ratification of actions for the formation, annexation, consolidation, or merger of water districts prior to July 10, 1982.** All actions taken in regard to the formation, annexation, consolidation, or merger of water districts taken prior to July 10, 1982, but consistent with this title, as amended, are hereby approved and ratified and shall be legal for all purposes. [1982 1st ex.s. c 17 § 7.]

**57.02.080 Water-sewer districts desiring to merge into irrigation districts—Procedure.** The procedures and provisions of RCW 85.08.830 through 85.08.890, which are applicable to drainage improvement districts, joint drainage improvement districts, or consolidated drainage improvement districts that desire to merge into irrigation districts, shall also apply to districts organized, or reorganized, under this title that desire to merge into irrigation districts.

The authority granted by this section shall be cumulative and in addition to any other power or authority granted by law to any district. [1996 c 230 § 107; 1977 ex.s. c 208 § 3. Formerly RCW 56.02.100.]

*Merger of irrigation district with drainage, joint drainage, consolidated drainage improvement, or water-sewer district: RCW 87.03.720, 87.03.725.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.02.090 Elections.** Elections in a district shall be conducted under general election laws. [1996 c 230 § 109.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**Chapter 57.04 RCW**

**FORMATION AND DISSOLUTION**

Sections

- 57.04.001 Actions subject to review by boundary review board.
- 57.04.020 Districts authorized.
- 57.04.030 Petition procedure—Hearing—Boundaries.
- 57.04.050 Election—Notice—Excess tax levy.

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- 57.04.055 County auditor to conduct elections—Expenses.
- 57.04.060 District created—Name—Formation expenses.
- 57.04.065 Change of name—Procedure—Effect.
- 57.04.070 When two or more petitions filed.
- 57.04.080 Act cumulative.
- 57.04.090 Dissolution—Legislative and court methods.
- 57.04.100 Dissolution—Election method.
- 57.04.110 Dissolution when district's boundaries identical with municipality.
- 57.04.120 Sewerage improvement districts located in counties with populations of from forty thousand to less than seventy thousand become sewer districts.
- 57.04.130 Sewerage improvement districts operating as sewer districts become water-sewer districts—Procedure.
- 57.04.140 Formation—Alternative method—New development.

*Dissolution of inactive special purpose districts: Chapter 36.96 RCW.*

**57.04.001 Actions subject to review by boundary review board.** Actions taken under this chapter may be subject to potential review by a boundary review board under chapter 36.93 RCW. [1996 c 230 § 201; 1989 c 84 § 56.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.04.020 Districts authorized.** Water-sewer districts are authorized to be established for the purposes of chapter 57.08 RCW. Such districts may include within their boundaries one or more counties, cities, and towns, or other political subdivisions. However, no portion or all of any city or town may be included without the consent by resolution of the city or town legislative authority. [1996 c 230 § 202; 1982 1st ex.s. c 17 § 9; 1929 c 114 § 1; RRS § 11579. Cf. 1913 c 161 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.04.030 Petition procedure—Hearing—Boundaries.** (1) For the purpose of formation of water-sewer districts, a petition shall be presented to the county legislative authority of each county in which the proposed district is located. The petition shall set forth the reasons for the creation of the district, designate the boundaries of the district, and state that establishment of the district will be conducive to the public health, convenience, and welfare and will be of benefit to the property included in the district. The petition shall state the proposed name of the district, which may be ". . . . . Sewer-Water [Water-Sewer] District," ". . . . . Water District," ". . . . . Sewer District," or may be designated by a number such as ". . . . . County Water-Sewer District No. . . ." The petition shall specify the proposed property tax levy assessment, if any, which shall not exceed one dollar and twenty-five cents per thousand dollars of assessed value, for general preliminary expenses of the district. The petition shall be signed by at least ten percent of the registered voters who voted in the last municipal general election, who shall be qualified voters on the date of filing the petition, residing within the district described in the petition.

The petition shall be filed with the county auditor of the county in which all or the largest geographic portion of the proposed district is located, who shall within ten days examine and verify the signatures on the petition. No person having signed such a petition shall be allowed to withdraw the person's name from the petition after the filing of the petition with the county auditor. If the area proposed to be included in the district is located in more than one county, the auditor of the county in which the largest geographic portion of the dis-

district is located shall be the lead auditor and shall immediately transfer a copy of the petitions to the auditor of each other county in which the proposed district is located. Within ten days after the lead auditor received the petition, the auditors of these other counties shall certify to the lead auditor: (a) The number of voters of that county residing in the proposed district who voted at the last municipal general election; and (b) the number of valid signatures on the petition of voters of that county residing in the proposed district. The lead auditor shall certify the sufficiency of the petition after receiving this information. If the petition shall be found to contain a sufficient number of signatures, the county auditor or lead county auditor shall then transmit it, together with a certificate of sufficiency attached thereto to the county legislative authority of each county in which the proposed district is located.

(2) If in the opinion of the county health officer the existing water, sewerage, or drainage facilities are inadequate in the district to be created, and creation of the district is necessary for public health and safety, then the legislative authority of the county may declare by resolution that a water-sewer district is a public health and safety necessity, and the district shall be organized under this title, without a petition being required.

(3) Following receipt of a petition certified to contain a sufficient number of signatures, or upon declaring a district to be a public health and safety necessity, at a regular or special meeting the county legislative authority shall cause to be published once a week for at least two weeks in one or more newspapers of general circulation in the proposed district, a notice that such a petition has been presented, stating the time of the meeting at which the petition shall be considered, and setting forth the boundaries of the proposed district. When a petition is presented for hearing, each county legislative authority shall hear the petition or may adjourn the hearing from time to time not exceeding one month in all. Any person, firm, or corporation may appear before the county legislative authority and make objections to the establishment of the district or the proposed boundary lines thereof. Upon a final hearing each county legislative authority shall make such changes in the proposed boundary lines within the county as it deems to be proper and shall establish and define the boundaries and shall find whether the proposed district will be conducive to the public health, welfare, and convenience and be of special benefit to the land included within the boundaries of the proposed district. No lands that will not, in the judgment of the county legislative authority, be benefited by inclusion therein, shall be included within the boundaries of the district. No change shall be made by the county legislative authority in the boundary lines to include any territory outside of the boundaries described in the petition, except that the boundaries of any proposed district may be extended by the county legislative authority to include other lands in the county upon a petition signed by the owners of all of the land within the proposed extension. [1996 c 230 § 203; 1990 c 259 § 27; 1987 c 33 § 3; 1985 c 469 § 58; 1982 1st ex.s. c 17 § 10; 1931 c 72 § 3; 1929 c 114 § 2; RRS § 11580. Cf. 1915 c 24 § 1; 1913 c 161 § 2. Formerly RCW 57.04.030 and 57.04.040.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.04.050 Election—Notice—Excess tax levy.** Upon entry of the findings of the final hearing on the petition if one or more county legislative authorities find that the proposed district will be conducive to the public health, welfare, and convenience and will benefit the land therein, they shall present a resolution to the county auditor calling for a special election to be held at a date according to RCW 29A.04.330, at which a ballot proposition authorizing the district to be created shall be submitted to voters for their approval or rejection. The commissioners shall cause to be published a notice of the election for four successive weeks in a newspaper of general circulation in the proposed district, which notice shall state the hours during which the polls will be open, the boundaries of the district as finally adopted and the object of the election, and the notice shall also be posted ten days in ten public places in the proposed district. The district shall be created if the ballot proposition authorizing the district to be created is approved by a majority of the voters voting on the proposition.

A separate ballot proposition authorizing the district, if created, to impose a single-year excess levy for the preliminary expenses of the district shall be submitted to voters for their approval or rejection at the same special election, if the petition to create the district also proposed that a ballot proposition authorizing an excess levy be submitted to voters for their approval or rejection. The excess levy shall be proposed in the amount specified in the petition to create the district, not to exceed one dollar and twenty-five cents per thousand dollars of assessed value, and may only be submitted to voters for their approval or rejection if the special election is held in February, March, April, or May. The proposition to be effective must be approved in the manner set forth in Article VII, section 2(a) of the state Constitution. [2006 c 344 § 38; 1999 c 153 § 1; 1996 c 230 § 204; 1994 c 292 § 2; 1990 c 259 § 28; 1987 c 33 § 4; 1982 1st ex.s. c 17 § 11; 1973 1st ex.s. c 195 § 67; 1953 c 251 § 1; 1931 c 72 § 4; 1929 c 114 § 3; RRS § 11581. Cf. 1927 c 230 § 1; 1915 c 24 § 2; 1913 c 161 § 3.]

**Effective date—2006 c 344 §§ 1-16 and 18-40:** See note following RCW 29A.04.311.

**Findings—Intent—1994 c 292:** "The legislature finds that the monitoring and treatment requirements of the federal safe drinking water act place increasing burdens and cost on public water supply systems, especially smaller systems and rural systems. Across the state, those systems are turning to existing systems and their county governments for help, which may include assumption of the system.

It is the intent of the legislature to encourage larger existing systems to assist or acquire troubled systems or those systems burdened by federal requirements, to provide financial protection for that assistance, and to protect receivers of failed water systems." [1994 c 292 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.04.055 County auditor to conduct elections—Expenses.** All elections held pursuant to this title, whether general or special, shall be conducted by the county auditor of the county in which the district is located. Except as provided in RCW 57.04.060, the expense of all such elections shall be paid for out of the funds of the district. [1996 c 230 § 208; 1941 c 210 § 40; Rem. Supp. 1941 § 9425-49. Formerly RCW 56.04.080.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.04.060 District created—Name—Formation expenses.** If at the election a majority of the voters voting upon the proposition vote in favor of the formation of the district the county legislative authority shall so declare in its canvass of the returns of the election to be made within ten days after the date of the election, and the district shall then be and become a municipal corporation of the state of Washington, and the name of the district shall be the name of the district as provided in the petition and the ballot.

The county's expenses incurred in the formation of the district, including the election costs associated with the ballot proposition authorizing the district, election of the initial commissioners under RCW 57.12.030, and the ballot proposition authorizing the excess levy, shall be repaid to the county if the district is formed. [1996 c 230 § 205; 1929 c 114 § 5; RRS § 11583. Cf. 1913 c 161 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.04.065 Change of name—Procedure—Effect.** Any district may apply to change its name by filing with the county legislative authority in which was filed the original petition for organization of the district, a certified copy of a resolution of its board of commissioners adopted by majority vote of all of the members of that board at a regular meeting thereof providing for such change of name. After approval of the new name by the county legislative authority, all proceedings for the district shall be had under the changed name, but all existing obligations and contracts of the district entered into under its former name shall remain outstanding without change and with the validity thereof unimpaired and unaffected by such change of name. A change of name heretofore made by any existing district in this state, substantially in the manner approved under this section, is ratified, confirmed, and validated. [1996 c 230 § 206; 1984 c 147 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.04.070 When two or more petitions filed.** Whenever two or more petitions for the formation of a district shall be filed as provided in this chapter, the petition describing the greater area shall supersede all others and an election shall first be held thereunder, and no lesser district shall ever be created within the limits in whole or in part of any district, except as provided in RCW 36.94.420. [1996 c 230 § 207; 1985 c 141 § 6; 1981 c 45 § 9; 1929 c 114 § 4; RRS § 11582. Cf. 1913 c 161 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.04.080 Act cumulative.** \*This act shall not be construed to repeal, amend, or modify any law heretofore enacted providing a method for water supply for any city or town in this state, but shall be held to be an additional and concurrent method providing for such purpose. Nor shall this act be construed to repeal \*\*chapter 161 of the Laws of 1913, pages 533 to 552, or amendments thereto. [1929 c 114 § 24; RRS § 11601.]

**Reviser's note:** \*(1) The language "this act" appeared in 1929 c 114, the basic water district law, which is codified as follows: RCW 57.04.020, 57.04.030, 57.04.050 through 57.04.080, 57.04.100, 57.08.010, 57.08.050, 57.12.010, 57.12.020, 57.12.030, 57.16.010, 57.16.020, 57.16.030, 57.16.040, 57.16.050, 57.16.060, 57.16.070, 57.16.080 through 57.16.100, 57.20.010, 57.20.100 through 57.20.140, 57.24.010, 57.24.020, 57.24.040,

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and 57.24.050.

\*\* (2) As to the reference "chapter 161 of the Laws of 1913," see note following RCW 57.06.010.

**57.04.090 Dissolution—Legislative and court methods.** Dissolution of district, see chapters 36.96 and 53.48 RCW.

**57.04.100 Dissolution—Election method.** Any district may be disincorporated in the same manner (insofar as the same is applicable) as is provided in RCW 35.07.010 through 35.07.220 for the disincorporation of cities and towns, except that the petition for disincorporation shall be signed by not less than twenty-five percent of the voters in the district. [1996 c 230 § 209; 1994 c 81 § 80; 1929 c 114 § 25; 1917 c 147 § 1; RRS § 11602.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.04.110 Dissolution when district's boundaries identical with municipality.** A district whose boundaries are identical with, or if the district is located entirely within, the boundaries of a city or town may be dissolved by summary dissolution proceedings if the district is free from all debts and liabilities except contractual obligations between the district and the city or town. Summary dissolution shall take place if the board of commissioners of the district votes unanimously to dissolve the district and to turn all of its property over to the city or town within which the district lies, and the council of such city or town unanimously passes an ordinance accepting the conveyance of the property and assets of the district tendered to the city or town by the district. [1996 c 230 § 210; 1955 c 358 § 1.]

Acceptance by town: RCW 35.92.012.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.04.120 Sewerage improvement districts located in counties with populations of from forty thousand to less than seventy thousand become sewer districts.** (1) On and after March 16, 1979, any sewerage improvement districts created under Title 85 RCW and located in a county with a population of from forty thousand to less than seventy thousand shall become districts and shall be operated, maintained, and have the same powers as districts created under this title, upon being so ordered by the county legislative authority of the county in which such district is located after a hearing of which notice is given by publication in a newspaper of general circulation within the district and mailed to any known creditors, holders of contracts, and obligees at least thirty days prior to such hearing. After such hearing if the county legislative authority finds the converting of such district to be in the best interest of that district, it shall order that such sewer improvement district shall become a district and fix the date of such conversion. All debts, contracts, and obligations created while attempting to organize or operate a sewerage improvement district and all other financial obligations and powers of the district to satisfy such obligations established under Title 85 RCW are legal and valid until they are fully satisfied or discharged under Title 85 RCW.

(2) The board of supervisors of a sewerage improvement district in a county with a population of from forty thousand to less than seventy thousand shall act as the board of com-

missioners of the district under subsection (1) of this section until other members of the board of commissioners of the district are elected and qualified. There shall be an election on the same date as the 1979 state general election and the seats of all three members of the governing authority of every entity which was previously known as a sewerage improvement district in a county with a population of from forty thousand to less than seventy thousand shall be up for election. The election shall be held in the manner provided for in RCW 57.12.030 for the election of the first board of commissioners of a district. Thereafter, the terms of office of the members of the governing body shall be determined under RCW 57.12.030. [1996 c 230 § 211; 1991 c 363 § 136; 1979 c 35 § 1. Formerly RCW 56.04.120.]

**Purpose—Captions not law—1991 c 363:** See notes following RCW 2.32.180.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.04.130 Sewerage improvement districts operating as sewer districts become water-sewer districts—Procedure.** Any sewerage improvement district which has been operating as a sewer district shall be a district under this title as of March 16, 1979, upon being so ordered by the county legislative authority of the county in which such district is located after a hearing of which notice is given by publication in a newspaper of general circulation within the district and mailed to any known creditors, holders of contracts, and obligees at least thirty days prior to such hearing. After such hearing if the county legislative authority finds that the sewerage improvement district was operating as a district and that the converting of such district will be in the best interest of that district, it shall order that such sewer improvement district shall become a district immediately upon the passage of the resolution containing such order. The debts, contracts, and obligations of any sewerage improvement district which has been erroneously operating as a district are recognized as legal and binding. The members of the government authority of any sewerage improvement district which has been operating as a district and who were erroneously elected as sewer district commissioners shall be recognized as the governing authority of a district. The members of the governing authority shall continue in office for the term for which they were elected. [1996 c 230 § 212; 1979 c 35 § 2. Formerly RCW 56.04.130.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.04.140 Formation—Alternative method—New development.** (1) As an alternative means to forming a water-sewer district, a county legislative authority may authorize the formation of a water-sewer district to serve a new development that at the time of formation does not have any residents, at written request of sixty percent of the owners of the area to be included in the proposed district. The county legislative authority shall review the proposed district according to the procedures and criteria in RCW 57.02.040.

(2) The county legislative authority shall appoint the initial water-sewer commissioners of the district. The commissioners shall serve until seventy-five percent of the development is sold and occupied, or until some other time as specified by the county legislative authority when the district is

approved. Commissioners serving under this section are not entitled to any form of compensation from the district.

(3) New commissioners shall be elected according to the procedures in chapter 57.12 RCW at the next election held under \*RCW 29.13.010 that follows more than ninety days after the date seventy-five percent of the development is sold and occupied, or after the time specified by the county legislative authority when the district is approved.

(4) A water-sewer district created under this section may be transferred to a city or county, or dissolved if the district is inactive, by order of the county legislative authority at the written request of sixty percent of the owners of the area included in the district. [1997 c 447 § 4.]

**\*Reviser's note:** RCW 29.13.010 was recodified as RCW 29A.04.320 pursuant to 2003 c 111 § 2401, effective July 1, 2004. RCW 29A.04.320 was subsequently repealed by 2004 c 271 § 193. Later enactment of RCW 29A.04.320, see RCW 29A.04.321.

**Finding—Purpose—Construction—1997 c 447:** See notes following RCW 70.05.074.

## Chapter 57.06 RCW

### VALIDATION AND CONSTRUCTION

#### Sections

57.06.010	1927 validation.
57.06.020	1931 validation.
57.06.030	1943 validation.
57.06.040	1943 validation.
57.06.050	1943 validation.
57.06.060	1945 validation.
57.06.070	1945 validation.
57.06.080	1945 validation.
57.06.090	1953 validation.
57.06.100	1953 validation.
57.06.110	1953 validation.
57.06.120	1959 validation.
57.06.130	1959 severability.
57.06.140	1975 validation.
57.06.150	1975 validation.
57.06.160	1975 validation.
57.06.170	1975 validation.
57.06.180	1988 validation.
57.06.190	Sewer districts—Validation—1959 c 103.
57.06.200	Sewer districts—Formation of districts validated.
57.06.210	Sewer districts—Validation of prior mergers.

**57.06.010 1927 validation.** In case an attempt has been made to organize a water district not containing within its boundaries any incorporated city or town, and either through inadvertence or mistake the election for the organization of the district was held more than thirty days from the date of such certificate of the county auditor but less than sixty days from such date, such proceedings shall not be deemed invalid by reason thereof, and in case all other proceedings in connection with the organization of any such water district were regular, such proceedings are hereby validated and all bonds and warrants issued or to be issued by any such water district are hereby declared to be valid. [1927 c 230 § 2; RRS § 11581-1.]

**Reviser's note:** This section appeared in an act the first section of which amended RRS § 11581 which compiled 1913 c 161 § 3 as amended. 1913 c 161 was declared unconstitutional in *Drum v. University Place Water District*, 144 Wash. 585, 258 P. 505 (1927). The current basic water district act codified in this title is 1929 c 114.

**57.06.020 1931 validation.** Each and all of the respective areas of land heretofore organized or attempted to be

organized or incorporated under \*chapter 161 of the Laws of 1913, and amendments thereto, are each hereby declared to be and created into duly existing water districts having the respective boundaries set forth in their respective organization proceedings as shown in the files and records of the office of the board of county commissioners of the county in which said organization, or attempted organization is located. The water districts validated or created by this act shall have the same rights, liabilities, duties and obligations as water districts created under chapter 114 of the Laws of 1929, and amendments thereto: PROVIDED, That the provisions of this act shall apply only to those water districts which have maintained their organization as water districts since the date of their attempted incorporation or establishment: PROVIDED, HOWEVER, That nothing herein contained shall be deemed to validate the debts, contracts, bonds or other obligations executed prior to this act in connection with or in pursuance of such attempted organization, and all taxes or assessments shall hereafter be levied in accordance with the act of 1929, chapter 114, approved March 13, 1929. [1931 c 71 § 1; RRS § 11604.]

\***Reviser's note:** The language "chapter 161 of the Laws of 1913" appears in 1931 c 71 § 1. See note following RCW 57.06.010.

**57.06.030 1943 validation.** Each and all of the respective areas of land heretofore attempted to be organized into water districts or into local improvement districts or utility local improvement districts under the provisions of chapter 114 of the Laws of 1929 and amendments thereto, are hereby validated and declared to be duly existing water districts, or local improvement districts, or utility local improvement districts, as the case may be, having the respective boundaries set forth in their organization proceedings as shown by the files in the office of the board of county commissioners of the county in question and of such water districts. [1943 c 177 § 1; Rem. Supp. 1943 § 11604-13.]

**57.06.040 1943 validation.** All debts, contracts, and obligations heretofore made or incurred by or in favor of any such water district, local improvement district, or utility local improvement district, and all bonds or other obligations executed by such districts in connection with or in pursuance of such attempted organization, and any and all assessments or levies, and all other things and proceedings done or taken by such districts or by their respective officers acting under or in pursuance of such attempted organization, are hereby declared legal and valid and of full force and effect. [1943 c 177 § 2; Rem. Supp. 1943 § 11604-14.]

**57.06.050 1943 validation.** The provisions of the act shall apply only to such districts attempted to be organized under chapter 114 of the Laws of 1929, and amendments thereto, which have maintained their organization as such since the date of such attempted organization, establishment, or creation. [1943 c 177 § 3; Rem. Supp. 1943 § 11604-15.]

**57.06.060 1945 validation.** Each and all of the respective areas of land heretofore attempted to be organized into water districts or into local improvement districts or utility local improvement districts under the provisions of Pierce's

Perpetual Code 994-1 to -53, chapter 114, Laws of 1929, and amendments thereto (sections 11579 to 11604, Remington's Revised Statutes), are hereby validated and declared to be duly existing water districts, or local improvement districts, or utility local improvement districts, as the case may be, having the respective boundaries set forth in their organization proceedings as shown by the files in the office of the board of county commissioners of the county in question and of such water districts. [1945 c 40 § 1; Rem. Supp. 1945 § 11604-17.]

**57.06.070 1945 validation.** All debts, contracts, and obligations heretofore made or incurred by or in favor of any such water district, local improvement district, or utility local improvement district, and all bonds or other obligations executed by such districts in connection with or in pursuance of such attempted organization, and any and all assessments or levies, and all other things and proceedings done or taken by such districts or by their respective officers acting under or in pursuance of such attempted organization, are hereby declared legal and valid and of full force and effect. [1945 c 40 § 2; Rem. Supp. 1945 § 11604-18.]

**57.06.080 1945 validation.** The provisions of this act shall apply only to such districts attempted to be organized under Pierce's Perpetual Code 994-1 to 53, chapter 114, Laws of 1929, and amendments thereto (sections 11579 to 11604, Remington's Revised Statutes), which have maintained their organization as such since the date of such attempted organization, establishment, or creation. [1945 c 40 § 3; Rem. Supp. 1945 § 11604-19.]

**57.06.090 1953 validation.** Each and all of the respective areas of land heretofore attempted to be organized into water districts, including all areas attempted to be annexed thereto, or into local improvement districts or utility local improvement districts, under the provisions of chapter 114, Laws of 1929, and amendments thereto, are hereby validated and declared to be duly existing water districts, or local improvement districts, or utility local improvement districts, as the case may be, having the respective boundaries set forth in their organization and annexation proceedings as shown by the files in the office of the board of county commissioners of the county in question and of such water districts. [1953 c 251 § 25.]

**57.06.100 1953 validation.** All debts, contracts, and obligations heretofore made or incurred by or in favor of any such water district, local improvement district, or utility local improvement district, and all bonds or other obligations executed by such districts in connection with or in pursuance of such attempted organization, and any and all assessments or levies, and all other things and proceedings done or taken by such districts or by their respective officers acting under or in pursuance of such attempted organization, are hereby declared legal and valid and of full force and effect. [1953 c 251 § 26.]

**57.06.110 1953 validation.** The provisions of this act shall apply only to such districts attempted to be organized

under chapter 114, Laws of 1929, and amendments thereto, which have maintained their organization as such since the date of such attempted organization, establishment, or creation. [1953 c 251 § 27.]

**57.06.120 1959 validation.** All debts, contracts and obligations heretofore made or incurred by or in favor of any water district and all bonds, warrants, or other obligations issued by such district, and all charges heretofore made by such districts, and any and all assessments heretofore levied in any local improvement districts or utility local improvement districts of any water district, and all other things and proceedings relating thereto done or taken by such water districts or by their respective officers are hereby declared to be legal and valid and of full force and effect from the date thereof: PROVIDED, That nothing in this section shall apply to ultra vires acts or acts of fraud committed by the officers or agents of said district. [1959 c 108 § 18.]

**57.06.130 1959 severability.** If any provision of this act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected. [1959 c 108 § 20.]

**57.06.140 1975 validation.** Each and all of the respective areas of land heretofore attempted to be organized into water districts under the provisions of chapter 114, Laws of 1929, and amendments thereto, are hereby validated and declared to be duly existing water districts, having the respective boundaries set forth in their organization proceedings as shown by the files in the office of the board of county commissioners of the county in question and of such water districts. [1975 1st ex.s. c 188 § 15.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.06.150 1975 validation.** All debts, contracts, and obligations heretofore made or incurred by or in favor of any such water district, and all bonds or other obligations executed by such districts in connection with or in pursuance of such attempted organization, and any and all assessments or levies, and all other things and proceedings done or taken by such districts or by their respective officers, including by persons acting as commissioners nominated by petition of at least twenty-five percent of the qualified electors of the district, and elected and qualified as otherwise provided by law, acting under or in pursuance of such attempted organization, are hereby declared legal and valid and of full force and effect. [1975 1st ex.s. c 188 § 16.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.06.160 1975 validation.** The holding and exercise of the office of commissioner by persons now serving as members of the first board of commissioners under or in pursuance of such attempted organization, nominated by petition of at least twenty-five percent of the qualified electors of the district, and elected and qualified as otherwise provided by law, is hereby declared legal and valid and of full force and effect. [1975 1st ex.s. c 188 § 17.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.06.170 1975 validation.** RCW 57.06.140 through 57.06.160 shall apply only to such districts attempted to be organized under chapter 114, Laws of 1929, and amendments thereto, which have maintained their organization as such since the date of such attempted organization, establishment, or creation, or which have been merged into another municipal corporation. [1975 1st ex.s. c 188 § 18.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.06.180 1988 validation.** The existence of all water districts formed in counties without a boundary review board in compliance with the requirements of chapter 57.04 RCW, whether or not the requirements of RCW 57.02.040 and \*56.02.070 were satisfied, is validated and such districts shall be deemed to be legally formed. [1988 c 162 § 9.]

\*Reviser's note: RCW 56.02.070 was recodified as RCW 57.02.045 by 1996 c 230 § 1701, effective July 1, 1997.

**57.06.190 Sewer districts—Validation—1959 c 103.** All debts, contracts and obligations heretofore made or incurred by or in favor of any sewer district, all bonds, warrants, or other obligations issued by such districts, any connection or service charges made by such districts, any and all assessments heretofore levied in any utility local improvement districts of any sewer districts, and all other things and proceedings relating thereto done or taken by such sewer districts or by their respective officers are hereby declared to be legal and valid and of full force and effect from the date thereof: PROVIDED, That nothing in this section shall apply to ultra vires acts or acts of fraud committed by the officers or agents of said district. [1959 c 103 § 17. Formerly RCW 56.02.030.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.06.200 Sewer districts—Formation of districts validated.** The existence of all sewer districts formed in counties without a boundary review board in compliance with the requirements of \*chapter 56.04 RCW, whether or not the requirements of RCW \*\*56.02.060 and \*\*\*56.02.070 were satisfied, is validated and such districts shall be deemed to be legally formed. [1988 c 162 § 8. Formerly RCW 56.02.080.]

Reviser's note: \*(1) Chapter 56.04 RCW was repealed and/or recodified in its entirety by 1996 c 230, effective July 1, 1997.

\*\* (2) RCW 56.02.060 was repealed by 1996 c 230 § 1702, effective July 1, 1997.

\*\*\* (3) RCW 56.02.070 was recodified as RCW 57.02.045 pursuant to 1996 c 230 § 1701, effective July 1, 1997.

**57.06.210 Sewer districts—Validation of prior mergers.** Each and all of the respective areas of land organized as a water district and heretofore attempted to be merged into a sewer district under chapter 148 of the Laws of 1969 [ex. sess.], and amendments thereto, and which have maintained their organization as part of a sewer district since the date of such attempted merger, are hereby validated and declared to be a proper merger of a water district into a sewer district. Such district shall have the respective boundaries set forth in their merger proceedings as shown by the official files of the legislative authority of the county in which such merged district is located. All debts, contracts, bonds, and other obliga-

tions heretofore executed in connection with or in pursuance of such attempted organization, and any and all assessments or levies and all other actions taken by such districts or by their respective officers acting under such attempted organization, are hereby declared legal and valid and of full force and effect. Such districts may hereafter exercise their powers only to the extent permitted by and in accordance with the provisions of \*RCW 56.36.060, as now or hereafter amended. [1981 c 45 § 8. Formerly RCW 56.36.070.]

\*Reviser's note: RCW 56.36.060 was repealed by 1996 c 230 § 1702, effective July 1, 1997.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

## Chapter 57.08 RCW POWERS

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*Lien for labor and materials on public works: Chapter 60.28 RCW.*

*Special purpose districts, expenditures to recruit job candidates: RCW 42.24.170.*

(2010 Ed.)

**57.08.005 Powers.** A district shall have the following powers:

(1) To acquire by purchase or condemnation, or both, all lands, property and property rights, and all water and water rights, both within and without the district, necessary for its purposes. The right of eminent domain shall be exercised in the same manner and by the same procedure as provided for cities and towns, insofar as consistent with this title, except that all assessment or reassessment rolls to be prepared and filed by eminent domain commissioners or commissioners appointed by the court shall be prepared and filed by the district, and the duties devolving upon the city treasurer are imposed upon the county treasurer;

(2) To lease real or personal property necessary for its purposes for a term of years for which that leased property may reasonably be needed;

(3) To construct, condemn and purchase, add to, maintain, and supply waterworks to furnish the district and inhabitants thereof and any other persons, both within and without the district, with an ample supply of water for all uses and purposes public and private with full authority to regulate and control the use, content, distribution, and price thereof in such a manner as is not in conflict with general law and may construct, acquire, or own buildings and other necessary district facilities. Where a customer connected to the district's system uses the water on an intermittent or transient basis, a district may charge for providing water service to such a customer, regardless of the amount of water, if any, used by the customer. District waterworks may include facilities which result in combined water supply and electric generation, if the electricity generated thereby is a by-product of the water supply system. That electricity may be used by the district or sold to any entity authorized by law to use or distribute electricity. Electricity is deemed a by-product when the electrical generation is subordinate to the primary purpose of water supply. For such purposes, a district may take, condemn and purchase, acquire, and retain water from any public or navigable lake, river or watercourse, or any underflowing water, and by means of aqueducts or pipeline conduct the same throughout the district and any city or town therein and carry it along and upon public highways, roads, and streets, within and without such district. For the purpose of constructing or laying aqueducts or pipelines, dams, or waterworks or other necessary structures in storing and retaining water or for any other lawful purpose such district may occupy the beds and shores up to the high water mark of any such lake, river, or other watercourse, and may acquire by purchase or condemnation such property or property rights or privileges as may be necessary to protect its water supply from pollution. For the purposes of waterworks which include facilities for the generation of electricity as a by-product, nothing in this section may be construed to authorize a district to condemn electric generating, transmission, or distribution rights or facilities of entities authorized by law to distribute electricity, or to acquire such rights or facilities without the consent of the owner;

(4) To purchase and take water from any municipal corporation, private person, or entity. A district contiguous to Canada may contract with a Canadian corporation for the purchase of water and for the construction, purchase, maintenance, and supply of waterworks to furnish the district and

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inhabitants thereof and residents of Canada with an ample supply of water under the terms approved by the board of commissioners;

(5) To construct, condemn and purchase, add to, maintain, and operate systems of sewers for the purpose of furnishing the district, the inhabitants thereof, and persons outside the district with an adequate system of sewers for all uses and purposes, public and private, including but not limited to on-site sewage disposal facilities, approved septic tanks or approved septic tank systems, on-site sanitary sewerage systems, inspection services and maintenance services for private and public on-site systems, point and nonpoint water pollution monitoring programs that are directly related to the sewerage facilities and programs operated by a district, other facilities, programs, and systems for the collection, interception, treatment, and disposal of wastewater, and for the control of pollution from wastewater with full authority to regulate the use and operation thereof and the service rates to be charged. Under this chapter, after July 1, 1998, any requirements for pumping the septic tank of an on-site sewage system should be based, among other things, on actual measurement of accumulation of sludge and scum by a trained inspector, trained owner's agent, or trained owner. Training must occur in a program approved by the state board of health or by a local health officer. Sewerage facilities may include facilities which result in combined sewage disposal or treatment and electric or methane gas generation, except that the electricity or methane gas generated thereby is a by-product of the system of sewers. Such electricity or methane gas may be used by the district or sold to any entity authorized by law to distribute electricity or methane gas. Electricity and methane gas are deemed by-products when the electrical or methane gas generation is subordinate to the primary purpose of sewage disposal or treatment. The district may also sell surplus methane gas, which may be produced as a by-product. For such purposes a district may conduct sewage throughout the district and throughout other political subdivisions within the district, and construct and lay sewer pipe along and upon public highways, roads, and streets, within and without the district, and condemn and purchase or acquire land and rights-of-way necessary for such sewer pipe. A district may erect sewage treatment plants within or without the district, and may acquire, by purchase or condemnation, properties or privileges necessary to be had to protect any lakes, rivers, or watercourses and also other areas of land from pollution from its sewers or its sewage treatment plant. For the purposes of sewerage facilities which include facilities that result in combined sewage disposal or treatment and electric generation where the electric generation is a by-product, nothing in this section may be construed to authorize a district to condemn electric generating, transmission, or distribution rights or facilities of entities authorized by law to distribute electricity, or to acquire such rights or facilities without the consent of the owners;

(6) The authority to construct, condemn and purchase, add to, maintain, and operate systems of reclaimed water as authorized by chapter 90.46 RCW for the purpose of furnishing the district and the inhabitants thereof with reclaimed water for all authorized uses and purposes, public and private, including with full authority to regulate the use and operation thereof and the service rates to be charged. In com-

pliance with other sections of this chapter, a district may also provide reclaimed water services to persons outside the district;

(7)(a) To construct, condemn and purchase, add to, maintain, and operate systems of drainage for the benefit and use of the district, the inhabitants thereof, and persons outside the district with an adequate system of drainage, including but not limited to facilities and systems for the collection, interception, treatment, and disposal of storm or surface waters, and for the protection, preservation, and rehabilitation of surface and underground waters, and drainage facilities for public highways, streets, and roads, with full authority to regulate the use and operation thereof and, except as provided in (b) of this subsection, the service rates to be charged.

(b) The rate a district may charge under this section for storm or surface water sewer systems or the portion of the rate allocable to the storm or surface water sewer system of combined sanitary sewage and storm or surface water sewer systems shall be reduced by a minimum of ten percent for any new or remodeled commercial building that utilizes a permissive rainwater harvesting system. Rainwater harvesting systems shall be properly sized to utilize the available roof surface of the building. The jurisdiction shall consider rate reductions in excess of ten percent dependent upon the amount of rainwater harvested.

(c) Drainage facilities may include natural systems. Drainage facilities may include facilities which result in combined drainage facilities and electric generation, except that the electricity generated thereby is a by-product of the drainage system. Such electricity may be used by the district or sold to any entity authorized by law to distribute electricity. Electricity is deemed a by-product when the electrical generation is subordinate to the primary purpose of drainage collection, disposal, and treatment. For such purposes, a district may conduct storm or surface water throughout the district and throughout other political subdivisions within the district, construct and lay drainage pipe and culverts along and upon public highways, roads, and streets, within and without the district, and condemn and purchase or acquire land and rights-of-way necessary for such drainage systems. A district may provide or erect facilities and improvements for the treatment and disposal of storm or surface water within or without the district, and may acquire, by purchase or condemnation, properties or privileges necessary to be had to protect any lakes, rivers, or watercourses and also other areas of land from pollution from storm or surface waters. For the purposes of drainage facilities which include facilities that also generate electricity as a by-product, nothing in this section may be construed to authorize a district to condemn electric generating, transmission, or distribution rights or facilities of entities authorized by law to distribute electricity, or to acquire such rights or facilities without the consent of the owners;

(8) To construct, condemn, acquire, and own buildings and other necessary district facilities;

(9) To compel all property owners within the district located within an area served by the district's system of sewers to connect their private drain and sewer systems with the district's system under such penalty as the commissioners shall prescribe by resolution. The district may for such pur-

pose enter upon private property and connect the private drains or sewers with the district system and the cost thereof shall be charged against the property owner and shall be a lien upon property served;

(10) Where a district contains within its borders, abuts, or is located adjacent to any lake, stream, groundwater as defined by RCW 90.44.035, or other waterway within the state of Washington, to provide for the reduction, minimization, or elimination of pollutants from those waters in accordance with the district's comprehensive plan, and to issue general obligation bonds, revenue bonds, local improvement district bonds, or utility local improvement bonds for the purpose of paying all or any part of the cost of reducing, minimizing, or eliminating the pollutants from these waters;

(11) Subject to subsection (7) of this section, to fix rates and charges for water, sewer, reclaimed water, and drain service supplied and to charge property owners seeking to connect to the district's systems, as a condition to granting the right to so connect, in addition to the cost of the connection, such reasonable connection charge as the board of commissioners shall determine to be proper in order that those property owners shall bear their equitable share of the cost of the system. For the purposes of calculating a connection charge, the board of commissioners shall determine the pro rata share of the cost of existing facilities and facilities planned for construction within the next ten years and contained in an adopted comprehensive plan and other costs borne by the district which are directly attributable to the improvements required by property owners seeking to connect to the system. The cost of existing facilities shall not include those portions of the system which have been donated or which have been paid for by grants. The connection charge may include interest charges applied from the date of construction of the system until the connection, or for a period not to exceed ten years, whichever is shorter, at a rate commensurate with the rate of interest applicable to the district at the time of construction or major rehabilitation of the system, or at the time of installation of the lines to which the property owner is seeking to connect. In lieu of requiring the installation of permanent local facilities not planned for construction by the district, a district may permit connection to the water and/or sewer systems through temporary facilities installed at the property owner's expense, provided the property owner pays a connection charge consistent with the provisions of this chapter and agrees, in the future, to connect to permanent facilities when they are installed; or a district may permit connection to the water and/or sewer systems through temporary facilities and collect from property owners so connecting a proportionate share of the estimated cost of future local facilities needed to serve the property, as determined by the district. The amount collected, including interest at a rate commensurate with the rate of interest applicable to the district at the time of construction of the temporary facilities, shall be held for contribution to the construction of the permanent local facilities by other developers or the district. The amount collected shall be deemed full satisfaction of the proportionate share of the actual cost of construction of the permanent local facilities. If the permanent local facilities are not constructed within fifteen years of the date of payment, the amount collected, including any accrued interest, shall be returned to the property owner, according to the

records of the county auditor on the date of return. If the amount collected is returned to the property owner, and permanent local facilities capable of serving the property are constructed thereafter, the property owner at the time of construction of such permanent local facilities shall pay a proportionate share of the cost of such permanent local facilities, in addition to reasonable connection charges and other charges authorized by this section. A district may permit payment of the cost of connection and the reasonable connection charge to be paid with interest in installments over a period not exceeding fifteen years. The county treasurer may charge and collect a fee of three dollars for each year for the treasurer's services. Those fees shall be a charge to be included as part of each annual installment, and shall be credited to the county current expense fund by the county treasurer. Revenues from connection charges excluding permit fees are to be considered payments in aid of construction as defined by department of revenue rule. Rates or charges for on-site inspection and maintenance services may not be imposed under this chapter on the development, construction, or reconstruction of property.

Before adopting on-site inspection and maintenance utility services, or incorporating residences into an on-site inspection and maintenance or sewer utility under this chapter, notification must be provided, prior to the applicable public hearing, to all residences within the proposed service area that have on-site systems permitted by the local health officer. The notice must clearly state that the residence is within the proposed service area and must provide information on estimated rates or charges that may be imposed for the service.

A water-sewer district shall not provide on-site sewage system inspection, pumping services, or other maintenance or repair services under this section using water-sewer district employees unless the on-site system is connected by a publicly owned collection system to the water-sewer district's sewerage system, and the on-site system represents the first step in the sewage disposal process.

Except as otherwise provided in RCW 90.03.525, any public entity and public property, including the state of Washington and state property, shall be subject to rates and charges for sewer, water, storm water control, drainage, and street lighting facilities to the same extent private persons and private property are subject to those rates and charges that are imposed by districts. In setting those rates and charges, consideration may be made of in-kind services, such as stream improvements or donation of property;

(12) To contract with individuals, associations and corporations, the state of Washington, and the United States;

(13) To employ such persons as are needed to carry out the district's purposes and fix salaries and any bond requirements for those employees;

(14) To contract for the provision of engineering, legal, and other professional services as in the board of commissioner's discretion is necessary in carrying out their duties;

(15) To sue and be sued;

(16) To loan and borrow funds and to issue bonds and instruments evidencing indebtedness under chapter 57.20 RCW and other applicable laws;

(17) To transfer funds, real or personal property, property interests, or services subject to RCW 57.08.015;

(18) To levy taxes in accordance with this chapter and chapters 57.04 and 57.20 RCW;

(19) To provide for making local improvements and to levy and collect special assessments on property benefitted thereby, and for paying for the same or any portion thereof in accordance with chapter 57.16 RCW;

(20) To establish street lighting systems under RCW 57.08.060;

(21) To exercise such other powers as are granted to water-sewer districts by this title or other applicable laws; and

(22) To exercise any of the powers granted to cities and counties with respect to the acquisition, construction, maintenance, operation of, and fixing rates and charges for waterworks and systems of sewerage and drainage. [2009 c 253 § 1; 2007 c 31 § 8; 2004 c 202 § 1; 2003 c 394 § 5; 1999 c 153 § 2; 1997 c 447 § 16; 1996 c 230 § 301.]

**Finding—Purpose—1997 c 447:** See note following RCW 70.05.074.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **57.08.007 Concurrent service by two districts.**

Except upon approval of both districts by resolution, a district may not provide a service within an area in which that service is available from another district or within an area in which that service is planned to be made available under an effective comprehensive plan of another district. [1996 c 230 § 302.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.08.009 Use of property not immediately necessary to district for park or recreational purposes.** A district may operate and maintain a park or recreational facilities on real property that it owns or in which it has an interest that is not immediately necessary for its purposes.

If such park or recreational facilities are operated by a person other than the district, including a corporation, partnership, or other business enterprise, the person shall indemnify and hold harmless the district for any injury or damage caused by the action of the person. [1991 c 82 § 3. Formerly RCW 56.08.170.]

**57.08.011 Authority to manage, operate, maintain, or repair public or private water system—Contract.** A district may enter into a contract with any person, corporation, or other entity, public or private, that owns a water system located in the district to manage, operate, maintain, or repair the water system. Such a contract may be entered into only if the general comprehensive plan of the district reflects the water system that is to be so managed, operated, maintained, or repaired.

A district shall be liable to provide the services provided in such a contract only if the required contractual payments are made to the district, and such payments shall be secured by a lien on the property served by the water system to the same extent that rates and charges imposed by the district constitute liens on the property served by the district. The responsibility for all costs incurred by the water system in complying with water quality laws, regulations, and standards shall be solely that of the water system and not the dis-

trict, except to the extent payments have been made to the district for the costs of such compliance.

A district periodically may transfer to another account surplus moneys that may accumulate in an account established by the district to receive payments for the provision of services for such a water system. [1996 c 230 § 303; 1989 c 308 § 14.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.08.012 Fluoridation of water authorized.** A water district by a majority vote of its board of commissioners may fluoridate the water supply system of the water district. The commissioners may cause the proposition of fluoridation of the water supply to be submitted to the electors of the water district at any general election or special election to be called for the purpose of voting on the proposition. The proposition must be approved by a majority of the electors voting on the proposition to become effective. [1988 c 11 § 2.]

**57.08.014 Authority to adjust or delay rates or charges for low-income persons—Notice.** In addition to the authority of a district to establish classifications for rates and charges and impose such rates and charges, a district may adjust or delay those rates and charges for low-income persons or classes of low-income persons, including but not limited to, low-income handicapped persons and low-income senior citizens. Other financial assistance available to low-income persons shall be considered in determining charges and rates under this section. Notification of special rates or charges established under this section shall be provided to all persons served by the district annually and upon initiating service. Information on cost shifts caused by establishment of the special rates or charges shall be included in the notification. Any reduction in charges and rates granted to low-income persons in one part of a service area shall be uniformly extended to low-income persons in all other parts of the service area. [1999 c 153 § 3; 1996 c 230 § 304; 1983 c 198 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.08.015 Sale of unnecessary property authorized—Notice.** The board of commissioners of a district may sell, at public or private sale, property belonging to the district if the board determines that the property is not and will not be needed for district purposes and if the board gives notice of intention to sell as in this section provided. However, no such notice of intention shall be required to sell personal property of less than two thousand five hundred dollars in value.

The notice of intention to sell shall be published once a week for two consecutive weeks in a newspaper of general circulation in the district. The notice shall describe the property and state the time and place at which it will be sold or offered for sale, the terms of sale, whether the property is to be sold at public or private sale, and if at public sale the notice shall call for bids, fix the conditions of the bids and reserve the right to reject any and all bids for good cause. [1999 c 153 § 4; 1996 c 230 § 305; 1993 c 198 § 19; 1989 c 308 § 7; 1977 ex.s. c 299 § 2; 1953 c 50 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.08.016 Sale of unnecessary property authorized—Additional requirements for sale of realty.** (1) There shall be no private sale of real property where the appraised value exceeds the sum of two thousand five hundred dollars. Subject to the provisions of subsection (2) of this section, no real property of the district shall be sold for less than ninety percent of the value thereof as established by a written appraisal made not more than six months prior to the date of sale by three disinterested real estate brokers licensed under the laws of the state or professionally designated real estate appraisers as defined in \*RCW 74.46.020. The appraisal shall be signed by the appraisers and filed with the secretary of the board of commissioners of the district, who shall keep it at the office of the district open to public inspection. Any notice of intention to sell real property of the district shall recite the appraised value thereof.

(2) If no purchasers can be obtained for the property at ninety percent or more of its appraised value after one hundred twenty days of offering the property for sale, the board of commissioners of the district may adopt a resolution stating that the district has been unable to sell the property at the ninety percent amount. The district then may sell the property at the highest price it can obtain at public auction. A notice of intention to sell at public auction shall be published once a week for two consecutive weeks in a newspaper of general circulation in the district. The notice shall describe the property, state the time and place at which it will be offered for sale and the terms of sale, and shall call for bids, fix the conditions thereof, and reserve the right to reject any and all bids for good cause. [1999 c 153 § 5; 1996 c 230 § 306; 1993 c 198 § 20; 1989 c 308 § 8; 1988 c 162 § 2; 1984 c 103 § 3; 1953 c 50 § 2.]

\***Reviser's note:** RCW 74.46.020 was amended by 2010 1st sp.s. c 34 § 2, deleting the definition of "professionally designated real estate appraiser."

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.08.017 Application of sections to certain service provider agreements under chapter 70.150 RCW.** RCW 57.08.015, 57.08.016, 57.08.050, and 57.08.120 shall not apply to agreements entered into under authority of chapter 70.150 RCW if there is compliance with the procurement procedure under RCW 70.150.040. [1996 c 230 § 321; 1986 c 244 § 16.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.08.020 Conveyance of water system to city or town.** That water districts duly organized under the laws of the state of Washington shall have the following powers in addition to those conferred by existing statutes. Whenever any water district shall have installed a distributing system of mains and laterals and as a source of supply of water shall be purchasing or intending to purchase water from any city or town, and whenever it shall appear to be advantageous to the water consumers in said water district that such city or town shall take over the water system of the water district and supply water to the said water users, the commissioners of said water district, upon being authorized as provided in RCW 57.08.030, shall have the right to convey such distributing system to any such city or town: PROVIDED, Such city or town is willing to accept, maintain and repair the same:

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PROVIDED, FURTHER, That all bonded and other indebtedness of said water district except local improvement district bonds shall have been paid. [1933 c 142 § 1; RRS § 11586-1.]

**57.08.030 Election on conveyance—Contract for operation of facilities.** (1) Whenever any district shall have installed a distributing system of water mains and laterals, and as a source of supply of water shall be purchasing or intending to purchase water from any city or town, and whenever it appears to be advantageous to the water consumers in the district that such city or town shall take over the water system of the district and supply water to those water users, the commissioners of the district, when authorized as provided in subsection (2) of this section, shall have the right to convey the distributing system to that city or town if that city or town is willing to accept, maintain, and repair the same.

(2) Should the commissioners of the district decide that it would be to the advantage of the water consumers of the district to make the conveyance provided for in subsection (1) of this section, they shall cause the proposition of making that conveyance to be submitted to the voters of the district at any general election or at a special election to be called for the purpose of voting on the same. If at the election a majority of the voters voting on the proposition shall be in favor of making the conveyance, the district commissioners shall have the right to convey to the city or town the mains and laterals belonging to the district upon the city or town entering into a contract satisfactory to the commissioners to maintain and repair the same.

(3) Whenever a city or town located wholly or in part within a district shall enter into a contract with the commissioners of a district providing that the city or town shall take over all of the operation of the water supply facilities of the district located within its boundaries, the area of the district located within the city or town shall upon the execution of the contract cease to be served by the district for water service purposes. However, the affected land within that city or town shall remain liable for the payment of all assessments, any lien upon the property at the time of the execution of the agreement, and for any lien of all general obligation bonds due at the date of the contract, and the city or town shall remain liable for its fair prorated share of the debt of the area for any revenue bonds, outstanding as of the date of contract. [1999 c 153 § 6; 1996 c 230 § 307; 1933 c 142 § 2; RRS § 11586-2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.08.035 Effect when city or town takes over portion of water system.** Whenever a city or town located wholly or in part within a water district shall enter into a contract with the commissioners of a water district providing that the city or town shall take over all of the operation of the facilities of the district located within its boundaries, such area of said water district located within said city or town shall upon the execution of said contract cease to be a part of said water district and the inhabitants therein shall no longer be permitted to vote in said water district. The land, however, within such city or town shall remain liable for the payment of all assessments, any lien upon said property at the time of the execu-

tion of said agreement and for any lien of all general obligation bonds due at the date of said contract, and the city shall remain liable for its fair prorated share of the debt of the area for any revenue bonds outstanding as of said date of contract. [1971 ex.s. c 272 § 13.]

**57.08.040 City or town may accept and agree to maintain system.** Whenever any city or town is selling or proposes to sell water to a district, the city or town may by ordinance accept a conveyance of any distributing system and enter into a contract with the district for the maintenance and repair of the system and the supplying of water to the district consumers. [1996 c 230 § 308; 1933 c 142 § 3; RRS § 11586-3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.08.044 Contracts for acquisition, use, operation, etc., authorized—Service to areas in other districts.** A district may enter into contracts with any county, city, town, or any other municipal or quasi-municipal corporation, or with any private person or corporation, for the acquisition, ownership, use, and operation of any property, facilities, or services, within or without the district, and necessary or desirable to carry out the purposes of the district. A district may provide water, reclaimed water, sewer, drainage, or street lighting services to property owners in areas within or without the limits of the district, except that if the area to be served is located within another existing district duly authorized to exercise district powers in that area, then water, reclaimed water, sewer, drainage, or street lighting service may not be so provided by contract or otherwise without the consent by resolution of the board of commissioners of that other district. [2009 c 253 § 2; 1999 c 153 § 7; 1996 c 230 § 309; 1981 c 45 § 4; 1959 c 103 § 3; 1953 c 250 § 8; 1941 c 210 § 48; Rem. Supp. 1941 § 9425-57. Formerly RCW 56.08.060.]

*Water-sewer districts and municipalities, joint agreements: RCW 35.67.300.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.08.047 Provision of water, reclaimed water, sewer, or drainage service beyond district or city subject to review by boundary review board.** The provision of water, reclaimed water, sewer, or drainage service beyond the boundaries of a special purpose district or city may be subject to potential review by a boundary review board under chapter 36.93 RCW. [2009 c 253 § 3; 1999 c 153 § 8; 1996 c 230 § 310; 1989 c 84 § 57.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.08.050 Contracts for materials and work—Notice—Bids—Small works roster—Waiver of requirements.** (1) All work ordered, the estimated cost of which is in excess of twenty thousand dollars, shall be let by contract and competitive bidding. Before awarding any such contract the board of commissioners shall publish a notice in a newspaper of general circulation where the district is located at least once thirteen days before the last date upon which bids will be received, inviting sealed proposals for such work, plans and specifications which must at the time of publication

of such notice be on file in the office of the board of commissioners subject to the public inspection. The notice shall state generally the work to be done and shall call for proposals for doing the same to be sealed and filed with the board of commissioners on or before the day and hour named therein.

Each bid shall be accompanied by a certified or cashier's check or postal money order payable to the order of the county treasurer for a sum not less than five percent of the amount of the bid, or accompanied by a bid bond in an amount not less than five percent of the bid with a corporate surety licensed to do business in the state, conditioned that the bidder will pay the district as liquidated damages the amount specified in the bond, unless the bidder enters into a contract in accordance with the bidder's bid, and no bid shall be considered unless accompanied by such check, cash or bid bond. At the time and place named such bids shall be publicly opened and read and the board of commissioners shall proceed to canvass the bids and may let such contract to the lowest responsible bidder upon plans and specifications on file or to the best bidder submitting the bidder's own plans and specifications. The board of commissioners may reject all bids for good cause and readvertise and in such case all checks, cash or bid bonds shall be returned to the bidders. If the contract is let, then all checks, cash, or bid bonds shall be returned to the bidders, except that of the successful bidder, which shall be retained until a contract shall be entered into for doing the work, and a bond to perform such work furnished with sureties satisfactory to the board of commissioners in the full amount of the contract price between the bidder and the commission in accordance with the bid. If the bidder fails to enter into the contract in accordance with the bid and furnish the bond within ten days from the date at which the bidder is notified that the bidder is the successful bidder, the check, cash, or bid bonds and the amount thereof shall be forfeited to the district. If the bidder fails to enter into a contract in accordance with the bidder's bid, and the board of commissioners deems it necessary to take legal action to collect on any bid bond required by this section, then the district shall be entitled to collect from the bidder any legal expenses, including reasonable attorneys' fees occasioned thereby. A low bidder who claims error and fails to enter into a contract is prohibited from bidding on the same project if a second or subsequent call for bids is made for the project.

(2) As an alternative to requirements under subsection (1) of this section, a water-sewer district may let contracts using the small works roster process under RCW 39.04.155.

(3) Any purchase of materials, supplies, or equipment, with an estimated cost in excess of forty thousand dollars, shall be by contract. Any purchase of materials, supplies, or equipment, with an estimated cost of less than fifty thousand dollars shall be made using the process provided in RCW 39.04.190. Any purchase of materials, supplies, or equipment with an estimated cost of fifty thousand dollars or more shall be made by competitive bidding following the procedure for letting contracts for projects under subsection (1) of this section.

(4) As an alternative to requirements under subsection (3) of this section, a water-sewer district may let contracts for purchase of materials, supplies, or equipment with the suppliers designated on current state agency, county, city, or town purchasing rosters for the materials, supplies, or equipment,

when the roster has been established in accordance with the competitive bidding law for purchases applicable to the state agency, county, city, or town. The price and terms for purchases shall be as described on the applicable roster.

(5) The board may waive the competitive bidding requirements of this section pursuant to RCW 39.04.280 if an exemption contained within that section applies to the purchase or public work. [2009 c 229 § 11. Prior: 2003 c 145 § 1; 2003 c 60 § 1; 2000 c 138 § 212; 1999 c 153 § 9; 1998 c 278 § 8; 1997 c 245 § 4; prior: 1996 c 230 § 311; 1996 c 18 § 14; 1994 c 31 § 2; prior: 1993 c 198 § 21; 1993 c 45 § 8; 1989 c 105 § 2; 1987 c 309 § 2; 1985 c 154 § 2; 1983 c 38 § 2; 1979 ex.s. c 137 § 2; 1975 1st ex.s. c 64 § 2; 1965 c 72 § 1; 1947 c 216 § 2; 1929 c 114 § 21; Rem. Supp. 1947 § 11598. Cf. 1913 c 161 § 20.]

**Purpose—Part headings not law—2000 c 138:** See notes following RCW 39.04.155.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.08.060 Powers as to street lighting systems—Establishment.** In addition to the powers given districts by law, a district shall also have power to acquire, construct, maintain, operate, and develop street lighting systems.

To establish a street lighting system, the board of commissioners shall adopt a resolution proposing a street lighting system and delineating the boundaries of the area to be served by the proposed street lighting system. The board shall conduct a public hearing on the resolution to create a street lighting system. Notice of the hearing shall be published at least once each week for two consecutive weeks in one or more newspapers of general circulation in the area to be served by the proposed street lighting system. Following the hearing, the board may by resolution establish the street lighting system.

A street lighting system shall not be established if, within thirty days following the decision of the board, a petition opposing the street lighting system is filed with the board and contains the signatures of at least forty percent of the voters registered in the area to be served by the proposed system.

The district has the same powers of imposing charges for providing street lighting, collecting delinquent street lighting charges, and financing street lighting systems by issuing general obligation bonds, issuing revenue bonds, and creating improvement districts as it has for imposing charges for providing water, collecting delinquent water service charges, and financing water systems by issuing general obligation bonds, issuing revenue bonds, and creating improvement districts. [1996 c 230 § 312; 1987 c 449 § 11; 1982 c 105 § 1; 1941 c 68 § 1; Rem. Supp. 1941 § 11604-12.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.08.065 Powers as to mutual systems—Overlapping districts—Operation of system of sewerage or drainage by former water district.** (1) A district shall have power to establish, maintain, and operate a mutual water, sewerage, drainage, and street lighting system, a mutual system of any two or three of the systems, or separate systems.

(2) Where any two or more districts include the same territory as of July 1, 1997, none of the overlapping districts may provide any service that was made available by any of

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the other districts prior to July 1, 1997, within the overlapping territory without the consent by resolution of the board of commissioners of the other district or districts.

(3) A district that was a water district prior to July 1, 1997, that did not operate a system of sewerage or drainage prior to July 1, 1997, may not proceed to exercise the powers to establish, maintain, construct, and operate any system of sewerage or drainage without first obtaining written approval and certification of necessity from the department of ecology and department of health. Any comprehensive plan for a system of sewers or drainages or addition thereto or betterment thereof, proposed by a district that was a water district prior to July 1, 1997, shall be approved by the same county and state officials as were required to approve such plans adopted by a sewer district immediately prior to July 1, 1997, and as subsequently may be required. [1999 c 153 § 10; 1997 c 447 § 17; 1996 c 230 § 313; 1981 c 45 § 11; 1979 c 141 § 69; 1967 ex.s. c 135 § 3; 1963 c 111 § 1.]

**Finding—Purpose—1997 c 447:** See note following RCW 70.05.074.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.08.070 Participation in volunteer firefighters' relief and pension fund.** See chapter 41.24 RCW.

**57.08.081 Rates and charges—Delinquencies.** (1) Subject to \*RCW 57.08.005(6), the commissioners of any district shall provide for revenues by fixing rates and charges for furnishing sewer and drainage service and facilities to those to whom service is available or for providing water, such rates and charges to be fixed as deemed necessary by the commissioners, so that uniform charges will be made for the same class of customer or service and facility. Rates and charges may be combined for the furnishing of more than one type of sewer or drainage service and facilities.

(2) In classifying customers of such water, sewer, or drainage system, the board of commissioners may in its discretion consider any or all of the following factors: The difference in cost to various customers; the location of the various customers within and without the district; the difference in cost of maintenance, operation, repair, and replacement of the various parts of the system; the different character of the service furnished various customers; the quantity and quality of the service and facility furnished; the time of its use; the achievement of water conservation goals and the discouragement of wasteful practices; capital contributions made to the system including but not limited to assessments; and any other matters which present a reasonable difference as a ground for distinction. Rates shall be established as deemed proper by the commissioners and as fixed by resolution and shall produce revenues sufficient to take care of the costs of maintenance and operation, revenue bond and warrant interest and principal amortization requirements, and all other charges necessary for efficient and proper operation of the system. Prior to furnishing services, a district may require a deposit to guarantee payment for services. However, failure to require a deposit does not affect the validity of any lien authorized by this section.

(3) The commissioners shall enforce collection of connection charges, and rates and charges for water supplied against property owners connecting with the system or

receiving such water, and for sewer and drainage services charged against property to which and its owners to whom the service is available, such charges being deemed charges against the property served, by addition of penalties of not more than ten percent thereof in case of failure to pay the charges at times fixed by resolution. The commissioners may provide by resolution that where either connection charges or rates and charges for services supplied are delinquent for any specified period of time, the district shall certify the delinquencies to the auditor of the county in which the real property is located, and the charges and any penalties added thereto and interest thereon at the rate of not more than the prime lending rate of the district's bank plus four percentage points per year shall be a lien against the property upon which the service was received, subject only to the lien for general taxes.

(4) The district may, at any time after the connection charges or rates and charges for services supplied or available and penalties are delinquent for a period of sixty days, bring suit in foreclosure by civil action in the superior court of the county in which the real property is located. The court may allow, in addition to the costs and disbursements provided by statute, attorneys' fees, title search and report costs, and expenses as it adjudges reasonable. The action shall be in rem, and may be brought in the name of the district against an individual or against all of those who are delinquent in one action. The laws and rules of the court shall control as in other civil actions.

(5) In addition to the right to foreclose provided in this section, the district may also cut off all or part of the service after charges for water or sewer service supplied or available are delinquent for a period of thirty days.

(6) A district may determine how to apply partial payments on past due accounts.

(7) A district may provide a real property owner or the owner's designee with duplicate bills for service to tenants, or may notify an owner or the owner's designee that a tenant's service account is delinquent. However, if an owner or the owner's designee notifies the district in writing that a property served by the district is a rental property, asks to be notified of a tenant's delinquency, and has provided, in writing, a complete and accurate mailing address, the district shall notify the owner or the owner's designee of a tenant's delinquency at the same time and in the same manner the district notifies the tenant of the tenant's delinquency or by mail. When a district provides a real property owner or the owner's designee with duplicates of tenant utility service bills or notice that a tenant's utility account is delinquent, the district shall notify the tenant that it is providing the duplicate bills or delinquency notice to the owner or the owner's designee. After January 1, 1999, if a district fails to notify the owner of a tenant's delinquency after receiving a written request to do so and after receiving the other information required by this subsection (7), the district shall have no lien against the premises for the tenant's delinquent and unpaid charges. [2003 c 394 § 6; 1999 c 153 § 11. Prior: 1998 c 285 § 2; 1998 c 106 § 9; 1997 c 447 § 19; 1996 c 230 § 314.]

**\*Reviser's note:** RCW 57.08.005 was amended by 2009 c 253 § 1, changing subsection (6) to subsection (7).

**Finding—Purpose—1997 c 447:** See note following RCW 70.05.074. *Assessments and charges against state lands: Chapter 79.44 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.08.085 Public property subject to rates and charges for drainage facilities.** Except as otherwise provided in RCW 90.03.525, any public entity and public property, including state of Washington property, shall be subject to rates and charges for drainage facilities to the same extent as private persons and private property are subject to such rates and charges that are imposed by districts pursuant to RCW 57.08.005 or 57.08.081. In setting those rates and charges, consideration may be given to in-kind services, such as stream improvements or donation of property. [1999 c 153 § 12; 1996 c 230 § 315; 1986 c 278 § 59; 1983 c 315 § 5. Formerly RCW 56.08.012.]

*Flood control zone districts—Storm water control improvements: Chapter 86.15 RCW.*

*Rates and charges for storm water control facilities—Limitations—Definitions: RCW 90.03.500 through 90.03.525. See also RCW 35.67.025, 35.92.021, 36.89.085, and 36.94.145.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.08.100 Health care, group, life, and social security insurance contracts for employees', commissioners' benefit—Joint action with other districts.** Subject to chapter 48.62 RCW, a district, by a majority vote of its board of commissioners, may enter into contracts to provide health care services and/or group insurance and/or term life insurance and/or social security insurance for the benefit of its employees and may pay all or any part of the cost thereof. Any two or more districts, by a majority vote of their respective boards of commissioners, may, if deemed expedient, join in the procuring of such health care services and/or group insurance and/or term life insurance, and the board of commissioners of a participating district may by appropriate resolution authorize its respective district to pay all or any portion of the cost thereof.

A district with five thousand or more customers providing health, group, or life insurance to its employees may provide its commissioners with the same coverage. However, the per person amounts for such insurance paid by the district shall not exceed the per person amounts paid by the district for its employees. [1996 c 230 § 316; 1991 sp.s. c 30 § 25; 1991 c 82 § 5; 1981 c 190 § 6; 1973 c 24 § 2; 1961 c 261 § 2.]

*Hospitalization and medical insurance authorized: RCW 41.04.180.*

*Hospitalization and medical insurance not deemed additional compensation: RCW 41.04.190.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.08.105 Liability insurance for officials and employees.** The board of commissioners of each district may purchase liability insurance with such limits as it may deem reasonable for the purpose of protecting its officials and employees against liability for personal or bodily injuries and property damage arising from their acts or omissions while performing or in good faith purporting to perform their official duties. [1996 c 230 § 317; 1973 c 125 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.08.107 Liability insurance for officers and employees authorized.** See RCW 36.16.138.

**57.08.112 Association of commissioners—Association to furnish information to legislature and governor.** See RCW 44.04.170.

**57.08.120 Lease of real property—Notice, hearing—Performance bond or security.** A district may lease out real property which it owns or in which it has an interest and which is not immediately necessary for its purposes upon such terms as the board of commissioners deems proper. No such lease shall be made until the district has first caused notice thereof to be published twice in a newspaper in general circulation in the district, the first publication to be at least fifteen days and the second at least seven days prior to the making of such lease. The notice shall describe the property, the lessee, and the lease payments. A hearing shall be held pursuant to the terms of the notice, at which time any and all persons who may be interested shall have the right to appear and to be heard.

No such lease shall be made unless secured by a bond conditioned on the performance of the terms of the lease, with surety satisfactory to the commissioners and with a penalty of not less than one-sixth of the term of the lease or for one year's rental, whichever is greater.

No such lease shall be made for a term longer than fifty years. In cases involving leases of more than five years, the commissioners may provide for or stipulate to acceptance of a bond conditioned on the performance of a part of the term for five years or more whenever it is further provided that the lessee must procure and deliver to the commissioners renewal bonds with like terms and conditions no more than two years prior nor less than one year prior to the expiration of such bond during the entire term of the lease. However, no such bond shall be construed to secure the furnishing of any other bond by the same surety or indemnity company. The board of commissioners may require a reasonable security deposit in lieu of a bond on leased property owned by a district.

The commissioners may accept as surety on any bond required by this section an approved surety company, or may accept in lieu thereof a secured interest in property of a value at least twice the amount of the bond required, conditioned further that in the event the commissioners determine that the value of the bond security has become or is about to become impaired, additional security shall be required from the lessee.

The authority granted under this section shall not be exercised by the board of commissioners unless the property is declared by resolution of the board of commissioners to be property for which there is a future need by the district and for the use of which provision is made in the comprehensive plan of the district as the same may be amended from time to time. [2007 c 31 § 9; 1996 c 230 § 319; 1991 c 82 § 6; 1967 ex.s. c 135 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.08.140 RCW 39.33.060 to govern on sales by district for park and recreational purposes.** The provisions of RCW 57.08.015, 57.08.016, and 57.08.120 shall have no application as to the sale or conveyance of real or personal property or any interest or right therein by a district to the county or park and recreation district wherein such property

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is located for park and recreational purposes, but in those cases the provisions of RCW 39.33.060 shall govern. [1996 c 230 § 320; 1971 ex.s. c 243 § 8.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.08.150 Extensions by private party—Preparation of plans—Review by district.** A district may not require that a specified engineer prepare plans or designs for extensions to its systems if the extensions are to be financed and constructed by a private party, but may review, and approve or reject, the plans or designs which have been prepared for such a private party based upon standards and requirements established by the district. [1996 c 230 § 323; 1987 c 309 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.08.160 Authority to assist customers in the acquisition of water conservation equipment—Limitations.** Any district is hereby authorized, within limits established by the Constitution of the state of Washington, to assist the owners of structures in financing the acquisition and installation of fixtures, systems, and equipment, for compensation or otherwise, for the conservation or more efficient use of water in the structures under a water conservation plan adopted by the district if the cost per unit of water saved or conserved by the use of the fixtures, systems, and equipment is less than the cost per unit of water supplied by the next least costly new water source available to the district to meet future demand. Except where otherwise authorized, assistance shall be limited to:

(1) Providing an inspection of the structure, either directly or through one or more inspectors under contract, to determine and inform the owner of the estimated cost of purchasing and installing conservation fixtures, systems, and equipment for which financial assistance will be approved and the estimated life cycle savings to the water system and the consumer that are likely to result from the installation of the fixtures, systems, or equipment;

(2) Providing a list of businesses that sell and install the fixtures, systems, and equipment within or in close proximity to the service area of the city or town, each of which businesses shall have requested to be included and shall have the ability to provide the products in a workmanlike manner and to utilize the fixtures, systems, and equipment in accordance with the prevailing national standards;

(3) Arranging to have approved conservation fixtures, systems, and equipment installed by a private contractor whose bid is acceptable to the owner of the structure and verifying the installation; and

(4) Arranging or providing financing for the purchase and installation of approved conservation fixtures, systems, and equipment. The fixtures, systems, and equipment shall be purchased or installed by a private business, the owner, or the utility.

Pay back shall be in the form of incremental additions to the utility bill, billed either together with the use charge or separately. Loans shall not exceed two hundred forty months in length. [2010 1st sp.s. c 5 § 3; 1996 c 230 § 324; 1989 c 421 § 5.]

**Intent—Contingent effective date—1989 c 421:** See notes following RCW 35.92.017.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.08.170 Water conservation plan—Emergency water use restrictions—Fine.** A district may adopt a water conservation plan and emergency water use restrictions. The district may enforce a water conservation plan and emergency water use restrictions by imposing a fine as provided by resolution for failure to comply with any such plan or restrictions. The commissioners may provide by resolution that if a fine for failure to comply with the water conservation plan or emergency water use restrictions is delinquent for a specified period of time, the district shall certify the delinquency to the treasurer of the county in which the real property is located and serve notice of the delinquency on the subscribing water customer who fails to comply, and the fine is then a separate item for inclusion on the bill of the party failing to comply with the water conservation plan or emergency water use restrictions. [1996 c 230 § 325; 1991 c 82 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.08.180 Sewer, drainage, and water connections without district permission—Penalties.** It is unlawful and a misdemeanor to make, or cause to be made, or to maintain any connection with any sewer, drainage, or water system of any district, or with any sewer, drainage, or water system which is connected directly or indirectly with any sewer, drainage, or water system of any district without having permission from the district. [1999 c 153 § 14; 1996 c 230 § 322; 1995 c 376 § 15; 1991 c 190 § 5.]

**Findings—1995 c 376:** See note following RCW 70.116.060.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.08.190 Cooperative watershed management.** In addition to the authority provided in RCW 57.08.005, a water district, sewer district, or water-sewer district may participate in and expend revenue on cooperative watershed management actions, including watershed management partnerships under RCW 39.34.210 and other intergovernmental agreements, for purposes of water supply, water quality, and water resource and habitat protection and management. [2003 c 327 § 13.]

**Finding—Intent—2003 c 327:** See note following RCW 39.34.190.

## Chapter 57.12 RCW OFFICERS AND ELECTIONS

### Sections

57.12.010	Commissioners—President and secretary—Compensation.
57.12.015	Increase in number of commissioners.
57.12.017	Decrease in number of commissioners.
57.12.020	Vacancies.
57.12.030	Commissioners—Terms.
57.12.035	Commissioners—Void in candidacy, fewer than one hundred residents in district.
57.12.039	Commissioner districts.

*Redistricting by local governments and municipal corporations—Census information for—Plan, prepared when, criteria for, hearing on, request for review of, certification, remand—Sanctions when review request frivolous: RCW 29A.76.010.*

**57.12.010 Commissioners—President and secretary—Compensation.** The governing body of a district shall be a board of commissioners consisting of three members, or five or seven members as provided in RCW 57.12.015. The board shall annually elect one of its members as president and another as secretary.

The board shall by resolution adopt rules governing the transaction of its business and shall adopt an official seal. All proceedings shall be by resolution recorded in a book kept for that purpose which shall be a public record.

Each commissioner shall receive ninety dollars for each day or portion thereof spent in actual attendance at official meetings of the district commission, or in performance of other official services or duties on behalf of the district. However, the compensation for each commissioner shall not exceed eight thousand six hundred forty dollars per year. In addition, the secretary may be paid a reasonable sum for clerical services.

Any commissioner may waive all or any portion of his or her compensation payable under this section as to any month or months during the commissioner's term of office, by a written waiver filed with the district at any time after the commissioner's election and prior to the date on which the compensation would otherwise be paid. The waiver shall specify the month or period of months for which it is made.

No commissioner shall be employed full time by the district. A commissioner shall be reimbursed for reasonable expenses actually incurred in connection with district business, including subsistence and lodging while away from the commissioner's place of residence and mileage for use of a privately owned vehicle at the mileage rate authorized in RCW 43.03.060.

The dollar thresholds established in this section must be adjusted for inflation by the office of financial management every five years, beginning July 1, 2008, based upon changes in the consumer price index during that time period. "Consumer price index" means, for any calendar year, that year's annual average consumer price index, for Washington state, for wage earners and clerical workers, all items, compiled by the bureau of labor and statistics, United States department of labor. If the bureau of labor and statistics develops more than one consumer price index for areas within the state, the index covering the greatest number of people, covering areas exclusively within the boundaries of the state, and including all items shall be used for the adjustments for inflation in this section. The office of financial management must calculate the new dollar threshold and transmit it to the office of the code reviser for publication in the Washington State Register at least one month before the new dollar threshold is to take effect.

A person holding office as commissioner for two or more special purpose districts shall receive only that per diem compensation authorized for one of his or her commissioner positions as compensation for attending an official meeting or conducting official services or duties while representing more than one of his or her districts. However, such commissioner may receive additional per diem compensation if approved by resolution of all boards of the affected commissions. [2008 c 31 § 1; 2007 c 469 § 5; 2001 c 63 § 1; 1998 c 121 § 5; 1996 c 230 § 401; 1985 c 330 § 6; 1980 c 92 § 2; 1975 1st ex.s. c 116 § 1; 1969 ex.s. c 148 § 8; 1959 c 108 § 5;

1959 c 18 § 1; 1945 c 50 § 2; 1929 c 114 § 7; Rem. Supp. 1945 § 11585. Cf. 1913 c 161 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.12.015 Increase in number of commissioners.** (1)

In the event a three-member board of commissioners of any district with any number of customers determines by resolution that it would be in the best interest of the district to increase the number of commissioners from three to five, or if the board of a district with any number of customers is presented with a petition signed by ten percent of the registered voters resident within the district who voted in the last general municipal election calling for an increase in the number of commissioners of the district, the board shall submit a resolution to the county auditor requesting that an election be held. Upon receipt of the resolution, the county auditor shall call a special election to be held within the district, at which election a proposition in substantially the following language shall be submitted to the voters:

Shall the Board of Commissioners of (name and/or number of district) be increased from three to five members?

Yes . . . . .

No . . . . .

If the proposition receives a majority approval at the election the board of commissioners of the district shall be increased to five members.

(2) In any district with more than ten thousand customers, if a three-member board of commissioners determines by resolution that it would be in the best interest of the district to increase the number of commissioners from three to five, the number of commissioners shall be so increased without an election, unless within ninety days of adoption of that resolution a petition requesting an election and signed by at least ten percent of the registered voters who voted in the last municipal general election is filed with the board. If such a petition is received, the board shall submit the resolution and the petition to the county auditor, who shall call a special election in the manner described in this section.

(3)(a) In any district with more than twenty-five thousand customers, if a five-member board of commissioners determines by resolution that it would be in the best interest of the district to increase the number of commissioners from five to seven, the number of commissioners may be so increased without an election, unless within ninety days of adoption of that resolution a petition requesting an election and signed by at least ten percent of the registered voters who voted in the last municipal general election is filed with the board. If such a petition is received, the board shall submit the resolution and the petition to the county auditor, who shall call a special election in the manner described in this section.

(b) In the event a five-member board of commissioners of any district with more than twenty-five thousand customers determines by resolution that it would be in the best interest of the district to increase the number of commissioners from five to seven, the board may submit a resolution to the county auditor requesting that an election be held. Upon receipt of the resolution, the county auditor shall call a special

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election to be held within the district, at which election a proposition in substantially the following language shall be submitted to the voters:

Shall the Board of Commissioners of (name and/or number of district) be increased from five to seven members?

Yes . . . . .

No . . . . .

If the proposition receives a majority approval at the election the board of commissioners of the district shall be increased to seven members.

(4) The two additional positions created on boards of commissioners by this section shall be filled initially as for a vacancy, except that the appointees shall draw lots, one appointee to serve until the next district general election after the appointment, at which two commissioners shall be elected for six-year terms, and the other appointee to serve until the second district general election after the appointment, at which two commissioners shall be elected for six-year terms. [2001 c 63 § 2; 1996 c 230 § 402; 1994 c 223 § 67; 1991 c 190 § 6; 1990 c 259 § 29; 1987 c 449 § 12.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.12.017 Decrease in number of commissioners.** (1)

Except as provided in RCW 52.14.020, in the event a five-member or seven-member board of commissioners of any district determines by resolution that it would be in the best interest of the district to decrease the number of commissioners from five to three, or from seven to five, or in the event the board is presented with a petition signed by ten percent of the registered voters resident within the district who voted in the last general municipal election calling for such a decrease in the number of commissioners of the district, the board shall submit a resolution to the county auditor. Upon receipt of the resolution, the county auditor shall call a special election to be held within the district at which election the following proposition shall be submitted to the voters substantially as follows:

Shall the board of commissioners of (name and/or number of district) be decreased from (five/seven) members to (three/five) members?

Yes . . .

No . . . . .

If the district has commissioner districts, the commissioners of the district must pass a resolution, before the submission of the proposition to the voters, to either redistrict from five commissioner districts to three commissioner districts, or from seven commissioner districts to five commissioner districts, or eliminate the commissioner districts. The resolution takes effect upon approval of the proposition by the voters.

If the proposition receives a majority approval at the election, the board of commissioners of the district shall be decreased to three or five members.

(2) The number of members on the board of the district shall be reduced by one whenever a commissioner resigns from office or a vacancy otherwise occurs on the board, until the number of remaining members is reduced to the number

of members that is chosen for the board eventually to have. The reduction of membership on the board shall not be considered to be a vacancy that is to be filled until the number of remaining members is less than the number of members on the board that is chosen for the board eventually to have.

(3) At the next three district general elections after the reduction is approved, the number of commissioners for the district that are elected shall be as follows, notwithstanding the number of commissioners whose terms expire:

(a) In the first election after the reduction, only one position shall be filled.

(b) In the second election, one position shall be filled.

Thereafter, the commissioners shall be elected in the same manner as prescribed for such districts of the state. [2001 c 63 § 3.]

**57.12.020 Vacancies.** A vacancy on the board shall occur and shall be filled as provided in chapter 42.12 RCW. In addition, if a commissioner is absent from three consecutive scheduled meetings unless by permission of the board, the office may be declared vacant. However, such an action shall not be taken unless the commissioner is notified by mail after two consecutive unexcused absences that the position will be declared vacant if the commissioner is absent without being excused from the next regularly scheduled meeting. [1996 c 230 § 405; 1994 c 223 § 68; 1990 c 259 § 30; 1985 c 141 § 7; 1981 c 169 § 1; 1975 1st ex.s. c 188 § 14; 1959 c 18 § 3. Prior: 1953 c 251 § 4; 1947 c 216 § 1, part; 1945 c 50 § 1, part; 1931 c 72 § 1, part; 1929 c 114 § 6, part; Rem. Supp. 1947 § 11584, part. Cf. 1913 c 161 § 7, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.12.030 Commissioners—Terms.** Except as in this section otherwise provided, the term of office of each district commissioner shall be six years, such term to be computed from the first day of January following the election, and commissioners shall serve until their successors are elected and qualified and assume office in accordance with \*RCW 29.04.170.

Three initial district commissioners shall be elected at the same election at which the proposition is submitted to the voters as to whether such district shall be formed. The election of initial district commissioners shall be null and void if the ballot proposition to form the district is not approved. Each candidate shall run for one of three separate commissioner positions. A special filing period shall be opened as provided in \*RCW 29.15.170 and 29.15.180. The person receiving the greatest number of votes for each position shall be elected to that position.

The initial district commissioners shall assume office immediately when they are elected and qualified. Staggering of the terms of office for the initial district commissioners shall be accomplished as follows: (1) The person who is elected receiving the greatest number of votes shall be elected to a six-year term of office if the election is held in an odd-numbered year or a five-year term of office if the election is held in an even-numbered year; (2) the person who is elected receiving the next greatest number of votes shall be elected to a four-year term of office if the election is held in an odd-numbered year or a three-year term of office if the election is

held in an even-numbered year; and (3) the other person who is elected shall be elected to a two-year term of office if the election is held in an odd-numbered year or a one-year term of office if the election is held in an even-numbered year. The terms of office shall be calculated from the first day of January after the election.

Thereafter, commissioners shall be elected to six-year terms of office. Commissioners shall serve until their successors are elected and qualified and assume office in accordance with \*RCW 29.04.170. [1996 c 230 § 403; 1994 c 223 § 69; 1982 1st ex.s. c 17 § 14; 1979 ex.s. c 126 § 39; 1959 c 18 § 4. Prior: 1947 c 216 § 1; 1945 c 50 § 1; 1931 c 72 § 1; 1929 c 114 § 6; Rem. Supp. 1947 § 11584. Cf. 1913 c 161 § 7.]

**\*Reviser's note:** RCW 29.04.170, 29.15.170, and 29.15.180 were recodified as RCW 29A.20.040, 29A.24.170, and 29A.24.180, respectively, pursuant to 2003 c 111 § 2401, effective July 1, 2004. RCW 29A.24.170 and 29A.24.180 were subsequently repealed by 2004 c 271 § 193. Later enactment of RCW 29A.24.170 and 29A.24.180, see RCW 29A.24.171 and 29A.24.181, respectively.

**Purpose—1979 ex.s. c 126:** See RCW 29A.20.040(1).

*Terms and compensation of county and district officers: State Constitution Art. 11 § 5.*

*Time of holding election for district officers: State Constitution Art. 6 § 8.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.12.035 Commissioners—Void in candidacy, fewer than one hundred residents in district.** If the district has fewer than one hundred residents, and if the filing period is reopened for a district commissioner under RCW 29A.24.171 or 29A.24.181 due to a void in candidacy, any person who is a qualified elector of the state of Washington and who holds title or evidence of title to land in the district may file as a candidate for and serve as a district commissioner. [2007 c 383 § 1.]

**57.12.039 Commissioner districts.** (1) Notwithstanding RCW 57.12.020 and 57.12.030, the board of commissioners may provide by majority vote that subsequent commissioners be elected from commissioner districts within the district. If the board exercises this option, it shall divide the district into three, five, or seven if the number of commissioners has been increased under RCW 57.12.015, commissioner districts of approximately equal population following current precinct and district boundaries.

(2) Commissioner districts shall be used as follows: (a) Only a registered voter who resides in a commissioner district may be a candidate for, or serve as, a commissioner of the commissioner district; and (b) only voters of a commissioner district may vote at a primary to nominate candidates for a commissioner of the commissioner district. Voters of the entire district may vote at a general election to elect a person as a commissioner of the commissioner district. Commissioner districts shall be redrawn as provided in \*chapter 29.70 RCW.

(3) In districts in which commissioners are nominated from commissioner districts, at the inception of a five-member or a seven-member board of commissioners, the new commissioner districts shall be numbered one through five or one through seven and the incumbent commissioners shall represent up to five commissioner districts depending on the

amount of commissioners. If, as a result of redrawing the district boundaries two or three of the incumbent commissioners reside in one of the new commissioner districts, the commissioners who reside in the same commissioner district shall determine by lot which of the first three or five numbered commissioner districts they shall represent for the remainder of their respective terms. A primary shall be held to nominate candidates from the remaining districts where necessary and commissioners shall be elected at large at the general election. The persons elected as commissioners from the remaining commissioner districts shall take office immediately after qualification as defined under **\*\*RCW 29.01.135**. [2001 c 63 § 4; 1996 c 230 § 404; 1994 c 223 § 70; 1986 c 41 § 2.]

**Reviser's note:** \*(1) Chapter 29.70 RCW was recodified as chapter 29A.76 RCW pursuant to 2003 c 111 § 2401, effective July 1, 2004.

\*\* (2) RCW 29.01.135 was recodified as RCW 29A.04.133 pursuant to 2003 c 111 § 2401, effective July 1, 2004.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**Chapter 57.16 RCW**  
**COMPREHENSIVE PLAN—**  
**LOCAL IMPROVEMENT DISTRICTS**

Sections

- 57.16.010 General comprehensive plan of improvements—Approval of engineer, director of health, and city, town, or county—Amendments.
- 57.16.015 Expenditures before plan adopted and approved.
- 57.16.045 Additions and betterments—Annexed areas.
- 57.16.050 Districts authorized—Special assessments—Bonds.
- 57.16.060 Resolution or petition to form district—Procedure—Written protest—Notice.
- 57.16.062 Hearing—Improvement ordered—Divestment of power to order—Notice—Appeal—Assessment roll.
- 57.16.065 Notice must contain statement that assessments may vary from estimates.
- 57.16.070 Hearing on assessment roll—Notice.
- 57.16.073 Sanitary sewer and potable water facilities—Notice to certain property owners.
- 57.16.075 Exemption of farm and agricultural land from special benefit assessments.
- 57.16.080 Enlarged district.
- 57.16.090 Review.
- 57.16.100 Conclusiveness of roll—Correction of errors.
- 57.16.110 Segregation of assessment—Procedure.
- 57.16.120 Acquisition of property subject to local improvement assessments—Payment.
- 57.16.140 Excess sewer capacity or water supply not grounds for zoning decision challenge.
- 57.16.150 Foreclosure of assessments—Attorneys' fees.
- 57.16.160 Review of sewer general comprehensive plan—Time limitations—Notice of rejection of plan or extension of timeline.

*Deferral of special assessments: Chapter 84.38 RCW.*

*Local improvements, supplemental authority: Chapter 35.51 RCW.*

**57.16.010 General comprehensive plan of improvements—Approval of engineer, director of health, and city, town, or county—Amendments.** Before ordering any improvements or submitting to vote any proposition for incurring any indebtedness, the district commissioners shall adopt a general comprehensive plan for the type or types of facilities the district proposes to provide. A district may prepare a separate general comprehensive plan for each of these services and other services that districts are permitted to provide, or the district may combine any or all of its comprehensive plans into a single general comprehensive plan.

(1) For a general comprehensive plan of a water supply system, the commissioners shall investigate the several por-

tions and sections of the district for the purpose of determining the present and reasonably foreseeable future needs thereof; shall examine and investigate, determine, and select a water supply or water supplies for such district suitable and adequate for present and reasonably foreseeable future needs thereof; and shall consider and determine a general system or plan for acquiring such water supply or water supplies, and the lands, waters, and water rights and easements necessary therefor, and for retaining and storing any such waters, and erecting dams, reservoirs, aqueducts, and pipe lines to convey the same throughout such district. There may be included as part of the system the installation of fire hydrants at suitable places throughout the district. The commissioners shall determine a general comprehensive plan for distributing such water throughout such portion of the district as may then reasonably be served by means of subsidiary aqueducts and pipe lines, and a long-term plan for financing the planned projects and the method of distributing the cost and expense thereof, including the creation of local improvement districts or utility local improvement districts, and shall determine whether the whole or part of the cost and expenses shall be paid from revenue or general obligation bonds.

(2) For a general comprehensive plan for a sewer system, the commissioners shall investigate all portions and sections of the district and select a general comprehensive plan for a sewer system for the district suitable and adequate for present and reasonably foreseeable future needs thereof. The general comprehensive plan shall provide for treatment plants and other methods and services, if any, for the prevention, control, and reduction of water pollution and for the treatment and disposal of sewage and industrial and other liquid wastes now produced or which may reasonably be expected to be produced within the district and shall, for such portions of the district as may then reasonably be served, provide for the acquisition or construction and installation of laterals, trunk sewers, intercepting sewers, syphons, pumping stations or other sewage collection facilities, septic tanks, septic tank systems or drainfields, and systems for the transmission and treatment of wastewater. The general comprehensive plan shall provide a long-term plan for financing the planned projects and the method of distributing the cost and expense of the sewer system and services, including the creation of local improvement districts or utility local improvement districts; and provide whether the whole or some part of the cost and expenses shall be paid from revenue or general obligation bonds.

(3) For a general comprehensive plan for a reclaimed water system, the commissioners shall investigate all portions and sections of the district and select a general comprehensive plan for a reclaimed water system for the district suitable and adequate for present and reasonably foreseeable future needs thereof. The general comprehensive plan must provide for treatment plants or the use of existing treatment plants and other methods and services, if any, for reclaiming water and must, for such portions of the district as may then reasonably be served, provide for a general system or plan for acquiring the lands and easements necessary therefor, including retaining and storing reclaimed water, and for the acquisition or construction and installation of mains, transmission mains, pumping stations, hydrants, or other facilities and systems for the reclamation and transmission of reclaimed water

throughout such district for such uses, public and private, as authorized by law. The general comprehensive plan must provide a long-term plan for financing the planned projects and the method of distributing the cost and expense of the reclaimed water system and services, including the creation of local improvement districts or utility local improvement districts; and provide whether the whole or some part of the cost and expenses must be paid from revenue or general obligation bonds.

(4) For a general comprehensive plan for a drainage system, the commissioners shall investigate all portions and sections of the district and adopt a general comprehensive plan for a drainage system for the district suitable and adequate for present and future needs thereof. The general comprehensive plan shall provide for a system to collect, treat, and dispose of storm water or surface waters, including use of natural systems and the construction or provision of culverts, storm water pipes, ponds, and other systems. The general comprehensive plan shall provide for a long-term plan for financing the planned projects and provide for a method of distributing the cost and expense of the drainage system, including local improvement districts or utility local improvement districts, and provide whether the whole or some part of the cost and expenses shall be paid from revenue or general obligation bonds.

(5) For a general comprehensive plan for street lighting, the commissioners shall investigate all portions and sections of the district and adopt a general comprehensive plan for street lighting for the district suitable and adequate for present and future needs thereof. The general comprehensive plan shall provide for a system or systems of street lighting, provide for a long-term plan for financing the planned projects, and provide for a method of distributing the cost and expense of the street lighting system, including local improvement districts or utility local improvement districts, and provide whether the whole or some part of the cost and expenses shall be paid from revenue or general obligation bonds.

(6) The commissioners may employ such engineering and legal service as in their discretion is necessary in carrying out their duties.

(7) Any general comprehensive plan or plans shall be adopted by resolution and submitted to an engineer designated by the legislative authority of the county in which fifty-one percent or more of the area of the district is located, and to the director of health of the county in which the district or any portion thereof is located, and must be approved in writing by the engineer and director of health, except that a comprehensive plan relating to street lighting shall not be submitted to or approved by the director of health. The general comprehensive plan shall be approved, conditionally approved, or rejected by the director of health and by the designated engineer within sixty days of their respective receipt of the plan. However, this sixty-day time limitation may be extended by the director of health or engineer for up to an additional sixty days if sufficient time is not available to review adequately the general comprehensive plans.

Before becoming effective, the general comprehensive plan shall also be submitted to, and approved by resolution of, the legislative authority of every county within whose boundaries all or a portion of the district lies. The general

comprehensive plan shall be approved, conditionally approved, or rejected by each of the county legislative authorities pursuant to the criteria in RCW 57.02.040 for approving the formation, reorganization, annexation, consolidation, or merger of districts. The resolution, ordinance, or motion of the legislative body that rejects the comprehensive plan or a part thereof shall specifically state in what particular the comprehensive plan or part thereof rejected fails to meet these criteria. The general comprehensive plan shall not provide for the extension or location of facilities that are inconsistent with the requirements of RCW 36.70A.110. Nothing in this chapter shall preclude a county from rejecting a proposed plan because it is in conflict with the criteria in RCW 57.02.040. Each general comprehensive plan shall be deemed approved if the county legislative authority fails to reject or conditionally approve the plan within ninety days of the plan's submission to the county legislative authority or within thirty days of a hearing on the plan when the hearing is held within ninety days of submission to the county legislative authority. However, a county legislative authority may extend this ninety-day time limitation by up to an additional ninety days where a finding is made that ninety days is insufficient to review adequately the general comprehensive plan. In addition, the commissioners and the county legislative authority may mutually agree to an extension of the deadlines in this section.

If the district includes portions or all of one or more cities or towns, the general comprehensive plan shall be submitted also to, and approved by resolution of, the legislative authorities of the cities and towns before becoming effective. The general comprehensive plan shall be deemed approved by the city or town legislative authority if the city or town legislative authority fails to reject or conditionally approve the plan within ninety days of the plan's submission to the city or town or within thirty days of a hearing on the plan when the hearing is held within ninety days of submission to the county legislative authority. However, a city or town legislative authority may extend this time limitation by up to an additional ninety days where a finding is made that insufficient time exists to adequately review the general comprehensive plan within these time limitations. In addition, the commissioners and the city or town legislative authority may mutually agree to an extension of the deadlines in this section.

Before becoming effective, the general comprehensive plan shall be approved by any state agency whose approval may be required by applicable law. Before becoming effective, any amendment to, alteration of, or addition to, a general comprehensive plan shall also be subject to such approval as if it were a new general comprehensive plan. However, only if the amendment, alteration, or addition affects a particular city or town, shall the amendment, alteration, or addition be subject to approval by such particular city or town governing body. [2009 c 253 § 4; 1997 c 447 § 18; 1996 c 230 § 501; 1990 1st ex.s. c 17 § 35; 1989 c 389 § 10; 1982 c 213 § 2; 1979 c 23 § 2; 1977 ex.s. c 299 § 3; 1959 c 108 § 6; 1959 c 18 § 6. Prior: 1939 c 128 § 2, part; 1937 c 177 § 1; 1929 c 114 § 10, part; RRS § 11588. Cf. 1913 c 161 § 10.]

**Finding—Purpose—1997 c 447:** See note following RCW 70.05.074.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.16.015 Expenditures before plan adopted and approved.** No expenditure for carrying on any part of a general comprehensive plan shall be made other than the necessary salaries of engineers, clerical, office expenses, and other professional expenses of the district, and the cost of engineering, surveying, preparation, and collection of data necessary for making and adopting a general plan of improvements in the district, until the general comprehensive plan of improvements has been adopted by the commissioners and approved as provided in RCW 57.16.010. [1996 c 230 § 502; 1953 c 250 § 5; 1941 c 210 § 12; Rem. Supp. 1941 § 9425-21. Formerly RCW 56.08.030.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.16.045 Additions and betterments—Annexed areas.** Whenever an area has been annexed to a district after the adoption of a general comprehensive plan, the commissioners shall adopt by resolution a plan for additions and betterments to the original comprehensive plan to provide for the needs of the area annexed. [1996 c 230 § 503.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.16.050 Districts authorized—Special assessments—Bonds.** (1) A district may establish local improvement districts within its territory; levy special assessments and allow annual installments on the special assessments, together with interest thereon, extending over a period not exceeding twenty years, on all property specially benefited by a local improvement, on the basis of special benefits to pay in whole or in part the damage or costs of any improvements ordered in the district; and issue local improvement bonds in the local improvement district to be repaid by the collection of special assessments. The bonds may be of any form, including bearer bonds or registered bonds as provided in RCW 39.46.030. The levying, collection, and enforcement of special assessments and the issuance of bonds shall be as provided for the levying, collection, and enforcement of special assessments and the issuance of local improvement district bonds by cities and towns insofar as is consistent with this title. The duties devolving upon the city or town treasurer are imposed upon the county treasurer of the county in which the real property is located for the purposes hereof. The mode of assessment shall be determined by the commissioners by resolution.

(2) A district may establish a utility local improvement district, in lieu of a local improvement district, if the petition or resolution for establishing the local improvement district, and the approved comprehensive plan or approved amendment thereto or plan providing for additions and betterments to the original plan, previously adopted, provides that, except as set forth in this section, the special assessments shall be for the purpose of payment of improvements and payment into the revenue bond fund for the payment of revenue bonds. No warrants or bonds shall be issued in a utility local improvement district, but the collection of interest and principal on all special assessments in the utility local improvement district shall be paid into the revenue bond fund, except that special assessments paid before the issuance and sale of bonds may be deposited in a fund for the payment of costs of improvements in the utility local improvement district. Revenue

bonds shall be issued using the procedures by which cities and towns issue revenue bonds, insofar as is consistent with this title.

Such revenue bonds may also be issued and sold in accordance with chapter 39.46 RCW. [1996 c 230 § 601; 1987 c 169 § 2; 1983 c 167 § 161; 1982 1st ex.s. c 17 § 15; 1953 c 251 § 13; 1939 c 128 § 1; 1929 c 114 § 9; RRS § 11587. Cf. 1913 c 161 § 9.]

*Assessments and charges against state lands: Chapter 79.44 RCW.*

*Local improvement bonds: Chapter 35.45 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.16.060 Resolution or petition to form district—Procedure—Written protest—Notice.** Local improvement districts or utility local improvement districts to carry out the whole or any portion of the general comprehensive plan of improvements or plan providing for additions and betterments to an original general comprehensive plan previously adopted may be initiated either by resolution of the board of commissioners or by petition signed by the owners according to the records of the office of the applicable county auditor of at least fifty-one percent of the area of the land within the limits of the improvement district to be created.

In case the board of commissioners desires to initiate the formation of an improvement district by resolution, it first shall pass a resolution declaring its intention to order the improvement, setting forth the nature and territorial extent of such proposed improvement, designating the number of the proposed improvement district, and describing the boundaries thereof, stating the estimated cost and expense of the improvement and the proportionate amount thereof which will be borne by the property within the proposed improvement district, and fixing a date, time, and place for a public hearing on the formation of the proposed improvement district.

In case any such improvement district is initiated by petition, the petition shall set forth the nature and territorial extent of the proposed improvement requested to be ordered and the fact that the signers thereof are the owners according to the records of the applicable county auditor of at least fifty-one percent of the area of land within the limits of the improvement district to be created. Upon the filing of such petition the board shall determine whether the petition is sufficient, and the board's determination thereof shall be conclusive upon all persons. No person may withdraw his or her name from the petition after it has been filed with the board of commissioners. If the board finds the petition to be sufficient, it shall proceed to adopt a resolution declaring its intention to order the improvement petitioned for, setting forth the nature and territorial extent of the improvement, designating the number of the proposed improvement district and describing the boundaries thereof, stating the estimated cost and expense of the improvement and the proportionate amount thereof which will be borne by the property within the proposed improvement district, and fixing a date, time, and place for a public hearing on the formation of the proposed improvement district.

Notice of the adoption of the resolution of intention, whether the resolution was adopted on the initiative of the board or pursuant to a petition of the property owners, shall

be published in at least two consecutive issues of a newspaper of general circulation in the proposed improvement district, the date of the first publication to be at least fifteen days prior to the date fixed by such resolution for hearing before the board of commissioners. Notice of the adoption of the resolution of intention shall also be given each owner or reputed owner of any lot, tract, parcel of land, or other property within the proposed improvement district by mailing the notice at least fifteen days before the date fixed for the public hearing to the owner or reputed owner of the property as shown on the tax rolls of the county treasurer of the county in which the real property is located at the address shown thereon. Whenever such notices are mailed, the commissioners shall maintain a list of the reputed property owners, which list shall be kept on file at a location within the district and shall be made available for public perusal. The notices shall refer to the resolution of intention and designate the proposed improvement district by number. The notices also shall set forth the nature of the proposed improvement, the total estimated cost, the proportion of total cost to be borne by assessments, and the date, time, and place of the hearing before the board of commissioners. In the case of improvements initiated by resolution, the notice also shall: (1) State that all persons desiring to object to the formation of the proposed district must file their written protests with the secretary of the board of commissioners no later than ten days after the public hearing; (2) state that if owners of at least forty percent of the area of land within the proposed improvement district file written protests with the secretary of the board, the power of the commissioners to proceed with the creation of the proposed improvement district shall be divested; (3) provide the name and address of the secretary of the board; and (4) state the hours and location within the district where the names of the property owners within the proposed improvement district are kept available for public perusal. In the case of the notice given each owner or reputed owner by mail, the notice shall set forth the estimated amount of the cost and expense of such improvement to be borne by the particular lot, tract, parcel of land, or other property. [1999 c 153 § 15; 1996 c 230 § 602; 1991 c 190 § 7; 1986 c 256 § 3; 1982 1st ex.s. c 17 § 16; 1977 ex.s. c 299 § 7; 1965 ex.s. c 39 § 1; 1959 c 18 § 11. Prior: 1953 c 251 § 14; 1929 c 114 § 12, part; RRS § 11590, part. Cf. 1913 c 161 § 12, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.16.062 Hearing—Improvement ordered—Divestment of power to order—Notice—Appeal—Assessment roll.** Whether an improvement district is initiated by petition or resolution, the board shall conduct a public hearing at the time and place designated in the notice to property owners. At this hearing the board shall hear objections from any person affected by the formation of the improvement district and may make such changes in the boundaries of the improvement district or such modifications in the plans for the proposed improvement as shall be deemed necessary. The board may not change the boundaries of the improvement district to include property not previously included in it without first passing a new resolution of intention and giving a new notice to property owners in the manner and form and within the time provided in this chapter for the original notice.

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After the hearing and the expiration of the ten-day period for filing protests, the commissioners shall have jurisdiction to overrule protests and proceed with any such improvement district initiated by petition or resolution. The jurisdiction of the commissioners to proceed with any improvement district initiated by resolution shall be divested by protests filed with the secretary of the board within ten days after the public hearing, signed by the owners, according to the records of the applicable county auditor, of at least forty percent of the area of land within the proposed improvement district.

If the commissioners find that the improvement district should be formed, they shall by resolution form the improvement district and order the improvement. After execution of the resolution forming the improvement district, the secretary of the board of commissioners shall publish, in a legal publication that serves the area subject to the improvement district, a notice setting forth that a resolution has been passed forming the improvement district and that a lawsuit challenging the jurisdiction or authority of the district to proceed with the improvement and creating the improvement district must be filed, and notice to the district served, within thirty days of the publication of the notice. The notice shall set forth the nature of the appeal. Property owners bringing the appeal shall follow the procedures set forth under RCW 57.16.090. Whenever a resolution forming an improvement district has been adopted, the formation is conclusive in all things upon all parties, and cannot be contested or questioned in any manner in any proceeding whatsoever by any person not commencing a lawsuit in the manner and within the time provided in this section, except for lawsuits made under RCW 57.16.090.

Following an appeal, if it is unsuccessful or if no appeal is made under RCW 57.16.090, the commissioners may proceed with creating the improvement district, provide the improvement and provide the general funds of the district to be applied thereto, adopt detailed plans of the improvement district and declare the estimated cost thereof, acquire all necessary land therefor, pay all damages caused thereby, and commence in the name of the district such eminent domain proceedings as may be necessary to entitle the district to proceed with the improvements. The board shall thereupon proceed with the work and file with the county treasurer of the county in which the real property is located its roll levying special assessments in the amount to be paid by special assessment against the property situated within the improvement district in proportion to the special benefits to be derived by the property therein from the improvements. [1996 c 230 § 605; 1991 c 190 § 3; 1986 c 256 § 2; 1974 ex.s. c 58 § 6; 1971 ex.s. c 272 § 9; 1953 c 250 § 18; 1941 c 210 § 28; Rem. Supp. 1941 § 9425-37. Formerly RCW 56.20.030.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.16.065 Notice must contain statement that assessments may vary from estimates.** Notice given to the public or to the owners of specific lots, tracts, or parcels of land relating to the formation of an improvement district shall contain a statement that actual assessments may vary from assessment estimates so long as they do not exceed a figure equal to the increased true and fair value the improvement adds to the property. [1996 c 230 § 604; 1989 c 243 § 11.]

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Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.16.070 Hearing on assessment roll—Notice.**

Before approval of the roll a notice shall be published once a week for two consecutive weeks in a newspaper of general circulation in the improvement district, stating that the roll is on file and open to inspection in the office of the secretary, and fixing the time, not less than fifteen or more than thirty days from the date of the first publication of the notice, within which protests must be filed with the secretary against any assessments shown thereon, and fixing a time when a hearing will be held by the commissioners on the protests. Notice shall also be given by mailing, at least fifteen days before the hearing, a similar notice to the owners or reputed owners of the land in the improvement district as they appear on the books of the treasurer of the county in which the real property is located. At the hearing, or any adjournment thereof, the commissioners may correct, change, or modify the roll, or any part thereof, or set aside the roll and order a new assessment, and may then by resolution approve it. If an assessment is raised a new notice similar to the first shall be given, after which final approval of the roll may be made. When property has been entered originally upon the roll and the assessment thereon is not raised, no objection thereto shall be considered by the commissioners or by any court on appeal unless the objection is made in writing at, or prior to, the date fixed for the original hearing upon the roll. [1996 c 230 § 606; 1982 1st ex.s. c 17 § 17; 1959 c 18 § 12. Prior: 1953 c 251 § 15; 1929 c 114 § 12, part; RRS § 11590, part. Cf. 1913 c 161 § 12, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.16.073 Sanitary sewer and potable water facilities—Notice to certain property owners.** Whenever it is proposed that an improvement district finance sanitary sewer or potable water facilities, additional notice of the public hearing on the proposed improvement district shall be mailed to the owners of any property located outside of the proposed improvement district that would be required as a condition of federal housing administration loan qualification, at the time of notice, to be connected to the specific sewer or water facilities installed by the improvement district. The notice shall include information about this restriction. [1996 c 230 § 603; 1987 c 315 § 6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.16.075 Exemption of farm and agricultural land from special benefit assessments.** See RCW 84.34.300 through 84.34.380 and 84.34.922.

**57.16.080 Enlarged district.** If any portion of the system after its installation is not adequate for the purpose for which it was intended, or if for any reason changes, alterations, or betterments are necessary in any portion of the system after its installation, then an improvement district with boundaries which may include one or more existing improvement districts may be created in the district in the same manner as is provided herein for the creation of improvement districts. Upon the organization of such an improvement district, the plan of the improvement and the payment of the cost of

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the improvement shall be carried out in the same manner as is provided herein for the carrying out of and the paying for the improvement in the improvement districts previously provided for in this title. [1996 c 230 § 607; 1959 c 18 § 13. Prior: 1929 c 114 § 12, part; RRS § 11590, part. Cf. 1913 c 161 § 12.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.16.090 Review.** The decision of the district board of commissioners upon any objections made within the time and in the manner herein prescribed may be reviewed by the superior court upon an appeal thereto taken in the following manner. The appeal shall be made by filing written notice of appeal with the secretary of the board of commissioners and with the clerk of the superior court in the county in which the real property is situated within ten days after publication of a notice that the resolution confirming such assessment roll has been adopted, and such notice of appeal shall describe the property and set forth the objections of such appellant to such assessment. Within ten days from the filing of such notice of appeal with the clerk of the superior court, the appellant shall file with the clerk of the court a transcript consisting of the assessment roll and the appellant's objections thereto, together with the resolution confirming the assessment roll and the record of the district commissioners with reference to the assessment. The transcript, upon payment of the necessary fees therefor, shall be furnished by the secretary of the board of commissioners and shall be certified by the secretary to contain full, true, and correct copies of all matters and proceedings required to be included in such transcript. Such fees shall be the same as the fees payable to the county clerk for the preparation and certification of transcripts on appeal to the supreme court or the court of appeals in civil actions. At the time of the filing of the notice of appeal with the clerk of the superior court, the appellant shall file a sufficient bond in the penal sum of two hundred dollars, with at least two sureties, to be approved by the judge of the court, conditioned to prosecute such appeal without delay, and if unsuccessful to pay all costs to which the district is put by reason of such appeal. The court may order the appellant, upon application therefor, to execute and file such additional bond or bonds as the necessity of the case may require. Within three days after such transcript is filed in the superior court, the appellant shall give written notice to the secretary of the district that such transcript is filed. The notice shall state a time, not less than three days from the service thereof, when the appellant will call up the cause for hearing. The superior court shall, at such time or at such further time as may be fixed by order of the court, hear and determine such appeal without a jury. The appeal shall have preference over all civil causes pending in the court, except eminent domain proceedings and actions of forcible entry and detainer. The judgment of the court shall confirm, unless the court shall find from the evidence that such assessment is either founded upon a fundamentally wrong basis or a decision of the board of commissioners thereon was arbitrary or capricious, or both, in which event the judgment of the court shall correct, modify, or annul the assessment insofar as it affects the property of the appellant. A certified copy of the decision of the court shall be filed with the officer who shall have custody of the assessment roll,

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who shall modify and correct the assessment roll in accordance with such decision. Appellate review of the judgment of the superior court may be sought as in other civil cases. However, the appeal must be sought within fifteen days after the date of the entry of the judgment of such superior court. A certified copy of the order of the supreme court or the court of appeals upon such appeal shall be filed with the officer having custody of the assessment roll, who shall thereupon modify and correct the assessment roll in accordance with the decision. [1996 c 230 § 609; 1991 c 190 § 8; 1988 c 202 § 53; 1982 1st ex.s. c 17 § 18; 1971 c 81 § 126; 1965 ex.s. c 39 § 2; 1929 c 114 § 13; RRS § 11591. Cf. 1913 c 161 § 13.]

**Rules of court:** Cf. *RAP* 5.2, 18.22.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.16.100 Conclusiveness of roll—Correction of errors.** (1) Whenever any assessment roll for local improvements shall have been confirmed by the district board of commissioners, the regularity, validity, and correctness of the proceedings relating to the improvements, and to the assessment therefor, including the action of the district commissioners upon the assessment roll and the confirmation thereof, shall be conclusive in all things upon all parties, and cannot in any manner be contested or questioned in any proceeding whatsoever by any person not filing written objections to such roll in the manner and within the time provided in this chapter, and not appealing from the action of the commissioners in confirming such assessment roll in the manner and within the time in this chapter provided. No proceedings of any kind shall be commenced or prosecuted for the purpose of defeating or contesting any such assessment, or the sale of property to pay such assessment, or any certificate of delinquency issued therefor, or the foreclosure of any lien issued therefor. However, this section shall not be construed as prohibiting the bringing of injunction proceedings to prevent the sale of any real estate upon the grounds (a) that the property about to be sold does not appear upon the assessment roll, or (b) that the assessment had been paid.

(2) This section also shall not prohibit the correction of clerical errors and errors in the computation of assessments in assessment rolls by the following procedure:

(a) The board of commissioners may file a petition with the superior court of the county wherein the real property is located, asking that the court enter an order correcting such errors and directing that the county treasurer pay a portion or all of the incorrect assessment by the transfer of funds from the district's maintenance fund, if such relief be necessary.

(b) Upon the filing of the petition, the court shall set a date for hearing and upon the hearing may enter an order as provided in (a) of this subsection. However, neither the correcting order nor the corrected assessment roll shall result in an increased assessment to the property owner. [1996 c 230 § 608; 1929 c 114 § 14; RRS § 11592. Cf. 1913 c 161 § 14.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.16.110 Segregation of assessment—Procedure.** Whenever any land against which there has been levied any special assessment by any district shall have been sold in part or divided, the board of commissioners of the district shall have the power to order a segregation of the assessment.

Any person desiring to have a special assessment against a tract of land segregated to apply to smaller parts thereof shall apply to the board of commissioners of the district that levied the assessment. If the commissioners determine that a segregation should be made, they shall by resolution order the treasurer of the county in which the real property is located to make segregation on the original assessment roll as directed in the resolution. The segregation shall be made as nearly as possible on the same basis as the original assessment was levied, and the total of the segregated parts of the assessment shall equal the assessment before segregation. The resolution shall describe the original tract and the amount and date of the original assessment, and shall define the boundaries of the divided parts and the amount of the assessment chargeable to each part. A certified copy of the resolution shall be delivered to the treasurer of the county in which the real property is located who shall proceed to make the segregation. The board of commissioners may require as a condition to the order of segregation that the person seeking it pay the district the reasonable engineering and clerical costs incident to making the segregation. [1999 c 153 § 16; 1998 c 106 § 5; 1996 c 230 § 610; 1982 1st ex.s. c 17 § 19; 1953 c 251 § 23.]

*Segregation duties of county treasurer:* RCW 36.29.160.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.16.120 Acquisition of property subject to local improvement assessments—Payment.** See RCW 79.44.190.

**57.16.140 Excess sewer capacity or water supply not grounds for zoning decision challenge.** The construction of or existence of sewer capacity or water supply in excess of the needs of the density allowed by zoning shall not be grounds for any legal challenge to any zoning decision by the county. [1996 c 230 § 504; 1982 c 213 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.16.150 Foreclosure of assessments—Attorneys' fees.** Judgments foreclosing special assessments pursuant to RCW 35.50.260 may also allow to districts, in addition to delinquent installments, interest, penalties, and costs, such attorneys' fees as the court may adjudge reasonable. [1996 c 230 § 611; 1987 c 449 § 16.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.16.160 Review of sewer general comprehensive plan—Time limitations—Notice of rejection of plan or extension of timeline.** For any new or revised sewer general comprehensive plan submitted by a water-sewer district for review under this chapter, the appropriate state agency shall review and either approve, conditionally approve, reject, or request amendments within ninety days of the receipt of the submission of the plan. The appropriate state agency may extend this ninety-day time limitation for new submittals by up to an additional ninety days if insufficient time exists to adequately review the general comprehensive plan. For rejections of plans or extensions of the timeline, the appropriate state agency shall provide in writing to the water-sewer district the reason for such action. In addition, the governing

body of the water-sewer district and the appropriate state agency may mutually agree to an extension of the deadlines contained in this section. [2002 c 161 § 2.]

**Chapter 57.20 RCW  
FINANCES**

Sections

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*Election to authorize revenue bonds: RCW 57.20.018.*

**57.20.010 General obligation bonds—Term—Issuance—Excess bond retirement levies.** When general district indebtedness payable from annual tax levies to be made in excess of the constitutional and/or statutory tax limitations has been authorized, the district may issue its general obligation bonds in payment thereof.

The bonds shall not have terms in excess of twenty years and shall as nearly as practicable be issued for a period which will not exceed the life of the improvement to be acquired by the issuance of the bonds. The bonds shall be issued and sold in accordance with chapter 39.46 RCW. The election at which the voters are presented with a ballot proposition authorizing both the bond issue and imposition of excess bond retirement levies shall be held as provided in RCW 39.36.050.

Whenever the proposition to issue such bonds and impose such excess bond retirement levies has been approved, there shall be levied by the officers or governing body charged with the duty of levying taxes, annual levies in excess of the constitutional and/or statutory tax limitations sufficient to meet the annual or semiannual payments of principal and interest on the bonds upon all taxable property within the district. [1984 c 186 § 53; 1983 c 167 § 162; 1973 1st ex.s. c 195 § 71; 1970 ex.s. c 56 § 83; 1969 ex.s. c 232 § 87; 1953 c 251 § 12; 1951 2nd ex.s. c 25 § 3; 1931 c 72 § 2; 1929 c 114 § 11; RRS § 11589. Cf. 1913 c 161 § 11.]

**Purpose—1984 c 186:** See note following RCW 39.46.110.

**Purpose—1970 ex.s. c 56:** See note following RCW 39.52.020.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.20.015 Refunding general obligation bonds.** (1) The board of commissioners of any district may by resolution, without submitting the matter to the voters of the district, provide for the issuance of refunding general obligation bonds to refund any outstanding general obligation bonds, or any part thereof, at maturity thereof, or before the maturity thereof if they are subject to call for prior redemption or all of the owners thereof consent thereto. Refunding bonds may be combined with an issue of bonds for other district purposes, as long as those other bonds are approved in accordance with applicable law.

(2) The total cost to the district over the life of the refunding bonds or refunding portion of an issue of bonds shall not exceed the total cost to the district which the district would have incurred but for such refunding over the remainder of the life of the bonds to be refunded thereby.

(3) The refunding bonds may be exchanged for the bonds to be refunded thereby, or may be sold in such manner as the board of commissioners deems to be for the best interest of the district, and the proceeds of such sale used exclusively for the purpose of paying, retiring, and canceling the bonds to be refunded and interest thereon. Such bonds may be of any form, including bearer bonds or registered bonds as provided in RCW 39.46.030. [1996 c 230 § 702; 1984 c 186 § 54; 1983 c 167 § 163; 1973 1st ex.s. c 195 § 72; 1953 c 251 § 16.]

**Purpose—1984 c 186:** See note following RCW 39.46.110.

*Election to authorize revenue bonds: RCW 57.20.018.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.20.018 Revenue bonds authorized—Use.** (1) The commissioners may, without submitting a proposition to the voters, authorize by resolution the district to issue revenue bonds for the construction costs, interest during the period of construction and six months thereafter, working capital or other costs of the improvements described in any part or all of a general comprehensive plan or plans, or for other purposes or functions of a district authorized by statute. The amount of the bonds to be issued shall be included in the resolution.

(2) Any resolution authorizing the issuance of revenue bonds may include provision for refunding any local improvement district bonds of a district, out of the proceeds of sale of revenue bonds, and a district may pay off any outstanding local improvement bonds with such funds either by purchase in the open market below their par value and accrued interest or by call at par value and accrued interest at the next succeeding interest payment date. The bonds may be in any form, including bearer bonds or registered bonds as provided by RCW 39.46.030.

(3) Notwithstanding subsection (1) of this section, district revenue bonds may be issued and sold in accordance with chapter 39.46 RCW. [1996 c 230 § 703; 1987 c 449 § 14; 1983 c 167 § 160; 1977 ex.s. c 299 § 4; 1959 c 108 § 8; 1959 c 18 § 8. Prior: 1953 c 251 § 6; 1951 c 112 § 1; 1939 c 128 § 2, part; 1937 c 177 § 1, part; 1929 c 114 § 10, part; RRS § 11588, part. Cf. 1913 c 161 § 10, part. Formerly RCW 57.16.030.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.20.0181 Additional revenue bonds for increased cost of improvements.** Whenever a district shall have adopted a general comprehensive plan and bonds to defray the cost thereof shall have been authorized by resolution of the board of commissioners, and before the completion of the improvements the board of commissioners shall find by resolution that the authorized bonds are not sufficient to defray the cost of such improvements due to the increase of costs of construction subsequent to the adoption of the plan, the board of commissioners may by resolution authorize the issuance and sale of additional revenue bonds for such purpose in excess of those previously issued. [1996 c 230 § 704; 1977 ex.s. c 299 § 5; 1959 c 108 § 10. Formerly RCW 57.16.035.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.20.019 Additions and betterments.** In the same manner as provided for the adoption of an original general comprehensive plan, a plan providing for additions and betterments to the original general comprehensive plan may be adopted. Without limiting its generality "additions and betterments" shall include any necessary change in, amendment of, or addition to the general comprehensive plan.

The district may incur a general indebtedness payable from annual tax levies to be made in excess of the constitutional tax limitation for the construction of the additions and betterments in the same way that general indebtedness may be incurred for the construction of the original general comprehensive plan after submission to the voters of the entire district in the manner the original proposition to incur indebtedness was submitted as provided in RCW 57.20.105. Upon ratification the additions and betterments may be carried out by the commissioners to the extent specified or referred to in the proposition to incur the general indebtedness.

The district may issue revenue bonds to pay for the construction of the additions and the betterments pursuant to resolution of the board of commissioners. [1996 c 230 § 705; 1984 c 186 § 52; 1977 ex.s. c 299 § 6; 1973 1st ex.s. c 195 § 70; 1959 c 108 § 9; 1959 c 18 § 9. Prior: 1953 c 251 § 7; 1951 2nd ex.s. c 25 § 2; 1951 c 112 § 2; 1939 c 128 § 2, part; 1937 c 177 § 1, part; 1929 c 114 § 10, part; RRS § 11588, part. Cf. 1913 c 161 § 10, part. Formerly RCW 57.16.040.]

**Purpose—1984 c 186:** See note following RCW 39.46.110.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.20.020 Revenue bonds—Special fund.** (1) The commissioners shall have power and are required to create a special fund or funds for the sole purpose of paying the interest and principal of revenue bonds into which special fund or funds the commissioners shall obligate and bind the district to set aside and pay a fixed proportion of the gross revenues of the water supply, sewer, or drainage system or any fixed amount out of and not exceeding a fixed proportion of such revenues, or a fixed amount or amounts without regard to any fixed proportion, and such bonds and the interest thereof shall be payable only out of such special fund or funds, and shall be a lien and charge against all revenues and payments received from any utility local improvement district or districts pledged to secure such bonds, subject only to operating and maintenance expenses.

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In creating any such special fund or funds the commissioners shall have due regard to the cost of operation and maintenance of the plant or system as constructed or added to and to any proportion or part of the revenue previously pledged as a fund for the payment of bonds, warrants, or other indebtedness, and shall not set aside into such special fund a greater amount or proportion of the revenue and proceeds than in their judgment will be available over and above such cost of maintenance and operation and the amount or proportion, if any, of the revenue so previously pledged. Any such bonds and interest thereon issued against any such fund as provided in this section shall be a valid claim of the owner thereof only as against the special fund and its fixed proportion or amount of the revenue pledged to such fund, and shall not constitute an indebtedness of the district within the meaning of the constitutional provisions and limitations. Each such bond shall state upon its face that it is payable from a special fund, naming the fund and the resolution creating it. Such bonds shall be sold in such manner, at such price, and at such rate or rates of interest as the commissioners shall deem for the best interests of the district, either at public or private sale, and the commissioners may provide in any contract for the construction and acquirement of the proposed improvement (and for the refunding of outstanding local improvement district obligations, if any) that payment therefor shall be made in such bonds at par value thereof.

When any such special fund shall have been heretofore or shall be hereafter created and any such bonds shall have been heretofore or shall hereafter be issued against the same a fixed proportion or a fixed amount out of and not to exceed such fixed proportion, or a fixed amount or amounts without regard to any fixed proportion, of revenue shall be set aside and paid into the special fund as provided in the resolution creating such fund or authorizing such bonds. In case any district shall fail thus to set aside and pay the fixed proportion or amount, the owner of any bond payable from such special fund may bring suit or action against the district and compel such setting aside and payment.

(2) Revenue bonds payable from a special fund may be issued and sold in accordance with chapter 39.46 RCW. [1996 c 230 § 706; 1991 c 347 § 20; 1983 c 167 § 164; 1975 1st ex.s. c 25 § 3; 1970 ex.s. c 56 § 84; 1969 ex.s. c 232 § 88; 1959 c 108 § 11; 1939 c 128 § 3; RRS § 11588-1.]

**Purposes—1991 c 347:** See note following RCW 90.42.005.

**Purpose—1970 ex.s. c 56:** See note following RCW 39.52.020.

*Alternative authority to issue revenue bonds:* RCW 39.46.150, 39.46.160.

*Authority to adjust or delay rates or charges for low-income persons:* RCW 57.08.014.

*Funds for reserve purposes may be included in issue amount:* RCW 39.44.140.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.20.023 Covenants to guarantee payment of revenue bonds—Bonds payable from same source may be issued on parity.** The board of commissioners may make such covenants as it may deem necessary to secure and guarantee the payment of the principal of and interest on revenue bonds of the district, including but not being limited to covenants for the establishment and maintenance of adequate reserves to secure or guarantee the payment of such principal and interest; the protection and disposition of the proceeds of

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sale of such bonds; the use and disposition of the gross revenues of the water supply system, sewer system, or drainage system of the district and any additions or betterments thereto or extensions thereof; the use and disposition of any utility local improvement district assessments; the creation and maintenance of funds for renewals and replacements of the system; the establishment and maintenance of rates and charges adequate to pay principal and interest of such bonds and to maintain adequate coverage over debt service; the maintenance, operation and management of the system and the accounting, insuring and auditing of the business in connection therewith; the terms upon which such bonds or any of them may be redeemed at the election of the district; limitations upon the right of the district to dispose of its system or any part thereof; the appointment of trustees, depositaries and paying agents to receive, hold, disburse, invest and reinvest all or any part of the proceeds of sale of the bonds and all or any part of the income, revenue and receipts of the district, and the commissioners may make such other covenants as it may deem necessary to accomplish the most advantageous sale of such bonds. The board of commissioners may also provide that revenue bonds payable out of the same source or sources may later be issued on a parity with any revenue bonds being issued and sold. [1996 c 230 § 707; 1959 c 108 § 12.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.20.025 Refunding revenue bonds.** The board of commissioners of any district may by resolution provide for the issuance of refunding revenue bonds to refund outstanding general obligation bonds and/or revenue bonds, or any part thereof, and/or all outstanding local improvement district bonds, at maturity thereof, or before maturity thereof if they are subject to call for prior redemption or all of the holders thereof consent thereto. The total interest cost to the district over the life of the refunding bonds shall not exceed the total cost to the district which the district would have incurred but for such refunding over the remainder of the life of the bonds to be refunded thereby. The refunding bonds may be exchanged for the bonds to be refunded thereby, or may be sold in such manner as the board of commissioners deems to be for the best interest of the district, and the proceeds used, except as hereinafter provided, exclusively for the purpose of paying, retiring, and canceling the bonds to be refunded and interest thereon.

All unpaid utility local improvement district assessments payable into the revenue bond redemption fund established for payment of the bonds to be refunded shall thereafter when collected be paid into the revenue bond redemption fund established for payment of the refunding revenue bonds.

Whenever local improvement district bonds have been refunded as provided by RCW 57.20.018, or pursuant to this section, all local improvement district assessments remaining unpaid shall thereafter when collected be paid into the revenue bond redemption fund established for payment of the refunding revenue bonds, and the cash balance, if any, in the local improvement guaranty fund of the district and the proceeds received from any other assets owned by such fund shall be used in whole or in part as a reserve fund for the refunding revenue bonds or be transferred in whole or in part

to any other funds of the district as the board of commissioners may determine. If any warrants are outstanding against the local improvement guaranty fund of the district at the time of the issuance of such refunding revenue bonds, the bonds shall be issued in an amount sufficient also to fund and pay such outstanding warrants.

The provisions of RCW 57.20.020 shall apply to the refunding revenue bonds issued under this title. [1996 c 230 § 708; 1977 ex.s. c 299 § 8; 1959 c 108 § 13; 1953 c 251 § 17.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.20.027 Revenue warrants and revenue bond anticipation warrants.** Districts may also issue revenue warrants and revenue bond anticipation warrants for the same purposes for which such districts may issue revenue bonds. The provisions of this chapter relating to the authorization, terms, conditions, covenants, issuance and sale of revenue bonds (exclusive of provisions relating to refunding) shall be applicable to such warrants. Districts issuing revenue bond anticipation warrants may make covenants relative to the issuance of revenue bonds to provide funds for the redemption of part or all of such warrants and may contract for the sale of such bonds and warrants. [1996 c 230 § 709; 1975 1st ex.s. c 25 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.20.030 Local improvement guaranty fund.** Every district in the state is authorized to create a fund for the purpose of guaranteeing, to the extent of such fund, and in the manner hereinafter provided, the payment of all of its local improvement bonds issued to pay for any local improvement within its confines. Such fund shall be designated "Local Improvement Guaranty Fund of the . . . . Water-Sewer District," ". . . . Water District," ". . . . Sewer District," or ". . . . District No. . . . .," and shall be established by resolution of the board of commissioners. For the purpose of maintaining such fund, every district, after the establishment thereof, shall at all times set aside and pay into such a fund such proportion of the monthly gross revenues of the water supply, sewer, or drainage system of such district as the commissioners thereof may direct by resolution. This proportion may be varied from time to time as the commissioners deem expedient or necessary. However, under the existence of the conditions set forth in subsections (1) and (2) of this section, then the proportion must be as specified in subsections (1) and (2) of this section:

(1) Whenever any bonds of any local improvement district have been guaranteed under this section and RCW 57.20.080 and 57.20.090 and the guaranty fund does not have a cash balance equal to twenty percent of all bonds originally guaranteed under this section and RCW 57.20.080 and 57.20.090 (excluding issues which have been retired in full), then twenty percent of the gross monthly revenues derived from water, sewer, and drainage systems in the territory included in the local improvement district (but not necessarily from users in other parts of the district as a whole) shall be set aside and paid into the guaranty fund, except that whenever under the requirements of this subsection, the cash balance accumulates so that it is equal to twenty percent of all

bonds guaranteed, or to the full amount of all bonds guaranteed, outstanding and unpaid (which amount might be less than twenty percent of the original total guaranteed), then no further money need be set aside and paid into the guaranty fund so long as the condition shall continue.

(2) Whenever any warrants issued against the guaranty fund, as provided in this section, remain outstanding and uncalled for lack of funds for six months from the date of issuance thereof; or whenever any coupons or bonds guaranteed under this section and RCW 57.20.080 and 57.20.090 have been matured for six months and have not been redeemed either in cash or by issuance and delivery of warrants upon the guaranty fund, then twenty percent of the gross monthly revenues (or such portion thereof as the commissioners of the district determine will be sufficient to retire the warrants or redeem the coupons or bonds in the ensuing six months) derived from all water, sewer, and drainage system users in the district shall be set aside and paid into the guaranty fund. However, whenever under the requirements of this subsection all warrants, coupons, or bonds specified in this subsection have been redeemed, no further income needs to be set aside and paid into the guaranty fund under the requirements of this subsection until and unless other warrants remain outstanding and unpaid for six months or other coupons or bonds default.

(3) For the purposes of complying with the requirements of setting aside and paying into the local improvement guaranty fund a proportion of the monthly gross revenues of the water supply, sewer, or drainage system of any district, as provided in subsections (1) and (2) of this section, that district shall bind and obligate itself to maintain and operate the applicable system and further bind and obligate itself to establish, maintain, and collect such rates for water, sewer, or drainage as will produce gross revenues sufficient to maintain and operate that system and to make necessary provision for the local improvement guaranty fund as specified by this section and RCW 57.20.080 and 57.20.090. The district shall alter its rates for water, sewer, and drainage service from time to time and shall vary the same in different portions of its territory to comply with those requirements.

(4) Whenever any coupon or bond guaranteed by this section shall mature and there shall not be sufficient funds in the appropriate local improvement district bond redemption fund to pay the same, then the applicable county treasurer shall pay same from the local improvement guaranty fund of the district; if there shall not be sufficient funds in the guaranty fund to pay same, then the same may be paid by issuance and delivery of a warrant upon the local improvement guaranty fund.

(5) Whenever the cash balance in the local improvement guaranty fund is insufficient for the required purposes, warrants drawing interest at a rate determined by the commissioners may be issued by the applicable county auditor, against the fund to meet any liability accrued against it and must be issued upon demand of the holders of any maturing coupons and/or bonds guaranteed by this section, or to pay for any certificates of delinquency for delinquent installments of assessments as provided in subsection (6) of this section. Guaranty fund warrants shall be a first lien in their order of issuance upon the gross revenues set aside and paid into that fund.

(6) Within twenty days after the date of delinquency of any annual installment of assessments levied for the purpose of paying the local improvement bonds of any district guaranteed under the provisions of this section, it shall be mandatory for the county treasurer of the county in which the real property is located to compile a statement of all installments delinquent, together with the amount of accrued interest and penalty appurtenant to each of the installments. Thereupon the applicable county treasurer shall forthwith purchase (for the district) certificates of delinquency for all such delinquent installments. Payment for all such certificates of delinquency shall be made from the local improvement guaranty fund and if there shall not be sufficient money in the fund to pay for such certificates of delinquency, the applicable county treasurer shall accept the local improvement guaranty fund warrants in payment therefor. All of those certificates of delinquency shall be issued in the name of the local improvement guaranty fund and all guaranty fund warrants issued in payment therefor shall be issued in the name of the appropriate local improvement district fund. Whenever any market is available and the commissioners of the district so direct, the applicable county treasurer shall sell any certificates of delinquency belonging to the local improvement guaranty fund. However, any such sale must not be for less than face value thereof plus accrued interest from date of issuance to date of sale.

(7) Certificates of delinquency, as provided in subsection (6) of this section, shall be issued by the county treasurer of the county in which the real property is located, shall bear interest at the rate of ten percent per annum, shall be in each instance for the face value of the delinquent installment, plus accrued interest to date of issuance of certificate of delinquency, plus a penalty of five percent of such face value, and shall set forth:

- (a) Description of property assessed;
- (b) Date installment of assessment became delinquent;
- (c) Name of owner or reputed owner, if known.

The certificates of delinquency may be redeemed by the owner of the property assessed at any time up to two years from the date of foreclosure of such certificate of delinquency. If any such certificate of delinquency is not redeemed on the second occurring first day of January subsequent to its issuance, the county treasurer who issued the certificate of delinquency shall then proceed to foreclose such certificate of delinquency in the manner specified for the foreclosure of the lien of local improvement assessments, pursuant to chapter 35.50 RCW and if no redemption be made within the succeeding two years shall execute and deliver a deed conveying fee simple title to the property described in the foreclosed certificate of delinquency. [1996 c 230 § 710; 1982 1st ex.s. c 17 § 20; 1981 c 156 § 20; 1937 c 102 § 1; 1935 c 82 § 1; RRS § 11589-1. Formerly RCW 57.20.030 through 57.20.070.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.20.080 Guaranty fund—Subrogation of district as trustee.** Whenever there shall be paid out of a guaranty fund any sum on account of principal or interest upon a local improvement bond, or on account of purchase of certificates of delinquency, the district, as trustee for the fund, shall be

subrogated to all rights of the owner of the bonds, or any interest, or delinquent assessment installments, so paid; and the proceeds thereof, or of the assessment or assessments underlying the same, shall become a part of the guaranty fund. There shall also be paid into such guaranty fund the interest received from the bank deposits of the fund, as well as any surplus remaining in the local improvement funds guaranteed by the guaranty fund, after the payment of all outstanding bonds payable primarily out of such local improvement funds. As among the several issues of bonds guaranteed by the fund, no preference shall exist, but defaulted bonds and any defaulted interest payments shall be purchased out of the fund in the order of their presentation.

The commissioners of every district that establishes a guaranty fund shall prescribe, by resolution, appropriate rules and regulations for the guaranty fund, not inconsistent herewith. So much of the money of a guaranty fund as is necessary and is not required for other purposes under this section and RCW 57.20.030 and 57.20.090 may, at the discretion of the commissioners of the district, be used to purchase property at county tax foreclosure sales or from the county after foreclosure in cases where such property is subject to unpaid local improvement assessments securing bonds guaranteed by the guaranty fund and such purchase is deemed necessary for the purpose of protecting the guaranty fund. In such cases the guaranty fund shall be subrogated to all rights of the district. After so acquiring title to real property, the district may lease or resell and convey the same in the same manner that county property is authorized to be leased or resold and for such prices and on such terms as may be determined by resolution of the board of commissioners. Any provision of law to the contrary notwithstanding, all proceeds resulting from such resales shall belong to and be paid into the guaranty fund. [1996 c 230 § 711; 1983 c 167 § 165; 1937 c 102 § 2; 1935 c 82 § 2; RRS § 11589-2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.20.090 Rights and remedies of bond owner.** The owner of any local improvement bonds guaranteed under the provisions of this section and RCW 57.20.030 and 57.20.080 shall not have any claim therefor against the district by which the same is issued, except for payment from the special assessments made for the improvement for which the local improvement bonds were issued, and except as against the local improvement guaranty fund of the district; and the district shall not be liable to any owner of such local improvement bond for any loss to the guaranty fund occurring in the lawful operation thereof by the district. The remedy of the owner of a local improvement bond, in case of nonpayment, shall be confined to the enforcement of the assessment and to the guaranty fund. A copy of the foregoing part of this section shall be plainly written, printed or engraved on each local improvement bond guaranteed by this section and RCW 57.20.030 and 57.20.080. The establishment of a local improvement guaranty fund by any district shall not be deemed at variance from any comprehensive plan heretofore adopted by that district.

If any local improvement guaranty fund hereunder authorized at any time has a balance therein in cash, and the obligations guaranteed thereby have all been paid off, then

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such balance shall be transferred to the maintenance fund of the district. [1996 c 230 § 712; 1983 c 167 § 166; 1937 c 102 § 3; 1935 c 82 § 3; RRS § 11589-3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.20.105 Vote on general indebtedness.** The commissioners may submit to the voters of the district at any general or special election, a proposition that the district incur a general indebtedness payable from annual tax levies to be made in excess of the constitutional tax limitation for the construction of any part or all of the improvements described in its general comprehensive plan or plans. Elections shall be held as provided in RCW 39.36.050. The proposition authorizing both the bond issue and imposition of excess bond retirement levies must be adopted by three-fifths of the voters voting thereon, at which election the total number of persons voting on the proposition shall constitute not less than forty percent of the total number of votes cast in the district at the last preceding general election. The bonds shall not be issued to run for a period longer than thirty years from the date of the issue. The bonds shall be issued and sold in accordance with chapter 39.46 RCW.

Whenever the proposition to issue general obligation bonds and impose such excess bond retirement levies has been approved, there shall be levied by the officers or governing body charged with the duty of levying taxes, annual levies in excess of the constitutional tax limitation sufficient to meet the annual or semiannual payments of principal and interest on the bonds upon all taxable property within the district. [1996 c 230 § 701; 1984 c 186 § 51; 1974 ex.s. c 31 § 1. Prior: 1973 1st ex.s. c 195 § 69; 1959 c 108 § 7; 1959 c 18 § 7; prior: 1953 c 251 § 5; 1951 2nd ex.s. c 25 § 1; 1939 c 128 § 2, part; 1937 c 177 § 1, part; 1929 c 114 § 10, part; RRS § 11588, part. Cf. 1913 c 161 § 10, part. Formerly RCW 57.16.020.]

**Purpose—1984 c 186:** See note following RCW 39.46.110.

*Limitation on*

*levies: State Constitution Art. 7 § 2; RCW 84.52.010, 84.52.050 through 84.52.056.*

*municipal corporation indebtedness: State Constitution Art. 8 § 6.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.20.110 Limitation of indebtedness.** A district is authorized and empowered by and through its board of commissioners to contract indebtedness for its purposes, and the maintenance thereof not exceeding one-half of one percent of the value of the taxable property in the district, as the term "value of the taxable property" is defined in RCW 39.36.015. [1996 c 230 § 713; 1970 ex.s. c 42 § 35; 1929 c 114 § 19; RRS § 11596. Cf. 1913 c 161 § 18.]

*Limitation on municipal corporation indebtedness: State Constitution Art. 8 § 6.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.20.120 Additional indebtedness—Ballot proposition.** A district may contract indebtedness in excess of the amount named in RCW 57.20.110, but not exceeding in amount, together with existing indebtedness, two and one-half percent of the value of the taxable property in that district, as the term "value of the taxable property" is defined in RCW 39.36.015, and impose excess property tax levies to

retire the indebtedness whenever a ballot proposition authorizing the indebtedness and excess levies is approved as provided under Article VII, section 2, and Article VIII, section 6, of the state Constitution, at an election to be held in the district in the manner provided by this title and RCW 39.36.050. [1999 c 153 § 17; 1996 c 230 § 714; 1984 c 186 § 55; 1970 ex.s. c 42 § 36; 1929 c 114 § 20; RRS § 11597. Cf. 1913 c 161 § 19.]

**Purpose—1984 c 186:** See note following RCW 39.46.110.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.20.130 Bonds—Payment of interest.** Any coupons for the payment of interest on bonds of any district shall be considered for all purposes as warrants drawn upon the general fund of the district issuing such bonds, and when presented to the treasurer of the county having custody of the funds of such district at maturity, or thereafter, and when so presented, if there are not funds in the treasury to pay the coupons, it shall be the duty of the county treasurer to endorse the coupons as presented for payment, in the same manner as county warrants are indorsed, and thereafter the coupons shall bear interest at the same rate as the bonds to which they were attached. When there are no funds in the treasury to make interest payments on bonds not having coupons, the overdue interest payment shall continue bearing interest at the bond rate until it is paid, unless otherwise provided in the proceedings authorizing the sale of the bonds. [1996 c 230 § 715; 1983 c 167 § 167; 1929 c 114 § 22; RRS § 11599. Cf. 1913 c 161 § 21.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.20.135 Treasurer—Designation—Approval—Powers and duties—Bond.** Upon obtaining the approval of the county treasurer, the board of commissioners of a district with more than twenty-five hundred water customers or sewer customers may designate by resolution some other person having experience in financial or fiscal matters as the treasurer of the district. Such a treasurer shall possess all of the powers, responsibilities, and duties of, and shall be subject to the same restrictions as provided by law for, the county treasurer with regard to a district, and the county auditor with regard to district financial matters. Such treasurer shall be bonded for not less than twenty-five thousand dollars. Approval by the county treasurer authorizing such a district to designate its treasurer shall not be arbitrarily or capriciously withheld. [1996 c 230 § 716; 1988 c 162 § 11; 1983 c 57 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.20.140 Maintenance or general fund and special funds.** The treasurer shall create and maintain a separate fund designated as the maintenance fund or general fund of the district into which shall be paid all money received by the treasurer from the collection of taxes other than taxes levied for the payment of general obligation bonds of the district and all revenues of the district other than assessments levied in local improvement districts or utility local improvement districts, and no money shall be disbursed therefrom except upon warrants of the county auditor issued by authority of the commissioners or upon a resolution of the commissioners

ordering a transfer to any other fund of the district. The treasurer also shall maintain such other special funds as may be prescribed by the district, into which shall be placed such money as the board of commissioners may by its resolution direct, and from which disbursements shall be made upon proper warrants of the county auditor issued against the same by authority of the board of commissioners. [1999 c 153 § 18; 1996 c 230 § 717; 1983 c 57 § 3; 1959 c 108 § 14; 1929 c 114 § 23; RRS § 11600. Cf. 1913 c 161 § 22.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.20.150 Maintenance or general fund and special funds—Use of surplus in maintenance or general fund.** Whenever a district has accumulated money in the maintenance fund or general fund of the district in excess of the requirements of that fund, the board of commissioners may in its discretion use any of that surplus money for any of the following purposes: (1) Redemption or servicing of outstanding obligations of the district; (2) maintenance expenses of the district; (3) construction or acquisition of any facilities necessary to carry out the purposes of the district; or (4) any other proper district purpose. [1996 c 230 § 718; 1959 c 108 § 15.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.20.160 Maintenance or general fund and special funds—Deposits and investments.** Whenever there shall have accumulated in any general or special fund of a district money, the disbursement of which is not yet due, the board of commissioners may, by resolution, authorize the treasurer to deposit or invest such money in qualified public depositories, or to invest such money in any investment permitted at any time by RCW 36.29.020. However, the county treasurer may refuse to invest any district money the disbursement of which will be required during the period of investment to meet outstanding obligations of the district. [1996 c 230 § 719; 1986 c 294 § 13; 1983 c 66 § 22; 1981 c 24 § 4; 1973 1st ex.s. c 140 § 3; 1959 c 108 § 16.]

*Public depositories: Chapter 39.58 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.20.165 Deposit account requirements.** District money shall be deposited by the district in any account, which may be interest-bearing, subject to such requirements and conditions as may be prescribed by the state auditor. The account shall be in the name of the district except upon request by the treasurer, the accounts shall be in the name of the ". . . (name of county). . . county treasurer." The treasurer may instruct the financial institutions holding the deposits to transfer them to the treasurer at such times as the treasurer may deem appropriate, consistent with regulations governing and policies of the financial institution. [1996 c 230 § 720; 1981 c 24 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.20.170 Maintenance or general fund and special funds—Loans from maintenance or general funds to construction funds or other funds.** The board of commissioners of any district may, by resolution, authorize and direct a loan or loans from maintenance funds or general funds of the district to construction funds or other funds of the district, so

long as that loan or loans do not, in the opinion of the board of commissioners, impair the ability of the district to operate and maintain its water supply, sewer, drainage, or street lighting systems. [1996 c 230 § 721; 1959 c 108 § 17.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**Chapter 57.22 RCW**

**CONTRACTS FOR SYSTEM EXTENSIONS**

Sections

- 57.22.010 Contracts—Conditions.
- 57.22.020 Reimbursement to owner—Contract requirements.
- 57.22.030 Scope of reimbursement.
- 57.22.040 Reimbursement—Procedures.
- 57.22.050 District participation in financing project.

**57.22.010 Contracts—Conditions.** If the district approves an extension to the system, the district shall contract with owners of real estate located within the district boundaries, at an owner’s request, for the purpose of permitting extensions to the district’s system to be constructed by such owner at such owner’s sole cost where such extensions are required as a prerequisite to further property development. The contract shall contain such conditions as the district may require pursuant to the district’s adopted policies and standards. The district shall request comprehensive plan approval for such extension, if required, and connection of the extension to the district system is conditioned upon:

- (1) Construction of such extension according to plans and specifications approved by the district;
- (2) Inspection and approval of such extension by the district;
- (3) Transfer to the district of such extension without cost to the district upon acceptance by the district of such extension;
- (4) Payment of all required connection charges to the district;
- (5) Full compliance with the owner’s obligations under such contract and with the district’s rules and regulations;
- (6) Provision of sufficient security to the district to ensure completion of the extension and other performance under the contract;
- (7) Payment by the owner to the district of all of the district’s costs associated with such extension including, but not limited to, the district’s engineering, legal, and administrative costs; and
- (8) Verification and approval of all contracts and costs related to such extension. [1996 c 230 § 801; 1989 c 389 § 11.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.22.020 Reimbursement to owner—Contract requirements.** (1) Except as otherwise provided in subsection (2) of this section, the contract shall also provide, subject to the terms and conditions in this section, for the reimbursement to the owner or the owner’s assigns for a period not to exceed fifteen years of a portion of the costs of the facilities constructed pursuant to such contract from connection charges received by the district from other property owners who subsequently connect to or use the facilities within the

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period of time that the contract is effective and who did not contribute to the original cost of such facilities.

(2)(a) The contract may provide for an extension of the fifteen-year reimbursement period for a time not to exceed the duration of any moratorium, phasing ordinance, concurrency designation, or other governmental action that prevents making applications for, or the approval of, any new development for a period of six months or more within the benefit area of the system extensions authorized under this chapter.

(b) Upon the extension of the reimbursement period pursuant to (a) of this subsection, the contract must specify the duration of the contract extension and must be filed and recorded with the county auditor. Property owners who are subject to the reimbursement obligations under subsection (1) of this section shall be notified by the water-sewer district of the extension filed under this subsection.

(3) Each contract shall include a provision requiring that every two years from the date the contract is executed a property owner entitled to reimbursement under this section provide the water-sewer district with information regarding the current contract name, address, and telephone number of the person, company, or partnership that originally entered into the contract. If the property owner fails to comply with the notification requirements of this subsection within sixty days of the specified time, then the water-sewer district may collect any reimbursement funds owed to the property owner under the contract. Such funds must be deposited in the capital fund of the water-sewer district. [2006 c 88 § 3; 1996 c 230 § 802; 1989 c 389 § 12.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.22.030 Scope of reimbursement.** The reimbursement shall be a pro rata share of construction and contract administration costs of the project. Reimbursement for projects shall include, but not be limited to, design, engineering, installation, and restoration. [1996 c 230 § 803; 1989 c 389 § 13.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.22.040 Reimbursement—Procedures.** The procedures for reimbursement contracts shall be governed by the following:

(1) A reimbursement area shall be formulated by the board of commissioners within a reasonable time after the acceptance of the extension. The reimbursement shall be based upon a determination by the board of commissioners of which parcels would require similar improvements upon development.

(2) The contract must be recorded in the appropriate county auditor’s office after the final execution of the agreement. [1996 c 230 § 804; 1989 c 389 § 14.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.22.050 District participation in financing project.** As an alternative to financing projects under this chapter solely by owners of real estate, districts may join in the financing of improvement projects and may be reimbursed in the same manner as the owners of real estate who participate in the projects, if the board of commissioners has specified

the conditions of its participation in a resolution. [1996 c 230 § 805; 1989 c 389 § 15.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

### Chapter 57.24 RCW

#### ANNEXATION OF TERRITORY

##### Sections

57.24.001	Actions subject to review by boundary review board.
57.24.010	Annexation authorized—Petition—Notice of hearing.
57.24.020	Hearing procedure—Boundaries—Election, notice, judges.
57.24.040	Election—Qualification of voters.
57.24.050	Expense of election.
57.24.060	Petition method is alternative to election method.
57.24.070	Petition method—Petition—Signers—Content—Certain public properties excluded from local improvement districts.
57.24.080	Petition method—Hearing—Notice.
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57.24.100	Petition method—Effective date of annexation—Prior indebtedness.
57.24.170	Annexation of certain unincorporated territory—Authorized—Hearing.
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57.24.190	Annexation of certain unincorporated territory—Referendum authorized—Petition—Election—Effective date of annexation.
57.24.200	Expenditure of funds to provide certain information authorized—Limits.
57.24.210	Annexation of certain unincorporated territory with boundaries contiguous to two municipal corporations providing water or sewer service—Procedure.
57.24.220	Assumption of substandard water system—Limited immunity from liability.
57.24.230	Annexation of territory within cities—Authorized—Process.
57.24.240	Annexation of territory within cities—Hearing procedure—Election notice.
57.24.250	Annexation of territory within cities—Election.
57.24.260	Annexation of territory within cities—Alternative method.

**57.24.001 Actions subject to review by boundary review board.** Actions taken under this chapter may be subject to potential review by a boundary review board under chapter 36.93 RCW. [1996 c 230 § 901; 1989 c 84 § 58.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.24.010 Annexation authorized—Petition—Notice of hearing.** Territory within the county or counties in which a district is located, or territory adjoining or in close proximity to a district but which is located in another county, may be annexed to and become a part of the district. All annexations shall be accomplished in the following manner: Ten percent of the number of registered voters residing in the territory proposed to be annexed who voted in the last municipal general election may file a petition with the district commissioners and cause the question to be submitted to the voters of the territory whether such territory will be annexed and become a part of the district. If the commissioners concur in the petition, they shall file it with the county auditor of the county in which all or the largest geographic portion of the real property proposed to be annexed is located, who shall, within ten days, examine the signatures thereon and certify to the sufficiency or insufficiency thereof. If the area proposed to be annexed is located in more than one county, the auditor of the county in which the largest geographic portion of the area proposed to be annexed is located shall be the lead auditor and shall immediately transfer a copy of the petitions to the auditor of each other county in which the area proposed to be

annexed is located. Within ten days after the lead auditor received the petition, the auditors of these other counties shall certify to the lead auditor: (1) The number of voters of that county residing in the area proposed to be annexed who voted at the last municipal general election; and (2) the number of valid signatures on the petition of voters of that county residing in the area proposed to be annexed. The lead auditor shall certify the sufficiency of the petition after receiving this information. If the petition contains a sufficient number of valid signatures, the lead county auditor shall transmit it, together with a certificate of sufficiency attached thereto, to the commissioners of the district.

If there are no registered voters residing in the territory to be annexed, the petition may be signed by such a number as appear of record to own at least a majority of the acreage in the territory, and the petition shall disclose the total number of acres of land in the territory and the names of all record owners of land therein. If the commissioners are satisfied as to the sufficiency of the petition and concur therein, they shall send it, together with their certificate of concurrence attached thereto to the county legislative authority of each county in which the territory proposed to be annexed is located.

The county legislative authority, upon receipt of a petition certified to contain a sufficient number of signatures of registered voters, or upon receipt of a petition signed by such a number as own at least a majority of the acreage, together with a certificate of concurrence signed by the commissioners, at a regular or special meeting shall cause to be published once a week for at least two weeks in a newspaper in general circulation throughout the territory proposed to be annexed a notice that the petition has been filed, stating the time of the meeting at which it shall be presented, and setting forth the boundaries of the territory proposed to be annexed. [1996 c 230 § 902; 1990 c 259 § 31; 1989 c 308 § 4; 1988 c 162 § 14; 1982 1st ex.s. c 17 § 21; 1959 c 18 § 15. Prior: 1951 2nd ex.s. c 25 § 5; 1931 c 72 § 5, part; 1929 c 114 § 15, part; RRS § 11593, part. Cf. 1913 c 161 § 15, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.24.020 Hearing procedure—Boundaries—Election, notice, judges.** When such petition is presented for hearing, the legislative authority of each county in which the territory proposed to be annexed is located shall hear the petition or may adjourn the hearing from time to time not exceeding one month in all, and any person, firm, or corporation may appear before the county legislative authority and make objections to the proposed boundary lines or to annexation of the territory described in the petition. Upon a final hearing each county legislative authority shall make such changes in the proposed boundary lines within the county as it deems to be proper and shall establish and define such boundaries and shall find whether the proposed annexation as established by the county legislative authority to the district will be conducive to the public health, welfare and convenience and will be of special benefit to the land included within the boundaries of the territory proposed to be annexed to the district. No lands which will not, in the judgment of the county legislative authority, be benefited by inclusion therein, shall be included within the boundaries of the territory as so established and

defined. No change shall be made by the county legislative authority in the boundary lines, including any territory outside of the boundary lines described in the petition. No person having signed such petition shall be allowed to withdraw such person's name therefrom after the filing of the petition with the board of commissioners.

Upon the entry of the findings of the final hearing each county legislative authority, if it finds the proposed annexation to be conducive to the public health, welfare, and convenience and to be of special benefit to the land proposed to be annexed and included within the boundaries of the district, shall give notice of a special election to be held within the boundaries of the territory proposed to be annexed to the district for the purpose of determining whether the same shall be annexed to the district. The notice shall particularly describe the boundaries established by the county legislative authority, and shall state the name of the district to which the territory is proposed to be annexed, and the notice shall be published in a newspaper of general circulation in the territory proposed to be annexed at least once a week for a minimum of two successive weeks prior to the election and shall be posted for the same period in at least four public places within the boundaries of the territory proposed to be annexed, which notice shall designate the places within the territory proposed to be annexed where the election shall be held, and the proposition to the voters shall be expressed on ballots which contain the words:

For Annexation to District  
or  
Against Annexation to District

The county legislative authority shall name the persons to act as judges at that election. [1996 c 230 § 903; 1982 1st ex.s. c 17 § 22; 1959 c 18 § 16. Prior: 1931 c 72 § 5; 1929 c 114 § 15; RRS § 11593. Cf. 1913 c 161 § 15. Formerly RCW 57.24.010, 57.24.020, and 57.24.030.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.24.040 Election—Qualification of voters.** (1) The annexation election shall be held on the date designated in the notice and shall be conducted in accordance with the general election laws of the state. If the original petition for annexation is signed by qualified voters, then only qualified voters at the date of election residing in the territory proposed to be annexed, shall be permitted to vote at the election.

(2) If the original petition for annexation is signed by property owners as provided for in this chapter, then no person shall be entitled to vote at that election unless at the time of the filing of the original petition he or she owned land in the district of record and in addition thereto at the date of election shall be a qualified voter of the county in which such district is located. It shall be the duty of the county auditor, upon request of the county legislative authority, to certify the names of all persons owning land in the district at the date of the filing of the original petition as shown by the records of the auditor's office; and at any such election the county auditor may require any such property owner offering to vote to take an oath that the property owner is a qualified voter of the county before the property owner shall be allowed to vote. However, at any election held under the provisions of this

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chapter an officer or agent of any corporation having its principal place of business in the county and owning land at the date of filing the original petition in the district duly authorized in writing may cast a vote on behalf of such corporation. When so voting the person shall file with the county auditor such a written instrument of that person's authority.

(3) If the majority of the votes cast upon the question of such election shall be for annexation, then the territory concerned shall immediately be and become annexed to such district and the same shall then forthwith be a part of the district, the same as though originally included in that district. [1999 c 153 § 19; 1996 c 230 § 904; 1929 c 114 § 16; RRS § 11593-1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.24.050 Expense of election.** All elections held pursuant to this chapter, whether general or special, shall be conducted by the county auditor of the county in which the district is located. The expense of all such elections shall be paid for out of the funds of such district. [1999 c 153 § 20; 1996 c 230 § 905; 1929 c 114 § 17; RRS § 11594. Cf. 1913 c 161 § 16.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.24.060 Petition method is alternative to election method.** The method of annexation provided for in RCW 57.24.070 through 57.24.100 shall be an alternative method to that specified in RCW 57.24.010 through 57.24.050. [1953 c 251 § 22.]

**57.24.070 Petition method—Petition—Signers—Content—Certain public properties excluded from local improvement districts.** As an alternative method of annexation, a petition for annexation of an area contiguous to a district may be made in writing, addressed to and filed with the board of commissioners of the district to which annexation is desired. It must be signed by the owners, according to the records of the county auditor, of not less than sixty percent of the area of land for which annexation is petitioned, excluding county and state rights-of-way, parks, tidelands, lakes, retention ponds, and stream and water courses. Additionally, the petition shall set forth a description of the property according to government legal subdivisions or legal plats, and shall be accompanied by a plat which outlines the boundaries of the property sought to be annexed. Those county and state properties shall be excluded from local improvement districts or utility local improvement districts in the annexed area and from special assessments, rates, or charges of the district except where service has been regulated and provided to such properties. The owners of such property shall be invited to be included within local improvement districts or utility local improvement districts at the time they are proposed for formation. [1996 c 230 § 906; 1985 c 141 § 8; 1953 c 251 § 18.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.24.080 Petition method—Hearing—Notice.** If the petition for annexation filed with the board of commissioners complies with the requirements of law, as proved to the satisfaction of the board of commissioners, it may entertain the petition, fix the date for public hearing thereon, and cause

notice of the hearing to be published in one issue of a newspaper of general circulation in the area proposed to be annexed and also posted in three public places within the area proposed for annexation. The notice shall specify the time and place of hearing and invite interested persons to appear and voice approval or disapproval of the annexation. The expense of publication and posting of the notice shall be borne by the signers of the petition. [1953 c 251 § 19.]

**57.24.090 Petition method—Resolution providing for annexation.** Following the hearing the board of commissioners shall determine by resolution whether annexation shall be made. It may annex all or any portion of the proposed area but may not include in the annexation any property not described in the petition. Upon passage of the resolution a certified copy shall be filed with the legislative authority of the county in which the annexed property is located. [1996 c 230 § 907; 1953 c 251 § 20.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.24.100 Petition method—Effective date of annexation—Prior indebtedness.** Upon the date fixed in the resolution the area annexed shall become a part of the district.

No property within the limits of the territory so annexed shall ever be taxed or assessed to pay any portion of the indebtedness of the district to which it is annexed contracted prior to or existing at the date of annexation; nor shall any such property be released from any taxes or assessments levied against it or from liability for payment of outstanding bonds or warrants issued prior to such annexation. [1953 c 251 § 21.]

**57.24.170 Annexation of certain unincorporated territory—Authorized—Hearing.** When there is, within a district, unincorporated territory containing less than one hundred acres and having at least eighty percent of the boundaries of such area contiguous to the district, the board of commissioners may resolve to annex that territory to the district. The resolution shall describe the boundaries of the area to be annexed, state the number of voters residing therein as nearly as may be, and set a date for a public hearing on such resolution for annexation. Notice of the hearing shall be given by publication of the resolution at least once a week for two weeks prior to the date of the hearing, in one or more newspapers of general circulation within the district and one or more newspapers of general circulation within the area to be annexed. [1996 c 230 § 908; 1982 c 146 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.24.180 Annexation of certain unincorporated territory—Opportunity to be heard—Effective date of annexation resolution—Notice—Referendum.** On the date set for hearing under RCW 57.24.170, residents or property owners of the area included in the resolution for annexation shall be afforded an opportunity to be heard. The board of commissioners may provide by resolution for annexation of the territory described in the resolution, but the effective date of the resolution shall be not less than forty-five days after the passage thereof. The board of commissioners shall cause notice of the proposed effective date of the annexation,

together with a description of the property to be annexed, to be published at least once each week for two weeks subsequent to passage of the resolution, in one or more newspapers of general circulation within the district and in one or more newspapers of general circulation within the area to be annexed. Upon the filing of a timely and sufficient referendum petition under RCW 57.24.190, a referendum election shall be held under RCW 57.24.190, and the annexation shall be deemed approved by the voters unless a majority of the votes cast on the proposition are in opposition thereto. After the expiration of the forty-fifth day from but excluding the date of passage of the annexation resolution, if no timely and sufficient referendum petition has been filed, under RCW 57.24.190, the area annexed shall become a part of the district upon the date fixed in the resolution of annexation. [1996 c 230 § 909; 1982 c 146 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.24.190 Annexation of certain unincorporated territory—Referendum authorized—Petition—Election—Effective date of annexation.** The annexation resolution under RCW 57.24.180 shall be subject to referendum for forty-five days after the passage thereof. Upon the filing of a timely and sufficient referendum petition with the board of commissioners, signed by registered voters in number equal to not less than ten percent of the registered voters in the area to be annexed who voted in the last municipal general election, the question of annexation shall be submitted to the voters of such area in a general election if one is to be held within ninety days or at a special election called for that purpose by the board of commissioners in accordance with \*RCW 29.13.010 and 29.13.020. Notice of that election shall be given under RCW 57.24.020 and the election shall be conducted under RCW 57.24.040. The annexation shall be deemed approved by the voters unless a majority of the votes cast on the proposition are in opposition thereto.

After the expiration of the forty-fifth day from but excluding the date of passage of the annexation resolution, if no timely and sufficient referendum petition has been filed, the area annexed shall become a part of the district upon the date fixed in the resolution of annexation upon transmitting the resolution to the county legislative authority. [1996 c 230 § 910; 1990 c 259 § 32; 1982 c 146 § 6.]

\***Reviser's note:** RCW 29.13.010 and 29.13.020 were recodified as RCW 29A.04.320 and 29A.04.330, respectively, pursuant to 2003 c 111 § 2401, effective July 1, 2004. RCW 29A.04.320 was subsequently repealed by 2004 c 271 § 193. Later enactment of RCW 29A.04.320, see RCW 29A.04.321.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.24.200 Expenditure of funds to provide certain information authorized—Limits.** A district may expend funds to inform residents in areas proposed for annexation into the district of the following:

- (1) Technical information and data;
- (2) The fiscal impact of the proposed improvement; and
- (3) The types of improvements planned.

Expenditures under this section shall be limited to research, preparation, printing, and mailing of the information. [1996 c 230 § 911; 1986 c 258 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.24.210 Annexation of certain unincorporated territory with boundaries contiguous to two municipal corporations providing water or sewer service—Procedure.** When there is unincorporated territory containing less than one hundred acres and having at least eighty percent of the boundaries of such area contiguous to two municipal corporations providing either water or sewer service, one of which is a water-sewer district, the legislative authority of either of the contiguous municipal corporations may resolve to annex such territory to that municipal corporation, provided a majority of the legislative authority of the other contiguous municipal corporation concurs. In such event, the municipal corporation resolving to annex such territory may proceed to effect the annexation by complying with RCW 57.24.170 through 57.24.190. For purposes of this section, "municipal corporation" means a water-sewer district, city, or town. [2002 c 76 § 1; 1996 c 230 § 912; 1995 c 279 § 2; 1987 c 449 § 17.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.24.220 Assumption of substandard water system—Limited immunity from liability.** A district assuming responsibility for a water system that is not in compliance with state or federal requirements for public drinking water systems, and its agents and employees, are immune from lawsuits or causes of action, based on noncompliance with state or federal requirements for public drinking water systems, which predate the date of assuming responsibility and continue after the date of assuming responsibility, provided that the district has submitted and is complying with a plan and schedule of improvements approved by the department of health. This immunity shall expire on the earlier of the date the plan of improvements is completed or four years from the date of assuming responsibility. This immunity does not apply to intentional injuries, fraud, or bad faith. [1996 c 230 § 913; 1994 c 292 § 8.]

**Findings—Intent—1994 c 292:** See note following RCW 57.04.050.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.24.230 Annexation of territory within cities—Authorized—Process.** (1) If a district acquires either water facilities or sewer facilities, or both from a city, and the district and the city within which the facilities are located enter into an agreement stating that the district will seek annexation of territory within that city, the district commissioners may initiate a process for the annexation of such territory.

(2) The annexation process shall commence upon the adoption of a resolution by the commissioners calling for the question of annexation to be submitted to the voters of the territory proposed for annexation and setting forth the boundaries thereof. The resolution must be filed with the county legislative authority of each county in which the territory proposed for annexation is located.

(3) Upon receipt of the resolution, the county legislative authority shall cause a hearing to be held as provided in RCW 57.24.240. [2007 c 31 § 1.]

**57.24.240 Annexation of territory within cities—Hearing procedure—Election notice.** (1) If a resolution calling for an annexation election as provided in RCW

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57.24.230 is presented for hearing, the legislative authority of each county in which the territory proposed for annexation is located shall hear the resolution or may adjourn and reconvene the hearing as deemed necessary for its purposes. The hearing, however, may not exceed four weeks in duration. Any person, firm, or corporation may appear before the legislative authority or authorities and make objections to the proposed boundary lines or to annexation of the territory described in the resolution.

(2) Upon a final hearing, each county legislative authority may make changes to the proposed boundary lines within the county as it deems proper and shall formally establish and define the boundaries. Each legislative authority also shall find whether the proposed annexation will be conducive to the public health, welfare, and convenience and whether it will be of special benefit to the land included within the boundaries of the proposed annexation. No lands that will not, in the judgment of the legislative authority, benefit by inclusion therein, may be included within the boundaries of the territory as established and defined. The legislative authority may not include within the territory proposed for annexation any territory outside of the boundary lines described in the resolution adopted by the district under RCW 57.24.230(2).

(3) Upon the entry of the findings of the final hearing, each county legislative authority, if it finds the proposed annexation satisfies the requirements of subsection (2) of this section, shall give notice of a special election to be held within the boundaries of the territory proposed for annexation for the purpose of determining whether the same shall be annexed to the district. The notice shall:

(a) Describe the boundaries established by the legislative authority;

(b) State the name of the district to which the territory is proposed to be annexed;

(c) Be published in a newspaper of general circulation in the territory proposed for annexation at least once a week for a minimum of two successive weeks prior to the election;

(d) Be posted for the same period in at least four public places within the boundaries of the territory proposed for annexation; and

(e) Designate the places within the territory proposed for annexation where the election shall be held.

(4) The proposition to the voters shall be expressed on ballots containing the words:

For Annexation to District  
or  
Against Annexation to District

The county legislative authority shall name the persons to act as judges at that election. [2007 c 31 § 2.]

**57.24.250 Annexation of territory within cities—Election.** (1) The annexation election shall be held on the date designated in the notice and shall be conducted in accordance with the general election laws of the state. Qualified voters residing within the territory proposed for annexation shall be permitted to vote at the election.

(2) If the majority of the votes cast upon the question of such election are for annexation, the territory concerned shall

immediately be deemed annexed to the district and the same shall then forthwith be a part of the district, the same as though originally included in that district. [2007 c 31 § 3.]

**57.24.260 Annexation of territory within cities—Alternative method.** The method of annexation provided for in RCW 57.24.230 through 57.24.250 is an alternative method and is additional to other methods provided for in this chapter. [2007 c 31 § 4.]

## Chapter 57.28 RCW

### WITHDRAWAL OF TERRITORY

#### Sections

57.28.001	Actions subject to review by boundary review board.
57.28.010	Withdrawal authorized—Petition.
57.28.020	Petition of residents.
57.28.030	Petition of landowners.
57.28.035	Alternative procedure—Resolution.
57.28.040	Notice of hearing—Bond for costs.
57.28.050	Hearing—Findings.
57.28.060	Transmission to county legislative authorities.
57.28.070	Notice of hearing before county legislative authority.
57.28.080	Hearing—Findings.
57.28.090	Election on withdrawal.
57.28.100	Notice of election—Election—Canvass.
57.28.110	Taxes and assessments unaffected.

**57.28.001 Actions subject to review by boundary review board.** Actions taken under this chapter may be subject to potential review by a boundary review board under chapter 36.93 RCW. [1996 c 230 § 1001; 1989 c 84 § 59.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.28.010 Withdrawal authorized—Petition.** Territory within a district may be withdrawn therefrom in the following manner and upon the following conditions: The petition for withdrawal shall be in writing and shall designate the boundaries of the territory proposed to be withdrawn from the district and shall be signed by at least twenty-five percent of the qualified voters residing within the territory so designated who are qualified voters on the date of filing such petition. The petition shall set forth that the territory proposed to be withdrawn is of such location or character that water and sewer services cannot be furnished to it by the district at reasonable cost, and shall further set forth that the withdrawal of such territory will be of benefit to such territory and conducive to the general welfare of the balance of the district. [1996 c 230 § 1002; 1941 c 55 § 1; Rem. Supp. 1941 § 11604-1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.28.020 Petition of residents.** The petition for withdrawal shall be filed with the county auditor of each county in which the district is located, and after the filing no person having signed the petition shall be allowed to withdraw the person's name therefrom. Within ten days after such filing, each county auditor shall examine and verify the signatures of signers residing in the respective county. The petition shall be transmitted to the auditor of the county in which all or the major geographic portion of the district is located, who shall certify to the sufficiency or insufficiency of the signatures. If the area proposed to be withdrawn is located in more than one

county, the auditor of the county in which the largest geographic portion of the area proposed to be withdrawn is located shall be the lead auditor and shall immediately transfer a copy of the petitions to the auditor of each other county in which the area proposed to be withdrawn is located. Within ten days after the lead auditor received the petition, the auditors of these other counties shall certify to the lead auditor: (1) The number of voters of that county residing in the area proposed to be withdrawn who voted at the last municipal general election; and (2) the number of valid signatures on the petition of voters of that county residing in the area proposed to be withdrawn. The lead auditor shall certify the sufficiency of the petition after receiving this information. If such petition be found by such county auditor to contain sufficient signatures, the petition, together with a certificate of sufficiency attached thereto, shall be transmitted to the board of commissioners of the district. [1996 c 230 § 1003; 1982 1st ex.s. c 17 § 23; 1941 c 55 § 2; Rem. Supp. 1941 § 11604-2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.28.030 Petition of landowners.** In the event there are no qualified voters residing within the territory proposed to be withdrawn, the petition for withdrawal may be signed by such persons as appear of record to own at least a majority of the acreage within such territory, in which event the petition shall also state the total number of acres and the names of all record owners of the land within such territory. The petition so signed shall be filed with the board of commissioners of the district, and after such filing no person having signed the same shall be allowed to withdraw that person's name. [1996 c 230 § 1004; 1941 c 55 § 3; Rem. Supp. 1941 § 11604-3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.28.035 Alternative procedure—Resolution.** As an alternative procedure to those set forth in RCW 57.28.010 through 57.28.030, the withdrawal of territory within a district may be commenced by a resolution of the board of commissioners that sets forth boundaries of the territory to be withdrawn and sets a date for the public hearing required under RCW 57.28.050. Upon the final hearing, the board of commissioners shall make such changes in the proposed boundaries as they deem proper, except that no changes in the boundary lines may be made by the board of commissioners to include lands not within the boundaries of the territory as described in such resolution.

Whenever the board of commissioners proposes to commence the withdrawal of any portion of its territory located within a city or town using the alternative procedures herein authorized, it shall first notify such city or town of their [its] intent to withdraw the territory. If the legislative authority of the city or town takes no action within sixty days of receipt of notification, the district may proceed with the resolution method.

If the city or town legislative authority disapproves of use of the alternative procedures, the board of commissioners may proceed using the process established under RCW 57.28.010 through 57.28.030.

A withdrawal procedure commenced under this section shall be subject to the procedures and requirements set forth in RCW 57.28.040 through 57.28.110. [1996 c 230 § 1005; 1985 c 153 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.28.040 Notice of hearing—Bond for costs.** Upon receipt by the board of commissioners of a petition and certificate of sufficiency of the auditor, or if the petition is signed by landowners and the board of commissioners is satisfied as to the sufficiency of the signatures thereon, it shall at a regular or special meeting fix a date for hearing on the petition and give notice that the petition has been filed, stating the time and place of the meeting of the board of commissioners at which the petition will be heard and setting forth the boundaries of the territory proposed to be withdrawn. The notice shall be published at least once a week for two successive weeks in a newspaper of general circulation therein, and if no such newspaper is printed in the county, then in some newspaper of general circulation in the county and district. Any additional notice of the hearing may be given as the board of commissioners may by resolution direct.

Prior to fixing the time for a hearing on any such petition, the board of commissioners in its discretion may require the petitioners to furnish a satisfactory bond conditioned that the petitioners shall pay all costs incurred by the district in connection with the petition, including the cost of an election if one is held pursuant thereto, and should the petitioners fail or refuse to post such a bond, if one is required by the district board of commissioners, then there shall be no duty on the part of the board of commissioners to act upon the petition. [1996 c 230 § 1006; 1985 c 469 § 59; 1951 c 112 § 3; 1941 c 55 § 4; Rem. Supp. 1941 § 11604-4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.28.050 Hearing—Findings.** The petition for withdrawal shall be heard at the time and place specified in such notice or the hearing may be adjourned from time to time, not exceeding one month in all, and any person may appear at such hearing and make objections to the withdrawal of such territory or to the proposed boundary lines thereof. Upon final hearing on the petition for withdrawal, the board of commissioners of the district shall make such changes in the proposed boundary lines as it deems to be proper, except that no changes in the boundary lines shall be made by the board of commissioners to include lands not within the boundaries of the territory as described in such petition. In establishing and defining such boundaries the board of commissioners shall exclude any property which is then being furnished with water, sewer, or drainage service by the district or which is included in any distribution or collection system the construction of which is included within any duly established local improvement district or utility local improvement district, and the territory as finally established and defined must be substantial in area and consist of adjoining or contiguous properties. The board of commissioners shall thereupon make and by resolution adopt findings of fact as to the following questions:

(1) Would the withdrawal of such territory be of benefit to such territory?

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(2) Would such withdrawal be conducive to the general welfare of the balance of the district?

Such findings shall be entered in the records of the district, together with any recommendations the board of commissioners may by resolution adopt. [1999 c 153 § 21; 1996 c 230 § 1007; 1986 c 109 § 1; 1941 c 55 § 5; Rem. Supp. 1941 § 11604-5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.28.060 Transmission to county legislative authorities.** Within ten days after the final hearing the board of commissioners of the district shall transmit to the county legislative authority of each county in which the district is located the petition for withdrawal, together with a copy of the findings and recommendations of the board of commissioners of the district certified by the secretary of the district to be a true and correct copy of such findings and recommendations as the same appear on the records of the district. [1996 c 230 § 1008; 1982 1st ex.s. c 17 § 24; 1941 c 55 § 6; Rem. Supp. 1941 § 11604-6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.28.070 Notice of hearing before county legislative authority.** Upon receipt of the petition and certified copy of the findings and recommendations adopted by the district commissioners, the county legislative authority of each county in which the district is located at a regular or special meeting shall fix a time and place for hearing thereon and shall cause to be published at least once a week for two or more weeks in successive issues of a newspaper of general circulation in the district, a notice that such petition has been presented to the county legislative authority stating the time and place of the hearing thereon, setting forth the boundaries of the territory proposed to be withdrawn as such boundaries are established and defined in the findings or recommendations of the board of commissioners of the district. [1996 c 230 § 1009; 1982 1st ex.s. c 17 § 25; 1941 c 55 § 7; Rem. Supp. 1941 § 11604-7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.28.080 Hearing—Findings.** The petition shall be heard at the time and place specified in the notice, or the hearing may be adjourned from time to time, not exceeding one month in all, and any person may appear at the hearing and make objections to the withdrawal of the territory. Upon final hearing on the petition the county legislative authority shall thereupon make, enter, and by resolution adopt its findings of fact on the questions set forth in RCW 57.28.050. If the findings of fact answer the questions affirmatively, and if they are the same as the findings made by the district commissioners, then the county legislative authority shall by resolution declare that the territory be withdrawn from that district, and thereupon the territory shall be withdrawn and excluded from that district the same as if it had never been included therein except for the lien of taxes as hereinafter set forth. However, the boundaries of the territory withdrawn shall be the boundaries established and defined by the district board of commissioners and shall not be altered or changed by the county legislative authority unless the unanimous consent of the district commissioners be given in writing to any such alteration or

change. [1996 c 230 § 1010; 1941 c 55 § 8; Rem. Supp. 1941 § 11604-8.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.28.090 Election on withdrawal.** If the findings of any county legislative authority answer any of the questions of fact set forth in RCW 57.28.050 in the negative, or if any of the findings of the county legislative authority are not the same as the findings of the district board of commissioners upon the same question, then in either of such events, the petition for withdrawal shall be deemed denied. Thereupon, and in such event, the county legislative authority of each county in which the district is located shall by resolution cause a special election to be held not less than thirty days or more than sixty days from the date of the final hearing of any county legislative authority upon the petition for withdrawal, at which election the proposition expressed on the ballots shall be substantially as follows:

"Shall the territory established and defined by the district board of commissioners at its meeting held on the . . . . . (insert date of final hearing of district board of commissioners upon the petition for withdrawal) be withdrawn from district . . . . . (naming it).

YES  NO

[1996 c 230 § 1011; 1982 1st ex.s. c 17 § 26; 1941 c 55 § 9; Rem. Supp. 1941 § 11604-9.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.28.100 Notice of election—Election—Canvass.** Notice of the election shall be posted and published in the same manner provided by law for the posting and publication of notice of elections to annex territory to districts. The territory described in the notice shall be that established and defined by the district board of commissioners. All qualified voters residing within the district shall have the right to vote at the election. If a majority of the votes cast favor the withdrawal from the district of such territory, then within ten days after the official canvass of the election the county legislative authority of each county in which the district is located shall by resolution establish that the territory has been withdrawn, and the territory shall thereupon be withdrawn and excluded from the district the same as if it had never been included therein except for the lien of any taxes as hereinafter set forth. [1996 c 230 § 1012; 1982 1st ex.s. c 17 § 27; 1941 c 55 § 10; Rem. Supp. 1941 § 11604-10.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.28.110 Taxes and assessments unaffected.** Taxes or assessments levied or assessed against property located in territory withdrawn from a district shall remain a lien and be collected as by law provided when the taxes or assessments are levied or assessed prior to the withdrawal or when the levies or assessments are duly made to provide revenue for the payment of general obligations or general obligation bonds of the district duly incurred or issued prior to the withdrawal. [1996 c 230 § 1013; 1941 c 55 § 11; Rem. Supp. 1941 § 11604-11.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

## Chapter 57.32 RCW

### CONSOLIDATION OF DISTRICTS— TRANSFER OF PART OF DISTRICT

#### Sections

57.32.001	Actions subject to review by boundary review board.
57.32.010	Consolidation authorized—Petition method—Resolution method.
57.32.020	Certificate of sufficiency.
57.32.021	Procedure upon receipt of certificate of sufficiency—Agreement, contents—Comprehensive plan.
57.32.022	Certification of agreement—Election, notice and conduct.
57.32.023	When consolidation effective—Cessation of former districts—Rights and powers of consolidated district.
57.32.024	Vesting of funds and property in consolidated district—Outstanding indebtedness.
57.32.130	Commissioners—Number.
57.32.160	Transfer of part of district—Procedure.

*Assumption of jurisdiction over water or sewer district by city: Chapter 35.13A RCW.*

**57.32.001 Actions subject to review by boundary review board.** Actions taken under this chapter may be subject to potential review by a boundary review board under chapter 36.93 RCW. [1996 c 230 § 1101; 1989 c 84 § 60.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.32.010 Consolidation authorized—Petition method—Resolution method.** Two or more districts may be joined into one consolidated district. The consolidation may be initiated in either of the following ways: (1) Ten percent of the voters residing within each of the districts proposed to be consolidated may petition the board of commissioners of their respective districts to cause the question to be submitted to the voters of the districts proposed to be consolidated; or (2) the board of commissioners of each of the districts proposed to be consolidated may by resolution determine that the consolidation of the districts shall be conducive to the public health, welfare, and convenience and to be of special benefit to the lands of the districts. [1996 c 230 § 1102; 1989 c 308 § 11; 1982 1st ex.s. c 17 § 28; 1967 ex.s. c 39 § 1; 1943 c 267 § 1; Rem. Supp. 1943 § 11604-20.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.32.020 Certificate of sufficiency.** If the consolidation proceedings are initiated by petitions, upon the filing of such petitions with the boards of commissioners of the districts, the boards of commissioners of each district shall file such petitions with the auditor of the county in which all or the largest geographic portion of the respective districts is located, who shall within ten days examine and verify the signatures of the signers residing in the county. If the districts proposed to be consolidated include areas located in more than one county, the auditor of the county in which the largest geographic portion of the consolidating districts is located shall be the lead auditor and shall immediately transfer a copy of the petitions to the auditor of each other county in which the consolidating districts are located. Within ten days after the lead auditor received the petition, the auditors of these other counties shall certify to the lead auditor: (1) The number of voters of that county residing in each consolidating district; and (2) the number of valid signatures on the petition of voters of that county residing in each consolidating district. The lead auditor shall certify the sufficiency of the petition

after receiving this information. If all of such petitions shall be found to contain a sufficient number of signatures, the county auditor shall transmit the same, together with a certificate of sufficiency attached thereto, to the board of commissioners of each of the districts proposed for consolidation.

If there are no voters residing in one or more of the districts proposed to be consolidated, such petitions may be signed by such a number of landowners as appear of record to own at least a majority of the acreage in the pertinent district, and the petitions shall disclose the total number of acres of land in that district and shall also contain the names of all record owners of land therein. [1996 c 230 § 1103; 1982 1st ex.s. c 17 § 30; 1967 ex.s. c 39 § 2; 1943 c 267 § 2; Rem. Supp. 1943 § 11604-21.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.32.021 Procedure upon receipt of certificate of sufficiency—Agreement, contents—Comprehensive plan.** Upon receipt by the boards of commissioners of the districts proposed for consolidation, hereinafter referred to as the "consolidating districts", of the lead county auditor's certificate of sufficiency of the petitions, or upon adoption by the boards of commissioners of the consolidating districts of their resolutions for consolidation, the boards of commissioners of the consolidating districts shall, within ninety days, enter into an agreement providing for consolidation. The agreement shall set forth the method and manner of consolidation, a comprehensive plan or scheme of water supply, sewer, and drainage services for the consolidated district, and if the comprehensive plan or scheme of water supply, sewer, and drainage services provides that one or more of the consolidating districts or the proposed consolidated district issue revenue bonds for either the construction or other costs of any part or all of the comprehensive plan, or both, then the details thereof shall be set forth. The requirement that a comprehensive plan or scheme of water supply, sewer, and drainage services for the consolidated district be set forth in the agreement for consolidation shall be satisfied if the existing comprehensive plans or schemes of the consolidating districts are incorporated therein by reference and any changes or additions thereto are set forth in detail. [1996 c 230 § 1104; 1967 ex.s. c 39 § 8.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.32.022 Certification of agreement—Election, notice and conduct.** The boards of commissioners of the consolidating districts shall certify the agreement to the county auditors of the respective counties in which the districts are located. A special election shall be called by the county auditors for the purpose of submitting to the voters of each of the consolidating districts the proposition of whether or not the several districts shall be consolidated into one district. The proposition shall give the title of the proposed consolidated district. Notice of the election shall be given and the election conducted in accordance with the general election laws. [1996 c 230 § 1105; 1994 c 223 § 71; 1982 1st ex.s. c 17 § 31; 1967 ex.s. c 39 § 9.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.32.023 When consolidation effective—Cessation of former districts—Rights and powers of consolidated district.** If at the election a majority of the voters in each of the consolidating districts vote in favor of the consolidation, the consolidation shall be authorized. The consolidation shall be effective and the consolidating districts shall cease to exist and shall then be and become a new district and municipal corporation of the state of Washington, upon the certification of the election results. The name of the new district shall be ". . . . Water-Sewer District," ". . . . Water District," ". . . . Sewer District," or ". . . . District No. . . . .," which shall be the name appearing on the ballot. The district shall have all and every power, right, and privilege possessed by other water-sewer, sewer, or water districts of the state of Washington. The district may issue revenue bonds to pay for the construction of any additions and betterments set forth in the comprehensive plan of water supply, sewer, and drainage services contained in the agreement for consolidation and any future additions and betterments to the comprehensive plan of water supply, sewer, and drainage services, as its board of district commissioners shall by resolution adopt, without submitting a proposition therefor to the voters of the district. [1999 c 153 § 22; 1996 c 230 § 1106; 1994 c 223 § 72; 1982 1st ex.s. c 17 § 32; 1967 ex.s. c 39 § 10.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.32.024 Vesting of funds and property in consolidated district—Outstanding indebtedness.** Upon the formation of any consolidated district, all funds, rights, and property, real and personal, of the former districts, shall vest in and become the property of the consolidated district. Unless the agreement for consolidation provides to the contrary, any outstanding indebtedness of any form, owed by the districts, shall remain the obligation of the area of the original debtor district and the board of commissioners of the consolidated district shall make such levies, assessments, or charges for service upon that area or the users therein as shall pay off the indebtedness at maturity. [1996 c 230 § 1107; 1967 ex.s. c 39 § 11.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.32.130 Commissioners—Number.** The commissioners of the districts consolidated into any new consolidated district shall become commissioners thereof until their respective terms of office expire or until they resign from office if the resignation is before the expiration of their terms of office. At each election of commissioners following the consolidation, only one position shall be filled, so that as the terms of office expire, the total number of commissioners in the consolidated district shall be reduced to three. However, if the agreement provides that the consolidated district eventually will be governed by a five-member board of commissioners, one commissioner shall be elected to a six-year term of office at the first district general election following the consolidation, two commissioners shall be elected to six-year terms of office at the second district general election following the consolidation, and two commissioners shall be elected to six-year terms of office at the third district general election following the consolidation. [1996 c 230 § 1108; 1985 c 141 § 9; 1943 c 267 § 13; Rem. Supp. 1943 § 11604-32.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.32.160 Transfer of part of district—Procedure.** A part of one district may be transferred into an adjacent district if the area can be better served thereby. Such transfer can be accomplished by a petition, directed to both districts, signed by the owners according to the records of the county auditor of not less than sixty percent of the area of land to be transferred. If a majority of the commissioners of each district approves the petition, copies of the approving resolutions shall be filed with the county legislative authority which shall act upon the petition as a proposed action in accordance with RCW 57.02.040. [1996 c 230 § 1109; 1987 c 449 § 18.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

## Chapter 57.36 RCW MERGER OF DISTRICTS

### Sections

57.36.001	Actions subject to review by boundary review board.
57.36.010	Merger of districts authorized.
57.36.020	Initiation of merger—Procedure.
57.36.030	Agreement—Certification to county auditor—Election—Notice, conduct.
57.36.040	When merger effective—Cessation of merging district—Commissioners.
57.36.050	Vesting of funds and property in merger district—Outstanding indebtedness.
57.36.060	Persons serving on both boards to hold only one position after merger.

**57.36.001 Actions subject to review by boundary review board.** Actions taken under this chapter may be subject to potential review by a boundary review board under chapter 36.93 RCW. [1996 c 230 § 1201; 1989 c 84 § 61.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.36.010 Merger of districts authorized.** Whenever one or more districts desire to merge into another district, the district or districts desiring to merge into the other district shall be referred to as the "merging district" or "merging districts" and the district into which the merging district or districts desire to merge shall be referred to as the "merger district." After the merger, the merger district shall survive under its original name or number. [1996 c 230 § 1202; 1989 c 308 § 12; 1982 1st ex.s. c 17 § 29; 1967 ex.s. c 39 § 3; 1961 c 28 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.36.020 Initiation of merger—Procedure.** A merger of districts may be initiated in either of the following ways:

(1) Whenever the boards of commissioners of districts determine by resolution that the merger of such districts shall be conducive to the public health, welfare, and convenience and to be of special benefit to the lands of such districts.

(2) Whenever ten percent of the voters residing within the merging district or districts petition the board of commissioners of the merging district or districts for a merger, and the board of commissioners of the merger district determines by resolution that the merger of the districts shall be conducive to the public health, welfare, and convenience of the districts. [1996 c 230 § 1203; 1967 ex.s. c 39 § 4; 1961 c 28 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.36.030 Agreement—Certification to county auditor—Election—Notice, conduct.** Whenever a merger is initiated in either of the two ways provided under this chapter, the boards of commissioners of the districts shall enter into an agreement providing for the merger. The agreement must be entered into within ninety days following completion of the last act in initiation of the merger.

The respective boards of commissioners shall certify the agreement to the county auditor of each county in which the districts are located. Each county auditor shall call a special election for the purpose of submitting to the voters of the respective districts the proposition of whether the merging district or districts shall be merged into the merger district. Notice of the elections shall be given and the elections conducted in accordance with the general election laws. [1996 c 230 § 1204; 1982 1st ex.s. c 17 § 33; 1967 ex.s. c 39 § 5; 1961 c 28 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.36.040 When merger effective—Cessation of merging district—Commissioners.** If at such election a majority of the voters of the merging district or districts shall vote in favor of the merger, the merger shall be authorized. The merger shall be effective and the merging district or districts shall cease to exist and shall become a part of the merger district, upon the certification of the election results. The commissioners of the merging district or districts shall hold office as commissioners of the new merged district until their respective terms of office expire or until they resign from office if the resignation is before the expiration of their terms of office. The election of commissioners in the merger district after the merger shall occur as provided in RCW 57.32.130 in a consolidated district after the consolidation. [1999 c 153 § 23; 1996 c 230 § 1205; 1982 c 104 § 2; 1967 ex.s. c 39 § 6; 1961 c 28 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.36.050 Vesting of funds and property in merger district—Outstanding indebtedness.** All funds and property, real and personal, of the merging district or districts, shall vest in and become the property of the merger district. Unless the agreement of merger provides to the contrary, any outstanding indebtedness of any form, owed by the districts, shall remain the obligation of the area of the original debtor district; and the commissioners of the merger district shall make such levies, assessments, or charges for service upon such area or the users therein as shall pay off such indebtedness at maturity. [1996 c 230 § 1207; 1967 ex.s. c 39 § 7; 1961 c 28 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.36.060 Persons serving on both boards to hold only one position after merger.** A person who serves on the board of commissioners of a merging district and a merger district shall hold only one position on the board of commissioners of the merger district and shall only receive compensation, expenses, and benefits that are available to a single

commissioner. [1996 c 230 § 1206; 1988 c 162 § 4. Formerly RCW 57.40.135.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

### Chapter 57.42 RCW

#### DISPOSITION OF PROPERTY TO PUBLIC UTILITY DISTRICT

##### Sections

- 57.42.010 Authorized.  
57.42.020 Disposition must be in public interest—Filings—Indebtedness.  
57.42.030 Hearing—Notice—Decree.

**57.42.010 Authorized.** Subject to the provisions of RCW 57.42.020 and 57.42.030, any district created under the provisions of this title may sell, transfer, exchange, lease or otherwise dispose of any property, real or personal, or property rights, including but not limited to the title to real property, to a public utility district in the same county on such terms as may be mutually agreed upon by the board of commissioners of each district. [1996 c 230 § 1301; 1973 1st ex.s. c 56 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.42.020 Disposition must be in public interest—Filings—Indebtedness.** No district shall dispose of its property to a public utility district unless the respective board of commissioners of each district shall determine by resolution that such disposition is in the public interest and conducive to the public health, welfare, and convenience. Copies of each resolution, together with copies of the proposed disposition agreement, shall be filed with the legislative authority of the county in which the district is located and with the superior court of that county. Unless the proposed agreement provides otherwise, any outstanding indebtedness of any form owed by the water district shall remain the obligation of the area of the district, and the board of commissioners of the public utility district shall be empowered to make such levies, assessments, or charges upon that area or the water, sewer, or drainage users therein as shall pay off the indebtedness at maturity. [1996 c 230 § 1302; 1973 1st ex.s. c 56 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.42.030 Hearing—Notice—Decree.** Within ninety days after the resolutions and proposed agreement have been filed with the court, the court shall fix a date for a hearing and shall direct that notice of the hearing be given by publication. After reviewing the proposed agreement and considering other evidence presented at the hearing, the court may determine by decree that the proposed disposition is in the public interest and conducive to the public health, welfare, and convenience. In addition, the decree shall authorize the payment of all or a portion of the indebtedness of the district relating to property disposed of under such decree. Pursuant to the court decree, the district shall dispose of its property under the terms of the disposition agreement with the public utility district. [1996 c 230 § 1303; 1973 1st ex.s. c 56 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

(2010 Ed.)

### Chapter 57.46 RCW

#### VOLUNTARY CONTRIBUTIONS TO ASSIST LOW-INCOME CUSTOMERS

##### Sections

- 57.46.010 Voluntary contributions to assist low-income residential customers—Administration.  
57.46.020 Disbursement of contributions—Quarterly report.  
57.46.030 Contributions not considered commingling of funds.

**57.46.010 Voluntary contributions to assist low-income residential customers—Administration.** A district may include along with, or as part of its regular customer billings, a request for voluntary contributions to assist qualified low-income residential customers of the district in paying their district bills. All funds received by the district in response to such requests shall be transmitted to the grantee of the \*department of community, trade, and economic development which administers federally funded energy assistance programs for the state in the district's service area or to a charitable organization within the district's service area. All such funds shall be used solely to supplement assistance to low-income residential customers of the district in paying their district bills. The grantee or charitable organization shall be responsible to determine which of the district's customers are qualified for low-income assistance and the amount of assistance to be provided to those who are qualified. [1996 c 230 § 1401; 1995 c 399 § 149; 1993 c 45 § 5.]

\*Reviser's note: The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.46.020 Disbursement of contributions—Quarterly report.** All assistance provided under this chapter shall be disbursed by the grantee or charitable organization. Where possible the district shall be paid on behalf of the customer by the grantee or the charitable organization. When direct vendor payment is not feasible, a check shall be issued jointly payable to the customer and the district. The availability of funds for assistance to a district's low-income customers as a result of voluntary contributions shall not reduce the amount of assistance for which the district's customers are eligible under the federally funded energy assistance programs administered by the grantee of the \*department of community, trade, and economic development within the district's service area. The grantee or charitable organization shall provide the district with a quarterly report on January 15th, April 15th, July 15th, and October 15th which includes information concerning the total amount of funds received from the district, the names of all recipients of assistance from these funds, the amount received by each recipient, and the amount of funds received from the district currently on hand and available for future low-income assistance. [1996 c 230 § 1402; 1995 c 399 § 150; 1993 c 45 § 6.]

\*Reviser's note: The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.46.030 Contributions not considered commingling of funds.** Contributions received under a program implemented by a district in compliance with this chapter

shall not be considered a commingling of funds. [1996 c 230 § 1403; 1993 c 45 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

### Chapter 57.90 RCW

## DISINCORPORATION OF DISTRICTS IN COUNTIES WITH 210,000 POPULATION OR MORE

### Sections

57.90.001	Actions subject to review by boundary review board.
57.90.010	Disincorporation authorized.
57.90.020	Proceedings, how commenced—Public hearings.
57.90.030	Findings—Order—Supervision of liquidation.
57.90.040	Distribution of assets.
57.90.050	Assessments to retire indebtedness.
57.90.100	Disposal of real property on abandonment of irrigation district right-of-way—Right of adjacent owners.

### Dissolution of

*port districts: RCW 53.46.060.*

*water-sewer districts: Chapter 57.04 RCW.*

**57.90.001 Actions subject to review by boundary review board.** Actions taken under this chapter may be subject to potential review by a boundary review board under chapter 36.93 RCW. [1996 c 230 § 1501; 1989 c 84 § 63.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.90.010 Disincorporation authorized.** Water-sewer, park and recreation, metropolitan park, county rural library, cemetery, flood control, mosquito control, diking and drainage, irrigation or reclamation, weed, health, or fire protection districts, and any air pollution control authority or regional fire protection service authority, hereinafter referred to as "special districts," which are located wholly or in part within a county with a population of two hundred ten thousand or more may be disincorporated when the district has not actively carried out any of the special purposes or functions for which it was formed within the preceding consecutive five-year period. [2004 c 129 § 13; 1999 c 153 § 24; 1996 c 230 § 1502; 1991 c 363 § 137; 1979 ex.s. c 30 § 11; 1963 c 55 § 1.]

**Captions not law—Severability—2004 c 129:** See RCW 52.26.900 and 52.26.901.

**Purpose—Captions not law—1991 c 363:** See notes following RCW 2.32.180.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.90.020 Proceedings, how commenced—Public hearings.** Upon the filing with the county legislative authority of each county in which the district is located of a resolution of any governmental unit calling for the disincorporation of a special district, or upon the filing with the county legislative authority of each county in which the district is located of the petition of twenty percent of the voters within a special district calling for the disincorporation of the special district, the county legislative authority shall hold public hearings to determine whether or not any services have been provided within a consecutive five year period and whether the best interests of all persons concerned will be served by the proposed dissolution of the special district. [1996 c 230 § 1503; 1982 1st ex.s. c 17 § 35; 1963 c 55 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.90.030 Findings—Order—Supervision of liquidation.** If the county legislative authority finds that no services have been provided within the preceding consecutive five-year period and that the best interests of all persons concerned will be served by disincorporating the special district, it shall order that such action be taken, specify the manner in which it is to be accomplished and supervise the liquidation of any assets and the satisfaction of any outstanding indebtedness. [1996 c 230 § 1504; 1963 c 55 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.90.040 Distribution of assets.** If a special district is disincorporated the proceeds of the sale of any of its assets, together with money on hand in the treasury of the special district, shall after payment of all costs and expenses and all outstanding indebtedness be paid to the county treasurer to be placed to the credit of the school district, or districts, in which such special district is situated. [1996 c 230 § 1505; 1963 c 55 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.90.050 Assessments to retire indebtedness.** If a special district is disincorporated and the proceeds of the sale of any of its assets, together with money on hand in the treasury of the special district, are insufficient to retire any outstanding indebtedness, together with all costs and expenses of liquidation, the county legislative authority shall levy assessments in the manner provided by law against the property in the special district in amounts sufficient to retire the indebtedness and pay the costs and expenses. [1996 c 230 § 1506; 1963 c 55 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**57.90.100 Disposal of real property on abandonment of irrigation district right-of-way—Right of adjacent owners.** Whenever as the result of abandonment of an irrigation district right-of-way real property held by an irrigation district is to be sold or otherwise disposed of, notice shall be given to the owners of the lands adjoining that real property and such owners shall have the right of first refusal to purchase at the appraised price all or any part of the real property to be sold or otherwise disposed of which adjoins or is adjacent to their land.

Real property to be sold or otherwise disposed of under this section shall have been first appraised by the county assessor or by a person designated by the county assessor.

Notice under this section shall be sufficient if sent by registered mail to the owner at the address shown in the tax records of the county in which the land is situated. Notice under this section shall be in addition to any notice required by law.

After sixty days from the date of sending of notice, if no applications for purchase have been received by the irrigation district or other person or entity sending notice, the rights of first refusal of owners of adjoining lands shall be deemed to have been waived, and the real property may be disposed of or sold.

If two or more owners of adjoining lands apply to purchase the same real property, or apply to purchase overlapping parts of the real property, the respective rights of the

applicants may be determined in the superior court of the county in which the real property is situated. The court may divide the real property in question between some or all of the applicants or award the whole to one applicant, as justice may require. [1996 c 230 § 1507; 1971 ex.s. c 125 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)



# Title 58

## BOUNDARIES AND PLATS

### Chapters

- 58.04** Boundaries.
- 58.08** Plats—Recording.
- 58.09** Surveys—Recording.
- 58.10** Defective plats legalized.
- 58.17** Plats—Subdivisions—Dedications.
- 58.18** Assessor's plats.
- 58.19** Land development act.
- 58.20** Washington coordinate system.
- 58.22** State base mapping system.
- 58.24** State agency for surveys and maps—Fees.
- 58.28** Townsites on United States land—Acquisition of land.

#### *Auditor, duties*

*index of instruments, how made and kept:* RCW 65.04.050.  
*instruments to be recorded or filed:* RCW 65.04.030.

*Auditor's fees (recording plats):* RCW 36.18.010.

*Boundaries:* See notes following chapter 58.04 RCW digest.

*Cemetery property—Plats:* Chapter 68.24 RCW.

#### *Cities and towns*

*petition required on incorporation:* Chapter 35.02 RCW.

#### *streets*

*annual report to secretary of transportation:* RCW 35.21.260.  
*vacation:* Chapter 35.79 RCW.

#### *Counties*

*abandoned state highways (description):* RCW 36.75.090.  
*county commissioners—Record of surveys:* RCW 36.32.380.  
*roads and bridges—Establishment:* Chapter 36.81 RCW.  
*vacation:* Chapter 36.87 RCW.

*Diking districts—Plat of reclaimed land—Benefits to be determined and paid:* RCW 85.05.540.

*Diking, drainage, and sewerage improvement districts, platting:* Chapter 85.08 RCW.

*Highway plat book:* RCW 36.80.050.

*Levy for continuous benefits, diking districts—Roll of property protected:* RCW 85.18.020.

*Private ditches and drains—Report of viewers—Plat:* RCW 85.28.050.

*Property tax—Listing—Plat of irregular subdivided tracts:* RCW 84.40.170.

#### *Public lands*

*right-of-way for roads and streets (plat to be filed):* RCW 79.36.440.  
*sales, leases—Maximum area of urban or suburban state land—Platting:* RCW 79.11.250.  
*vacation of plat by commissioner:* RCW 79.11.260.  
*vacation of waterways—Extension of streets:* RCW 79.120.060.  
*vacation on petition—Preference right to purchase:* RCW 79.11.270.

*Real property and conveyances:* Title 64 RCW.

*Reclamation and irrigation in United States reclamation areas—Farm units authorized—Size—Plats—Excess land:* RCW 89.12.040.

*Reclamation districts of one million acres—General improvement and divisional districts—Survey:* Chapter 89.30 RCW.

*Second-class tidelands or shorelands separated from uplands:* RCW 79.125.230.

*Shellfish cultivation or other aquaculture use—Survey markers:* RCW 79.135.140.

*Tidelands and shorelands, platting, replatting:* Chapter 79.125 RCW.

*Tidelands, ownership by state:* State Constitution Art. 17.

(2010 Ed.)

### Chapter 58.04 RCW BOUNDARIES

#### Sections

- 58.04.001 Purpose—Remedies.
- 58.04.003 Definition of surveyor.
- 58.04.007 Affected landowners may resolve dispute over location of a point or line—Procedures.
- 58.04.011 Authorization to enter upon any land or waters for purpose of resolving dispute.
- 58.04.015 Disturbing a survey monument—Penalty—Cost.
- 58.04.020 Suit to establish lost or uncertain boundaries—Mediation may be required.
- 58.04.030 Commissioners—Survey and report.
- 58.04.040 Proceedings, conduct of—Costs.

#### *Cities and towns*

*jurisdiction over adjacent waters (boundaries adjacent to or fronting thereon):* RCW 35.21.160.

*proposed boundaries required on incorporation:* Chapter 35.02 RCW.

#### *Counties*

*actions to establish boundaries:* Chapter 36.05 RCW.

*boundaries:* Chapter 36.04 RCW.

*roads and bridges—Establishment—Monuments at government survey corners:* RCW 36.86.050.

*survey map, field notes and profiles:* RCW 36.81.060.

*Dike or ditch as common boundary:* RCW 85.28.140.

*Diking and drainage districts—Boundaries:* Title 85 RCW.

*Fences:* Chapter 16.60 RCW.

*Flood control districts—Boundaries:* Title 86 RCW.

*Harbor line commission:* RCW 79.115.010.

*Public waterway districts—Boundaries:* Chapter 91.08 RCW.

*Reclamation districts of one million acres—Boundaries to be fixed:* RCW 89.30.082.

*Relocation of inner harbor line:* RCW 79.115.020.

*Shellfish cultivation or other aquaculture use—Survey and boundary markers:* RCW 79.135.140.

*Soil conservation—Annexation of territory—Boundary change:* RCW 89.08.180.

*Survey of county boundaries:* RCW 36.04.400.

*Tidelands, shorelands—Boundary of shorelands when water lowered:* RCW 79.125.500.

**58.04.001 Purpose—Remedies.** The purpose of this chapter is to provide alternative procedures for fixing boundary points or lines when they cannot be determined from the existing public record and landmarks or are otherwise in dispute. This chapter does not impair, modify, or supplant any other remedy available at law or equity. [1996 c 160 § 1.]

**58.04.003 Definition of surveyor.** As used in this chapter, "surveyor" means every person authorized to practice the profession of land surveying under the provisions of chapter 18.43 RCW. [1996 c 160 § 2.]

**58.04.007 Affected landowners may resolve dispute over location of a point or line—Procedures.** Whenever a point or line determining the boundary between two or more parcels of real property cannot be identified from the existing

public record, monuments, and landmarks, or is in dispute, the landowners affected by the determination of the point or line may resolve any dispute and fix the boundary point or line by one of the following procedures:

(1) If all of the affected landowners agree to a description and marking of a point or line determining a boundary, they shall document the agreement in a written instrument, using appropriate legal descriptions and including a survey map, filed in accordance with chapter 58.09 RCW. The written instrument shall be signed and acknowledged by each party in the manner required for a conveyance of real property. The agreement is binding upon the parties, their successors, assigns, heirs and devisees and runs with the land. The agreement shall be recorded with the real estate records in the county or counties in which the affected parcels of real estate or any portion of them is located;

(2) If all of the affected landowners cannot agree to a point or line determining the boundary between two or more parcels of real estate, any one of them may bring suit for determination as provided in RCW 58.04.020. [1996 c 160 § 3.]

**58.04.011 Authorization to enter upon any land or waters for purpose of resolving dispute.** Any surveyor authorized by the court and the surveyor's employees may, without liability for trespass, enter upon any land or waters and remain there while performing the duties as required in RCW 58.04.001 through 58.04.007 and this section. The persons named in this section may, without liability for trespass, investigate, construct, or place a monument or reference monuments for the position of any land boundary mark or general land office corner or mark and subdivisional corners thereof. Persons entering lands under the authority of RCW 58.04.001 through 58.04.007 and this section must exercise due care not to damage property while on land or waters performing their duties, and are liable for property damage, if any, caused by their negligence or willful misconduct. Where practical, the persons named in this section must announce and identify themselves and their intention before entering upon private property in the performance of their duties. [1996 c 160 § 4.]

**58.04.015 Disturbing a survey monument—Penalty—Cost.** A person who intentionally disturbs a survey monument placed by a surveyor in the performance of the surveyor's duties is guilty of a gross misdemeanor and is liable for the cost of the reestablishment. [1996 c 160 § 5.]

**58.04.020 Suit to establish lost or uncertain boundaries—Mediation may be required.** (1) Whenever the boundaries of lands between two or more adjoining proprietors have been lost, or by time, accident or any other cause, have become obscure, or uncertain, and the adjoining proprietors cannot agree to establish the same, one or more of the adjoining proprietors may bring a civil action in equity, in the superior court, for the county in which such lands, or part of them are situated, and that superior court, as a court of equity, may upon the complaint, order such lost or uncertain boundaries to be erected and established and properly marked.

(2) The superior court may order the parties to utilize mediation before the civil action is allowed to proceed. [1996 c 160 § 8; 1886 p 104 § 1; RRS § 947.]

**58.04.030 Commissioners—Survey and report.** Said court may, in its discretion, appoint commissioners, not exceeding three competent and disinterested persons, one or more of whom shall be practical surveyors, residents of the state, which commissioners shall be, before entering upon their duties, duly sworn to perform their said duties faithfully, and the said commissioners shall thereupon, survey, erect, establish and properly mark said boundaries, and return to the court a plat of said survey, and the field notes thereof, together with their report. Said report shall be advisory and either party may except thereto, in the same manner as to a report of referees. [1886 p 105 § 2; RRS § 948.]

**58.04.040 Proceedings, conduct of—Costs.** The proceedings shall be conducted as other civil actions, and the court, on final decree, shall apportion the costs of the proceedings equitably, and the cost so apportioned, shall be a lien upon the said lands, severally, as against any transfer or incumbrance made of, or attaching to said lands, from the time of the filing of the complaint: PROVIDED, A notice of lis pendens, is filed in the auditor's office of the proper county, in accordance with law. [1886 p 105 § 3; RRS § 949.]

## Chapter 58.08 RCW PLATS—RECORDING

### Sections

58.08.010	Town plat to be recorded—Requisites.
58.08.015	Effect of donation marked on plat.
58.08.020	Additions.
58.08.030	Plats to be acknowledged—Certificate that taxes and assessments are paid.
58.08.035	Platted streets, public highways—Lack of compliance, penalty.
58.08.040	Deposit to cover anticipated taxes and assessments.
58.08.050	Official plat—Platted streets as public highways.

*Cities and towns—Recording of ordinance and plat on effective date of reduction: RCW 35.16.050.*

*Record of platted tidelands and shorelands: RCW 79.125.040.*

**58.08.010 Town plat to be recorded—Requisites.** Any person or persons, who may hereafter lay off any town within this state, shall, previous to the sale of any lots within such town, cause to be recorded in the recorder's office of the county wherein the same may lie, a plat of said town, with the public grounds, (if any there be,) streets, lanes and alleys, with their respective widths properly marked, and the lots regularly numbered, and the size stated on said plat. [Code 1881 § 2328; 1862 p 431 § 1; 1857 p 25 § 1; RRS § 9288.]

**58.08.015 Effect of donation marked on plat.** Every donation or grant to the public, or to any individual or individuals, religious society or societies, or to any corporation or body politic, marked or noted as such on the plat of the town, or wherein such donation or grant may have been made, shall be considered, to all intents and purposes, as a quitclaim deed to the said donee or donees, grantee or grantees, for his, her

or their use, for the purposes intended by the donor or donors, grantor or grantors, as aforesaid. [Code 1881 § 2329; 1862 p 431 § 2; 1857 p 26 § 2; RRS § 9310. Formerly RCW 58.08.060.]

**58.08.020 Additions.** Every person hereinafter laying off any lots in addition to any town, shall, previous to the sale of such lots, have the same recorded under the like regulations as are provided for recording the original plat of said town, and thereafter the same shall be considered an addition thereto. [Code 1881 § 2330; 1862 p 431 § 3; 1857 p 26 § 3; RRS § 9289.]

**58.08.030 Plats to be acknowledged—Certificate that taxes and assessments are paid.** Every person whose duty it may be to comply with the foregoing regulations shall at or before the time of offering such plat for record, acknowledge the same before the auditor of the proper county, or any other officer who is authorized by law to take acknowledgment of deeds, a certificate of which acknowledgment shall be indorsed on or annexed to such plat and recorded therewith. In all cases where any person or persons, corporation or corporations shall desire to file a plat, map, subdivision or replat of any property or shall desire to vacate the whole or any portion of any existing plat, map, subdivision or replat, such person or persons, corporation or corporations must, at the time of filing the same for record or of filing a petition for vacation thereof, file therewith a certificate from the proper officer or officers who may be in charge of the collection of taxes for which the property affected may be liable at that date, that all taxes which have been levied and become chargeable against such property at such date have been duly paid, satisfied and discharged and must file therewith a certificate from the proper officer or officers, who may be in charge of the collections, that all delinquent assessments for which the property affected may be liable at that date and that all special assessments assessed against said property, which, under the plat filed, become streets, alleys and other public places, have been paid. [1927 c 188 § 1; 1893 c 129 § 1; Code 1881 § 2331; 1862 p 431 § 4; 1857 p 26 § 4; RRS § 9290.]

*Acknowledgments: Chapter 64.08 RCW.*

*Taxes collected by treasurer—Dates of delinquency: RCW 84.56.020.*

**58.08.035 Platted streets, public highways—Lack of compliance, penalty.** All streets, lanes, and alleys, laid off and recorded in accordance with \*the foregoing provisions, shall be considered, to all intents and purposes, public highways, and any person who may lay off any town or any addition to any town in this state, and neglect or refuse to comply with the requisitions aforesaid, shall forfeit and pay for the use of said town, for every month he or she may delay a compliance with the provisions of this chapter, a sum not exceeding one hundred dollars, nor less than five dollars, to be recovered by civil action, in the name of the treasurer of the county. [2010 c 8 § 18001; Code 1881 § 2332; 1862 p 431 § 5; 1857 p 26 § 5; no RRS.]

\***Reviser's note:** "the foregoing provisions" refer to earlier sections of chapter 178, Code of 1881 codified (as amended) in RCW 58.08.010 through 58.08.030.

*Platted streets as public highways: RCW 58.08.050.*

(2010 Ed.)

*Regulation of surveys and plats: RCW 58.10.040.*

**58.08.040 Deposit to cover anticipated taxes and assessments.** Prior to any person recording a plat, replat, or altered plat subsequent to May 31st in any year and prior to the date of the collection of taxes in the ensuing year, the person shall deposit with the county treasurer a sum equal to the product of the county assessor's latest valuation on the property less improvements in such subdivision multiplied by the current year's dollar rate increased by twenty-five percent on the property platted. The treasurer's receipt shall be evidence of the payment. The treasurer shall appropriate so much of the deposit as will pay the taxes and assessments on the property when the levy rates are certified by the assessor using the value of the property at the time of filing a plat, replat, or altered plat, and in case the sum deposited is in excess of the amount necessary for the payment of the taxes and assessments, the treasurer shall return, to the party depositing, the amount of excess. [2008 c 17 § 2; 1997 c 393 § 11; 1994 c 301 § 16; 1991 c 245 § 14; 1989 c 378 § 2; 1973 1st ex.s. c 195 § 74; 1969 ex.s. c 271 § 34; 1963 c 66 § 1; 1909 c 200 § 1; 1907 c 44 § 1; 1893 c 129 § 2; RRS § 9291.]

*Assessment date: RCW 84.40.020.*

*Property taxes—Collection of taxes: Chapter 84.56 RCW.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**58.08.050 Official plat—Platted streets as public highways.** Whenever any city or town has been surveyed and platted and a plat thereof showing the roads, streets and alleys has been filed in the office of the auditor of the county in which such city or town is located, such plat shall be deemed the official plat of such city, or town, and all roads, streets and alleys in such city or town as shown by such plat, be and the same are declared public highways: PROVIDING, That nothing herein shall apply to any part of a city or town that has been vacated according to law. [Code 1881 § 3049; 1877 p 314 § 1; RRS § 9292.]

*Platted streets, public highways—Lack of compliance, penalty: RCW 58.08.035.*

*Streets and alleys over first-class tidelands—Control of: RCW 35.21.250.*

*Streets over tidelands declared public highways: RCW 35.21.230.*

## Chapter 58.09 RCW SURVEYS—RECORDING

### Sections

58.09.010	Purpose—Short title.
58.09.020	Definitions.
58.09.030	Compliance with chapter required.
58.09.040	Records of survey—Contents—Filing—Replacing corner, filing record.
58.09.050	Records of survey—Processing—Requirements.
58.09.060	Records of survey, contents—Record of corner, information.
58.09.070	Coordinates—Map showing control scheme required.
58.09.080	Certificates—Required—Forms.
58.09.090	When record of survey not required.
58.09.100	Filing fee.
58.09.110	Duties of county auditor.
58.09.120	Monuments—Requirements.
58.09.130	Monuments disturbed by construction activities—Procedure—Requirements.
58.09.140	Noncompliance grounds for revocation of land surveyor's license.
58.09.900	Severability—1973 c 50.

**58.09.010 Purpose—Short title.** The purpose of this chapter is to provide a method for preserving evidence of land surveys by establishing standards and procedures for monumenting and for recording a public record of the surveys. Its provisions shall be deemed supplementary to existing laws relating to surveys, subdivisions, platting, and boundaries.

This chapter shall be known and may be cited as the "Survey Recording Act". [1973 c 50 § 1.]

**58.09.020 Definitions.** As used in this chapter:

(1) "Land surveyor" shall mean every person authorized to practice the profession of land surveying under the provisions of chapter 18.43 RCW, as now or hereafter amended.

(2) "Washington coordinate system" shall mean that system of plane coordinates as established and designated by chapter 58.20 RCW.

(3) "Survey" shall mean the locating and monumenting in accordance with sound principles of land surveying by or under the supervision of a licensed land surveyor, of points or lines which define the exterior boundary or boundaries common to two or more ownerships or which reestablish or restore general land office corners. [1973 c 50 § 2.]

**58.09.030 Compliance with chapter required.** Any land surveyor engaged in the practice of land surveying may prepare maps, plats, reports, descriptions, or other documentary evidence in connection therewith.

Every map, plat, report, description, or other document issued by a licensed land surveyor shall comply with the provisions of this chapter whenever such map, plat, report, description, or other document is filed as a public record.

It shall be unlawful for any person to sign, stamp, or seal any map, report, plat, description, or other document for filing under this chapter unless he or she be a land surveyor. [2010 c 8 § 18002; 1973 c 50 § 3.]

**58.09.040 Records of survey—Contents—Filing—Replacing corner, filing record.** After making a survey in conformity with sound principles of land surveying, a land surveyor may file a record of survey with the county auditor in the county or counties wherein the lands surveyed are situated.

(1) It shall be mandatory, within ninety days after the establishment, reestablishment, or restoration of a corner on the boundary of two or more ownerships or general land office corner by survey that a land surveyor shall file with the county auditor in the county or counties wherein the lands surveyed are situated a record of such survey, in such form as to meet the requirements of this chapter, which through accepted survey procedures, shall disclose:

(a) The establishment of a corner which materially varies from the description of record;

(b) The establishment of one or more property corners not previously existing;

(c) Evidence that reasonable analysis might result in alternate positions of lines or points as a result of an ambiguity in the description;

(d) The reestablishment of lost government land office corners.

(2) When a licensed land surveyor, while conducting work of a preliminary nature or other activity that does not constitute a survey required by law to be recorded, replaces, or restores an existing or obliterated general land office corner, it is mandatory that, within ninety days thereafter, he or she shall file with the county auditor in the county in which said corner is located a record of the monuments and accessories found or placed at the corner location, in such form as to meet the requirements of this chapter. [2010 c 8 § 18003; 1973 c 50 § 4.]

**58.09.050 Records of survey—Processing—Requirements.** The records of survey to be filed under authority of this chapter shall be processed as follows:

(1)(a) The record of survey filed under RCW 58.09.040(1) shall be an original map, eighteen by twenty-four inches, that is legibly drawn in black ink on mylar and is suitable for producing legible prints through scanning, microfilming, or other standard copying procedures.

(b) The following are allowable formats for the original that may be used in lieu of the format set forth under (a) of this subsection:

(i) Photo mylar with original signatures;

(ii) Any standard material as long as the format is compatible with the auditor's recording process and records storage system. This format is only allowed in those counties that are excepted from permanently storing the original document as required in RCW 58.09.110(5);

(iii) An electronic version of the original if the county has the capability to accept a digital signature issued by a licensed certification authority under chapter 19.34 RCW or a certification authority under the rules adopted by the Washington state board of registration for professional engineers and land surveyors, and can import electronic files into an imaging system. The electronic version shall be a standard raster file format acceptable to the county.

A two inch margin on the left edge and a one-half inch margin on other edges of the map shall be provided. The auditor shall reject for recording any maps not suitable for producing legible prints through scanning, microfilming, or other standard copying procedures.

(2) Information required by RCW 58.09.040(2) shall be filed on a standard form eight and one-half inches by fourteen inches as designed and prescribed by the department of natural resources. The auditor shall reject for recording any records of corner information not suitable for producing legible prints through scanning, microfilming, or other standard copying procedures. An electronic version of the standard form may be filed if the county has the capability to accept a digital signature issued by a licensed certification authority under chapter 19.34 RCW or a certification authority under the rules adopted by the Washington state board of registration for professional engineers and land surveyors, and can import electronic files into an imaging system. The electronic version shall be a standard raster file format acceptable to the county.

(3) Two legible prints of each record of survey as required under the provisions of this chapter shall be furnished to the county auditor in the county in which the survey is to be recorded. The auditor, in those counties using imaging systems, may require only the original, and fewer prints,

as needed, to meet the requirements of their duties. If any of the prints submitted are not suitable for scanning or micro-filming the auditor shall not record the original.

(4) Legibility requirements are set forth in the recorder's checklist under RCW 58.09.110. [1999 c 39 § 1; 1973 c 50 § 5.]

**58.09.060 Records of survey, contents—Record of corner, information.** (1) The record of survey as required by RCW 58.09.040(1) shall show:

(a) All monuments found, set, reset, replaced, or removed, describing their kind, size, and location and giving other data relating thereto;

(b) Bearing trees, corner accessories or witness monuments, basis of bearings, bearing and length of lines, scale of map, and north arrow;

(c) Name and legal description of tract in which the survey is located and ties to adjoining surveys of record;

(d) Certificates required by RCW 58.09.080;

(e) Any other data necessary for the intelligent interpretation of the various items and locations of the points, lines and areas shown.

(2) The record of corner information as required by RCW 58.09.040(2) shall be on a standard form showing:

(a) An accurate description and location, in reference to the corner position, of all monuments and accessories found at the corner;

(b) An accurate description and location, in reference to the corner position, of all monuments and accessories placed or replaced at the corner;

(c) Basis of bearings used to describe or locate such monuments or accessories;

(d) Corollary information that may be helpful to relocate or identify the corner position;

(e) Certificate required by RCW 58.09.080. [1973 c 50 § 6.]

**58.09.070 Coordinates—Map showing control scheme required.** When coordinates in the Washington coordinate system are shown for points on a record of survey map, the map may not be recorded unless it also shows, or is accompanied by a map showing, the control scheme through which the coordinates were determined from points of known coordinates. [1973 c 50 § 7.]

**58.09.080 Certificates—Required—Forms.** Certificates shall appear on the record of survey map as follows:

**SURVEYOR'S CERTIFICATE**

This map correctly represents a survey made by me or under my direction in conformance with the requirements of the Survey Recording Act at the request of . . . . . in . . . . ., 19. . .

Name of Person  
(Signed and Sealed) . . . . .  
Certificate No. . . . .

**AUDITOR'S CERTIFICATE**

Filed for record this . . . . day of . . . . ., 19. . . at . . . . .M. in book . . . . of . . . . at page . . . . at the request of . . . . .

(Signed) . . . . .  
County Auditor

[1973 c 50 § 8.]

**58.09.090 When record of survey not required.** (1) A record of survey is not required of any survey:

(a) When it has been made by a public officer in his or her official capacity and a reproducible copy thereof has been filed with the county engineer of the county in which the land is located. A map so filed shall be indexed and kept available for public inspection. A record of survey shall not be required of a survey made by the United States bureau of land management. A state agency conducting surveys to carry out the program of the agency shall not be required to use a land surveyor as defined by this chapter;

(b) When it is of a preliminary nature;

(c) When a map is in preparation for recording or shall have been recorded in the county under any local subdivision or platting law or ordinance;

(d) When it is a retracement or resurvey of boundaries of platted lots, tracts, or parcels shown on a filed or recorded and surveyed subdivision plat or filed or recorded and surveyed short subdivision plat in which monuments have been set to mark all corners of the block or street centerline intersections, provided that no discrepancy is found as compared to said recorded information or information revealed on other subsequent public survey map records, such as a record of survey or city or county engineer's map. If a discrepancy is found, that discrepancy must be clearly shown on the face of the required new record of survey. For purposes of this exemption, the term discrepancy shall include:

(i) A nonexistent or displaced original or replacement monument from which the parcel is defined and which non-existence or displacement has not been previously revealed in the public record;

(ii) A departure from proportionate measure solutions which has not been revealed in the public record;

(iii) The presence of any physical evidence of encroachment or overlap by occupation or improvement; or

(iv) Differences in linear and/or angular measurement between all controlling monuments that would indicate differences in spatial relationship between said controlling monuments in excess of 0.50 feet when compared with all locations of public record: That is, if these measurements agree with any previously existing public record plat or map within the stated tolerance, a discrepancy will not be deemed to exist under this subsection.

(2) Surveys exempted by foregoing subsections of this section shall require filing of a record of corner information pursuant to RCW 58.09.040(2). [2010 c 8 § 18004; 1992 c 106 § 1; 1973 c 50 § 9.]

**58.09.100 Filing fee.** The charge for filing any record of survey and/or record of corner information shall be fixed by the board of county commissioners. [1973 c 50 § 10.]

**58.09.110 Duties of county auditor.** The auditor shall accept for recording those records of survey and records of corner information that are in compliance with the recorder's checklist as jointly developed by a committee consisting of the survey advisory board and two representatives from the Washington state association of county auditors. This checklist shall be adopted in rules by the department of natural resources.

(1) The auditor shall keep proper indexes of such record of survey by the name of owner and by quarter-quarter section, township, and range, with reference to other legal subdivisions.

(2) The auditor shall keep proper indexes of the record of corner information by section, township, and range.

(3) After entering the recording data on the record of survey and all prints received from the surveyor, the auditor shall send one of the surveyor's prints to the department of natural resources in Olympia, Washington, for incorporation into the statewide survey records repository. However, the county and the department of natural resources may mutually agree to process the original or an electronic version of the original in lieu of the surveyor's print.

(4) After entering the recording data on the record of corner information the auditor shall send a legible copy, suitable for scanning, to the department of natural resources in Olympia, Washington. However, the county and the department of natural resources may mutually agree to process the original or an electronic version of the original in lieu of the copy.

(5) The auditor shall permanently keep the original document filed using storage and handling processes that do not cause excessive deterioration of the document. A county may be exempted from the requirement to permanently store the original document if it has a document scanning, filming, or other process that creates a permanent, archival record that meets or surpasses the standards as adopted in rule by the division of archives and records management in chapter 434-663 or 434-677 WAC. The auditor must be able to provide full-size copies upon request. The auditor shall maintain a copy or image of the original for public reference.

(6) If the county has the capability to accept a digital signature issued by a licensed certification authority under chapter 19.34 RCW or a certification authority under the rules adopted by the Washington state board of registration for professional engineers and land surveyors, and can import electronic files into an imaging system, the auditor may accept for recording electronic versions of the documents required by this chapter. The electronic version shall be a standard raster file format acceptable to the county.

(7) This section does not supersede other existing recording statutes. [1999 c 39 § 2; 1973 c 50 § 11.]

**58.09.120 Monuments—Requirements.** Any monument set by a land surveyor to mark or reference a point on a property or land line shall be permanently marked or tagged with the certificate number of the land surveyor setting it. If the monument is set by a public officer it shall be marked by an appropriate official designation.

Monuments set by a land surveyor shall be sufficient in number and durability and shall be efficiently placed so as not to be readily disturbed in order to assure, together with

monuments already existing, the perpetuation or reestablishment of any point or line of a survey. [1973 c 50 § 12.]

**58.09.130 Monuments disturbed by construction activities—Procedure—Requirements.** When adequate records exist as to the location of subdivision, tract, street, or highway monuments, such monuments shall be located and referenced by or under the direction of a land surveyor at the time when streets or highways are reconstructed or relocated, or when other construction or activity affects their perpetuation. Whenever practical a suitable monument shall be reset in the surface of the new construction. In all other cases permanent witness monuments shall be set to perpetuate the location of preexisting monuments. Additionally, sufficient controlling monuments shall be retained or replaced in their original positions to enable land lines, property corners, elevations and tract boundaries to be reestablished without requiring surveys originating from monuments other than the ones disturbed by the current construction or activity.

It shall be the responsibility of the governmental agency or others performing construction work or other activity to provide for the monumentation required by this section. It shall be the duty of every land surveyor to cooperate with such governmental agency or other person in matters of maps, field notes, and other pertinent records. Monuments set to mark the limiting lines of highways, roads, or streets shall not be deemed adequate for this purpose unless specifically noted on the records of the improvement works with direct ties in bearing or azimuth and distance between those and other monuments of record. [1973 c 50 § 13.]

**58.09.140 Noncompliance grounds for revocation of land surveyor's license.** Noncompliance with any provision of this chapter, as it now exists or may hereafter be amended, shall constitute grounds for revocation of a land surveyor's authorization to practice the profession of land surveying and as further set forth under RCW 18.43.105 and 18.43.110. [1973 c 50 § 14.]

**58.09.900 Severability—1973 c 50.** If any provision of this act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected. [1973 c 50 § 15.]

## Chapter 58.10 RCW

### DEFECTIVE PLATS LEGALIZED

#### Sections

58.10.010	Defective plats legalized—1881 Code.
58.10.020	Certified copy of plat as evidence.
58.10.030	Resurvey and corrected plat—Corrected plat as evidence.
58.10.040	Regulation of surveys and plats.

**58.10.010 Defective plats legalized—1881 Code.** All city or town plats or any addition or additions thereto, heretofore made and recorded in the county auditor's office of any county in Washington state, showing lots, blocks, streets, alleys or public grounds, shall be conclusive evidence of the location and size of the lots, blocks and public grounds and the location and width of each and every street or alley

marked, laid down or appearing on such plat, and that all the right, title, interest or estate which the person or persons making or recording such plat, or causing the same to be made, or recorded, had at the time of making or recording such plat in or to such streets, alleys or public grounds was thereby dedicated to public use, whether the same was made, executed or acknowledged in accordance with the provisions of the laws of this state in force at the time of making the same or not. [Code 1881 § 2338; RRS § 9306. Formerly RCW 58.08.080.]

**58.10.020 Certified copy of plat as evidence.** A copy of any city or town plat or addition thereto recorded in the manner provided for in RCW 58.10.010, certified by the county auditor of the county in which the same is recorded to be a true copy of such record and the whole thereof, shall be received in evidence in all the courts of this state, with like effect as the original. [Code 1881 § 2339; RRS § 9307. Formerly RCW 58.08.070.]

**Rules of court:** *ER 803(a)(14).*

*Certified copies*

*of instruments, or transcripts of county commissioners' proceedings:* RCW 5.44.070.

*of recorded instruments as evidence:* RCW 5.44.060.

*Copies of business and public records as evidence:* RCW 5.46.010.

*Instruments to be recorded or filed:* RCW 65.04.030.

*Photostatic or photographic copies of public or business records admissible in evidence:* RCW 40.20.030.

**58.10.030 Resurvey and corrected plat—Corrected plat as evidence.** Whenever the recorded plat of any city or addition thereto does not definitely show the location or size of lots or blocks, or the location or width of any street or alley in such city or addition, the city council of the city in which the land so platted is located, is hereby authorized and empowered by ordinance and the action of its proper officers, to cause a new and correct survey and plat of such city or addition to be made, and recorded in the office of the county auditor of the county in which such city or addition is located, which corrected plat shall follow the plan of the original survey and plat, so far as the same can be ascertained and followed, and a certificate of the officer or surveyor making the same shall be endorsed thereon, referring to the original plat corrected thereby, and the deficit existing therein, and corrected by such new survey and plat; and the ordinance authorizing the making of such plat shall be recorded in the office of the county auditor of said county and said certificate shall show where said ordinance is recorded, and such plat when so made and recorded, or a copy thereof certified as provided in RCW 58.10.020 shall be admissible in evidence in all the courts in this state. [Code 1881 § 2340; RRS § 9308. Formerly RCW 58.12.130.]

**58.10.040 Regulation of surveys and plats.** All incorporated cities in the state of Washington are hereby authorized and empowered to regulate and prescribe the manner and form of making any future survey or plat of lands within their respective limits and enforce such regulations by a fine of not exceeding one hundred dollars, to be recovered by and in the name of such city, or imprisonment not exceeding twenty days for each violation of any ordinance regulating such survey and platting: PROVIDED, That nothing in this

chapter shall be construed so as to apply to additions to towns in which no lots have been sold. [Code 1881 § 2341; RRS § 9309. Formerly RCW 58.12.140.]

*Platted streets, public highways—Lack of compliance, penalty:* RCW 58.08.035.

## Chapter 58.17 RCW

### PLATS—SUBDIVISIONS—DEDICATIONS

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*Fees for filing subdivision plats and short plats: RCW 58.24.070.*

**58.17.010 Purpose.** The legislature finds that the process by which land is divided is a matter of state concern and should be administered in a uniform manner by cities, towns, and counties throughout the state. The purpose of this chapter is to regulate the subdivision of land and to promote the public health, safety and general welfare in accordance with standards established by the state to prevent the overcrowding of land; to lessen congestion in the streets and highways; to promote effective use of land; to promote safe and convenient travel by the public on streets and highways; to provide for adequate light and air; to facilitate adequate provision for water, sewerage, parks and recreation areas, sites for schools and schoolgrounds and other public requirements; to provide for proper ingress and egress; to provide for the expeditious review and approval of proposed subdivisions which conform to zoning standards and local plans and policies; to adequately provide for the housing and commercial needs of the citizens of the state; and to require uniform monumenting of land subdivisions and conveyancing by accurate legal description. [1981 c 293 § 1; 1969 ex.s. c 271 § 1.]

**Reviser's note:** Throughout this chapter, the phrase "this act" has been changed to "this chapter." "This act" [1969 ex.s. c 271] also consists of amendments to RCW 58.08.040 and 58.24.040 and the repeal of RCW 58.16.010 through 58.16.110.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**58.17.020 Definitions.** As used in this chapter, unless the context or subject matter clearly requires otherwise, the words or phrases defined in this section shall have the indicated meanings.

(1) "Subdivision" is the division or redivision of land into five or more lots, tracts, parcels, sites, or divisions for the purpose of sale, lease, or transfer of ownership, except as provided in subsection (6) of this section.

(2) "Plat" is a map or representation of a subdivision, showing thereon the division of a tract or parcel of land into lots, blocks, streets and alleys, or other divisions and dedications.

(3) "Dedication" is the deliberate appropriation of land by an owner for any general and public uses, reserving to himself or herself no other rights than such as are compatible with the full exercise and enjoyment of the public uses to which the property has been devoted. The intention to dedicate shall be evidenced by the owner by the presentment for filing of a final plat or short plat showing the dedication thereon; and, the acceptance by the public shall be evidenced by the approval of such plat for filing by the appropriate governmental unit.

A dedication of an area of less than two acres for use as a public park may include a designation of a name for the park, in honor of a deceased individual of good character.

(4) "Preliminary plat" is a neat and approximate drawing of a proposed subdivision showing the general layout of streets and alleys, lots, blocks, and other elements of a subdivision consistent with the requirements of this chapter. The preliminary plat shall be the basis for the approval or disapproval of the general layout of a subdivision.

(5) "Final plat" is the final drawing of the subdivision and dedication prepared for filing for record with the county auditor and containing all elements and requirements set forth in this chapter and in local regulations adopted under this chapter.

(6) "Short subdivision" is the division or redivision of land into four or fewer lots, tracts, parcels, sites, or divisions for the purpose of sale, lease, or transfer of ownership. However, the legislative authority of any city or town may by local ordinance increase the number of lots, tracts, or parcels to be regulated as short subdivisions to a maximum of nine. The legislative authority of any county planning under RCW 36.70A.040 that has adopted a comprehensive plan and development regulations in compliance with chapter 36.70A RCW may by ordinance increase the number of lots, tracts, or parcels to be regulated as short subdivisions to a maximum of nine in any urban growth area.

(7) "Binding site plan" means a drawing to a scale specified by local ordinance which: (a) Identifies and shows the areas and locations of all streets, roads, improvements, utilities, open spaces, and any other matters specified by local regulations; (b) contains inscriptions or attachments setting forth such appropriate limitations and conditions for the use of the land as are established by the local government body having authority to approve the site plan; and (c) contains provisions making any development be in conformity with the site plan.

(8) "Short plat" is the map or representation of a short subdivision.

(9) "Lot" is a fractional part of divided lands having fixed boundaries, being of sufficient area and dimension to meet minimum zoning requirements for width and area. The term shall include tracts or parcels.

(10) "Block" is a group of lots, tracts, or parcels within well defined and fixed boundaries.

(11) "County treasurer" shall be as defined in chapter 36.29 RCW or the office or person assigned such duties under a county charter.

(12) "County auditor" shall be as defined in chapter 36.22 RCW or the office or person assigned such duties under a county charter.

(13) "County road engineer" shall be as defined in chapter 36.40 RCW or the office or person assigned such duties under a county charter.

(14) "Planning commission" means that body as defined in chapter 36.70, 35.63, or 35A.63 RCW as designated by the legislative body to perform a planning function or that body assigned such duties and responsibilities under a city or county charter.

(15) "County commissioner" shall be as defined in chapter 36.32 RCW or the body assigned such duties under a county charter. [2002 c 262 § 1; 1995 c 32 § 2; 1983 c 121 §

1. Prior: 1981 c 293 § 2; 1981 c 292 § 1; 1969 ex.s. c 271 § 2.]

*Camping resort contracts—Nonapplicability of certain laws to—Resort not subdivision except under city, county powers: RCW 19.105.510.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**58.17.030 Subdivisions to comply with chapter, local regulations.** Every subdivision shall comply with the provisions of this chapter. Every short subdivision as defined in this chapter shall comply with the provisions of any local regulation adopted pursuant to RCW 58.17.060. [1974 ex.s. c 134 § 1; 1969 ex.s. c 271 § 3.]

**58.17.033 Proposed division of land—Consideration of application for preliminary plat or short plat approval—Requirements defined by local ordinance.** (1) A proposed division of land, as defined in RCW 58.17.020, shall be considered under the subdivision or short subdivision ordinance, and zoning or other land use control ordinances, in effect on the land at the time a fully completed application for preliminary plat approval of the subdivision, or short plat approval of the short subdivision, has been submitted to the appropriate county, city, or town official.

(2) The requirements for a fully completed application shall be defined by local ordinance.

(3) The limitations imposed by this section shall not restrict conditions imposed under chapter 43.21C RCW. [1987 c 104 § 2.]

**58.17.035 Alternative method of land division—Binding site plans.** A city, town, or county may adopt by ordinance procedures for the divisions of land by use of a binding site plan as an alternative to the procedures required by this chapter. The ordinance shall be limited and only apply to one or more of the following: (1) The use of a binding site plan to divisions for sale or lease of commercially or industrially zoned property as provided in RCW 58.17.040(4); (2) divisions of property for lease as provided for in RCW 58.17.040(5); and (3) divisions of property as provided for in RCW 58.17.040(7). Such ordinance may apply the same or different requirements and procedures to each of the three types of divisions and shall provide for the alteration or vacation of the binding site plan, and may provide for the administrative approval of the binding site plan.

The ordinance shall provide that after approval of the general binding site plan for industrial or commercial divisions subject to a binding site plan, the approval for improvements and finalization of specific individual commercial or industrial lots shall be done by administrative approval.

The binding site plan, after approval, and/or when specific lots are administratively approved, shall be filed with the county auditor with a record of survey. Lots, parcels, or tracts created through the binding site plan procedure shall be legal lots of record. The number of lots, tracts, parcels, sites, or divisions shall not exceed the number of lots allowed by the local zoning ordinances.

All provisions, conditions, and requirements of the binding site plan shall be legally enforceable on the purchaser or any other person acquiring a lease or other ownership interest

of any lot, parcel, or tract created pursuant to the binding site plan.

Any sale, transfer, or lease of any lot, tract, or parcel created pursuant to the binding site plan, that does not conform to the requirements of the binding site plan or without binding site plan approval, shall be considered a violation of chapter 58.17 RCW and shall be restrained by injunctive action and be illegal as provided in chapter 58.17 RCW. [1987 c 354 § 2.]

**58.17.040 Chapter inapplicable, when.** The provisions of this chapter shall not apply to:

(1) Cemeteries and other burial plots while used for that purpose;

(2) Divisions of land into lots or tracts each of which is one-one hundred twenty-eighth of a section of land or larger, or five acres or larger if the land is not capable of description as a fraction of a section of land, unless the governing authority of the city, town, or county in which the land is situated shall have adopted a subdivision ordinance requiring plat approval of such divisions: PROVIDED, That for purposes of computing the size of any lot under this item which borders on a street or road, the lot size shall be expanded to include that area which would be bounded by the center line of the road or street and the side lot lines of the lot running perpendicular to such center line;

(3) Divisions made by testamentary provisions, or the laws of descent;

(4) Divisions of land into lots or tracts classified for industrial or commercial use when the city, town, or county has approved a binding site plan for the use of the land in accordance with local regulations;

(5) A division for the purpose of lease when no residential structure other than mobile homes or travel trailers are permitted to be placed upon the land when the city, town, or county has approved a binding site plan for the use of the land in accordance with local regulations;

(6) A division made for the purpose of alteration by adjusting boundary lines, between platted or unplatted lots or both, which does not create any additional lot, tract, parcel, site, or division nor create any lot, tract, parcel, site, or division which contains insufficient area and dimension to meet minimum requirements for width and area for a building site;

(7) Divisions of land into lots or tracts if: (a) Such division is the result of subjecting a portion of a parcel or tract of land to either chapter 64.32 or 64.34 RCW subsequent to the recording of a binding site plan for all such land; (b) the improvements constructed or to be constructed thereon are required by the provisions of the binding site plan to be included in one or more condominiums or owned by an association or other legal entity in which the owners of units therein or their owners' associations have a membership or other legal or beneficial interest; (c) a city, town, or county has approved the binding site plan for all such land; (d) such approved binding site plan is recorded in the county or counties in which such land is located; and (e) the binding site plan contains thereon the following statement: "All development and use of the land described herein shall be in accordance with this binding site plan, as it may be amended with the approval of the city, town, or county having jurisdiction over the development of such land, and in accordance with such

other governmental permits, approvals, regulations, requirements, and restrictions that may be imposed upon such land and the development and use thereof. Upon completion, the improvements on the land shall be included in one or more condominiums or owned by an association or other legal entity in which the owners of units therein or their owners' associations have a membership or other legal or beneficial interest. This binding site plan shall be binding upon all now or hereafter having any interest in the land described herein." The binding site plan may, but need not, depict or describe the boundaries of the lots or tracts resulting from subjecting a portion of the land to either chapter 64.32 or 64.34 RCW. A site plan shall be deemed to have been approved if the site plan was approved by a city, town, or county: (i) In connection with the final approval of a subdivision plat or planned unit development with respect to all of such land; or (ii) in connection with the issuance of building permits or final certificates of occupancy with respect to all of such land; or (iii) if not approved pursuant to (i) and (ii) of this subsection (7)(e), then pursuant to such other procedures as such city, town, or county may have established for the approval of a binding site plan;

(8) A division for the purpose of leasing land for facilities providing personal wireless services while used for that purpose. "Personal wireless services" means any federally licensed personal wireless service. "Facilities" means unstaffed facilities that are used for the transmission or reception, or both, of wireless communication services including, but not necessarily limited to, antenna arrays, transmission cables, equipment shelters, and support structures; and

(9) A division of land into lots or tracts of less than three acres that is recorded in accordance with chapter 58.09 RCW and is used or to be used for the purpose of establishing a site for construction and operation of consumer-owned or investor-owned electric utility facilities. For purposes of this subsection, "electric utility facilities" means unstaffed facilities, except for the presence of security personnel, that are used for or in connection with or to facilitate the transmission, distribution, sale, or furnishing of electricity including, but not limited to, electric power substations. This subsection does not exempt a division of land from the zoning and permitting laws and regulations of cities, towns, counties, and municipal corporations. Furthermore, this subsection only applies to electric utility facilities that will be placed into service to meet the electrical needs of a utility's existing and new customers. New customers are defined as electric service locations not already in existence as of the date that electric utility facilities subject to the provisions of this subsection are planned and constructed. [2004 c 239 § 1; 2002 c 44 § 1; 1992 c 220 § 27; 1989 c 43 § 4-123. Prior: 1987 c 354 § 1; 1987 c 108 § 1; 1983 c 121 § 2; prior: 1981 c 293 § 3; 1981 c 292 § 2; 1974 ex.s. c 134 § 2; 1969 ex.s. c 271 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**58.17.050 Assessors plat—Compliance.** An assessors plat made in accordance with RCW 58.18.010 need not comply with any of the requirements of this chapter except RCW 58.17.240 and 58.17.250. [1969 ex.s. c 271 § 5.]

**58.17.060 Short plats and short subdivisions—Summary approval—Regulations—Requirements.** (1) The legislative body of a city, town, or county shall adopt regulations and procedures, and appoint administrative personnel for the summary approval of short plats and short subdivisions or alteration or vacation thereof. When an alteration or vacation involves a public dedication, the alteration or vacation shall be processed as provided in RCW 58.17.212 or 58.17.215. Such regulations shall be adopted by ordinance and shall provide that a short plat and short subdivision may be approved only if written findings that are appropriate, as provided in RCW 58.17.110, are made by the administrative personnel, and may contain wholly different requirements than those governing the approval of preliminary and final plats of subdivisions and may require surveys and monumentations and shall require filing of a short plat, or alteration or vacation thereof, for record in the office of the county auditor: PROVIDED, That such regulations must contain a requirement that land in short subdivisions may not be further divided in any manner within a period of five years without the filing of a final plat, except that when the short plat contains fewer than four parcels, nothing in this section shall prevent the owner who filed the short plat from filing an alteration within the five-year period to create up to a total of four lots within the original short plat boundaries: PROVIDED FURTHER, That such regulations are not required to contain a penalty clause as provided in RCW 36.32.120 and may provide for wholly injunctive relief.

An ordinance requiring a survey shall require that the survey be completed and filed with the application for approval of the short subdivision.

(2) Cities, towns, and counties shall include in their short plat regulations and procedures pursuant to subsection (1) of this section provisions for considering sidewalks and other planning features that assure safe walking conditions for students who walk to and from school. [1990 1st ex.s. c 17 § 51; 1989 c 330 § 2; 1987 c 354 § 5; 1987 c 92 § 1; 1974 ex.s. c 134 § 3; 1969 ex.s. c 271 § 6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**58.17.065 Short plats and short subdivisions—Filing.** Each short plat and short subdivision granted pursuant to local regulations after July 1, 1974, shall be filed with the county auditor and shall not be deemed "approved" until so filed. [1974 ex.s. c 134 § 12.]

**58.17.070 Preliminary plat of subdivisions and dedications—Submission for approval—Procedure.** A preliminary plat of proposed subdivisions and dedications of land shall be submitted for approval to the legislative body of the city, town, or county within which the plat is situated.

Unless an applicant for preliminary plat approval requests otherwise, a preliminary plat shall be processed simultaneously with applications for rezones, variances, planned unit developments, site plan approvals, and similar quasi-judicial or administrative actions to the extent that procedural requirements applicable to these actions permit simultaneous processing. [1981 c 293 § 4; 1969 ex.s. c 271 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**58.17.080 Filing of preliminary plat—Notice.** Notice of the filing of a preliminary plat of a proposed subdivision adjacent to or within one mile of the municipal boundaries of a city or town, or which contemplates the use of any city or town utilities shall be given to the appropriate city or town authorities. Any notice required by this chapter shall include the hour and location of the hearing and a description of the property to be platted. Notice of the filing of a preliminary plat of a proposed subdivision located in a city or town and adjoining the municipal boundaries thereof shall be given to appropriate county officials. Notice of the filing of a preliminary plat of a proposed subdivision located adjacent to the right-of-way of a state highway or within two miles of the boundary of a state or municipal airport shall be given to the secretary of transportation. In the case of notification to the secretary of transportation, the secretary shall respond to the notifying authority within fifteen days of such notice as to the effect that the proposed subdivision will have on the state highway or the state or municipal airport. [1982 c 23 § 1; 1969 ex.s. c 271 § 8.]

**58.17.090 Notice of public hearing.** (1) Upon receipt of an application for preliminary plat approval the administrative officer charged by ordinance with responsibility for administration of regulations pertaining to platting and subdivisions shall provide public notice and set a date for a public hearing. Except as provided in RCW 36.70B.110, at a minimum, notice of the hearing shall be given in the following manner:

(a) Notice shall be published not less than ten days prior to the hearing in a newspaper of general circulation within the county and a newspaper of general circulation in the area where the real property which is proposed to be subdivided is located; and

(b) Special notice of the hearing shall be given to adjacent landowners by any other reasonable method local authorities deem necessary. Adjacent landowners are the owners of real property, as shown by the records of the county assessor, located within three hundred feet of any portion of the boundary of the proposed subdivision. If the owner of the real property which is proposed to be subdivided owns another parcel or parcels of real property which lie adjacent to the real property proposed to be subdivided, notice under this subsection (1)(b) shall be given to owners of real property located within three hundred feet of any portion of the boundaries of such adjacently located parcels of real property owned by the owner of the real property proposed to be subdivided.

(2) All hearings shall be public. All hearing notices shall include a description of the location of the proposed subdivision. The description may be in the form of either a vicinity location sketch or a written description other than a legal description. [1995 c 347 § 426; 1981 c 293 § 5; 1974 ex.s. c 134 § 4; 1969 ex.s. c 271 § 9.]

**Finding—Severability—Part headings and table of contents not law—1995 c 347:** See notes following RCW 36.70A.470.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**58.17.092 Public notice—Identification of affected property.** Any notice made under chapter 58.17 or 36.70B RCW that identifies affected property may identify this

affected property without using a legal description of the property including, but not limited to, identification by an address, written description, vicinity sketch, or other reasonable means. [1995 c 347 § 427; 1988 c 168 § 12.]

**Finding—Severability—Part headings and table of contents not law—1995 c 347:** See notes following RCW 36.70A.470.

**58.17.095 Ordinance may authorize administrative review of preliminary plat without public hearing.** A county, city, or town may adopt an ordinance providing for the administrative review of a preliminary plat without a public hearing by adopting an ordinance providing for such administrative review. The ordinance may specify a threshold number of lots in a subdivision above which a public hearing must be held, and may specify other factors which necessitate the holding of a public hearing. The administrative review process shall include the following minimum conditions:

(1) The notice requirements of RCW 58.17.090 shall be followed, except that the publication shall be made within ten days of the filing of the application. Additionally, at least ten days after the filing of the application notice both shall be: (a) Posted on or around the land proposed to be subdivided in at least five conspicuous places designed to attract public awareness of the proposal; and (b) mailed to the owner of each lot or parcel of property located within at least three hundred feet of the site. The applicant shall provide the county, city, or town with a list of such property owners and their addresses. The notice shall include notification that no public hearing will be held on the application, except as provided by this section. The notice shall set out the procedures and time limitations for persons to require a public hearing and make comments.

(2) Any person shall have a period of twenty days from the date of the notice to comment upon the proposed preliminary plat. All comments received shall be provided to the applicant. The applicant has seven days from receipt of the comments to respond thereto.

(3) A public hearing on the proposed subdivision shall be held if any person files a request for a hearing with the county, city, or town within twenty-one days of the publishing of such notice. If such a hearing is requested, notice requirements for the public hearing shall be in conformance with RCW 58.17.090, and the ninety-day period for approval or disapproval of the proposed subdivision provided for in RCW 58.17.140 shall commence with the date of the filing of the request for a public hearing. Any hearing ordered under this subsection shall be conducted by the planning commission or hearings officer as required by county or city ordinance.

(4) On its own initiative within twenty-one days of the filing of the request for approval of the subdivision, the governing body, or a designated employee or official, of the county, city, or town, shall be authorized to cause a public hearing to be held on the proposed subdivision within ninety days of the filing of the request for the subdivision.

(5) If the public hearing is waived as provided in this section, the planning commission or planning agency shall complete the review of the proposed preliminary plat and transmit its recommendation to the legislative body as provided in RCW 58.17.100. [1986 c 233 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**58.17.100 Review of preliminary plats by planning commission or agency—Recommendation—Change by legislative body—Procedure—Approval.** If a city, town or county has established a planning commission or planning agency in accordance with state law or local charter, such commission or agency shall review all preliminary plats and make recommendations thereon to the city, town or county legislative body to assure conformance of the proposed subdivision to the general purposes of the comprehensive plan and to planning standards and specifications as adopted by the city, town or county. Reports of the planning commission or agency shall be advisory only: PROVIDED, That the legislative body of the city, town or county may, by ordinance, assign to such commission or agency, or any department official or group of officials, such administrative functions, powers and duties as may be appropriate, including the holding of hearings, and recommendations for approval or disapproval of preliminary plats of proposed subdivisions.

Such recommendation shall be submitted to the legislative body not later than fourteen days following action by the hearing body. Upon receipt of the recommendation on any preliminary plat the legislative body shall at its next public meeting set the date for the public meeting where it shall consider the recommendations of the hearing body and may adopt or reject the recommendations of such hearing body based on the record established at the public hearing. If, after considering the matter at a public meeting, the legislative body deems a change in the planning commission's or planning agency's recommendation approving or disapproving any preliminary plat is necessary, the legislative body shall adopt its own recommendations and approve or disapprove the preliminary plat.

Every decision or recommendation made under this section shall be in writing and shall include findings of fact and conclusions to support the decision or recommendation.

A record of all public meetings and public hearings shall be kept by the appropriate city, town or county authority and shall be open to public inspection.

Sole authority to approve final plats, and to adopt or amend platting ordinances shall reside in the legislative bodies. [1995 c 347 § 428; 1981 c 293 § 6; 1969 ex.s. c 271 § 10.]

**Finding—Severability—Part headings and table of contents not law—1995 c 347:** See notes following RCW 36.70A.470.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**58.17.110 Approval or disapproval of subdivision and dedication—Factors to be considered—Conditions for approval—Finding—Release from damages.** (1) The city, town, or county legislative body shall inquire into the public use and interest proposed to be served by the establishment of the subdivision and dedication. It shall determine: (a) If appropriate provisions are made for, but not limited to, the public health, safety, and general welfare, for open spaces, drainage ways, streets or roads, alleys, other public ways, transit stops, potable water supplies, sanitary wastes, parks and recreation, playgrounds, schools and schoolgrounds, and shall consider all other relevant facts, including sidewalks and other planning features that assure safe walk-

ing conditions for students who only walk to and from school; and (b) whether the public interest will be served by the subdivision and dedication.

(2) A proposed subdivision and dedication shall not be approved unless the city, town, or county legislative body makes written findings that: (a) Appropriate provisions are made for the public health, safety, and general welfare and for such open spaces, drainage ways, streets or roads, alleys, other public ways, transit stops, potable water supplies, sanitary wastes, parks and recreation, playgrounds, schools and schoolgrounds and all other relevant facts, including sidewalks and other planning features that assure safe walking conditions for students who only walk to and from school; and (b) the public use and interest will be served by the platting of such subdivision and dedication. If it finds that the proposed subdivision and dedication make such appropriate provisions and that the public use and interest will be served, then the legislative body shall approve the proposed subdivision and dedication. Dedication of land to any public body, provision of public improvements to serve the subdivision, and/or impact fees imposed under RCW 82.02.050 through 82.02.090 may be required as a condition of subdivision approval. Dedications shall be clearly shown on the final plat. No dedication, provision of public improvements, or impact fees imposed under RCW 82.02.050 through 82.02.090 shall be allowed that constitutes an unconstitutional taking of private property. The legislative body shall not as a condition to the approval of any subdivision require a release from damages to be procured from other property owners.

(3) If the preliminary plat includes a dedication of a public park with an area of less than two acres and the donor has designated that the park be named in honor of a deceased individual of good character, the city, town, or county legislative body must adopt the designated name. [1995 c 32 § 3; 1990 1st ex.s. c 17 § 52; 1989 c 330 § 3; 1974 ex.s. c 134 § 5; 1969 ex.s. c 271 § 11.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**58.17.120 Disapproval due to flood, inundation or swamp conditions—Improvements—Approval conditions.** The city, town, or county legislative body shall consider the physical characteristics of a proposed subdivision site and may disapprove a proposed plat because of flood, inundation, or swamp conditions. Construction of protective improvements may be required as a condition of approval, and such improvements shall be noted on the final plat.

No plat shall be approved by any city, town, or county legislative authority covering any land situated in a flood control zone as provided in chapter 86.16 RCW without the prior written approval of the department of ecology of the state of Washington. [1974 ex.s. c 134 § 6; 1969 ex.s. c 271 § 12.]

**58.17.130 Bond in lieu of actual construction of improvements prior to approval of final plat—Bond or security to assure successful operation of improvements.** Local regulations shall provide that in lieu of the completion of the actual construction of any required improvements prior to the approval of a final plat, the city, town, or county legislative body may accept a bond, in an amount and with surety

and conditions satisfactory to it, or other secure method, providing for and securing to the municipality the actual construction and installation of such improvements within a period specified by the city, town, or county legislative body and expressed in the bonds. In addition, local regulations may provide for methods of security, including the posting of a bond securing to the municipality the successful operation of improvements for an appropriate period of time up to two years after final approval. The municipality is hereby granted the power to enforce bonds authorized under this section by all appropriate legal and equitable remedies. Such local regulations may provide that the improvements such as structures, sewers, and water systems shall be designed and certified by or under the supervision of a registered civil engineer prior to the acceptance of such improvements. [1974 ex.s. c 134 § 7; 1969 ex.s. c 271 § 13.]

**58.17.140 Time limitation for approval or disapproval of plats—Extensions. (Effective until December 31, 2014.)** Preliminary plats of any proposed subdivision and dedication shall be approved, disapproved, or returned to the applicant for modification or correction within ninety days from date of filing thereof unless the applicant consents to an extension of such time period or the ninety day limitation is extended to include up to twenty-one days as specified under RCW 58.17.095(3): PROVIDED, That if an environmental impact statement is required as provided in RCW 43.21C.030, the ninety day period shall not include the time spent preparing and circulating the environmental impact statement by the local government agency. Final plats and short plats shall be approved, disapproved, or returned to the applicant within thirty days from the date of filing thereof, unless the applicant consents to an extension of such time period. A final plat meeting all requirements of this chapter shall be submitted to the legislative body of the city, town, or county for approval within seven years of the date of preliminary plat approval. Nothing contained in this section shall act to prevent any city, town, or county from adopting by ordinance procedures which would allow extensions of time that may or may not contain additional or altered conditions and requirements. [2010 c 79 § 1; 1995 c 68 § 1; 1986 c 233 § 2; 1983 c 121 § 3; 1981 c 293 § 7; 1974 ex.s. c 134 § 8; 1969 ex.s. c 271 § 14.]

**Expiration date—2010 c 79:** "Sections 1 and 2 of this act expire December 31, 2014." [2010 c 79 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**58.17.140 Time limitation for approval or disapproval of plats—Extensions. (Effective December 31, 2014.)** Preliminary plats of any proposed subdivision and dedication shall be approved, disapproved, or returned to the applicant for modification or correction within ninety days from date of filing thereof unless the applicant consents to an extension of such time period or the ninety day limitation is extended to include up to twenty-one days as specified under RCW 58.17.095(3): PROVIDED, That if an environmental impact statement is required as provided in RCW 43.21C.030, the ninety day period shall not include the time spent preparing and circulating the environmental impact statement by the local government agency. Final plats and short plats shall be approved, disapproved, or returned to the

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applicant within thirty days from the date of filing thereof, unless the applicant consents to an extension of such time period. A final plat meeting all requirements of this chapter shall be submitted to the legislative body of the city, town, or county for approval within five years of the date of preliminary plat approval. Nothing contained in this section shall act to prevent any city, town, or county from adopting by ordinance procedures which would allow extensions of time that may or may not contain additional or altered conditions and requirements. [1995 c 68 § 1; 1986 c 233 § 2; 1983 c 121 § 3; 1981 c 293 § 7; 1974 ex.s. c 134 § 8; 1969 ex.s. c 271 § 14.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**58.17.150 Recommendations of certain agencies to accompany plats submitted for final approval.** Each preliminary plat submitted for final approval of the legislative body shall be accompanied by the following agencies' recommendations for approval or disapproval:

(1) Local health department or other agency furnishing sewage disposal and supplying water as to the adequacy of the proposed means of sewage disposal and water supply;

(2) Local planning agency or commission, charged with the responsibility of reviewing plats and subdivisions, as to compliance with all terms of the preliminary approval of the proposed plat subdivision or dedication;

(3) City, town or county engineer.

Except as provided in RCW 58.17.140, an agency or person issuing a recommendation for subsequent approval under subsections (1) and (3) of this section shall not modify the terms of its recommendations without the consent of the applicant. [1983 c 121 § 4; 1981 c 293 § 8; 1969 ex.s. c 271 § 15.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**58.17.155 Short subdivision adjacent to state highway—Notice to department of transportation.** Whenever a city, town, or county receives an application for the approval of a short plat of a short subdivision that is located adjacent to the right-of-way of a state highway, the responsible administrator shall give written notice of the application, including a legal description of the short subdivision and a location map, to the department of transportation. The department shall, within fourteen days after receiving the notice, submit to the responsible administrator who furnished the notice a statement with any information that the department deems to be relevant about the effect of the proposed short subdivision upon the legal access to the state highway, the traffic carrying capacity of the state highway and the safety of the users of the state highway. [1984 c 47 § 1.]

**58.17.160 Requirements for each plat or replat filed for record.** Each and every plat, or replat, of any property filed for record shall:

(1) Contain a statement of approval from the city, town or county licensed road engineer or by a licensed engineer acting on behalf of the city, town or county as to the layout of streets, alleys and other rights-of-way, design of bridges, sewage and water systems, and other structures;

(2) Be accompanied by a complete survey of the section or sections in which the plat or replat is located made to sur-

veying standards adopted by the division of engineering services of the department of natural resources pursuant to RCW 58.24.040.

(3) Be acknowledged by the person filing the plat before the auditor of the county in which the land is located, or any other officer who is authorized by law to take acknowledgment of deeds, and a certificate of said acknowledgment shall be enclosed or annexed to such plat and recorded therewith.

(4) Contain a certification from the proper officer or officers in charge of tax collections that all taxes and delinquent assessments for which the property may be liable as of the date of certification have been duly paid, satisfied or discharged.

No engineer who is connected in any way with the subdividing and platting of the land for which subdivision approval is sought, shall examine and approve such plats on behalf of any city, town or county. [1985 c 99 § 1; 1969 ex.s. c 271 § 16.]

**58.17.165 Certificate giving description and statement of owners must accompany final plat—Dedication, certificate requirements if plat contains—Waiver.** Every final plat or short plat of a subdivision or short subdivision filed for record must contain a certificate giving a full and correct description of the lands divided as they appear on the plat or short plat, including a statement that the subdivision or short subdivision has been made with the free consent and in accordance with the desires of the owner or owners.

If the plat or short plat is subject to a dedication, the certificate or a separate written instrument shall contain the dedication of all streets and other areas to the public, and individual or individuals, religious society or societies or to any corporation, public or private as shown on the plat or short plat and a waiver of all claims for damages against any governmental authority which may be occasioned to the adjacent land by the established construction, drainage and maintenance of said road. Said certificate or instrument of dedication shall be signed and acknowledged before a notary public by all parties having any ownership interest in the lands subdivided and recorded as part of the final plat.

Every plat and short plat containing a dedication filed for record must be accompanied by a title report confirming that the title of the lands as described and shown on said plat is in the name of the owners signing the certificate or instrument of dedication.

An offer of dedication may include a waiver of right of direct access to any street from any property, and if the dedication is accepted, any such waiver is effective. Such waiver may be required by local authorities as a condition of approval. Roads not dedicated to the public must be clearly marked on the face of the plat. Any dedication, donation or grant as shown on the face of the plat shall be considered to all intents and purposes, as a quitclaim deed to the said donee or donees, grantee or grantees for his, her or their use for the purpose intended by the donors or grantors as aforesaid. [1981 c 293 § 9; 1969 ex.s. c 271 § 30.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**58.17.170 Written approval of subdivision—Original of final plat to be filed—Copies. (Effective until December**

**31, 2014.)** When the legislative body of the city, town or county finds that the subdivision proposed for final plat approval conforms to all terms of the preliminary plat approval, and that said subdivision meets the requirements of this chapter, other applicable state laws, and any local ordinances adopted under this chapter which were in effect at the time of preliminary plat approval, it shall suitably inscribe and execute its written approval on the face of the plat. The original of said final plat shall be filed for record with the county auditor. One reproducible copy shall be furnished to the city, town or county engineer. One paper copy shall be filed with the county assessor. Paper copies shall be provided to such other agencies as may be required by ordinance. Any lots in a final plat filed for record shall be a valid land use notwithstanding any change in zoning laws for a period of seven years from the date of filing. A subdivision shall be governed by the terms of approval of the final plat, and the statutes, ordinances, and regulations in effect at the time of approval under RCW 58.17.150 (1) and (3) for a period of seven years after final plat approval unless the legislative body finds that a change in conditions creates a serious threat to the public health or safety in the subdivision. [2010 c 79 § 2; 1981 c 293 § 10; 1969 ex.s. c 271 § 17.]

**Expiration date—2010 c 79:** See note following RCW 58.17.140.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**58.17.170 Written approval of subdivision—Original of final plat to be filed—Copies. (Effective December 31, 2014.)** When the legislative body of the city, town or county finds that the subdivision proposed for final plat approval conforms to all terms of the preliminary plat approval, and that said subdivision meets the requirements of this chapter, other applicable state laws, and any local ordinances adopted under this chapter which were in effect at the time of preliminary plat approval, it shall suitably inscribe and execute its written approval on the face of the plat. The original of said final plat shall be filed for record with the county auditor. One reproducible copy shall be furnished to the city, town or county engineer. One paper copy shall be filed with the county assessor. Paper copies shall be provided to such other agencies as may be required by ordinance. Any lots in a final plat filed for record shall be a valid land use notwithstanding any change in zoning laws for a period of five years from the date of filing. A subdivision shall be governed by the terms of approval of the final plat, and the statutes, ordinances, and regulations in effect at the time of approval under RCW 58.17.150 (1) and (3) for a period of five years after final plat approval unless the legislative body finds that a change in conditions creates a serious threat to the public health or safety in the subdivision. [1981 c 293 § 10; 1969 ex.s. c 271 § 17.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**58.17.180 Review of decision.** Any decision approving or disapproving any plat shall be reviewable under chapter 36.70C RCW. [1995 c 347 § 717; 1983 c 121 § 5; 1969 ex.s. c 271 § 18.]

**Finding—Severability—Part headings and table of contents not law—1995 c 347:** See notes following RCW 36.70A.470.

**58.17.190 Approval of plat required before filing—Procedure when unapproved plat filed.** The county auditor shall refuse to accept any plat for filing until approval of the plat has been given by the appropriate legislative body. Should a plat or dedication be filed without such approval, the prosecuting attorney of the county in which the plat is filed shall apply for a writ of mandate in the name of and on behalf of the legislative body required to approve same, directing the auditor and assessor to remove from their files or records the unapproved plat, or dedication of record. [1969 ex.s. c 271 § 19.]

**58.17.195 Approval of plat or short plat—Written finding of conformity with applicable land use controls.** No plat or short plat may be approved unless the city, town, or county makes a formal written finding of fact that the proposed subdivision or proposed short subdivision is in conformity with any applicable zoning ordinance or other land use controls which may exist. [1981 c 293 § 14.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**58.17.200 Injunctive action to restrain subdivision, sale, transfer of land where final plat not filed.** Whenever any parcel of land is divided into five or more lots, tracts, or parcels of land and any person, firm or corporation or any agent of any of them sells or transfers, or offers or advertises for sale or transfer, any such lot, tract, or parcel without having a final plat of such subdivision filed for record, the prosecuting attorney shall commence an action to restrain and enjoin further subdivisions or sales, or transfers, or offers of sale or transfer and compel compliance with all provisions of this chapter. The costs of such action shall be taxed against the person, firm, corporation or agent selling or transferring the property. [1969 ex.s. c 271 § 20.]

**58.17.205 Agreements to transfer land conditioned on final plat approval—Authorized.** If performance of an offer or agreement to sell, lease, or otherwise transfer a lot, tract, or parcel of land following preliminary plat approval is expressly conditioned on the recording of the final plat containing the lot, tract, or parcel under this chapter, the offer or agreement is not subject to RCW 58.17.200 or 58.17.300 and does not violate any provision of this chapter. All payments on account of an offer or agreement conditioned as provided in this section shall be deposited in an escrow or other regulated trust account and no disbursement to sellers shall be permitted until the final plat is recorded. [1981 c 293 § 12.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**58.17.210 Building, septic tank or other development permits not to be issued for land divided in violation of chapter or regulations—Exceptions—Damages—Rescission by purchaser.** No building permit, septic tank permit, or other development permit, shall be issued for any lot, tract, or parcel of land divided in violation of this chapter or local regulations adopted pursuant thereto unless the authority authorized to issue such permit finds that the public interest will not be adversely affected thereby. The prohibition contained in this section shall not apply to an innocent purchaser for value without actual notice. All purchasers' or transfer-

ees' property shall comply with provisions of this chapter and each purchaser or transferee may recover his or her damages from any person, firm, corporation, or agent selling or transferring land in violation of this chapter or local regulations adopted pursuant thereto, including any amount reasonably spent as a result of inability to obtain any development permit and spent to conform to the requirements of this chapter as well as cost of investigation, suit, and reasonable attorneys' fees occasioned thereby. Such purchaser or transferee may as an alternative to conforming his or her property to these requirements, rescind the sale or transfer and recover costs of investigation, suit, and reasonable attorneys' fees occasioned thereby. [2010 c 8 § 18005; 1974 ex.s. c 134 § 10; 1969 ex.s. c 271 § 21.]

**58.17.212 Vacation of subdivision—Procedure.** Whenever any person is interested in the vacation of any subdivision or portion thereof, or any area designated or dedicated for public use, that person shall file an application for vacation with the legislative authority of the city, town, or county in which the subdivision is located. The application shall set forth the reasons for vacation and shall contain signatures of all parties having an ownership interest in that portion of the subdivision subject to vacation. If the subdivision is subject to restrictive covenants which were filed at the time of the approval of the subdivision, and the application for vacation would result in the violation of a covenant, the application shall contain an agreement signed by all parties subject to the covenants providing that the parties agree to terminate or alter the relevant covenants to accomplish the purpose of the vacation of the subdivision or portion thereof.

When the vacation application is specifically for a county road or city or town street, the procedures for road vacation or street vacation in chapter 36.87 or 35.79 RCW shall be utilized for the road or street vacation. When the application is for the vacation of the plat together with the roads and/or streets, the procedure for vacation in this section shall be used, but vacations of streets may not be made that are prohibited under \*RCW 35.79.030, and vacations of roads may not be made that are prohibited under RCW 36.87.130.

The legislative authority of the city, town, or county shall give notice as provided in RCW 58.17.080 and 58.17.090 and shall conduct a public hearing on the application for a vacation and may approve or deny the application for vacation of the subdivision after determining the public use and interest to be served by the vacation of the subdivision. If any portion of the land contained in the subdivision was dedicated to the public for public use or benefit, such land, if not deeded to the city, town, or county, shall be deeded to the city, town, or county unless the legislative authority shall set forth findings that the public use would not be served in retaining title to those lands.

Title to the vacated property shall vest with the rightful owner as shown in the county records. If the vacated land is land that was dedicated to the public, for public use other than a road or street, and the legislative authority has found that retaining title to the land is not in the public interest, title thereto shall vest with the person or persons owning the property on each side thereof, as determined by the legislative authority. When the road or street that is to be vacated was

contained wholly within the subdivision and is part of the boundary of the subdivision, title to the vacated road or street shall vest with the owner or owners of property contained within the vacated subdivision.

This section shall not be construed as applying to the vacation of any plat of state-granted tide or shore lands. [1987 c 354 § 3.]

**\*Reviser's note:** After amendment by 1987 c 228 § 1, RCW 35.79.030 no longer prohibited vacations of streets. Limitations on vacations of streets abutting bodies of water are now found in RCW 35.79.035.

#### **58.17.215 Alteration of subdivision—Procedure.**

When any person is interested in the alteration of any subdivision or the altering of any portion thereof, except as provided in RCW 58.17.040(6), that person shall submit an application to request the alteration to the legislative authority of the city, town, or county where the subdivision is located. The application shall contain the signatures of the majority of those persons having an ownership interest of lots, tracts, parcels, sites, or divisions in the subject subdivision or portion to be altered. If the subdivision is subject to restrictive covenants which were filed at the time of the approval of the subdivision, and the application for alteration would result in the violation of a covenant, the application shall contain an agreement signed by all parties subject to the covenants providing that the parties agree to terminate or alter the relevant covenants to accomplish the purpose of the alteration of the subdivision or portion thereof.

Upon receipt of an application for alteration, the legislative body shall provide notice of the application to all owners of property within the subdivision, and as provided for in RCW 58.17.080 and 58.17.090. The notice shall either establish a date for a public hearing or provide that a hearing may be requested by a person receiving notice within fourteen days of receipt of the notice.

The legislative body shall determine the public use and interest in the proposed alteration and may deny or approve the application for alteration. If any land within the alteration is part of an assessment district, any outstanding assessments shall be equitably divided and levied against the remaining lots, parcels, or tracts, or be levied equitably on the lots resulting from the alteration. If any land within the alteration contains a dedication to the general use of persons residing within the subdivision, such land may be altered and divided equitably between the adjacent properties.

After approval of the alteration, the legislative body shall order the applicant to produce a revised drawing of the approved alteration of the final plat or short plat, which after signature of the legislative authority, shall be filed with the county auditor to become the lawful plat of the property.

This section shall not be construed as applying to the alteration or replatting of any plat of state-granted tide or shore lands. [1987 c 354 § 4.]

**58.17.217 Alteration or vacation of subdivision—Conduct of hearing.** Any hearing required by RCW 58.17.212, 58.17.215, or 58.17.060 may be administered by a hearings examiner as provided in RCW 58.17.330. [1987 c 354 § 7.]

**58.17.218 Alteration of subdivision—Easements by dedication.** The alteration of a subdivision is subject to RCW 64.04.175. [1991 c 132 § 2.]

**58.17.220 Violation of court order or injunction—Penalty.** Any person who violates any court order or injunction issued pursuant to this chapter shall be subject to a fine of not more than five thousand dollars or imprisonment for not more than ninety days or both. [1969 ex.s. c 271 § 22.]

**58.17.225 Easement over public open space—May be exempt from RCW 58.17.215—Hearing—Notice.** The granting of an easement for ingress and egress or utilities over public property that is held as open space pursuant to a subdivision or plat, where the open space is already used as a utility right-of-way or corridor, where other access is not feasible, and where the granting of the easement will not impair public access or authorize construction of physical barriers of any type, may be authorized and exempted from the requirements of RCW 58.17.215 by the county, city, or town legislative authority following a public hearing with notice to the property owners in the affected plat. [1995 c 32 § 1.]

**58.17.230 Assurance of discontinuance of violations.** In the enforcement of this chapter, the prosecuting attorney may accept an assurance of discontinuance of any act or practice deemed in violation of this chapter from any person engaging in, or who has engaged in such act or practice. Any such assurance shall be in writing and be filed with and subject to the approval of the superior court of the county in which the alleged violation occurs. A violation of such assurance shall constitute prima facie proof of a violation of this chapter. [1969 ex.s. c 271 § 23.]

**58.17.240 Permanent control monuments.** Except for subdivisions excluded under the provisions of RCW 58.17.040, as now or hereafter amended, permanent control monuments shall be established at each and every controlling corner on the boundaries of the parcel of land being subdivided. The local authority shall determine the number and location of permanent control monuments within the plat, if any. [1974 ex.s. c 134 § 11; 1969 ex.s. c 271 § 24.]

**58.17.250 Survey of subdivision and preparation of plat.** The survey of the proposed subdivision and preparation of the plat shall be made by or under the supervision of a registered land surveyor who shall certify on the plat that it is a true and correct representation of the lands actually surveyed. [1969 ex.s. c 271 § 26.]

**58.17.255 Survey discrepancy—Disclosure.** Whenever a survey of a proposed subdivision or short subdivision reveals a discrepancy, the discrepancy shall be noted on the face of the final plat or short plat. Any discrepancy shall be disclosed in a title report prepared by a title insurer and issued after the filing of the final plat or short plat. As used in this section, "discrepancy" means: (1) A boundary hiatus; (2) an overlapping boundary; or (3) a physical appurtenance, which indicates encroachment, lines of possession, or conflict of title. [1987 c 354 § 6.]

**58.17.260 Joint committee—Members—Recommendations for surveys, monumentation and plat drawings.** In order that there be a degree of uniformity of survey monumentation throughout the cities, towns and counties of the state of Washington, there is hereby created a joint committee composed of six members to be appointed as follows: The Washington state association of counties shall appoint two county road engineers; the association of Washington cities shall appoint two city engineers; the land surveyors association of Washington shall appoint one member; and the consulting engineers association of Washington shall appoint one member. The joint committee is directed to cooperate with the department of natural resources to establish recommendations pertaining to requirements of survey, monumentation and plat drawings for subdivisions and dedications throughout the state of Washington. The department of natural resources shall publish such recommendation. [1971 ex.s. c 85 § 9; 1969 ex.s. c 271 § 27.]

**58.17.275 Proposals to adopt, amend, or repeal local ordinances—Advance notice.** All cities, towns, and counties shall establish procedures to provide reasonable advance notice of proposals to adopt, amend, or repeal local ordinances adopted in accordance with this chapter. These procedures shall include but not be limited to advance notice to individuals or organizations which have submitted requests for notice. Reasonable fees may be charged to defray the costs of providing notice. [1981 c 293 § 13.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**58.17.280 Naming and numbering of short subdivisions, subdivisions, streets, lots and blocks.** Any city, town or county shall, by ordinance, regulate the procedure whereby short subdivisions, subdivisions, streets, lots and blocks are named and numbered. A lot numbering system and a house address system, however, shall be provided by the municipality for short subdivisions and subdivisions and must be clearly shown on the short plat or final plat at the time of approval. [1993 c 486 § 1; 1969 ex.s. c 271 § 29.]

**58.17.290 Copy of plat as evidence.** A copy of any plat recorded in the manner provided in this chapter and certified by the county auditor of the county in which the same is recorded to be a true copy of such record and the whole thereof, shall be received in evidence in all the courts of this state, with like effect as the original. [1969 ex.s. c 271 § 31.]

**58.17.300 Violations—Penalties.** Any person, firm, corporation, or association or any agent of any person, firm, corporation, or association who violates any provision of this chapter or any local regulations adopted pursuant thereto relating to the sale, offer for sale, lease, or transfer of any lot, tract or parcel of land, shall be guilty of a gross misdemeanor and each sale, offer for sale, lease or transfer of each separate lot, tract, or parcel of land in violation of any provision of this chapter or any local regulation adopted pursuant thereto, shall be deemed a separate and distinct offense. [1969 ex.s. c 271 § 32.]

(2010 Ed.)

**58.17.310 Application for approval of plat within irrigation district—Approval without provision for irrigation prohibited.** (1) Whenever a city, town, or county receives an application for the approval of a plat of a subdivision that lies in whole or in part in an irrigation district organized pursuant to chapter 87.03 RCW, the responsible administrator shall give written notice of the application, including a legal description of the short subdivision and a location map, to the irrigation district. The irrigation district shall, after receiving the notice, submit to the responsible administrator who furnished the notice a statement with any information or conditions for approval that the irrigation district deems to be necessary regarding the proposed division's effect upon the structural integrity, including lateral support, of the irrigation district facilities, other risk exposures, and the safety of the public and irrigation district.

(2) In addition to any other requirements imposed by the provisions of this chapter, the legislative authority of any city, town, or county shall not approve a short plat or final plat, as defined in RCW 58.17.020, for any subdivision, short subdivision, lot, tract, parcel, or site which lies in whole or in part in an irrigation district organized pursuant to chapter 87.03 RCW unless there has been provided an irrigation water right-of-way for each parcel of land in such district. In addition, if the subdivision, short subdivision, lot, tract, parcel, or site lies within land within the district classified as irrigable, completed irrigation water distribution facilities for such land may be required by the irrigation district by resolution, bylaw, or rule of general applicability as a condition for approval of the short plat or final plat by the legislative authority of the city, town, or county. Rights-of-way shall be evidenced by the respective plats submitted for final approval to the appropriate legislative authority. In addition, if the subdivision, short subdivision, lot, tract, parcel, or site to be platted is wholly or partially within an irrigation district of two hundred thousand acres or more and has been previously platted by the United States bureau of reclamation as a farm unit in the district, the legislative authority shall not approve for such land a short plat or final plat as defined in RCW 58.17.020 without the approval of the irrigation district and the administrator or manager of the project of the bureau of reclamation, or its successor agency, within which that district lies. Compliance with the requirements of this section together with all other applicable provisions of this chapter shall be a prerequisite, within the expressed purpose of this chapter, to any sale, lease, or development of land in this state. [2009 c 145 § 1; 1990 c 194 § 1; 1986 c 39 § 1; 1985 c 160 § 1; 1973 c 150 § 2.]

**58.17.320 Compliance with chapter and local regulations—Enforcement.** Whenever land within a subdivision granted final approval is used in a manner or for a purpose which violates any provision of this chapter, any provision of the local subdivision regulations, or any term or condition of plat approval prescribed for the plat by the local government, then the prosecuting attorney, or the attorney general if the prosecuting attorney shall fail to act, may commence an action to restrain and enjoin such use and compel compliance with the provisions of this chapter or the local regulations, or with such terms or conditions. The costs of such action may be taxed against the violator. [1974 ex.s. c 134 § 13.]

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**58.17.330 Hearing examiner system—Adoption authorized—Procedures—Decisions.** (1) As an alternative to those provisions of this chapter requiring a planning commission to hear and issue recommendations for plat approval, the county or city legislative body may adopt a hearing examiner system and shall specify by ordinance the legal effect of the decisions made by the examiner. The legal effect of such decisions shall include one of the following:

(a) The decision may be given the effect of a recommendation to the legislative body;

(b) The decision may be given the effect of an administrative decision appealable within a specified time limit to the legislative body; or

(c) The decision may be given the effect of a final decision of the legislative body.

The legislative authority shall prescribe procedures to be followed by a hearing examiner.

(2) Each final decision of a hearing examiner shall be in writing and shall include findings and conclusions, based on the record, to support the decision. Each final decision of a hearing examiner, unless a longer period is mutually agreed to by the applicant and the hearing examiner, shall be rendered within ten working days following conclusion of all testimony and hearings. [1995 c 347 § 429; 1994 c 257 § 6; 1977 ex.s. c 213 § 4.]

**Finding—Severability—Part headings and table of contents not law—1995 c 347:** See notes following RCW 36.70A.470.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**58.17.900 Validation of existing ordinances and resolutions.** All ordinances and resolutions enacted at a time prior to the passage of this chapter by the legislative bodies of cities, towns, and counties and which are in substantial compliance with the provisions of this chapter, shall be construed as valid and may be further amended to include new provisions and standards as are authorized in general law. [1969 ex.s. c 271 § 33.]

**58.17.910 Severability—1969 ex.s. c 271.** If any provision of this chapter, or its application to any person or circumstance is held invalid, the remainder of this chapter, or the application of the provision to other persons or circumstances is not affected. [1969 ex.s. c 271 § 35.]

**58.17.920 Effective date and application of 1974 ex.s. c 134.** (1) The provisions of \*this 1974 amendatory act shall become effective July 1, 1974.

(2) The provisions of \*this 1974 amendatory act shall not apply to any plat which has been granted preliminary approval prior to July 1, 1974, but shall apply to any proposed plat granted preliminary approval on or after July 1, 1974. [1974 ex.s. c 134 § 14.]

\***Reviser's note:** For codification of "this 1974 amendatory act" [1974 ex.s. c 134], see Codification Tables, Volume 0.

### Chapter 58.18 RCW ASSESSOR'S PLATS

#### Sections

58.18.010 Assessor's plat—Requisites, filing, index, etc.—When official plat.

[Title 58 RCW—page 18]

**58.18.010 Assessor's plat—Requisites, filing, index, etc.—When official plat.** In any county where an assessor has and maintains an adequate set of maps drawn from surveys at a scale of not less than two hundred feet to the inch, the assessor may with the permission of the county commissioners, file an assessor's plat of the area, which when filed shall become the official plat for all legal purposes, provided:

(1) The plat is filed in the offices of the county auditor and the county assessor, together with a list of the existing legal descriptions and a list of the new legal descriptions as assigned by the county assessor;

(2) The recorded plat is drawn in such a manner that a ready reference can be made to the legal description in existence prior to the time of the filing of the assessor's plat and in conformance with existing statutes;

(3) The first year the tax roll and tax statement shall contain the prior legal description and the new legal description as assigned and shown on the assessor's plat with a notation that this legal description shall be used for all purposes;

(4) The county assessor shall maintain an index for reference to the prior and the existing legal descriptions of the parcels contained in the assessor's plats;

(5) Each dedicated plat after June 7, 1961, shall be submitted to the county assessor of the county wherein the plat is located, for the sole purpose of assignment of parcel, tract, block and or lot numbers and the county auditor shall not accept any such plat for filing unless the said plat carries a signed affidavit from the assessor to this effect, and a statement to the effect that the name of the plat shall be number . . . . in the county of . . . . [1961 c 262 § 1.]

### Chapter 58.19 RCW LAND DEVELOPMENT ACT

#### Sections

58.19.010 Purpose.  
58.19.020 Definitions.  
58.19.030 Exemptions from chapter.  
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58.19.055 Public offering statement—Contents.  
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58.19.130 Public offering statement form—Type and style restriction.  
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58.19.180 Unlawful to sell lots or parcels subject to blanket encumbrance which does not provide purchaser can obtain clear title—Alternatives.  
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58.19.190 Advertising—Materially false, misleading, or deceptive statements prohibited.  
58.19.265 Violations—Remedies—Attorneys' fees.  
58.19.270 Violations deemed unfair practice subject to chapter 19.86 RCW.  
58.19.280 Jurisdiction of superior courts.  
58.19.300 Hazardous conditions—Notice.  
58.19.920 Liberal construction.  
58.19.940 Short title.  
58.19.950 Severability—1973 1st ex.s. c 12.  
58.19.951 Severability—1992 c 191.

*Camping resort contracts—Nonapplicability of certain laws to:* RCW 19.105.510.

*Exemption of timeshares from chapter:* RCW 64.36.290.

**58.19.010 Purpose.** The legislature finds and declares that the sale and offering for sale of land or of interests in

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associations which provide for the use or occupancy of land touches and affects a great number of the citizens of this state and that full and complete disclosure to prospective purchasers of pertinent information concerning land developments, including any encumbrances or liens attached to the land and the physical characteristics of the development is essential. The legislature further finds and declares that delivery to prospective purchasers of a complete and accurate public offering statement is necessary in order to adequately protect both the economic and physical welfare of the citizens of this state. It is the purpose of this chapter to provide for the reasonable regulation of the sale and offering for sale of any interest in significant land developments within or without the state of Washington, so that the prospective purchasers of such interests might be provided with full, complete, and accurate information of all pertinent circumstances affecting their purchase. [1992 c 191 § 1; 1973 1st ex.s. c 12 § 1.]

**58.19.020 Definitions.** When used in this chapter, unless the context otherwise requires:

(1) "Affiliate of a developer" means any person who controls, is controlled by, or is under common control with a developer.

(a) A person controls a developer if the person: (i) Is a general partner, officer, director, or employer of the developer; (ii) directly or indirectly or acting in concert with one or more other persons, or through one or more subsidiaries, owns, controls, holds with power to vote, or holds proxies representing, more than twenty percent of the voting interest in the developer; (iii) controls in any manner the election of a majority of the directors of the developer; or (iv) has contributed more than twenty percent of the capital of the developer.

(b) A person is controlled by a developer if the developer: (i) Is a general partner, officer, director, or employer of the person; (ii) directly or indirectly or acting in concert with one of [or] more other persons, or through one or more subsidiaries, owns, controls, holds with the power to vote, or holds proxies representing, more than twenty percent of the voting interest in the person; (iii) controls in any manner the election of a majority of the directors of the person; or (iv) has contributed more than twenty percent of the capital of the person. Control does not exist if the powers described in this subsection are held solely as security for an obligation and are not exercised.

(2) "Blanket encumbrance" shall mean a trust deed, mortgage, mechanic's lien, or any other lien or encumbrance, securing or evidencing the payment of money and affecting the land to be developed or affecting more than one lot or parcel of developed land, or an agreement affecting more than one such lot or parcel by which the developer holds said development under option, contract, sale, or trust agreement. The term shall not include taxes and assessments levied by a public authority.

(3) "Common promotional plan" means an offering of related developed lands in a common promotional plan of disposition. Elements relevant to whether the related developed lands are being offered as part of a common promotional plan include but are not limited to: Whether purchasers of interests in the offered land will share in the use of common amenities, or other rights or privileges; whether the offered lands are known, designated, or advertised as a com-

mon unit or by a common name; whether a common broker or sales personnel, common sales office or facilities, or common promotional methods are utilized; and whether cross-referrals of prospective purchasers between sales operations is utilized.

(4) "Developer" means any owner of a development who offers it for disposition, or the principal agent of an inactive owner.

(5) "Development" or "developed lands" means land which is divided or is proposed to be divided for the purpose of disposition into twenty-six or more lots, parcels, or units (excluding interests in camping resorts regulated under chapter 19.105 RCW and interests in condominiums regulated under chapter 64.34 RCW) or any other land whether contiguous or not, if twenty-six or more lots, parcels, units, or interests are offered as a part of a common promotional plan of advertising and sale.

(6) "Disposition" includes any sale, lease, assignment, or exchange of any interest in any real property which is a part of or included within a development, and also includes the offering of property as a prize or gift when a monetary charge or consideration for whatever purpose is required in conjunction therewith, and any other transaction concerning a development if undertaken for gain or profit.

(7) "Foreclosure" means a forfeiture or judicial or nonjudicial foreclosure of a mortgage, deed of trust, or real estate contract, or a deed in lieu thereof.

(8) "Improvements" include all existing, advertised, and governmentally required facilities such as streets, water, electricity, natural gas, telephone lines, drainage control systems, and sewage disposal systems.

(9) "Offer" includes every inducement, solicitation, or media advertisement which has as a principal aim to encourage a person to acquire an interest in land.

(10) "Owners association" means any profit or nonprofit corporation, unincorporated association, or other organization or legal entity, a membership or other interest in which is appurtenant to or based upon owing an interest in a development.

(11) "Person" means an individual, corporation, government or governmental subdivision or agency, business trust, estate, trust, partnership, unincorporated association, two or more of any of the foregoing having a joint or common interest, or any other legal or commercial entity.

(12) "Physical hazard" means a physical condition which poses, or may very likely pose, a material risk of either: Material damage to the development and improvements thereon; or material endangerment to the safety and health of persons using the development and improvements thereon.

(13) "Purchaser" means a person who acquires or attempts to acquire or succeeds to any interest in land.

(14) "Related developed lands" means two or more developments which are owned by the same developer or an affiliate or affiliates of that developer and which are physically located within the same five-mile radius area.

(15) "Residential buildings" shall mean premises that are actually intended or used primarily for residential or recreational purposes by the purchasers. [1992 c 191 § 2; 1979 c 158 § 208; 1973 1st ex.s. c 12 § 2.]

**58.19.030 Exemptions from chapter.** (1) Unless the method of disposition is adopted for the purpose of evasion of this chapter, the provisions of this chapter shall not apply to land and offers or dispositions:

(a) By a purchaser of developed lands for his or her own account in a single or isolated transaction;

(b) If fewer than ten separate lots, parcels, units, or interests in developed lands are offered by a person in a period of twelve months;

(c) If each lot offered in the development is five acres or more;

(d) On which there is a residential, commercial, or industrial building, or as to which there is a legal obligation on the part of the seller to construct such a building within two years from date of disposition;

(e) To any person who acquires such lot, parcel, unit or interest therein for the purpose of engaging in the business of constructing residential, commercial, or industrial buildings or for the purpose of resale or lease or other disposition of such lots to persons engaged in such business or businesses;

(f) Any lot, parcel, unit or interest if the development is located within an area incorporated prior to January 1, 1974;

(g) Pursuant to court order; or

(h) As cemetery lots or interests.

(2) Unless the method of disposition is adopted for the purpose of evasion of this chapter, the provisions of this chapter shall not apply to:

(a) Offers or dispositions of evidence of indebtedness secured by a mortgage or deed of trust of real estate;

(b) Offers or dispositions of securities or units of interest issued by a real estate investment trust regulated under any state or federal statute;

(c) A development as to which the director has waived the provisions of this chapter;

(d) Offers or dispositions of securities currently registered with the department of financial institutions;

(e) Offers or dispositions of any interest in oil, gas, or other minerals or any royalty interest therein if the offers or dispositions of such interests are regulated as securities by the United States or by the department of financial institutions. [1994 c 92 § 504; 1979 c 158 § 209; 1973 1st ex.s. c 12 § 3.]

**58.19.045 Public offering statement—Developer's duties—Purchaser's rights.** (1) A developer shall prepare a public offering statement conforming to the requirements of RCW 58.19.055 unless the development or the transaction is exempt under RCW 58.19.030.

(2) Any agent, attorney, or other person assisting the developer in preparing the public offering statement may rely upon information provided by the developer without independent investigation. The agent, attorney, or other person shall not be liable for any material misrepresentation in or omissions of material facts from the public offering statement unless the person had actual knowledge of the misrepresentation or omission at the time the public offering statement was prepared. The developer shall be liable for any misrepresentation contained in the public offering statement or for any omission of material fact therefrom if the developer had actual knowledge of the misrepresentation or omission or, in

the exercise of reasonable care, should have known of the misrepresentation or omission.

(3) Unless the development or the transaction is exempt under RCW 58.19.030, a developer shall provide a purchaser of a lot, parcel, unit, or interest with a copy of the public offering statement and all material amendments thereto before conveyance of that lot, parcel, unit, or interest. Unless a purchaser is given the public offering statement more than two days before execution of a contract for the purchase of a lot, parcel, unit, or interest, the purchaser, before conveyance, shall have the right to cancel the contract within two days after first receiving the public offering statement and, if necessary to have two days to review the public offering statement and cancel the contract, to extend the closing date for conveyance to a date not more than two days after first receiving the public offering statement. The purchaser shall have no right to cancel the contract upon receipt of an amendment unless the purchaser would have that right under generally applicable legal principles. The two-day period shall not include Saturdays, Sundays, or legal holidays.

(4) If a purchaser elects to cancel a contract pursuant to subsection (3) of this section, the purchaser may do so by hand-delivering notice thereof to the developer or by mailing notice thereof by prepaid United States mail to the developer for service of process. If cancellation is by mailing notice, the date of the postmark on the mail shall be the official date of cancellation. Cancellation is without penalty, and all payments made by the purchaser before cancellation shall be refunded within thirty days from the date of cancellation.

(5) If a person required to deliver a public offering statement pursuant to subsection (1) of this section fails to provide a purchaser to whom a lot, parcel, unit, or interest is conveyed with that public offering statement and all material amendments thereto as required by subsection (3) of this section, the purchaser is entitled to receive from that person an amount equal to the actual damages suffered by the purchaser as a result of the public offering statement not being delivered. There shall be no liability for failure to deliver any amendment unless such failure would have entitled the purchaser under generally applicable legal principles to cancel the contract for the purchase of the lot, parcel, unit, or interest had the undisclosed information been evident to the purchaser before the closing of the purchase.

(6) A purchaser may not rely on any representation or express warranty unless it is contained in the public offering statement or made in writing signed by the developer or developer's agent identified in the public offering statement. [1992 c 191 § 4.]

**58.19.055 Public offering statement—Contents.** (1) A public offering statement shall contain the following information:

(a) The name, and the address or approximate location, of the development;

(b) The name and address of the developer;

(c) The name and address of the management company, if any, for the development;

(d) The relationship of the management company to the developer, if any;

(e) The nature of the interest being offered for sale;

(f) A brief description of the permitted uses and use restrictions pertaining to the development and the purchaser's interest therein;

(g) The number of existing lots, parcels, units, or interests in the development and either the maximum number that may be added to the development or the fact that such maximum number has not yet been determined;

(h) A list of the principal common amenities in the development which materially affect the value of the development and those that will or may be added to the development;

(i) The identification of any real property not in the development, the owner of which has access to any of the development, and a description of the terms of such access;

(j) The identification of any real property not in the development to which owners in the development have access and a description of the terms of such access;

(k) The status of construction of improvements in the development, including either the estimated dates of completion if not completed or the fact that such estimated completion dates have not yet been determined; and the estimated costs, if any, to be paid by the purchaser;

(l) The estimated current owners' association expense, if any, for which a purchaser would be liable;

(m) An estimate of any payment with respect to any owners' association expense for which the purchaser would be liable at closing;

(n) The estimated current amount and purpose of any fees not included in any owners' association assessments and charged by the developer or any owners' association for the use of any of the development or improvements thereto;

(o) Any assessments which have been agreed to or are known to the developer and which, if not paid, may constitute a lien against any portion of the development in favor of any governmental agency;

(p) The identification of any parts of the development which any purchaser will have the responsibility for maintaining;

(q) A brief description of any blanket encumbrance which is subject to the provisions of RCW 58.19.180;

(r) A list of any physical hazards known to the developer which particularly affect the development or the immediate vicinity in which the development is located and which are not readily ascertainable by the purchaser;

(s) A brief description of any construction warranties to be provided to the purchaser;

(t) Any building code violation citations received by the developer in connection with the development which have not been corrected;

(u) A statement of any unsatisfied judgments or pending suits against any owners' association involved in the development and a statement of the status of any pending suits material to the development of which the developer has actual knowledge;

(v) A notice which describes a purchaser's right to cancel the purchase agreement or extend the closing under RCW 58.19.045(3), including applicable time frames and procedures;

(w) A list of the documents which the prospective purchaser is entitled to receive from the developer before the rescission period commences;

(x) A notice which states:

"A purchaser may not rely on any representation or express warranty unless it is contained in the public offering statement or made in writing signed by the developer or by any person identified in the public offering statement as the declarant's agent";

(y) A notice which states:

"This public offering statement is only a summary of some of the significant aspects of purchasing an interest in this development and any documents which may govern or affect the development may be complex, may contain other important information, and create binding legal obligations. You should consider seeking assistance of legal counsel"; and

(z) Any other information and cross-references which the developer believes will be helpful in describing the development to the recipients of the public offering statement, all of which may be included or not included at the option of the developer.

(2) The public offering statement shall include copies of each of the following documents: Any declaration of covenants, conditions, restrictions, and reservations affecting the development; any survey, plat, or subdivision map; the articles of incorporation of any owners' association; the bylaws of any owners' association; the rules and regulations, if any, of any owners' association; current or proposed budget for any owners' association; and the balance sheet of any owners' association current within ninety days if assessments have been collected for ninety days or more.

If any of the foregoing documents listed in this subsection are not available because they have not yet been executed, adopted, or recorded, drafts of such documents shall be provided with the public offering statement, and, before closing the sale of an interest in the development, the purchaser shall be given copies of any material changes between the draft of the proposed documents and the final documents.

(3) The disclosures required by subsection (1)(v), (x), and (y) of this section shall be located at the top of the first page of the public offering statement and be typed or printed in ten-point bold face type size. [1992 c 191 § 5.]

**58.19.120 Report of changes required—Amendments.** The developer shall immediately amend the public offering statement to include any material changes affecting the development. No change in the substance of the promotional plan or plan of disposition or completion of the development may be made without first making an appropriate amendment of the public offering statement. A public offering statement is not current unless it incorporates all amendments. [1992 c 191 § 6; 1973 1st ex.s. c 12 § 12.]

**58.19.130 Public offering statement form—Type and style restriction.** No portion of the public offering statement form may be underscored, italicized, or printed in larger or heavier or different color type than the remainder of the statement unless the director so requires. [1973 1st ex.s. c 12 § 13.]

**58.19.140 Public offering statement—Promotional use, distribution restriction—Holding out that state or employees, etc., approve development prohibited.** The public offering statement shall not be used for any promotional purposes. It may not be distributed to prospective purchasers before registration of the development and may be distributed afterwards only when it is used in its entirety. No person may advertise or represent that the state of Washington or the director, the department, or any employee thereof approves or recommends the development or disposition thereof. [1973 1st ex.s. c 12 § 14.]

**58.19.180 Unlawful to sell lots or parcels subject to blanket encumbrance which does not provide purchaser can obtain clear title—Alternatives.** It shall be unlawful for the developer to make a sale of lots or parcels within a development which is subject to a blanket encumbrance which does not contain, within its terms or by supplementary agreement, a provision which shall unconditionally provide that the purchaser of a lot or parcel encumbered thereby can obtain the legal title, or other interest contracted for, free and clear of the lien of such blanket encumbrance upon compliance with the terms and conditions of the purchase agreement, unless the developer shall elect and comply with one of the following alternative conditions:

(1) The developer shall deposit earnest moneys and all subsequent payments on the obligation in a neutral escrow depository, or real estate trust account regulated under \*RCW 18.85.310, until such time as all payments on the obligation have been made and clear title is delivered, or any of the following occurs:

(a) A proper release is obtained from such blanket encumbrance;

(b) Either the developer or the purchaser defaults under the sales contract and there is a forfeiture of the interest of the purchaser or there is a determination as to the disposition of such moneys, as the case may be; or

(c) The developer orders a return of such moneys to such purchaser.

(2) The title to the development is held in trust under an agreement of trust until the proper release of such blanket encumbrance is obtained.

(3) The purchaser shall receive title insurance from a licensed title insurance company against such blanket encumbrance. [1992 c 191 § 7; 1973 1st ex.s. c 12 § 18.]

**\*Reviser's note:** RCW 18.85.310 was recodified as RCW 18.85.285 pursuant to 2008 c 23 § 49, effective July 1, 2010.

**58.19.185 Requiring purchaser to pay additional sum to construct, complete or maintain development.** It shall be unlawful for the developer to sell a lot or parcel within a development if the terms of the sale require that the purchaser pay any sum in addition to the purchase price for constructing, completing, or maintaining improvements to the development unless the sums are to be paid directly to:

(1) A governmental agency;

(2) A person who is not affiliated with the developer, in trust, and on terms acceptable to the director; or

(3) An association comprised solely of persons who have purchased lots in the development, or their assignees.

The terms which require the payment of any additional sum shall be set forth in the public offering statement. [1977 ex.s. c 252 § 1.]

**58.19.190 Advertising—Materially false, misleading, or deceptive statements prohibited.** No person shall publish in this state any advertisement concerning a development subject to the requirements of this chapter which contains any statements that are materially false, misleading, or deceptive. [1992 c 191 § 8; 1973 1st ex.s. c 12 § 19.]

**58.19.265 Violations—Remedies—Attorneys' fees.** If a developer, or any other person subject to this chapter, fails to comply with any provision of this chapter, any person or class of persons adversely affected by the failure to comply may seek appropriate relief through an action for damages or an injunctive court order. The court, in an appropriate case, may award attorneys' fees. [1992 c 191 § 9.]

**58.19.270 Violations deemed unfair practice subject to chapter 19.86 RCW.** (1) The commission by any person of an act or practice prohibited by this chapter is hereby declared to be a matter affecting the public interest for the purpose of applying chapter 19.86 RCW and is not reasonable in relation to the development and preservation of business. A violation of this chapter constitutes an unfair or deceptive act or practice or unfair method of competition in the conduct of trade or commerce for the purpose of the attorney general bringing an action in the name of the state under the consumer protection act, pursuant to RCW 19.86.080.

(2) Evidence concerning violations of this chapter may be referred to the attorney general, who may, in his or her discretion, with or without such a reference, in addition to any other action the attorney general might commence, bring an action in the name of the state against any person to restrain and prevent the doing of any act or practice prohibited by this chapter. This chapter shall be considered in conjunction with chapters 9.04 and 19.86 RCW, and the powers and duties of the attorney general as such powers and duties appear in chapters 9.04 and 19.86 RCW shall apply against all persons subject to this chapter.

(3) Only the attorney general can bring an action under the consumer protection act, chapter 19.86 RCW, pursuant to this section. [1992 c 191 § 10; 1973 1st ex.s. c 12 § 27.]

**58.19.280 Jurisdiction of superior courts.** Dispositions of an interest in a development are subject to this chapter, and the superior courts of this state have jurisdiction in claims or causes of action arising under this chapter, if:

(1) The interest in a development offered for disposition is located in this state;

(2) The developer maintains an office in this state; or

(3) Any offer or disposition of an interest in a development is made in this state, whether or not the offeror or offeree is then present in this state, if the offer originates within this state or is directed by the offeror to a person or place in this state and received by the person or at the place to which it is directed. [1973 1st ex.s. c 12 § 28.]

**58.19.300 Hazardous conditions—Notice.** If, before disposition of all or any portion of a development which is covered by this chapter, a condition constituting a physical hazard is discovered on or around the immediate vicinity of the development, the developer or government agency discovering such condition shall notify the purchasers of the affected lands either by transmitting notice through the appropriate county assessor's office or such other steps as might reasonably give actual notice to the purchasers. [1992 c 191 § 11; 1973 1st ex.s. c 12 § 30.]

**58.19.920 Liberal construction.** The provisions of this chapter shall be construed liberally so as to give effect to the purposes stated in RCW 58.19.010. [1973 1st ex.s. c 12 § 33.]

**58.19.940 Short title.** This chapter may be cited as the land development act. [1992 c 191 § 12; 1973 1st ex.s. c 12 § 35.]

**58.19.950 Severability—1973 1st ex.s. c 12.** If any provision of this 1973 act or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provisions or application, and to this end the provisions of this 1973 act are severable. [1973 1st ex.s. c 12 § 36.]

**58.19.951 Severability—1992 c 191.** If any provision of this act or its application to any person or circumstances is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1992 c 191 § 14.]

## Chapter 58.20 RCW

### WASHINGTON COORDINATE SYSTEM

#### Sections

58.20.110	Definitions.
58.20.120	System designation—Permitted uses.
58.20.130	Plane coordinates adopted—Zones.
58.20.140	Designation of system—Zones.
58.20.150	Designation of coordinates—"N" and "E."
58.20.160	Tract in both zones—Description.
58.20.170	Zones—Technical definitions.
58.20.180	Recording coordinates—Control stations.
58.20.190	Conversion of coordinates—Metric.
58.20.200	Term—Limited use.
58.20.210	United States survey prevails—Conflict.
58.20.220	Real estate transactions—Exemption.
58.20.901	Severability—1989 c 54.

**58.20.110 Definitions.** Unless the context clearly requires otherwise, the definitions in this section apply throughout RCW 58.20.110 through 58.20.220 and 58.20.901:

(1) "Committee" means the interagency federal geodetic control committee or its successor;

(2) "GRS 80" means the geodetic reference system of 1980 as adopted in 1979 by the international union of geodesy and geophysics defined on an equipotential ellipsoid;

(3) "National geodetic survey" means the national ocean service's national geodetic survey of the national oceanic and

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atmospheric administration, United States department of commerce, or its successor;

(4) "Washington coordinate system of 1927" means the system of plane coordinates in effect under this chapter until July 1, 1990, which is based on the North American datum of 1927 as determined by the national geodetic survey of the United States department of commerce;

(5) "Washington coordinate system of 1983" means the system of plane coordinates under this chapter based on the North American datum of 1983 as determined by the national geodetic survey of the United States department of commerce. [1989 c 54 § 9.]

**58.20.120 System designation—Permitted uses.** Until July 1, 1990, the Washington coordinate system of 1927, or its successor, the Washington coordinate system of 1983, may be used in Washington for expressing positions or locations of points on the surface of the earth. On and after that date, the Washington coordinate system of 1983 shall be the designated coordinate system in Washington. The Washington coordinate system of 1927 may be used only for purposes of reference after June 30, 1990. [1989 c 54 § 10.]

**58.20.130 Plane coordinates adopted—Zones.** The system of plane coordinates which has been established by the national geodetic survey for defining and stating the positions or locations of points on the surface of the earth within the state of Washington is designated as the "Washington coordinate system of 1983."

For the purposes of this system the state is divided into a "north zone" and a "south zone."

The area now included in the following counties shall constitute the north zone: Chelan, Clallam, Douglas, Ferry, Island, Jefferson, King, Kitsap, Lincoln, Okanogan, Pend Oreille, San Juan, Skagit, Snohomish, Spokane, Stevens, Whatcom, and that part of Grant lying north of parallel 47° 30' north latitude.

The area now included in the following counties shall constitute the south zone: Adams, Asotin, Benton, Clark, Columbia, Cowlitz, Franklin, Garfield, that part of Grant lying south of parallel 47° 30' north latitude, Grays Harbor, Kittitas, Klickitat, Lewis, Mason, Pacific, Pierce, Skamania, Thurston, Wahkiakum, Walla Walla, Whitman and Yakima. [1989 c 54 § 11.]

**58.20.140 Designation of system—Zones.** As established for use in the north zone, the Washington coordinate system of 1983 shall be named, and in any land description in which it is used it shall be designated, the "Washington coordinate system of 1983, north zone."

As established for use in the south zone, the Washington coordinate system of 1983 shall be named, and in any land description in which it is used it shall be designated, the "Washington coordinate system of 1983, south zone." [1989 c 54 § 12.]

**58.20.150 Designation of coordinates—"N" and "E."** "N" and "E" shall be used in labeling coordinates of a point on the earth's surface and in expressing the position or location of such point relative to the origin of the appropriate

zone of this system, expressed in meters and decimals of a meter. These coordinates shall be made to depend upon and conform to the coordinates, on the Washington coordinate system of 1983, of the horizontal control stations of the national geodetic survey within the state of Washington, as those coordinates have been determined, accepted, or adjusted by the survey. [1989 c 54 § 13.]

**58.20.160 Tract in both zones—Description.** When any tract of land to be defined by a single description extends from one into the other of the coordinate zones under RCW 58.20.130, the positions of all points on its boundaries may be referred to either of the zones, the zone which is used being specifically named in the description. [1989 c 54 § 14.]

**58.20.170 Zones—Technical definitions.** For purposes of more precisely defining the Washington coordinate system of 1983, the following definition by the national geodetic survey is adopted:

The Washington coordinate system of 1983, north zone, is a Lambert conformal conic projection of the GRS 80 spheroid, having standard parallels at north latitudes 47° 30' and 48° 44', along which parallels the scale shall be exact. The origin of coordinates is at the intersection of the meridian 120° 50' west of Greenwich and the parallel 47° 00' north latitude. This origin is given the coordinates: E = 500,000 meters and N = 0 meters.

The Washington coordinate system of 1983, south zone, is a Lambert conformal conic projection of the GRS 80 spheroid, having standard parallels at north latitudes 45° 50' and 47° 20', along which parallels the scale shall be exact. The origin of coordinates is at the intersection of the meridian 120° 30' west of Greenwich and the parallel 45° 20' north latitude. This origin is given the coordinates: E = 500,000 meters and N = 0 meters. [1989 c 54 § 15.]

**58.20.180 Recording coordinates—Control stations.** Coordinates based on the Washington coordinate system of 1983, purporting to define the position of a point on a land boundary, may be presented to be recorded in any public land records or deed records if the survey method used for the determination of these coordinates is established in conformity with standards and specifications prescribed by the interagency federal geodetic control committee, or its successor. These surveys shall be connected to monumented control stations that are adjusted to and published in the national network of geodetic control by the national geodetic survey and such connected horizontal control stations shall be described in the land or deed record. Standards and specifications of the committee in force on the date of the survey shall apply. In all instances where reference has been made to such coordinates in land surveys or deeds, the scale and sea level factors shall be stated for the survey lines used in computing ground distances and areas.

The position of the Washington coordinate system of 1983 shall be marked on the ground by horizontal geodetic control stations which have been established in conformity with the survey standards adopted by the committee and whose geodetic positions have been rigorously adjusted on the North American datum of 1983, and whose coordinates

have been computed and published on the system defined in RCW 58.20.110 through 58.20.220 and 58.20.901. Any such control station may be used to establish a survey connection with the Washington coordinate system of 1983. [1989 c 54 § 16.]

**58.20.190 Conversion of coordinates—Metric.** Any conversion of coordinates between the meter and the United States survey foot shall be based upon the length of the meter being equal to exactly 39.37 inches. [1989 c 54 § 17.]

**58.20.200 Term—Limited use.** The use of the term "Washington coordinate system of 1983" on any map, report of survey, or other document, shall be limited to coordinates based on the Washington coordinate system of 1983 as defined in this chapter. [1989 c 54 § 18.]

**58.20.210 United States survey prevails—Conflict.** Whenever coordinates based on the Washington coordinate system of 1983 are used to describe any tract of land which in the same document is also described by reference to any subdivision, line or corner of the United States public land surveys, the description by coordinates shall be construed as supplemental to the basic description of such subdivision, line, or corner contained in the official plats and field notes filed of record, and in the event of any conflict the description by reference to the subdivision, line, or corner of the United States public land surveys shall prevail over the description by coordinates. [1989 c 54 § 19.]

**58.20.220 Real estate transactions—Exemption.** Nothing contained in this chapter shall require any purchaser or mortgagee to rely on a description, any part of which depends exclusively upon the Washington coordinate system of 1927 or 1983. [1989 c 54 § 20.]

**58.20.901 Severability—1989 c 54.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1989 c 54 § 21.]

## Chapter 58.22 RCW

### STATE BASE MAPPING SYSTEM

#### Sections

58.22.010	Legislative intent.
58.22.020	Establishment and maintenance—Standards.
58.22.030	United States geological survey quadrangle map separates—Acquisition by state agencies.
58.22.040	United States geological survey quadrangle map separates—State depository.
58.22.050	Availability of map separates—Powers and duties of department.

*Surveys and maps account established for purposes of chapter 58.22 RCW: RCW 58.24.060.*

**58.22.010 Legislative intent.** It is the intent of the legislature to establish a coordinated system of state base maps to assist all levels of government to more effectively provide the information to meet their responsibilities for resource planning and management.

It is further the legislature's intent to eliminate duplication, to insure compatibility, and to create coordination through a uniform base which all agencies will use.

It is in the interest of all citizens in the state of Washington that a state base mapping system be established to make essential base maps available at cost to all users, both public and private. [1973 1st ex.s. c 159 § 1.]

**58.22.020 Establishment and maintenance—Standards.** The department of natural resources shall establish and maintain a state base mapping system. The standards for the state base mapping system shall be:

(1) A series of fifteen minute United States geological survey quadrangle map separates at a scale of one to 48,000 (one inch equals 4,000 feet) covering the entire state;

(2) A series of seven and one-half minute United States geological survey quadrangle map separates at a scale of one to 24,000 (one inch equals 2,000 feet) for urban areas; including but not limited to those identified as urban by the state department of transportation for the United States department of transportation.

All features and symbols added to the quadrangle separates shall meet as nearly as is practical national map accuracy standards and specifications as defined by the United States geological survey for their fifteen minute and seven and one-half minute quadrangle map separates.

Each quadrangle shall be revised by the department of natural resources as necessary to reflect current conditions. [1984 c 7 § 367; 1973 1st ex.s. c 159 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**58.22.030 United States geological survey quadrangle map separates—Acquisition by state agencies.** Any state agency purchasing or acquiring United States geological survey quadrangle map separates shall do so through the department of natural resources. [1973 1st ex.s. c 159 § 3.]

**58.22.040 United States geological survey quadrangle map separates—State depository.** The department of natural resources shall be the primary depository of all United States geological survey quadrangle map separates for state agencies: PROVIDED, That any state agency may maintain duplicate copies. [1973 1st ex.s. c 159 § 4.]

**58.22.050 Availability of map separates—Powers and duties of department.** (1) All United States geological survey quadrangle map separates shall be available at cost to all state agencies, local agencies, the federal government, and any private individual or company through duplication and purchase.

The department shall coordinate all requests for the use of United States geological survey quadrangle map separates and shall provide advice on how to best use the system.

(2) The department shall maintain a catalogue showing all United States geological survey quadrangle map separates available. The department shall also catalogue information describing additional separates or products created by users. Copies of maps made for any state or local agency shall be available to any other state or local agency. [1973 1st ex.s. c 159 § 5.]

(2010 Ed.)

## Chapter 58.24 RCW

### STATE AGENCY FOR SURVEYS AND MAPS—FEES

#### Sections

58.24.010	Declaration of necessity.
58.24.020	Official agency designated—Advisory board.
58.24.030	Official agency designated—Powers—Cooperate and advise—Purposes.
58.24.040	Official agency designated—Powers—Standards, maps, records, report, temporary removal of boundary marks or monuments.
58.24.050	Employees—Licensed engineers or surveyors.
58.24.060	Surveys and maps account—Purposes.
58.24.070	Fees for filing and recording surveys, plats, or maps—Deposit and use of fees.

*Cemetery property—Surveys and maps, plats, etc.: Chapter 68.24 RCW.*

*Counties—Land surveys, record of surveys: RCW 36.32.370, 36.32.380.*

*Geological survey: Chapter 43.27A RCW.*

*Irrigation districts—Map of district: RCW 87.03.775.*

*Public lands—Maps and plats—Record and index—Public inspection: RCW 79.02.210.*

*Reclamation districts—Surveys, etc.: Chapter 89.30 RCW.*

*Regulation of public groundwaters—Designating or modifying boundaries of areas—Notice of hearing—Findings—Order: RCW 90.44.130.*

*Restoration of United States survey markers: RCW 47.36.010.*

*State highways and toll bridges*

*copy of map, plans, etc.—Fee: RCW 47.28.060.*

*maps, plans, etc.—Filing: RCW 47.28.040.*

**58.24.010 Declaration of necessity.** It is the responsibility of the state to provide a means for the identification and preservation of survey points for the description of common land boundaries in the interest of the people of the state. There is a necessity for the adoption and maintenance of a system of permanent reference as to boundary monuments. The department of natural resources shall be the recognized agency for the establishment of this system. [1987 c 466 § 4; 1982 c 165 § 1; 1951 c 224 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**58.24.020 Official agency designated—Advisory board.** The department of natural resources is designated as the official agency for surveys and maps. The commissioner of public lands shall appoint an advisory board of five members, the majority of whom shall be registered professional engineers or land surveyors, who shall serve at the pleasure of the commissioner. Members of the board shall serve without salary but are to receive travel expenses in accordance with RCW 43.03.050 and 43.03.060 as now existing or hereafter amended while actively engaged in the discharge of their duties. [1987 c 466 § 5; 1982 c 165 § 2; 1975-'76 2nd ex.s. c 34 § 152; 1951 c 224 § 3.]

*Department of natural resources to exercise powers and duties of commissioner of public lands: RCW 43.30.411.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**58.24.030 Official agency designated—Powers—Cooperate and advise—Purposes.** The commissioner of public lands, the department of natural resources, and the advisory board are authorized to cooperate and advise with various departments and subdivisions of the state, counties, municipalities, and registered engineers or land surveyors of the state for the following purposes:

(1) The recovery of section corners or other land boundary marks;

(2) The monumentation of accepted section corners, and other boundary and reference marks; said monumentation shall be adequately connected to adjusted United States coast and geodetic survey triangulation stations and the coordinates of the monuments computed to conform with the Washington coordinate system in accordance with the provisions of chapter 58.20 RCW, as derived from chapter 168, Laws of 1945;

(3) For facilitation and encouragement of the use of the Washington state coordinate system; and

(4) For promotion of the use of the level net as established by the United States coast and geodetic survey. [1987 c 466 § 6; 1982 c 165 § 3; 1951 c 224 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**58.24.040 Official agency designated—Powers—Standards, maps, records, report, temporary removal of boundary marks or monuments.** The agency designated by RCW 58.24.020 is further authorized to:

(1) Set up standards of accuracy and methods of procedure;

(2) Compile and publish maps and records from surveys performed under the provisions of this chapter, and to maintain suitable indexes of surveys to prevent duplication of effort and to cooperate with all agencies of local, state, and federal government to this end;

(3) Compile and maintain records of all surveys performed under the provisions of this chapter, and assemble and maintain records of all reliable survey monuments and bench marks within the state;

(4) Collect and preserve information obtained from surveys locating and establishing land monuments and land boundaries;

(5) Supervise the sale and distribution of cadastral and geodetic survey data, and such related survey maps and publications as may come into the possession of the department of natural resources. Revenue derived from the sale thereof shall be deposited in the surveys and maps account in the general fund;

(6) Supervise the sale and distribution of maps, map data, photographs, and such publications as may come into the possession of the department of natural resources.

(7) Submit, as part of the biennial report of the commissioner of public lands, a report of the accomplishments of the agency;

(8) Permit the temporary removal or destruction of any section corner or any other land boundary mark or monument by any person, corporation, association, department, or subdivision of the state, county, or municipality as may be necessary or desirable to accommodate construction, mining, and other development of any land: PROVIDED, That such section corner or other land boundary mark or monument shall be referenced to the Washington Coordinate System by a registered professional engineer or land surveyor prior to such removal or destruction, and shall be replaced or a suitable reference monument established by a registered professional engineer or land surveyor within a reasonable time after completion of such construction, mining, or other development: AND PROVIDED FURTHER, That the department

of natural resources shall adopt and promulgate reasonable rules and regulations under which the agency shall authorize such temporary removal or destruction and require the replacement of such section corner or other land boundary marks or monuments. [1987 c 466 § 7; 1982 c 165 § 4; 1969 ex.s. c 271 § 25; 1951 c 224 § 6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**58.24.050 Employees—Licensed engineers or surveyors.** All employees who are in responsible charge of work under the provisions of this chapter shall be licensed professional engineers or land surveyors. [1982 c 165 § 5; 1951 c 224 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**58.24.060 Surveys and maps account—Purposes.** There is created in the state treasury the surveys and maps account which shall be a separate account consisting of funds received or collected under chapters 58.22 and 58.24 RCW, moneys appropriated to it by law. This account shall be used exclusively by the department of natural resources for carrying out the purposes and provisions of chapters 58.22 and 58.24 RCW. Appropriations from the account shall be expended for no other purposes. [1991 sp.s. c 13 § 14; 1987 c 466 § 8; 1985 c 57 § 65; 1983 c 272 § 1; 1982 c 165 § 6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**58.24.070 Fees for filing and recording surveys, plats, or maps—Deposit and use of fees.** A fee set by the board of natural resources shall be charged by each county auditor, in addition to any other fees required by law, as a condition precedent to the filing and recording of any surveys, subdivision plats, short plats, and condominium surveys, plats, or maps. Such funds shall be forwarded monthly to the state treasurer to be deposited in the surveys and maps account in the general fund. The fees shall be verified in the same manner as other fees collected by the county auditor. Fees collected under this section shall be expended by the department only for the activities prescribed in this chapter. [1987 c 466 § 9; 1983 c 272 § 2; 1982 c 165 § 7.]

*Condominium surveys and maps: RCW 64.32.100.*

*Plats and subdivisions: Chapter 58.17 RCW.*

## Chapter 58.28 RCW

### TOWNSITES ON UNITED STATES LAND—ACQUISITION OF LAND

#### Sections

#### INCORPORATED TOWNS ON UNITED STATES LAND

58.28.010	Councils' duties when townsites on United States land.
58.28.020	Councils' duties when townsites on United States land—Survey and plat.
58.28.030	Councils' duties when townsites on United States land—Plats—Filing.
58.28.040	Councils' duties when townsites on United States land—Survey, notice of—Bids for—Franchises continued.
58.28.050	Contents of plat.
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58.28.090	Assessments.
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- 58.28.110 Deficiency assessment—When payable.
- 58.28.120 Deed to claimants—Actions contesting title, limitations on.
- 58.28.130 Entries on mineral lands—Rights of claimants.
- 58.28.140 Conflicting claims—Procedure.
- 58.28.150 Notice of filing patent—Abandonment of claim.
- 58.28.160 Sale of unoccupied lots—Notice—Minimum price.
- 58.28.170 Lands for school and municipal purposes—Funds.
- 58.28.180 Effect of informalities—Certificate or deed as prima facie evidence.
- 58.28.190 Corporate authorities to act promptly.
- 58.28.200 Proof requisite to delivery of deed.
- 58.28.201 Title to vacated lots by occupancy and improvements.
- 58.28.202 Controversies, by whom settled—Review.
- 58.28.203 Platted lands declared dedicated to public use.
- 58.28.204 Appeals—Procedure.

UNINCORPORATED TOWNS ON UNITED STATES LAND

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- 58.28.220 Petition to superior court judge—Contents—Procedure.
- 58.28.230 Survey and plat—Boundaries—Monuments.
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- 58.28.250 Survey, notice of—Bids for—Franchises continued.
- 58.28.260 Contents of plat.
- 58.28.270 Monuments—Location, placement requisites.
- 58.28.280 Monuments—Markings—Surveyor's certificate on plat.
- 58.28.290 Plats filed—Auditor's fee.
- 58.28.300 Assessments—Disposition—Employment of attorney authorized.
- 58.28.310 Notice of possession filed—Assessment and fee—Certificate—Judge's record.
- 58.28.320 Deficiency assessment—When payable.
- 58.28.330 Deed to claimants—Actions contesting title, limitations on.
- 58.28.340 Entries on mineral lands—Rights of claimants.
- 58.28.350 Conflicting claims—Procedure.
- 58.28.360 Proof of right—Costs upon failure of both conflicting parties.
- 58.28.370 Notice of filing patent.
- 58.28.380 Abandonment of claim.
- 58.28.390 Sale of unoccupied lots—Notice—Minimum price.
- 58.28.400 Lands for school and public purposes—Expenses as charge against fund.
- 58.28.410 Disposition of excess money—Special fund.
- 58.28.420 Effect of informalities—Certificate or deed as prima facie evidence.
- 58.28.430 Proof requisite to delivery of deed.
- 58.28.440 Platted lands declared dedicated to public use.
- 58.28.450 Clerk's duties when judge trustee.
- 58.28.460 Accounting and depositing money—Promptness.
- 58.28.470 Records filed with county clerk.
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- 58.28.490 Appellate review—Procedure.
- 58.28.500 Succession of trust.
- 58.28.510 Title to vacated lots by occupancy and improvements.
- 58.28.520 Controversies, by whom settled—Review.

INCORPORATED TOWNS ON UNITED STATES LAND

**58.28.010 Councils' duties when townsites on United States land.** It is the duty of the city or town council of any city or town in this state situate upon public lands of the United States or lands, the legal and equitable title to which is in the United States of America, to enter at the proper land office of the United States such quantity of land as the inhabitants of any incorporated city or town may be entitled to claim, in the aggregate, according to their population, in the manner required by the laws of the United States and the regulations prescribed by the secretary of the interior of the United States, and by order entered upon their minutes and proceedings, at a regular meeting, to authorize and direct the mayor and clerk of such council, attested by the corporate seal, to make and sign all necessary declaratory statements, certificates, and affidavits, or other instruments requisite to carry into effect the intentions of this chapter and the intentions of the act of congress of the United States entitled "An act for the relief of the inhabitants of cities and towns upon

the public lands," approved March 2, 1867, and all acts of congress amendatory thereof and supplemental thereto, including section sixteen of an act of congress entitled "An act to repeal timber culture laws and for other purposes," approved March 3, 1891, and to make proof, when required, of the facts necessary to establish the claim of such inhabitants to the lands so granted by said acts of congress, and file in the proper United States land office a proper application in writing describing the tracts of land on which such city or town is situate, and make proof and payment for such tracts of land in the manner required by law. [1909 c 231 § 1; RRS § 11485. Prior: 1888 c 124 pp 216-220.]

**58.28.020 Councils' duties when townsites on United States land—Survey and plat.** Said council must cause a survey to be made by some competent person, of the lands which the inhabitants of said city or town may be entitled to claim under the said act of congress, located according to the legal subdivisions of the sections and by the section lines of the United States, and the same must be distinctly marked by suitable monuments; such survey must further particularly designate all streets, roads, lanes and alleys, public squares, churches, school lots, cemeteries, commons and levees as the same exist and have been heretofore dedicated in any manner to public use, and by measurement the precise boundaries and area of each, and every lot or parcel of land and premises claimed by any person, corporations or associations within said city or townsite must, as far as known by the surveyor, be designated on the plat, showing the name or names of the possessor or occupants and claimants, and in case of any disputed claim as to lots, lands, premises or boundaries the said surveyor, if the same be demanded by any person, shall designate the lines in different color from the body of the plat of such part of any premises so disputed or claimed adversely. [1909 c 231 § 2; RRS § 11486. Prior: 1888 c 124 pp 216-220.]

**58.28.030 Councils' duties when townsites on United States land—Plats—Filing.** A plat thereof must be made in triplicate, on a scale of not less than eighty feet to one inch, which must be duly certified under oath by the surveyor, one of which must be filed with the county auditor of the county wherein the city or town is situated, one must be deposited in the proper United States land office, and one with the city or town clerk. These plats shall be considered public records, and each must be accompanied with a copy of the field notes, and the county auditor must make a record of such plat in a book to be kept by him or her for that purpose, and such county auditor must file a copy of said field notes in his or her office. The said surveyor must number the blocks as divided by the roads, highways, and streets opened and generally used, and for which a public necessity exists at the time of making such survey, and must number the several lots consecutively in each block, and all other parcels of land within said town or city surveyed as herein provided, which said numbers must be a sufficient description of any parcel of land in said plats. Said survey and plat thereof shall conform as near as may be to the existing rights, interests, and claims of the occupants thereof, but no lot in the central or business portion of such city or town shall exceed in area four thou-

sand, two hundred square feet, and no suburban lot in such city or town shall exceed two acres in area. [2010 c 8 § 18006; 1909 c 231 § 3; RRS § 11487. Prior: 1888 c 124 pp 216-220.]

**58.28.040 Councils' duties when townsites on United States land—Survey, notice of—Bids for—Franchises continued.** Before proceeding to make such survey, at least ten days' notice thereof must be given, by posting within the limits of such city or townsite, not less than five written or printed notices of the time when such survey shall commence, or by publication thereof in a newspaper published in the city or town, if one there be. The survey of said city or town lands must be made to the best advantage and at the least expense to the holders, claimants and occupants thereof; and the council is hereby authorized and directed to receive bids for such surveying, and to let the same by contract to the lowest competent bidder: PROVIDED, That the possessors, owners and claimants of water works, electric light, telegraph, telephone, pipe or power lines, sewers and like or similar property located in such roads, streets, alleys and other public places in such cities and towns shall be maintained and protected in the same, as the same shall exist at the time of the entry in the United States land office of the land embracing such city or town, and the right to continue to use such property for the purposes for which said property was intended, is hereby acknowledged and confirmed. [1909 c 231 § 4; RRS § 11488. Prior: 1888 c 124 pp 216-220.]

**58.28.050 Contents of plat.** Such plat must show as follows:

- (1) All streets, alleys, avenues, roads and highways, and the width thereof.
- (2) All parks, squares and all other grounds reserved for public uses, with the boundaries and dimensions thereof.
- (3) All lots and blocks, with their boundaries, designating such lots and blocks by numbers, and giving the dimensions of every lot.
- (4) The angles of intersection of all boundary lines of the lots and block, whenever the angle of intersection is not a right angle.
- (5) The location of all stone or iron monuments set to establish street lines.
- (6) The exterior boundaries of the piece of land so platted, giving such boundaries by true courses and distances.
- (7) The location of all section corners, quarter section or meander corners of sections within the limits of said plat.
- (8) In case no such section or quarter section or meander corners are within the limits of the plat, it must show a connection line to some corner or initial point of the government surveys, or a government mineral monument, if there be any within one mile of such townsite. All distances marked on the plat must be in feet and decimals of a foot. [1909 c 231 § 5; RRS § 11489. Prior: 1888 c 124 pp 216-220.]

**58.28.060 Monuments—Location, placement requisites.** Such surveyor must mark all corners of blocks or lots shown on the plat by substantial stakes or monuments, and must set stone or iron monuments at the points of intersection of the center lines of all the streets, where practicable, or as

near as possible to such points, and their location must be shown by marking on the plat the distances to the block corners adjacent thereto. The top of such monument must be placed one foot below the surface of the ground, and in size must be at least six inches by six inches by six inches, and be placed in the ground to the depth of one foot. [1909 c 231 § 6; RRS § 11490. Prior: 1888 c 124 pp 216-220.]

**58.28.070 Monuments—Markings—Surveyor's certificate on plat.** If a stone is used as a monument, it must have a cross cut in the top at the point of intersection of the center lines of streets, or a hole may be drilled in the stone to mark such point. If an iron monument is used it must be at least two inches in diameter by two and one-half feet in length, and may be either solid iron or pipe. The dimensions of the monuments must be marked on the plat, and reference thereto made in the field notes, and establish permanently the lines of all the streets. The surveyor must make and subscribe on the plat a certificate that such survey was made in accordance with the provisions of this chapter, stating the date of survey, and verify the same by his or her oath. [2010 c 8 § 18007; 1909 c 231 § 7; RRS § 11491. Prior: 1888 c 124 pp 216-220.]

**58.28.080 Plats filed—Auditor's fee.** All such plats must be made on mounted drawing paper, and filed and recorded in the office of the county auditor, and he or she must keep the original plat for public inspection. The fee of such county auditor for filing and recording each of such plats and the field notes accompanying the same shall be the sum of ten dollars. [2010 c 8 § 18008; 1909 c 231 § 8; RRS § 11492. Prior: 1888 c 124 pp 216-220.]

**58.28.090 Assessments.** Each lot or parcel of said lands having thereon valuable improvements or buildings ordinarily used as dwellings or for business purposes, not exceeding one-tenth of one acre in area, shall be rated and assessed by the said corporate authorities at the sum of one dollar; each lot or parcel of such lands exceeding one-tenth and not exceeding one-eighth of one acre in area, shall be rated and assessed at the sum of one dollar and fifty cents; each lot or parcel of such lands exceeding in area one-eighth of one acre and not exceeding one-quarter of an acre in area, shall be rated and assessed at the sum of two dollars; and each lot or parcel of such lands exceeding one-quarter of an acre and not exceeding one-half of one acre in area, shall be rated and assessed at the sum of two dollars and fifty cents; and each lot or parcel of land so improved exceeding one-half acre in area shall be assessed at the rate of two dollars and fifty cents for each half an acre or fractional part over half an acre; and every lot or parcel of land enclosed, which may not otherwise be improved, claimed by any person, corporation, or association, shall be rated and assessed at the rate of two dollars per acre or fractional part over an acre; and where upon one parcel of land there shall be two or more separate buildings occupied or used ordinarily as dwellings or for business purposes each such building, for the purposes of this section, shall be considered as standing on a separate lot of land; but the whole of such premises may be conveyed in one deed; which moneys so assessed must be received by the clerk and

be paid by him or her into the city or town treasury. [2010 c 8 § 18009; 1909 c 231 § 9; RRS § 11493. Prior: 1888 c 124 pp 216-220.]

**58.28.100 Notice of possession filed—Assessment and fee—Certificate—Council record.** Every person, company, corporation or association claimant of any city or town lot or parcel of land within the limits of such city or townsite, must present to the council, by filing the same with the clerk thereof, within three months after the patent (or certified copy thereof) from the United States has been filed in the office of the county auditor, his, her, its or their affidavit, (or by guardian or next friend where the claimant is under disability), verified in person or by duly authorized agent, attorney, guardian or next friend, in which must be concisely stated the facts constituting the possession or right of possession of the claimant, and that the claimant is entitled to the possession thereof and to a deed therefor as against all other persons, to the best of his knowledge and belief, and stating who was an occupant of such lot or parcel of land at the time of the entry of such townsite at the United States land office, to which must be attached a copy of so much of the plat of said city or townsite as will fully exhibit the particular lot or parcel of land so claimed, and every such claimant, at the time of filing such affidavit, must pay to such clerk such sum of money as said clerk shall certify to be due for the assessment mentioned in RCW 58.28.090, together with the further sum of four dollars, to be appropriated to the payment of expenses incurred in carrying out the provisions of this chapter, and the said clerk must thereupon give to such claimant a certificate, attested by the corporate seal, containing a description of the lot or parcel of land claimed, and setting forth the amounts paid thereon by such claimant. The council of every such city or town must procure a bound book, wherein the clerk must make proper entries of the substantial matters contained in every such certificate issued by him, numbering the same in consecutive order, setting forth the name of the claimant or claimants in full, date of issue, and description of lot or lands claimed. [1909 c 231 § 10; RRS § 11494. Prior: 1888 c 124 pp 216-220.]

**58.28.110 Deficiency assessment—When payable.** If it is found that the amounts hereinbefore specified as assessments and fees for costs and expenses prove to be insufficient to cover and defray all the necessary expenses, the council must estimate the deficiency and assess such deficiency pro rata upon all the lots and parcels of land in such city or town, and declare the same upon the basis set down in RCW 58.28.090, which additional amount, if any, may be paid by the claimant at the time when the certificate hereinafter [hereinbefore] mentioned, or at the time when the deed of conveyance hereinbefore [hereinafter] provided for, is issued. [1909 c 231 § 11; RRS § 11495. Prior: 1888 c 124 pp 216-220.]

**58.28.120 Deed to claimants—Actions contesting title, limitations on.** At the expiration of six months after the time of filing of such patent, or a certified copy thereof in the office of the county auditor, if there has been no adverse claim filed in the meantime, the council must execute and deliver to such claimant, his or her, its or their heirs, execu-

tors, administrators, grantees, successors or assigns a good and sufficient deed of the premises described in the application of the claimant originally filed, if proper proof shall have been made, which said deed must be signed and acknowledged by the mayor or other presiding officer of the council, and attested by the corporate seal of such city or town. No conveyance of any such lands made as in this chapter provided, concludes the rights of third persons; but such third persons may have their action in the premises, to determine their alleged interest in such lands and their right to the legal title thereto against such grantee, his, her, its or their heirs, successors or assigns, to which they may deem themselves entitled either in law or equity; but no action for the recovery or possession of such premises, or any portion thereof, or to establish the right to the legal title thereto, must be maintained in any court against the grantee named therein, or against his, her, its or their legal representatives or assigns, unless such action shall be commenced within six months after such deed shall have been filed for record in the office of the county auditor of the county where such lands are situate; nothing herein shall be construed to extend the time of limitation prescribed by law for the commencement of actions upon the possessory claim or title to real estate, when such action is barred by law at the time of the passage of this chapter. [1909 c 231 § 12; RRS § 11496. Prior: 1888 c 124 pp 216-220.]

**58.28.130 Entries on mineral lands—Rights of claimants.** Townsite entries may be made by incorporated towns or cities on the mineral lands of the United States, but no title shall be acquired by such towns or cities to any vein of gold, silver, cinnabar, copper or lead, or to any valid mining claim or possession held under existing law. When mineral veins are possessed within the limits of an incorporated town or city, and such possession is recognized by local authority or by the laws of the United States, the title to town lots shall be subject to such recognized possession and the necessary use thereof and when entry has been made or patent issued for such townsites to such incorporated town or city, the possessor of such mineral vein may enter and receive patent for such mineral vein, and the surface ground appertaining thereto: PROVIDED, That no entry shall be made by such mineral vein claimant for surface ground where the owner or occupier of the surface ground shall have had possession of the same before the inception of the title of the mineral vein applicant. [1909 c 231 § 13; RRS § 11497. Prior: 1888 c 124 pp 216-220.]

**58.28.140 Conflicting claims—Procedure.** In all cases of adverse claims or disputes arising out of conflicting claims to lands or concerning boundary lines, the adverse claimants may submit the decision thereof to the council of such city or town by an agreement in writing specifying particularly the subject matter in dispute, and may agree that their decision shall be final. The council must hear the proofs, and shall order a deed to be executed or denied in accordance with the facts; but in all other cases of adverse claims, the party out of possession shall commence his or her action in a court of competent jurisdiction within six months after the time of filing of the patent from the United States (or a certified copy

thereof), in the office of the county auditor. In case such action be commenced, the plaintiff must serve a notice of lis pendens upon the mayor, who must thereupon stay all proceedings in the matter of granting any deed to the land in dispute until the final decision in such suit; and upon presentation of a certified copy of the final judgment of such court in such action, the council must cause to be executed and delivered a deed of such premises, in accordance with the judgment, adjudging the claimant to have been an occupant of any particular lot or lots at the time of the entry of such townsite in the United States land office, or to be the successor in interest of such occupant. If in any action brought under this chapter, or under said acts of congress, the right to the ground in controversy shall not be established by either party, the court or jury shall so find and judgment shall be entered accordingly. In such case costs shall not be allowed to either party, and neither party shall be entitled to a deed to the ground in controversy, and in such action it shall be incumbent upon each claimant to establish that he, she, or it was an occupant of the ground in controversy within the meaning of the said acts of congress at the time of the entry of said townsite in the United States land office, or is the successor in interest of such occupant. [2010 c 8 § 18010; 1909 c 231 § 14; RRS § 11498. Prior: 1888 c 124 pp 216-220.]

*Proof of right—Costs upon failure of both conflicting parties: RCW 58.28.360.*

**58.28.150 Notice of filing patent—Abandonment of claim.** The said council must give public notice by advertising for four weeks in a newspaper published in said city or town, or, if there be no newspaper published in said city or town, then by publication in some newspaper having general circulation in such city or town, and not less than five written or printed notices must be posted in public places within the limits of such city or townsite; such notice must state that patent for said townsite (or certified copy thereof) has been filed in the county auditor's office. If any person, company, association or any other claimant of lands in such city or town fails, neglects or refuses to make application to the council for a deed of conveyance to the lands so claimed, and to pay the sums of money specified in this chapter, within three months after filing of such patent, or a certified copy thereof, in the office of the county auditor, shall be deemed to have abandoned the same and to have forfeited all right, title and interest therein or thereto both in law and in equity as against the trustee of said townsite, and such abandoned or forfeited lot or lots shall be sold as unoccupied lands, and the proceeds thereof placed in the special fund in this chapter mentioned. [1909 c 231 § 15; RRS § 11499. Prior: 1888 c 124 pp 216-220.]

**58.28.160 Sale of unoccupied lots—Notice—Minimum price.** All lots in such city or townsite which were unoccupied at the time of the entry of said townsite in the United States land office shall be sold by the corporate authorities of such city or town, or under their direction, at public auction to the highest bidder for cash, each lot to be sold separately, and notice of such sale or sales shall be given by posting five written or printed notices in public places within said townsite, giving the time and particular place of sale, which notices must be posted for at least thirty days

prior to the date of said sale, and by publishing a like notice for four consecutive weeks prior to such sale in a newspaper published in such city or town, or, if no such newspaper be published in such city or town, then in some newspaper having general circulation in such city or town, and deeds shall be given therefor to the several purchasers: PROVIDED, That no such unoccupied lot shall be sold for less than five dollars in addition to an assessment equivalent to assessment provided in RCW 58.28.090, and all moneys arising from such sale, after deducting the costs and expenses of such sale or sales, shall be placed in the treasury of such city or town. [1909 c 231 § 16; RRS § 11500. Prior: 1888 c 124 pp 216-220.]

**58.28.170 Lands for school and municipal purposes—Funds.** All school lots or parcels of land, reserved or occupied for school purposes, must be conveyed to the school district in which such city or town is situated, without cost or charge of any kind whatever. All lots or parcels of land reserved or occupied for municipal purposes must be conveyed to such city or town without cost or charge of any kind whatever. All expenses necessarily incurred or contracted by the carrying into effect of the provisions of this chapter are a charge against the city or town on behalf of which the work was done, and such expenses necessarily incurred, either before or after the incorporation thereof, shall be paid out of the treasury of such city or town upon the order of the council thereof; and all moneys paid for lands or to defray the expenses of carrying into effect the provisions of this chapter shall be paid into the city or town treasury by the officer or officers receiving the same, and shall constitute a special fund, from which shall be paid all expenses, and the surplus, if any there be, shall be expended under the direction of the city or town council for public improvements in such city or town. [1909 c 231 § 17; RRS § 11501. Prior: 1888 c 124 pp 216-220.]

**58.28.180 Effect of informalities—Certificate or deed as prima facie evidence.** No mere informality, failure or omission on the part of any of the persons or officers named in this chapter invalidates the acts of such person or officer; but every certificate or deed granted to any person pursuant to the provisions of this chapter is prima facie evidence that all preliminary proceedings in relation thereto have been correctly taken and performed, and that the recitals therein are true and correct. [1909 c 231 § 18; RRS § 11502. Prior: 1888 c 124 pp 216-220.]

**58.28.190 Corporate authorities to act promptly.** Such corporate authorities shall promptly execute and perform all duties imposed upon them by the provisions of this chapter. [1909 c 231 § 19; RRS § 11503. Prior: 1888 c 124 pp 216-220.]

**58.28.200 Proof requisite to delivery of deed.** No deed to any lot or parcel of land in such townsite entry shall be made or delivered to any alleged occupant thereof before proof shall have been made under oath showing such claimant to have been an occupant of such lot or parcel of land within the meaning of said laws of congress at the time of the

entry of such townsite at the proper United States land office, but the grantees, heirs, successors in interest or assigns of such occupant of any lot, as such, may receive such deed. [1909 c 231 § 20; RRS § 11504. Prior: 1888 c 124 pp 216-220.]

**58.28.201 Title to vacated lots by occupancy and improvements.** See RCW 58.28.510.

**58.28.202 Controversies, by whom settled—Review.** See RCW 58.28.520.

**58.28.203 Platted lands declared dedicated to public use.** See RCW 58.28.440.

**58.28.204 Appeals—Procedure.** See RCW 58.28.490.

#### UNINCORPORATED TOWNS ON UNITED STATES LAND

**58.28.210 Unincorporated towns on United States land—Superior court judge to file claim.** It is the duty of the judge of the superior court of any county in this state to enter at the proper land office of the United States such quantity of land as the inhabitants of any unincorporated town, situate upon lands the legal and equitable title to which is in the United States of America, or situate upon public lands of the United States within the county wherein such superior court is held, may be entitled to claim in the aggregate, according to their population, in the manner required by the laws of the United States, and valid regulations prescribed by the secretary of the interior of the United States, and to make and sign all necessary declaratory statements, certificates and affidavits, or other instruments requisite to carry into effect the intentions of this chapter, and the intention of the act of congress of the United States entitled "An act for the relief of the inhabitants of cities and towns upon the public lands," approved March 2, 1867, and all acts of congress amendatory thereof and supplemental thereto, and to file in the proper United States land office a proper application in writing, describing the tracts of land on which such unincorporated town is situated, and all lands entitled to be embraced in such government townsite entry, and make proof and payment for such tracts of land in the manner required by law. [1909 c 231 § 21; RRS § 11505. Prior: 1888 c 124 pp 216-220.]

**58.28.220 Petition to superior court judge—Contents—Procedure.** The judge of the superior court of any county in this state, whenever he or she is so requested by a petition signed by not less than five residents, householders in any such unincorporated town, whose names appear upon the assessment roll for the year preceding such application in the county wherein such unincorporated town is situated—which petition shall set forth the existence, name, and locality of such town, whether such town is situated on surveyed or unsurveyed lands, and if on surveyed lands an accurate description according to the government survey of the legal subdivisions sought to be entered as a government townsite must be stated; the estimated number of its inhabitants; the

approximate number of separate lots or parcels of land within such townsite, and the amount of land to which they are entitled under such acts of congress—must estimate the cost of entering such land, and of the survey, platting, and recording of the same, and must endorse such estimate upon such petition, and upon receiving from any of the parties interested the amount of money mentioned in such estimate, the said judge may cause an enumeration of the inhabitants of such town to be made by some competent person, exhibiting therein the names of all persons residing in said proposed townsite and the names of occupants of lots, lands, or premises within such townsite, alphabetically arranged, verified by his or her oath, and cause such enumeration to be presented to such judge. [2010 c 8 § 18011; 1909 c 231 § 22; RRS § 11506. Prior: 1888 c 124 pp 216-220.]

**58.28.230 Survey and plat—Boundaries—Monuments.** Such judge must thereupon cause a survey to be made by some competent person, of the lands which the inhabitants of said town may be entitled to claim under said acts of congress, located according to the legal subdivisions of the sections according to the government survey thereof, and the same must be distinctly marked by suitable monuments; such survey must further particularly designate all streets, roads, lanes, and alleys, public squares, churches, school lots, cemeteries, commons, and levees, as the same exist and have been heretofore dedicated, in any manner to public use, and by measurement the precise boundaries and area of each and every lot or parcel of land and premises claimed by any person, corporation, or association within said townsite must, as far as known by the surveyor, be designated on the plat, showing the name or names of the possessor, occupant or claimant; and in case of any disputed claim as to lots, lands, premises or boundaries, the said surveyor, if the same be demanded by any person, shall designate the lines in different color from the body of the plat of such part of any premises so disputed or claimed adversely; said surveyor shall survey, lay out and plat all of said lands, whether occupied or not, into lots, blocks, streets and alleys. [1909 c 231 § 23; RRS § 11507. Prior: 1888 c 124 pp 216-220.]

**58.28.240 Plats—Filing.** The plat thereof must be made in triplicate on a scale of not less than eighty feet to an inch, which must be duly certified under oath by the surveyor, one of which must be filed with the county auditor of the county wherein such unincorporated town is situated, one must be deposited in the proper United States land office, and one with such judge. These plats shall constitute public records, and must each be accompanied by a copy of the field notes, and the county auditor must make a record of such plat in a book to be kept by him or her for that purpose, and such county auditor must file such copy of said field notes in his or her office. The said surveyor must number and survey the blocks as divided by the roads, and streets opened and generally used and for which a public necessity exists, at the time of making such survey, and must number the several lots consecutively in each block, and all other parcels of land within said unincorporated town as herein provided, which said numbers must be a sufficient description of any parcel of land

represented on said plats. Said survey and plat thereof shall conform as nearly as may be to the existing rights, interest, and claims of the occupants thereof, but no lot in the center or business portion of said unincorporated town shall exceed in area four thousand two hundred feet, and no suburban lot in such unincorporated town shall exceed two acres in area. [2010 c 8 § 18012; 1909 c 231 § 24; RRS § 11508. Prior: 1888 c 124 pp 216-220.]

**58.28.250 Survey, notice of—Bids for—Franchises continued.** Before proceeding to make such survey, at least ten days' notice thereof must be given, by posting within the limits of such townsite, not less than five written or printed notices of the time when such survey shall commence, or by publication thereof in a newspaper published in said town, if one there be. The survey of said townsite must be made to the best advantage and at the least expense to the holders, claimants, possessors and occupants thereof. The said judge is hereby authorized and directed to receive bids for such surveying, platting and furnishing copies of the field notes, and to let the same by contract to the lowest competent bidder: PROVIDED, That the possessors, owners, or claimants of water works, electric light, telegraph, telephone, pipe or power lines, sewers, irrigating ditches, drainage ditches, and like or similar property located in such townsites or in the roads, streets, alleys or highways therein or in other public places in such townsite, shall be maintained and protected in the same as the same shall exist at the time of the entry in the United States land office of the land embraced in such government townsite, and the right to continue to use such property, for the purposes for which said property was intended, is hereby acknowledged and confirmed. [1909 c 231 § 25; RRS § 11509. Prior: 1888 c 124 pp 216-220.]

**58.28.260 Contents of plat.** Such plat must show as follows:

- (1) All streets, alleys, avenues, roads and highways, and the width thereof.
- (2) All parks, squares and all other ground reserved for public uses, with the boundaries and dimensions thereof.
- (3) All lots and blocks, with their boundaries, designating such lots and blocks by numbers, and giving the dimensions of every lot.
- (4) The angles of intersection of all boundary lines of the lots and block, whenever the angle of intersection is not a right angle.
- (5) The location of all stone or iron monuments set to establish street lines.
- (6) The exterior boundaries of the piece of land so platted, giving such boundaries by true courses and distances.
- (7) The location of all section corners, or legal subdivision corners of sections within the limits of said plat.
- (8) In case no such section or subdivision corners are within the limits of the plat, it must show a connection line to some corner or initial point of the government surveys, or a government mineral monument, if there be any within one mile of such townsite. All distances marked on the plat must be in feet and decimals of a foot. [1909 c 231 § 26; RRS § 11510. Prior: 1888 c 124 pp 216-220.]

**58.28.270 Monuments—Location, placement requirements.** Such surveyor must mark all corners of blocks or lots shown on the plat by substantial stakes or monuments, and must set stone or iron monuments at the points of intersection of the center lines of all the streets, where practicable, or as near as possible to such points, and their location must be shown by marking on the plat the distances to the block corners adjacent thereto. The top of such monument must be placed one foot below the surface of the ground, and in size must be at least six inches by six inches by six inches, and be placed in the ground to the depth of one foot. [1909 c 231 § 27; RRS § 11511. Prior: 1888 c 124 pp 216-220.]

**58.28.280 Monuments—Markings—Surveyor's certificate on plat.** If a stone is used as a monument it must have a cross cut in the top at the point of intersection of center lines of streets, or a hole may be drilled in the stone to mark such point. If an iron monument is used it must be at least two inches in diameter by two and one-half feet in length, and may be either solid iron or pipe. The dimensions of the monuments must be marked on the plat, and reference thereto made in the field notes, and establish permanently the lines of all the streets. The surveyor must make and subscribe on the plat a certificate that such survey was made in accordance with the provisions of this chapter, stating the date of survey, and verify the same by his or her oath. [2010 c 8 § 18013; 1909 c 231 § 28; RRS § 11512. Prior: 1888 c 124 pp 216-220.]

**58.28.290 Plats filed—Auditor's fee.** All such plats must be made on mounted drawing paper, and filed and recorded in the office of the county auditor, and he or she must keep the original plat for public inspection. The fee of such county auditor for filing and recording each of such plats, and the field notes accompanying the same shall be the sum of ten dollars. [2010 c 8 § 18014; 1909 c 231 § 29; RRS § 11513. Prior: 1888 c 124 pp 216-220.]

**58.28.300 Assessments—Disposition—Employment of attorney authorized.** Each lot or parcel of said lands having thereon valuable improvements or buildings ordinarily used as dwellings or for business purposes, not exceeding one-tenth of one acre in area, shall be rated and assessed by the said judge at the sum of one dollar; each lot or parcel of such lands exceeding one-tenth, and not exceeding one-eighth of one acre in area, shall be rated and assessed at the sum of one dollar and fifty cents; each lot or parcel of such lands exceeding in area one-eighth of one acre and not exceeding one-quarter of an acre in area, shall be rated and assessed at the sum of two dollars; and each lot or parcel of such lands exceeding one-quarter of an acre and not exceeding one-half of one acre in area, shall be rated and assessed at the sum of two dollars and fifty cents; and each lot or parcel of land so improved, exceeding one-half acre in area, shall be assessed at the rate of two dollars and fifty cents for each half an acre or fractional part over half an acre; and every lot or parcel of land enclosed, which may not otherwise be improved, claimed by any person, corporation, or association, shall be rated and assessed at the rate of two dollars per acre or fractional part over an acre; and where upon one parcel of land there shall be two or more separate buildings

occupied or used ordinarily as dwellings or for business purposes, each such building, for the purposes of this section, shall be considered as standing on a separate lot of land; but the whole of such premises may be conveyed in one deed; which moneys so assessed must constitute a fund from which must be reimbursed or paid the moneys necessary to pay the government of the United States for said townsite lands, and interest thereon, if such moneys have been loaned or advanced for the purpose and expenses of their location, entry and purchase, and cost and expenses attendant upon the making of such survey, plats, publishing and recording, including a reasonable attorney's fee for legal services necessarily performed, and the persons or occupants in such townsite procuring said townsite entry to be made, may employ an attorney to assist them in so doing and to assist such judge in the execution of his or her trust, and he or she shall be allowed by such judge out of said fund a reasonable compensation for his or her services. [2010 c 8 § 18015; 1909 c 231 § 30; RRS § 11514. Prior: 1888 c 124 pp 216-200.]

**58.28.310 Notice of possession filed—Assessment and fee—Certificate—Judge's record.** Every person, company, corporation, or association, claimant of any town lot or parcel of land, within the limits of such townsite, must present to such judge within three months after the patent (or a certified copy thereof), from the United States has been filed in the office of the county auditor, his, her, or its affidavit, (or by guardian or next friend where the claimant is under disability), verified in person, or by duly authorized agent or attorney, guardian or next friend, in which must be concisely stated the facts constituting the possession or right of possession of the claimant and that the claimant is entitled to the possession thereof and to a deed therefor as against all other persons or claimants, to the best of his or her knowledge and belief, and in which must be stated who was an occupant of such lot or parcel of land at the time of the entry of such townsite at the United States land office, to which must be attached a copy of so much of the plat of said townsite as will fully exhibit the particular lots or parcels of land so claimed; and every such claimant, at the time of presenting and filing such affidavit with said judge, must pay to such judge such sum of money as said judge shall certify to be due for the assessment mentioned in RCW 58.28.300, together with the further sum of four dollars, to be appropriated to the payment of cost and expenses incurred in carrying out the provisions of this chapter, and the said judge must thereupon give to such claimant a certificate, signed by him or her and attested by the seal of the superior court, containing a description of the lot or parcel of land claimed, and setting forth the amounts paid thereon by such claimant. Such judge must procure a bound book for each unincorporated government townsite in his or her county wherein he or she must make proper entries of the substantial matters contained in such certificate issued by him or her, numbering the same in consecutive order, setting forth the name of the claimant or claimants in full, date of issue, and description of the lot or lands claimed. [2010 c 8 § 18016; 1909 c 231 § 31; RRS § 11515. Prior: 1888 c 124 pp 216-220.]

(2010 Ed.)

**58.28.320 Deficiency assessment—When payable.** If it is found that the amounts hereinbefore specified as assessments and fees for costs and expenses, prove to be insufficient to cover and defray all the necessary expenses, the said judge must estimate the deficiency and assess such deficiency pro rata upon all the lots and parcels of land in such government townsite, and declare the same upon the basis set down in RCW 58.28.300; which additional amount, if any, may be paid by the claimant at the time when the certificate hereinbefore mentioned, or at the time when the deed of conveyance hereinafter provided for, is issued. [1909 c 231 § 32; RRS § 11516. Prior: 1888 c 124 pp 216-220.]

**58.28.330 Deed to claimants—Actions contesting title, limitations on.** At the expiration of six months after the time of filing such patent, or certified copy thereof, in the office of the county auditor, if there has been no adverse claim filed in the meantime, said judge must execute and deliver to such claimant or to his, her, its or their heirs, executor, administrator, grantee, successor or assigns a good and sufficient deed of the premises described in the application of the claimant originally filed, if proper proof shall have been made, which said deed must be signed and acknowledged by such judge as trustee, and attested by the seal of the superior court. No conveyance of any such lands made as in this chapter provided, concludes the rights of third persons; but such third persons may have their action in the premises, to determine their alleged interest in such lands, and their right to the legal title thereto, against such grantee, his, her, its or their heirs, executors, administrators, successors or assigns, to which they may deem themselves entitled, either in law or in equity; but no action for the recovery or possession of such premises, or any portion thereof, or to establish the right to the legal title thereto, must be maintained in any court against the grantee named therein, or against his, her, its or their heirs, executors, administrators, successors or assigns, unless such action shall be commenced within six months after such deed shall have been filed for record in the office of the county auditor of the county where such lands are situated; nothing herein shall be construed to extend the time of limitation prescribed by law for the commencement of actions upon a possessory claim or title to real estate, when such action is barred by law at the time of the taking effect of this chapter. [1909 c 231 § 33; RRS § 11517. Prior: 1888 c 124 pp 216-220.]

**58.28.340 Entries on mineral lands—Rights of claimants.** Townsite entries may be made by such judge on mineral lands of the United States, but no title shall be acquired by such judge to any vein of gold, silver, cinnabar, copper or lead, or to any valid mining claim or possession held under existing laws. When mineral veins are possessed within the limits of an unincorporated town, and such possession is recognized by local authority, or by the laws of the United States, the title to town lots shall be subject to such recognized possession and the necessary use thereof, and when entry has been made or patent issued for such townsite to such judge, the possessor of such mineral vein may enter and receive patent for such mineral vein, and the surface ground appertaining thereto: PROVIDED, That no entry shall be made by such mineral vein claimant for surface ground where

the owner or occupier of the surface ground shall have had possession of the same before the inception of the title of the mineral vein applicant. [1909 c 231 § 34; RRS § 11518. Prior: 1888 c 124 pp 216-220.]

**58.28.350 Conflicting claims—Procedure.** In all cases of adverse claims or disputes arising out of conflicting claims to land or concerning boundary lines, the adverse claimants may submit the decision thereof to said judge by an agreement in writing specifying particularly the subject matter in dispute and may agree that his or her decision shall be final. The said judge must hear the proofs, and shall execute a deed or deny the execution of a deed in accordance with the facts; but in all other cases of adverse claims the party out of possession shall commence his or her action in a court of competent jurisdiction within six months after the filing of the patent (or a certified copy thereof) from the United States, in the office of the county auditor. In case such action be commenced within the time herein limited, the plaintiff must serve notice of lis pendens upon such judge, who must thereupon stay all proceedings in the matter of granting or executing any deed to the land in dispute until the final decision in such suit; upon presentation of a certified copy of the final judgment in such action, such judge must execute and deliver a deed of the premises, in accordance with the judgment, adjudging the claimant to have been an occupant of any particular lot or lots at the time of the entry of such townsite in the United States land office, or to be the successor in interest of such occupant. [2010 c 8 § 18017; 1909 c 231 § 35; RRS § 11519. Prior: 1888 c 124 pp 216-220.]

**58.28.360 Proof of right—Costs upon failure of both conflicting parties.** If in any action brought under this chapter, or under said acts of congress, the right to the ground in controversy shall not be established by either party, the court or jury shall so find and judgment shall be entered accordingly. In such case costs shall not be allowed to either party, and neither party shall be entitled to a deed to the ground in controversy, and in such action it shall be incumbent upon each claimant or claimants to establish that he, she, it or they, was or were, an occupant of the ground in controversy within the meaning of said acts of congress at the time of the entry of said townsite in the United States land office, or is or are the successor, or successors in interest of such occupant. [1909 c 231 § 36; RRS § 11520. Prior: 1888 c 124 pp 216-220.]

*Conflicting claims—Procedure: RCW 58.28.140.*

**58.28.370 Notice of filing patent.** Said judge must promptly give public notice by advertising for four weeks in any newspaper published in such town, or if there be no newspaper published in such town, then by publication in some newspaper having general circulation in such town, and not less than five written or printed notices must be posted in public places within the limits of such townsite; such notice must state that the patent for said townsite (or a certified copy thereof) has been filed in the county auditor's office. [1909 c 231 § 37; RRS § 11521. Prior: 1888 c 124 pp 216-220.]

**58.28.380 Abandonment of claim.** If any person, company, association, or any other claimant of lands in such townsite fails, neglects or refuses to make application to said judge for a deed of conveyance to said land so claimed, and pay the sums of money specified in this chapter, within three months after the filing of such patent, or a certified copy thereof, in the office of the county auditor, shall be deemed to have abandoned the claim to such land and to have forfeited all right, title, claim and interest therein or thereto both in law and in equity as against the trustee of said townsite, and such abandoned or forfeited lot or lots may be sold by such trustee as unoccupied lands, and the proceeds thereof placed in the fund heretofore mentioned in this chapter. [1909 c 231 § 38; RRS § 11522. Prior: 1888 c 124 pp 216-220.]

**58.28.390 Sale of unoccupied lots—Notice—Minimum price.** All lots in such townsite which were unoccupied within the meaning of the said acts of congress at the time of the entry of said townsite in the United States land office shall be sold by such judge or under his or her direction, at public auction to the highest bidder for cash, each lot to be sold separately, and notice of such sale, or sales, shall be given by posting five written or printed notices in public places within said townsite, giving the time and particular place of sale, which notices must be posted at least thirty days prior to the date of any such sale, and by publishing a like notice for four consecutive weeks prior to any such sale in a newspaper published in such town, or if no newspaper be published in such town, then in some newspaper having general circulation in such town. And deed shall be given therefor to the several purchasers: PROVIDED, That no such unoccupied lot shall be sold for less than five dollars in addition to an assessment equivalent to assessment provided for in RCW 58.28.300, and all moneys arising from such sale or sales after deducting the cost and expenses of such sale or sales shall be placed in the fund hereinbefore mentioned. [2010 c 8 § 18018; 1909 c 231 § 39; RRS § 11523. Prior: 1888 c 124 pp 216-220.]

**58.28.400 Lands for school and public purposes—Expenses as charge against fund.** All school lots or parcels of land reserved or occupied for school purposes, must be conveyed to the school district in which such town is situated without cost or charge of any kind whatever. All lots or parcels of land reserved or occupied for public purposes must be set apart and dedicated to such public purposes without cost or charge of any kind whatever. All expenses necessarily incurred or contracted by the carrying into effect of the provisions of this chapter or said acts of congress are a charge against the fund herein provided for. [1909 c 231 § 40; RRS § 11524. Prior: 1888 c 124 pp 216-220.]

**58.28.410 Disposition of excess money—Special fund.** Any sum of money remaining in said fund after defraying all necessary expenses of location, entry, surveying, platting, advertising, filing and recording, reimbursement of moneys loaned or advanced and paying the cost and expenses herein authorized and provided for must be deposited in the county treasury by such judge to the credit of a special fund of each particular town, and kept separate by the county treasurer to be paid out by him or her only upon the

written order of such judge in payment for making public improvements, or for public purposes, in such town. [2010 c 8 § 18019; 1909 c 231 § 41; RRS § 11525. Prior: 1888 c 124 pp 216-220.]

**58.28.420 Effect of informalities—Certificate or deed as prima facie evidence.** No mere informality, failure, or omission on the part of any persons or officers named in this chapter invalidates the acts of such person or officers; but every certificate or deed granted to any person pursuant to the provisions of this chapter is prima facie evidence that all preliminary proceedings in relation thereto have been taken and performed and that the recitals therein are true and correct. [1909 c 231 § 42; RRS § 11526. Prior: 1888 c 124 pp 216-220.]

**58.28.430 Proof requisite to delivery of deed.** No deed to any lot in such unincorporated town or unincorporated government townsite entry shall be made or delivered to any alleged occupant thereof before proof shall have been made under oath, showing such claimant to have been an occupant of such lot or parcel of land within the meaning of said laws of congress at the time of the entry of such townsite at the proper United States land office, but the grantees, heirs, executors, administrators, successors in interest or assigns of such occupant of any lot, as such, may receive such deed. [1909 c 231 § 43; RRS § 11527. Prior: 1888 c 124 pp 216-220.]

**58.28.440 Platted lands declared dedicated to public use.** All streets, roads, lanes and alleys, public squares, cemeteries, parks, levees, school lots, and commons, surveyed, marked and platted, on the map of any townsite, as prescribed and directed by the provisions of this chapter, are hereby declared to be dedicated to public use, by the filing of such town plat in the office of the county auditor, and are inalienable, unless by special order of the board of commissioners of the county, so long as such town shall remain unincorporated; and if such town at any time thereafter becomes incorporated, the same becomes the property of such town or city, and must be under the care and subject to the control of the council or other municipal authority of such town or city. [1909 c 231 § 44; RRS § 11528. Prior: 1888 c 124 pp 216-220.]

**58.28.450 Clerk's duties when judge trustee.** All clerical work under this chapter where a judge of the superior court is trustee must be performed by the clerk of the superior court. [1909 c 231 § 45; RRS § 11529. Prior: 1888 c 124 pp 216-220.]

**58.28.460 Accounting and depositing money—Promptness.** Such judge when fulfilling the duties imposed upon him or her by said acts of congress, and by this chapter, must keep a correct account of all moneys received and paid out by him or her. He or she must deposit all surplus money with the treasurer of the proper county, and he or she must promptly settle up all the affairs relating to his or her trust pertaining to such town. [2010 c 8 § 18020; 1909 c 231 § 46; RRS § 11530. Prior: 1888 c 124 pp 216-220.]

(2010 Ed.)

**58.28.470 Records filed with county clerk.** Whenever the affairs pertaining to such trust shall be finally settled and disposed of by such judge, he or she shall deposit all books and papers relating thereto in the office of the county clerk of the proper county to be thereafter kept in the custody of such county clerk as public records, and the county clerk's fee, for the use of his or her county therefor, shall be the sum of ten dollars. [2010 c 8 § 18021; 1909 c 231 § 47; RRS § 11531. Prior: 1888 c 124 pp 216-220.]

**58.28.480 Judge, a trustee for purposes herein.** Every such judge when fulfilling the duties imposed upon him or her by said acts of congress, and by this chapter, shall be deemed and held to be acting as a trustee for the purposes of fulfilling the purposes of said acts and not as a superior court, and such judge shall be deemed to be disqualified to sit as judge of such superior court in any action or proceeding wherein is involved the execution of such trust or rights involved therein. [2010 c 8 § 18022; 1909 c 231 § 48; RRS § 11532. Prior: 1888 c 124 pp 216-220.]

**58.28.490 Appellate review—Procedure.** Appellate review of the judgment or orders of the superior court in all cases arising under this chapter or said acts of congress may be sought as in other civil cases. [1988 c 202 § 54; 1971 c 81 § 127; 1909 c 231 § 49; RRS § 11533. Prior: 1888 c 124 pp 216-220.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**58.28.500 Succession of trust.** The successors in office of such superior court judge shall be his or her successors as trustee of such trust. [2010 c 8 § 18023; 1909 c 231 § 51; RRS § 11534. Prior: 1888 c 124 pp 216-220.]

**58.28.510 Title to vacated lots by occupancy and improvements.** The judge of the superior court of any county is hereby declared to be the successor as trustee of any territorial probate judge in such county who was trustee under any such acts of congress, and may as such succeeding trustee perform any unperformed duties of his or her predecessor in office as such trustee, agreeably to the provisions of this chapter as nearly as may be. And when entry was made by any such probate judge under any of said acts of congress and subsequent to such entry, the city or town situated upon such townsite entry has been incorporated according to law, and the corporate authorities thereof have or have attempted to vacate any common, plaza, public square, public park, or the like, in such government townsite, and where thereafter, any person, or corporation, has placed permanent improvements on such land so vacated or attempted to be vacated, exceeding in value the sum of five thousand dollars, with the knowledge, consent, or acquiescence of the corporate authorities of such city or town and with the general consent and approval of the inhabitants of said city or town and such improvements have been made for more than five years and such person or corporation making such improvements has been in the open, notorious, and peaceable possession of such lands and premises for a period of more than five years, such superior court judge, as trustee, of such government townsite, and successor as trustee to such judge of probate, trustee of

such government townsite, shall have the power and authority to make and deliver to such person or corporation, or to his, her, or its heirs, executors, administrators, successors, or assigns, a deed for such lands and premises, conveying a fee simple title to such lands and premises upon such terms and for such price as he or she shall deem just and reasonable under all the facts and surrounding circumstances of the case, and the consideration paid for such deed, one dollar or more, shall be placed in the city or town treasury of such city or town, in the general fund. [2010 c 8 § 18024; 1909 c 231 § 52; RRS § 11535. Prior: 1888 c 124 pp 216-220.]

**58.28.520 Controversies, by whom settled—Review.**

Except as hereinbefore specially provided, the city or town council in incorporated cities and towns, and the judge of the superior court, as trustee, in cases of unincorporated government townsites, are hereby expressly given power and jurisdiction to hear and determine all questions arising under this chapter and under said acts of congress and the right to ascertain who were the occupants of lots in such government townsites at the time of the entry thereof in the United States land office, and to determine from sworn testimony who are and who are not entitled to deeds of conveyance to specific lots in such government townsite, subject to review by courts of competent jurisdiction. [1909 c 231 § 53; RRS § 11536. Prior: 1888 c 124 pp 216-220.]

# Title 59

## LANDLORD AND TENANT

### Chapters

- 59.04 Tenancies.**
- 59.08 Default in rent of forty dollars or less.**
- 59.12 Forcible entry and forcible and unlawful detainer.**
- 59.16 Unlawful entry and detainer.**
- 59.18 Residential Landlord-Tenant Act.**
- 59.20 Manufactured/Mobile Home Landlord-Tenant Act.**
- 59.21 Mobile home relocation assistance.**
- 59.22 Office of manufactured housing—Resident-owned mobile home parks.**
- 59.24 Rental security deposit guarantee program.**
- 59.28 Federally assisted housing.**
- 59.30 Manufactured/mobile home communities—Dispute resolution and registration.**

*Acknowledgments: Chapter 64.08 RCW.*

*Action to recover real property, jury trial: RCW 4.40.060.*

*Adverse possession: Chapter 7.28 RCW.*

*Boundaries and plats: Title 58 RCW.*

*County property, sales, leases, etc.: Chapter 36.34 RCW.*

*Ejectment and quieting title: Chapter 7.28 RCW.*

*Executions, sale of short term leasehold absolute: RCW 6.21.080.*

*Gambling on leased premises, action to recover: RCW 4.24.080 and 4.24.090.*

*Housing authorities law: Chapter 35.82 RCW.*

*Landlord's lien  
for rent: Chapter 60.72 RCW.  
on farm crops: Chapter 60.11 RCW.*

*Mining leases: Chapter 79.14 RCW.*

*Mortgages and trust receipts: Title 61 RCW.*

*Nuisances: Chapter 7.48 RCW.*

*Oil and gas leases: Chapter 79.14 RCW.*

*Private seals abolished: RCW 64.04.090.*

*Probate  
generally: Title 11 RCW.  
performance of decedent's contracts: Chapter 11.60 RCW.*

*Property insurance, insurable interest: RCW 48.18.040.*

*Public lands: Title 79 RCW.*

*Real property and conveyances: Title 64 RCW.*

*Recording: Chapter 65.08 RCW.*

*Registration of land titles: Chapter 65.12 RCW.*

*Statute of frauds: Chapter 19.36 RCW.*

*Taxation, property: Title 84 RCW.*

*Title insurers: Chapter 48.29 RCW.*

*Waste and trespass: Chapter 64.12 RCW.*

- 59.04.030 Tenancy for specified time—Termination.
- 59.04.040 Ten-day notice to pay rent or quit premises.
- 59.04.050 Tenancy by sufferance—Termination.
- 59.04.900 Chapter inapplicable to rental agreements under landlord-tenant act.

**59.04.010 Tenancies from year to year abolished except under written contract.** Tenancies from year to year are hereby abolished except when the same are created by express written contract. Leases may be in writing or print, or partly in writing and partly in print, and shall be legal and valid for any term or period not exceeding one year, without acknowledgment, witnesses or seals. [Code 1881 § 2053; 1867 p 101 § 1; RRS § 10619.]

**59.04.020 Tenancy from month to month—Termination.** When premises are rented for an indefinite time, with monthly or other periodic rent reserved, such tenancy shall be construed to be a tenancy from month to month, or from period to period on which rent is payable, and shall be terminated by written notice of thirty days or more, preceding the end of any of said months or periods, given by either party to the other. [Code 1881 § 2054; 1867 p 101 § 2; RRS § 10619. Prior: 1866 p 78 § 1.]

*Unlawful detainer, notice requirement: RCW 59.12.030(2).*

**59.04.030 Tenancy for specified time—Termination.** In all cases where premises are rented for a specified time, by express or implied contract, the tenancy shall be deemed terminated at the end of such specified time. [Code 1881 § 2055; 1867 p 101 § 3; RRS § 10620.]

**59.04.040 Ten-day notice to pay rent or quit premises.** When a tenant fails to pay rent when the same is due, and the landlord notifies him or her to pay said rent or quit the premises within ten days, unless the rent is paid within said ten days, the tenancy shall be forfeited at the end of said ten days. [2010 c 8 § 19001; Code 1881 § 2056; 1867 p 101 § 4; no RRS.]

**59.04.050 Tenancy by sufferance—Termination.** Whenever any person obtains possession of premises without the consent of the owner or other person having the right to give said possession, he or she shall be deemed a tenant by sufferance merely, and shall be liable to pay reasonable rent for the actual time he or she occupied the premises, and shall forthwith on demand surrender his or her said possession to the owner or person who had the right of possession before said entry, and all his or her right to possession of said premises shall terminate immediately upon said demand. [2010 c 8 § 19002; Code 1881 § 2057; 1867 p 101 § 5; RRS § 10621.]

### Chapter 59.04 RCW TENANCIES

#### Sections

- 59.04.010 Tenancies from year to year abolished except under written contract.
- 59.04.020 Tenancy from month to month—Termination.

**59.04.900 Chapter inapplicable to rental agreements under landlord-tenant act.** This chapter does not apply to any rental agreement included under the provisions of chapter 59.18 RCW. [1973 1st ex.s. c 207 § 45.]

### Chapter 59.08 RCW

#### DEFAULT IN RENT OF FORTY DOLLARS OR LESS

##### Sections

59.08.010	Summons and complaint as notice—Acceptance of rent after default.
59.08.020	Venue.
59.08.030	Complaint.
59.08.040	Order for hearing—Notice.
59.08.050	Continuance.
59.08.060	Hearing—Writ of restitution.
59.08.070	Recall of writ—Bond.
59.08.080	Complaint as notice to quit.
59.08.090	Sheriff's fee.
59.08.100	Indemnity bond not required—Liability for damages.
59.08.900	Chapter inapplicable to rental agreements under landlord-tenant act.

**59.08.010 Summons and complaint as notice—Acceptance of rent after default.** In cases of default in the payment of rent for real property where the stipulated rent or rental value does not exceed forty dollars per month, no notice to quit or pay rent, other than filing and serving a summons and complaint, as hereinafter provided, shall be required to render the holding of such tenant thereafter unlawful. If the landlord shall, after such default in the payment of rent, accept payment thereof, such acceptance of payment shall operate to reinstate the right of the tenant to possession for the full period fixed by the terms of any agreement relating to the right of possession. [1941 c 188 § 1; Rem. Supp. 1941 § 814-1.]

**59.08.020 Venue.** The superior court of the county in which the real property or some part thereof is situated shall have jurisdiction of proceedings for the recovery of possession of said real property alleged to be wrongfully detained. [1941 c 188 § 2; Rem. Supp. 1941 § 814-2.]

**59.08.030 Complaint.** Such proceedings shall be commenced by the filing of a complaint executed under oath by the owner or landlord or his or her authorized agent. It shall be sufficient to state in such complaint a description of the property with reasonable certainty, that the defendant is in possession thereof and wrongfully holds the same by reason of failure to pay the agreed rental due, or the monthly rental value of the premises. [2010 c 8 § 19003; 1941 c 188 § 3; Rem. Supp. 1941 § 814-3.]

**59.08.040 Order for hearing—Notice.** Upon the filing of such complaint it may be presented to the judge, and by order he or she shall forthwith fix a place and time for the trial of said cause, not more than ten days after the date of making the order. A copy of the complaint, together with a copy of the summons specifying the time and place for trial, shall be served on the defendant not less than five days prior to the time fixed for hearing in the manner provided for the service of notice to quit in RCW 59.12.040. [2010 c 8 § 19004; 1941 c 188 § 4; Rem. Supp. 1941 § 814-4.]

**59.08.050 Continuance.** No continuance shall be granted for a longer period than two days unless the defendant applying therefor shall give good and sufficient security, to be approved by the court, conditioned upon the payment of rent accrued and to accrue, if judgment be rendered against the defendant. [1941 c 188 § 5; Rem. Supp. 1941 § 814-5.]

**59.08.060 Hearing—Writ of restitution.** At the time and place fixed for the hearing, the court shall proceed to examine the parties orally to ascertain the merits of the complaint, and if it shall appear that there is no reasonable doubt of the right of the plaintiff to be restored to the possession of said property, the court shall enter an order directing the issuance of a writ of restitution, which shall thereupon be served by the sheriff upon the defendant. After the expiration of three days from date of service, if the defendant has not surrendered possession or filed a bond as hereinafter provided, the writ shall be executed by the sheriff. If it appears to the court that there is reasonable doubt of the right of the plaintiff to be restored to the possession of said property, the court shall enter an order requiring the parties to proceed on the complaint filed in the usual form of action. [1941 c 188 § 6; Rem. Supp. 1941 § 814-6.]

**59.08.070 Recall of writ—Bond.** If the defendant feels aggrieved at an order of restitution, he or she may within three days after the entry of the order file a bond to be approved by the court in double the amount of the rent found to be due, plus two hundred dollars, conditioned for the payment and performance of any judgment rendered against him or her, and the court shall thereupon enter an order for the parties to proceed in the usual form of action, and recall the writ of restitution. [2010 c 8 § 19005; 1941 c 188 § 7; Rem. Supp. 1941 § 814-7.]

**59.08.080 Complaint as notice to quit.** The filing and service of a complaint under this chapter shall be equivalent to the notice required to pay rent or surrender possession under RCW 59.12.030. [1941 c 188 § 8; Rem. Supp. 1941 § 814-8.]

**59.08.090 Sheriff's fee.** The sheriff's fee shall be the same as in other civil actions. [1961 c 304 § 7; 1941 c 188 § 9; Rem. Supp. 1941 § 814-9.]

*County clerk's fees: RCW 36.18.020.*

*Sheriff's fees: RCW 36.18.040.*

**59.08.100 Indemnity bond not required—Liability for damages.** The plaintiff shall not be required to give bond to the defendant or the sheriff for the issuance or execution of the writ of restitution, and the sheriff shall not be liable for damages to the defendant for the execution of the writ of restitution hereunder, but any such damage to which the defendant may be entitled shall be recoverable against the plaintiff only. [1941 c 188 § 10; Rem. Supp. 1941 § 814-10.]

**59.08.900 Chapter inapplicable to rental agreements under landlord-tenant act.** This chapter does not apply to any rental agreement included under the provisions of chapter 59.18 RCW. [1973 1st ex.s. c 207 § 46.]

## Chapter 59.12 RCW

## FORCIBLE ENTRY AND FORCIBLE AND UNLAWFUL DETAINER

## Sections

59.12.010	Forcible entry defined.
59.12.020	Forcible detainer defined.
59.12.030	Unlawful detainer defined.
59.12.032	Unlawful detainer action—Compliance with RCW 61.24.040 and 61.24.060.
59.12.035	Holding over on agricultural land, effect of.
59.12.040	Service of notice—Proof of service.
59.12.050	Jurisdiction of proceedings.
59.12.060	Parties defendant.
59.12.070	Complaint—Summons.
59.12.080	Summons—Contents—Service.
59.12.090	Writ of restitution—Bond.
59.12.091	Writ of restitution under landlord-tenant act—RCW 59.12.090, 59.12.100, 59.12.121, and 59.12.170 inapplicable.
59.12.100	Service of writ—Bond to stay writ.
59.12.110	Modification of bond.
59.12.120	Judgment by default.
59.12.121	Pleading by defendant.
59.12.130	Jury—Actions given preference.
59.12.140	Proof in forcible entry and detainer.
59.12.150	Amendment to conform to proof.
59.12.160	Amendments.
59.12.170	Judgment—Execution.
59.12.180	Rules of practice.
59.12.190	Relief against forfeiture.
59.12.200	Appellate review—Stay bond.
59.12.210	Effect of stay bond.
59.12.220	Writ of restitution suspended pending appeal.
59.12.230	Forcible entry and detainer—Penalty.

*Joint tenancies: Chapter 64.28 RCW.*

*Tenant's violation of duty under landlord-tenant act grounds for unlawful detainer action: RCW 59.18.180.*

**59.12.010 Forcible entry defined.** Every person is guilty of a forcible entry who either—(1) By breaking open windows, doors or other parts of a house, or by fraud, intimidation or stealth, or by any kind of violence or circumstance of terror, enters upon or into any real property; or—(2) Who, after entering peaceably upon real property, turns out by force, threats or menacing conduct the party in actual possession. [1891 c 96 § 1; RRS § 810. Prior: 1890 p 73 § 1.]

**59.12.020 Forcible detainer defined.** Every person is guilty of a forcible detainer who either—(1) By force, or by menaces and threats of violence, unlawfully holds and keeps the possession of any real property, whether the same was acquired peaceably or otherwise; or—(2) Who in the nighttime, or during the absence of the occupant of any real property, enters thereon, and who, after demand made for the surrender thereof, refuses for the period of three days to surrender the same to such former occupant. The occupant of real property within the meaning of this subdivision is one who for the five days next preceding such unlawful entry was in the peaceable and undisturbed possession of such real property. [1891 c 96 § 2; RRS § 811. Prior: 1890 p 73 § 2.]

**59.12.030 Unlawful detainer defined.** A tenant of real property for a term less than life is guilty of unlawful detainer either:

(1) When he or she holds over or continues in possession, in person or by subtenant, of the property or any part thereof after the expiration of the term for which it is let to him or her. When real property is leased for a specified term

or period by express or implied contract, whether written or oral, the tenancy shall be terminated without notice at the expiration of the specified term or period;

(2) When he or she, having leased property for an indefinite time with monthly or other periodic rent reserved, continues in possession thereof, in person or by subtenant, after the end of any such month or period, when the landlord, more than twenty days prior to the end of such month or period, has served notice (in manner in RCW 59.12.040 provided) requiring him or her to quit the premises at the expiration of such month or period;

(3) When he or she continues in possession in person or by subtenant after a default in the payment of rent, and after notice in writing requiring in the alternative the payment of the rent or the surrender of the detained premises, served (in manner in RCW 59.12.040 provided) in behalf of the person entitled to the rent upon the person owing it, has remained uncomplished with for the period of three days after service thereof. The notice may be served at any time after the rent becomes due;

(4) When he or she continues in possession in person or by subtenant after a neglect or failure to keep or perform any other condition or covenant of the lease or agreement under which the property is held, including any covenant not to assign or sublet, than one for the payment of rent, and after notice in writing requiring in the alternative the performance of such condition or covenant or the surrender of the property, served (in manner in RCW 59.12.040 provided) upon him or her, and if there is a subtenant in actual possession of the premises, also upon such subtenant, shall remain uncomplished with for ten days after service thereof. Within ten days after the service of such notice the tenant, or any subtenant in actual occupation of the premises, or any mortgagee of the term, or other person interested in its continuance, may perform such condition or covenant and thereby save the lease from such forfeiture;

(5) When he or she commits or permits waste upon the demised premises, or when he or she sets up or carries on thereon any unlawful business, or when he or she erects, suffers, permits, or maintains on or about the premises any nuisance, and remains in possession after the service (in manner in RCW 59.12.040 provided) upon him or her of three days' notice to quit;

(6) A person who, without the permission of the owner and without having color of title thereto, enters upon land of another and who fails or refuses to remove therefrom after three days' notice, in writing and served upon him or her in the manner provided in RCW 59.12.040. Such person may also be subject to the criminal provisions of chapter 9A.52 RCW; or

(7) When he or she commits or permits any gang-related activity at the premises as prohibited by RCW 59.18.130. [1998 c 276 § 6; 1983 c 264 § 1; 1953 c 106 § 1. Prior: 1905 c 86 § 1; 1891 c 96 § 3; 1890 p 73 § 3; RRS § 812.]

*Termination of month to month tenancy: RCW 59.04.020, 59.18.200.*

*Unlawful detainer defined: RCW 59.16.010.*

**59.12.032 Unlawful detainer action—Compliance with RCW 61.24.040 and 61.24.060.** An unlawful detainer action, commenced as a result of a trustee's sale under chap-

ter 61.24 RCW, must comply with the requirements of RCW 61.24.040 and 61.24.060. [2009 c 292 § 11.]

**59.12.035 Holding over on agricultural land, effect of.** In all cases of tenancy upon agricultural lands, where the tenant has held over and retained possession for more than sixty days after the expiration of his or her term without any demand or notice to quit by his or her landlord or the successor in estate of his or her landlord, if any there be, he or she shall be deemed to be holding by permission of his or her landlord or the successor in estate of his or her landlord, if any there be, and shall be entitled to hold under the terms of the lease for another full year, and shall not be guilty of an unlawful detainer during said year, and such holding over for the period aforesaid shall be taken and construed as a consent on the part of a tenant to hold for another year. [2010 c 8 § 19006; 1891 c 96 § 4; RRS § 813. Formerly RCW 59.04.060.]

**59.12.040 Service of notice—Proof of service.** Any notice provided for in this chapter shall be served either (1) by delivering a copy personally to the person entitled thereto; or (2) if he or she be absent from the premises unlawfully held, by leaving there a copy, with some person of suitable age and discretion, and sending a copy through the mail addressed to the person entitled thereto at his or her place of residence; or (3) if the person to be notified be a tenant, or an unlawful holder of premises, and his or her place of residence is not known, or if a person of suitable age and discretion there cannot be found then by affixing a copy of the notice in a conspicuous place on the premises unlawfully held, and also delivering a copy to a person there residing, if such a person can be found, and also sending a copy through the mail addressed to the tenant, or unlawful occupant, at the place where the premises unlawfully held are situated. Service upon a subtenant may be made in the same manner: PROVIDED, That in cases where the tenant or unlawful occupant, shall be conducting a hotel, inn, lodging house, boarding house, or shall be renting rooms while still retaining control of the premises as a whole, that the guests, lodgers, boarders, or persons renting such rooms shall not be considered as subtenants within the meaning of this chapter, but all such persons may be served by affixing a copy of the notice to be served in two conspicuous places upon the premises unlawfully held; and such persons shall not be necessary parties defendant in an action to recover possession of said premises. Service of any notice provided for in this chapter may be had upon a corporation by delivering a copy thereof to any officer, agent, or person having charge of the business of such corporation, at the premises unlawfully held, and in case no such officer, agent, or person can be found upon such premises, then service may be had by affixing a copy of such notice in a conspicuous place upon said premises and by sending a copy through the mail addressed to such corporation at the place where said premises are situated. Proof of any service under this section may be made by the affidavit of the person making the same in like manner and with like effect as the proof of service of summons in civil actions. When a copy of notice is sent through the mail, as provided in this section, service shall be deemed complete when such

copy is deposited in the United States mail in the county in which the property is situated properly addressed with postage prepaid: PROVIDED, HOWEVER, That when service is made by mail one additional day shall be allowed before the commencement of an action based upon such notice. RCW 59.18.375 may also apply to notice given under this chapter. [2010 c 8 § 19007; 1983 c 264 § 2; 1911 c 26 § 1; 1905 c 86 § 2; 1891 c 96 § 5; RRS § 814. Prior: 1890 p 75 § 4.]

**59.12.050 Jurisdiction of proceedings.** The superior court of the county in which the property or some part of it is situated shall have jurisdiction of proceedings under this chapter. [1891 c 96 § 6; RRS § 815. Prior: 1890 p 75 § 5.]

*Venue and jurisdiction, generally: RCW 2.08.010 and chapter 4.12 RCW.*

**59.12.060 Parties defendant.** No person other than the tenant of the premises, and subtenant, if there be one, in the actual occupation of the premises when the complaint is filed, need be made parties defendant in any proceeding under this chapter, nor shall any proceeding abate, nor the plaintiff be nonsuited, for the nonjoinder of any person who might have been made party defendant; but when it appears that any of the parties served with process, or appearing in the proceeding, are guilty of the offense charged, judgment must be rendered against him or her. In case a person has become a subtenant of the premises in controversy after the service of any notice in this chapter provided for, the fact that such notice was not served on such subtenant shall constitute no defense to the action. All persons who enter the premises under the tenant, after the commencement of the action hereunder, shall be bound by the judgment the same as if they had been made parties to the action. [2010 c 8 § 19008; 1891 c 96 § 7; RRS § 816. Prior: 1890 p 75 § 6.]

**59.12.070 Complaint—Summons.** The plaintiff in his or her complaint, which shall be in writing, must set forth the facts on which he or she seeks to recover, and describe the premises with reasonable certainty, and may set forth therein any circumstances of fraud, force or violence, which may have accompanied the forcible entry or forcible or unlawful detainer, and claim damages therefor, or compensation for the occupation of the premises, or both; in case the unlawful detainer charged be after default in the payment of rent, the complaint must state the amount of such rent. A summons must be issued as in other cases, returnable at a day designated therein, which shall not be less than seven nor more than thirty days from the date of service, except in cases where the publication of summons is necessary, in which case the court or judge thereof may order that the summons be made returnable at such time as may be deemed proper, and the summons shall specify the return day so fixed. [2005 c 130 § 1; 1927 c 123 § 1; 1891 c 96 § 8; RRS § 817. Prior: 1890 p 75 § 7.]

**59.12.080 Summons—Contents—Service.** The summons must state the names of the parties to the proceeding, the court in which the same is brought, the nature of the action, in concise terms, and the relief sought, and also the return day; and must notify the defendant to appear and answer within the time designated or that the relief sought

will be taken against him or her. The summons must be directed to the defendant, and in case of summons by publication, be served at least five days before the return day designated therein. The summons must be served and returned in the same manner as summons in other actions is served and returned. [2010 c 8 § 19009; 1927 c 123 § 2; 1891 c 96 § 9; RRS § 818. Prior: 1890 p 76 § 8.]

*Summons, generally: RCW 4.28.080 through 4.28.110.*

**59.12.090 Writ of restitution—Bond.** The plaintiff at the time of commencing an action of forcible entry or detainer or unlawful detainer, or at any time afterwards, may apply to the judge of the court in which the action is pending for a writ of restitution restoring to the plaintiff the property in the complaint described, and the judge shall order a writ of restitution to issue. The writ shall be issued by the clerk of the superior court in which the action is pending, and be returnable in twenty days after its date; but before any writ shall issue prior to judgment the plaintiff shall execute to the defendant and file in court a bond in such sum as the court or judge may order, with sufficient surety to be approved by the clerk, conditioned that the plaintiff will prosecute his or her action without delay, and will pay all costs that may be adjudged to the defendant, and all damages which he or she may sustain by reason of the writ of restitution having been issued, should the same be wrongfully sued out. [2010 c 8 § 19010; 1927 c 123 § 3; 1891 c 96 § 10; RRS § 819. Prior: 1890 p 77 § 9.]

**59.12.091 Writ of restitution under landlord-tenant act—RCW 59.12.090, 59.12.100, 59.12.121, and 59.12.170 inapplicable.** See RCW 59.18.420.

**59.12.100 Service of writ—Bond to stay writ.** The sheriff shall, upon receiving the writ of restitution, forthwith serve a copy thereof upon the defendant, his or her agent or attorney, or a person in possession of the premises, and shall not execute the same for three days thereafter, nor until after the defendant has been served with summons in the action as hereinabove provided, and the defendant, or person in possession of the premises within three days after the service of the writ of restitution may execute to the plaintiff a bond to be filed with and approved by the clerk of the court in such sum as may be fixed by the judge, with sufficient surety to be approved by the clerk of said court, conditioned that he or she will pay to the plaintiff such sum as the plaintiff may recover for the use and occupation of the said premises, or any rent found due, together with all damages the plaintiff may sustain by reason of the defendant occupying or keeping possession of said premises, and also all the costs of the action. The plaintiff, his or her agent or attorneys, shall have notice of the time and place where the court or judge thereof shall fix the amount of the defendant's bond, and shall have notice and a reasonable opportunity to examine into the qualification and sufficiency of the sureties upon said bond before said bond shall be approved by the clerk. The writ may be served by the sheriff, in the event he or she shall be unable to find the defendant, an agent or attorney, or a person in possession of the premises, by affixing a copy of said writ in a conspicuous place upon the premises. [2010 c 8 § 19011; 1927 c 123 § 4;

(2010 Ed.)

1905 c 86 § 3; 1891 c 96 § 11; RRS § 820. Prior: 1890 p 77 § 10.]

**59.12.110 Modification of bond.** The plaintiff or defendant at any time, upon two days' notice to the adverse party, may apply to the court or any judge thereof for an order raising or lowering the amount of any bond in this chapter provided for. Either party may, upon like notice, apply to the court or any judge thereof for an order requiring additional or other surety or sureties upon any such bond. Upon the hearing or any application made under the provisions of this section evidence may be given. The judge after hearing any such application shall make such an order as shall be just in the premises. The bondspersons may be required to be present at such hearing if so required in the notice thereof, and shall answer under oath all questions that may be asked them touching their qualifications as bondspersons, and in the event the bondspersons shall fail or refuse to appear at such hearing and so answer such questions the bond shall be stricken. In the event the court shall order a new or additional bond to be furnished by defendant, and the same shall not be given within twenty-four hours, the court shall order the sheriff to forthwith execute the writ. In the event the defendant shall file a second or additional bond and it shall also be found insufficient after hearing, as above provided, the right to retain the premises by bond shall be lost and the sheriff shall forthwith put the plaintiff in possession of the premises. [2007 c 218 § 77; 1905 c 86 § 4; 1891 c 96 § 12; RRS § 821. Prior: 1890 p 78 § 11.]

**Intent—Finding—2007 c 218:** See note following RCW 1.08.130.

**59.12.120 Judgment by default.** If on the date appointed in the summons the defendant does not appear or answer, the court shall render judgment in favor of the plaintiff as prayed for in the complaint. [1989 c 342 § 2; 1891 c 96 § 13; RRS § 822. FORMER PART OF SECTION: 1891 c 96 § 14 now codified as RCW 59.12.121.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.12.121 Pleading by defendant.** On or before the day fixed for his or her appearance the defendant may appear and answer or demur. [2010 c 8 § 19012; 1891 c 96 § 14; RRS § 823. Formerly RCW 59.12.120, part.]

**59.12.130 Jury—Actions given preference.** Whenever an issue of fact is presented by the pleadings it must be tried by a jury, unless such a jury be waived as in other cases. The jury shall be formed in the same manner as other trial juries in the court in which the action is pending; and in all cases actions under this chapter shall take precedence of all other civil actions. [1891 c 96 § 15; RRS § 824. Prior: 1890 p 79 § 15.]

**59.12.140 Proof in forcible entry and detainer.** On the trial of any proceeding for any forcible entry or forcible detainer the plaintiff shall only be required to show, in addition to a forcible entry complained of, that he or she was peaceably in the actual possession at the time of the forcible entry; or, in addition to a forcible detainer complained of, that he or she was entitled to the possession at the time of the forc-

ible detainer. [2010 c 8 § 19013; 1891 c 96 § 16; RRS § 825. Prior: 1890 p 79 § 16.]

**59.12.150 Amendment to conform to proof.** When upon the trial of any proceeding under this chapter it appears from the evidence that the defendant has been guilty of either a forcible entry or a forcible or unlawful detainer, in respect of the premises described in the complaint, and other than the offense charged in the complaint, the judge must order that such complaint be forthwith amended to conform to such proofs; such amendment must be made without any imposition of terms. No continuance shall be permitted on account of such amendment unless the defendant shows to the satisfaction of the court good cause therefor. [1891 c 96 § 17; RRS § 826. Prior: 1890 p 79 § 17.]

**59.12.160 Amendments.** Amendments may be allowed by the court at any time before final judgment, upon such terms as to the court may appear just, in the same cases and manner and to the same extent as in civil actions. [1891 c 96 § 19; RRS § 828. Prior: 1890 p 80 § 20.]

**59.12.170 Judgment—Execution.** If upon the trial the verdict of the jury or, if the case be tried without a jury, the finding of the court be in favor of the plaintiff and against the defendant, judgment shall be entered for the restitution of the premises; and if the proceeding be for unlawful detainer after neglect or failure to perform any condition or covenant of a lease or agreement under which the property is held, or after default in the payment of rent, the judgment shall also declare the forfeiture of the lease, agreement, or tenancy. The jury, or the court, if the proceedings be tried without a jury, shall also assess the damages occasioned to the plaintiff by any forcible entry, or by any forcible or unlawful detainer, alleged in the complaint and proved on the trial, and, if the alleged unlawful detainer be after default in the payment of rent, find the amount of any rent due, and the judgment shall be rendered against the defendant guilty of the forcible entry, forcible detainer, or unlawful detainer for twice the amount of damages thus assessed and of the rent, if any, found due. When the proceeding is for an unlawful detainer after default in the payment of rent, and the lease or agreement under which the rent is payable has not by its terms expired, execution upon the judgment shall not be issued until the expiration of five days after the entry of the judgment, within which time the tenant or any subtenant, or any mortgagee of the term, or other party interested in its continuance, may pay into court for the landlord the amount of the judgment and costs, and thereupon the judgment shall be satisfied and the tenant restored to his or her estate; but if payment, as herein provided, be not made within five days the judgment may be enforced for its full amount and for the possession of the premises. In all other cases the judgment may be enforced immediately. If writ of restitution shall have been executed prior to judgment no further writ or execution for the premises shall be required. [2010 c 8 § 19014; 1891 c 96 § 18; RRS § 827. Prior: 1890 p 80 § 18.]

**59.12.180 Rules of practice.** Except as otherwise provided in this chapter, the provisions of the laws of this state

with reference to practice in civil actions are applicable to, and constitute the rules of practice in the proceedings mentioned in this chapter; and the provisions of such laws relative to new trials and appeals, except so far as they are inconsistent with the provisions of this chapter, shall be held to apply to the proceedings mentioned in this chapter. [1891 c 96 § 20; RRS § 829. Prior: 1890 p 80 § 21.]

**59.12.190 Relief against forfeiture.** The court may relieve a tenant against a forfeiture of a lease and restore him or her to his or her former estate, as in other cases provided by law, where application for such relief is made within thirty days after the forfeiture is declared by the judgment of the court, as provided in this chapter. The application may be made by a tenant or subtenant, or a mortgagee of the term, or any person interested in the continuance of the term. It must be made upon petition, setting forth the facts upon which the relief is sought, and be verified by the applicant. Notice of the application, with a copy of the petition, must be served on the plaintiff in the judgment, who may appear and contest the application. In no case shall the application be granted except on condition that full payment of rent due, or full performance of conditions of covenants stipulated, so far as the same is practicable, be first made. [2010 c 8 § 19015; 1891 c 96 § 21; RRS § 830. Prior: 1890 p 80 § 22.]

**59.12.200 Appellate review—Stay bond.** A party aggrieved by the judgment may seek appellate review of the judgment as in other civil actions: PROVIDED, That if the defendant appealing desires a stay of proceedings pending review, the defendant shall execute and file a bond, with two or more sufficient sureties to be approved by the judge, conditioned to abide the order of the court, and to pay all rents and other damages justly accruing to the plaintiff during the pendency of the proceeding. [1988 c 202 § 55; 1971 c 81 § 128; 1891 c 96 § 22; RRS § 831. Prior: 1890 p 80 § 23.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.12.210 Effect of stay bond.** When the defendant shall appeal, and shall file a bond as provided in RCW 59.12.200, all further proceedings in the case shall be stayed until the determination of said appeal and the same has been remanded to the superior court for further proceedings therein. [1891 c 96 § 23; RRS § 832. Prior: 1890 p 80 § 24.]

**59.12.220 Writ of restitution suspended pending appeal.** If a writ of restitution has been issued previous to the taking of an appeal by the defendant, and said defendant shall execute and file a bond as provided in this chapter, the clerk of the court, under the direction of the judge, shall forthwith give the appellant a certificate of the allowance of such appeal; and upon the service of such certificate upon the officer having such writ of restitution the said officer shall forthwith cease all further proceedings by virtue of such writ; and if such writ has been completely executed the defendant shall be restored to the possession of the premises, and shall remain in possession thereof until the appeal is determined. [1891 c 96 § 24; RRS § 833. Prior: 1890 p 81 § 25.]

**59.12.230 Forcible entry and detainer—Penalty.**

Every person who shall unlawfully use, or encourage or assist another in unlawfully using, any force or violence in entering upon or detaining any lands or other possessions of another; and every person who, having removed or been removed therefrom pursuant to the order or direction of any court, tribunal or officer, shall afterwards return to settle or reside unlawfully upon, or take possession of, such lands or possessions, shall be guilty of a misdemeanor. [1909 c 249 § 306; RRS § 2558. Prior: Code 1881 § 858; 1873 p 195 § 66; 1854 p 86 § 60.]

**Chapter 59.16 RCW**

**UNLAWFUL ENTRY AND DETAINER**

Sections

- 59.16.010 Unlawful detainer defined.
- 59.16.020 Pleadings, requirements.
- 59.16.030 Issues—Trial.
- 59.16.040 Parties defendant—Trial of separate issues.

**59.16.010 Unlawful detainer defined.** That any person who shall, without the permission of the owner and without having any color of title thereto, enter upon the lands of another, and shall refuse to remove therefrom after three days' notice, shall be deemed guilty of unlawful detainer and may be removed from such lands. [1891 c 115 § 1; RRS § 834.]

*Unlawful detainer defined: RCW 59.12.030.*

**59.16.020 Pleadings, requirements.** The complaint in all cases under the provisions of this chapter shall be upon oath, and there shall be embodied therein or amended thereto an abstract of the plaintiff's title, and the defendant shall, in his or her answer, state whether he or she makes any claim of title to the lands described in the complaint, and if he or she makes no claim to the legal title but does claim a right to the possession of such lands, he or she shall state upon what grounds he or she claims a right to such possession. [2010 c 8 § 19016; 1891 c 115 § 2; RRS § 835.]

**59.16.030 Issues—Trial.** It shall not be necessary for the plaintiff, in proceedings under this chapter, to allege or prove that the said lands were, at any time, actually occupied prior to the defendant's entry thereupon, but it shall be sufficient to allege that he or she is the legal owner and entitled to the immediate possession thereof: PROVIDED, That if the defendant shall, by his or her answer, deny such ownership and shall state facts showing that he or she has a lawful claim to the possession thereof, the cause shall thereupon be entered for trial upon the docket of the court in all respects as if the action were brought under the provisions of \*chapter XLVI of the code of eighteen hundred and eighty-one. [2010 c 8 § 19017; 1891 c 115 § 3; RRS § 836.]

**\*Reviser's note:** "chapter XLVI of the code of eighteen hundred and eighty-one" is codified as RCW 7.28.010, 7.28.110 through 7.28.150, and 7.28.190 through 7.28.270.

**59.16.040 Parties defendant—Trial of separate issues.** All persons in actual possession of any portion of the several subdivisions of any section of land, according to the

government surveys thereof, may be made defendants in one action: PROVIDED, That they may, in their discretion, make separate answers to the complaint, and if separate issues are joined thereupon, the same shall nevertheless be tried as one action, but the verdict, if tried by jury, shall find separately upon the issues so joined, and judgment shall be rendered according thereto. [1891 c 115 § 4; RRS § 837.]

**Chapter 59.18 RCW**

**RESIDENTIAL LANDLORD-TENANT ACT**

Sections

- 59.18.010 Short title.
- 59.18.020 Rights and remedies—Obligation of good faith imposed.
- 59.18.030 Definitions.
- 59.18.040 Living arrangements exempted from chapter.
- 59.18.050 Jurisdiction of district and superior courts.
- 59.18.055 Notice—Alternative procedure—Court's jurisdiction limited—Application to chapter 59.20 RCW.
- 59.18.060 Landlord—Duties.
- 59.18.063 Landlord—Provide written receipt upon request.
- 59.18.070 Landlord—Failure to perform duties—Notice from tenant—Contents—Time limits for landlord's remedial action.
- 59.18.075 Seizure of illegal drugs—Notification of landlord.
- 59.18.080 Payment of rent condition to exercising remedies—Exceptions.
- 59.18.085 Rental of condemned or unlawful dwelling—Tenant's remedies—Relocation assistance—Penalties.
- 59.18.090 Landlord's failure to remedy defective condition—Tenant's choice of actions.
- 59.18.100 Landlord's failure to carry out duties—Repairs effected by tenant—Procedure—Deduction of cost from rent—Limitations.
- 59.18.110 Failure of landlord to carry out duties—Determination by court or arbitrator—Judgment against landlord for diminished rental value and repair costs—Enforcement of judgment—Reduction in rent under certain conditions.
- 59.18.115 Substandard and dangerous conditions—Notice to landlord—Government certification—Escrow account.
- 59.18.120 Defective condition—Unfeasible to remedy defect—Termination of tenancy.
- 59.18.125 Inspections by local municipalities—Frequency—Number of rental properties inspected—Notice—Appeals—Penalties.
- 59.18.130 Duties of tenant.
- 59.18.140 Reasonable obligations or restrictions—Tenant's duty to conform.
- 59.18.150 Landlord's right of entry—Purposes—Searches by fire officials—Searches by code enforcement officials for inspection purposes—Conditions.
- 59.18.160 Landlord's remedies if tenant fails to remedy defective condition.
- 59.18.170 Landlord to give notice if tenant fails to carry out duties.
- 59.18.180 Tenant's failure to comply with statutory duties—Landlord to give tenant written notice of noncompliance—Landlord's remedies.
- 59.18.190 Notice to tenant to remedy nonconformance.
- 59.18.200 Tenancy from month to month or for rental period—Termination—Armed Forces exception—Exclusion of children—Conversion to condominium—Notice.
- 59.18.210 Tenancies from year to year except under written contract.
- 59.18.220 Termination of tenancy for a specified time—Armed forces exception.
- 59.18.230 Waiver of chapter provisions prohibited—Provisions prohibited from rental agreement—Distress for rent abolished—Detention of personal property for rent—Remedies.
- 59.18.240 Reprisals or retaliatory actions by landlord—Prohibited.
- 59.18.250 Reprisals or retaliatory actions by landlord—Presumptions—Rebuttal—Costs.
- 59.18.253 Deposit to secure occupancy by tenant—Landlord's duties—Violation.
- 59.18.257 Screening of tenants—Costs—Notice to tenant—Violation.
- 59.18.260 Moneys paid as deposit or security for performance by tenant—Written rental agreement to specify terms and conditions for retention by landlord—Written checklist required.
- 59.18.270 Moneys paid as deposit or security for performance by tenant—Deposit by landlord in trust account—Receipt—Claims.

- 59.18.280 Moneys paid as deposit or security for performance by tenant—Statement and notice of basis for retention—Remedies for landlord's failure to make refund.
- 59.18.285 Nonrefundable fees not to be designated as deposit—Written rental agreement required.
- 59.18.290 Removal or exclusion of tenant from premises—Holding over or excluding landlord from premises after termination date.
- 59.18.300 Termination of tenant's utility services—Tenant causing loss of landlord provided utility services.
- 59.18.310 Default in rent—Abandonment—Liability of tenant—Landlord's remedies—Sale of tenant's property by landlord.
- 59.18.312 Writ of restitution—Storage and sale of tenant's property—Use of proceeds from sale—Service by sheriff, form.
- 59.18.315 Mediation of disputes by independent third party.
- 59.18.320 Arbitration—Authorized—Exceptions—Notice—Procedure.
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- 59.18.354 Threatening behavior by landlord—Termination of agreement—Financial obligations.
- 59.18.360 Exemptions.
- 59.18.363 Unlawful detainer action—Distressed home, previously.
- 59.18.365 Unlawful detainer action—Summons—Form.
- 59.18.370 Forcible entry or detainer or unlawful detainer actions—Writ of restitution—Application—Order—Hearing.
- 59.18.375 Forcible entry or detainer or unlawful detainer actions—Payment of rent into court registry—Writ of restitution—Notice.
- 59.18.380 Forcible entry or detainer or unlawful detainer actions—Writ of restitution—Answer—Order—Stay—Bond.
- 59.18.390 Forcible entry or detainer or unlawful detainer actions—Writ of restitution—Service—Defendant's bond.
- 59.18.400 Forcible entry or detainer or unlawful detainer actions—Writ of restitution—Answer of defendant.
- 59.18.410 Forcible entry or detainer or unlawful detainer actions—Writ of restitution—Judgment—Execution.
- 59.18.415 Applicability to certain single family dwelling leases.
- 59.18.420 RCW 59.12.090, 59.12.100, 59.12.121, and 59.12.170 inapplicable.
- 59.18.430 Applicability to prior, existing or future leases.
- 59.18.440 Relocation assistance for low-income tenants—Certain cities, towns, counties, municipal corporations authorized to require.
- 59.18.450 Relocation assistance for low-income tenants—Payments not considered income—Eligibility for other assistance not affected.
- 59.18.500 Gang-related activity—Legislative findings, declarations, and intent.
- 59.18.510 Gang-related activity—Notice and demand the landlord commence unlawful detainer action—Petition to court—Attorneys' fees.
- 59.18.550 Drug and alcohol free housing—Program of recovery—Terms—Application of chapter.
- 59.18.570 Victim protection—Definitions.
- 59.18.575 Victim protection—Notice to landlord—Termination of rental agreement—Procedures.
- 59.18.580 Victim protection—Limitation on landlord's rental decisions.
- 59.18.585 Victim protection—Possession of dwelling unit—Exclusion of others—New lock or key.
- 59.18.900 Severability—1973 1st ex.s. c 207.
- 59.18.910 Severability—1989 c 342.
- 59.18.911 Effective date—1989 c 342.
- 59.18.912 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.

**Reviser's note:** This chapter was revised pursuant to *Washington Ass'n. of Apartment Ass'ns., Inc. vs. Evans*, 88 Wn. 2d. 563 (1977), which declared invalid the fourteen item and section vetoes to 1973 Engrossed Substitute Senate Bill No. 2226 (1973 1st ex.s. c 207).

*Filing fees for unlawful detainer actions:* RCW 36.18.012.

*Smoke detection devices in dwelling units required:* RCW 43.44.110.

**59.18.010 Short title.** RCW 59.18.010 through 59.18.420 and 59.18.900 shall be known and may be cited as the "Residential Landlord-Tenant Act of 1973", and shall constitute a new chapter in Title 59 RCW. [1973 1st ex.s. c 207 § 1.]

**59.18.020 Rights and remedies—Obligation of good faith imposed.** Every duty under this chapter and every act which must be performed as a condition precedent to the exercise of a right or remedy under this chapter imposes an obligation of good faith in its performance or enforcement. [1973 1st ex.s. c 207 § 2.]

**59.18.030 Definitions.** As used in this chapter:

(1) "Certificate of inspection" means an unsworn statement, declaration, verification, or certificate made in accordance with the requirements of RCW 9A.72.085 by a qualified inspector that states that the landlord has not failed to fulfill any substantial obligation imposed under RCW 59.18.060 that endangers or impairs the health or safety of a tenant, including (a) structural members that are of insufficient size or strength to carry imposed loads with safety, (b) exposure of the occupants to the weather, (c) plumbing and sanitation defects that directly expose the occupants to the risk of illness or injury, (d) not providing facilities adequate to supply heat and water and hot water as reasonably required by the tenant, (e) providing heating or ventilation systems that are not functional or are hazardous, (f) defective, hazardous, or missing electrical wiring or electrical service, (g) defective or hazardous exits that increase the risk of injury to occupants, and (h) conditions that increase the risk of fire.

(2) "Distressed home" has the same meaning as in RCW 61.34.020.

(3) "Distressed home conveyance" has the same meaning as in RCW 61.34.020.

(4) "Distressed home purchaser" has the same meaning as in RCW 61.34.020.

(5) "Dwelling unit" is a structure or that part of a structure which is used as a home, residence, or sleeping place by one person or by two or more persons maintaining a common household, including but not limited to single family residences and units of multiplexes, apartment buildings, and mobile homes.

(6) "Gang" means a group that: (a) Consists of three or more persons; (b) has identifiable leadership or an identifiable name, sign, or symbol; and (c) on an ongoing basis, regularly conspires and acts in concert mainly for criminal purposes.

(7) "Gang-related activity" means any activity that occurs within the gang or advances a gang purpose.

(8) "In danger of foreclosure" means any of the following:

(a) The homeowner has defaulted on the mortgage and, under the terms of the mortgage, the mortgagee has the right to accelerate full payment of the mortgage and repossess, sell, or cause to be sold the property;

(b) The homeowner is at least thirty days delinquent on any loan that is secured by the property; or

(c) The homeowner has a good faith belief that he or she is likely to default on the mortgage within the upcoming four months due to a lack of funds, and the homeowner has reported this belief to:

(i) The mortgagee;

(ii) A person licensed or required to be licensed under chapter 19.134 RCW;

(iii) A person licensed or required to be licensed under chapter 19.146 RCW;

(iv) A person licensed or required to be licensed under chapter 18.85 RCW;

(v) An attorney-at-law;

(vi) A mortgage counselor or other credit counselor licensed or certified by any federal, state, or local agency; or

(vii) Any other party to a distressed property conveyance.

(9) "Landlord" means the owner, lessor, or sublessor of the dwelling unit or the property of which it is a part, and in addition means any person designated as representative of the landlord.

(10) "Mortgage" is used in the general sense and includes all instruments, including deeds of trust, that are used to secure an obligation by an interest in real property.

(11) "Owner" means one or more persons, jointly or severally, in whom is vested:

(a) All or any part of the legal title to property; or

(b) All or part of the beneficial ownership, and a right to present use and enjoyment of the property.

(12) "Person" means an individual, group of individuals, corporation, government, or governmental agency, business trust, estate, trust, partnership, or association, two or more persons having a joint or common interest, or any other legal or commercial entity.

(13) "Premises" means a dwelling unit, appurtenances thereto, grounds, and facilities held out for the use of tenants generally and any other area or facility which is held out for use by the tenant.

(14) "Property" or "rental property" means all dwelling units on a contiguous quantity of land managed by the same landlord as a single, rental complex.

(15) "Qualified inspector" means a United States department of housing and urban development certified inspector; a Washington state licensed home inspector; an American society of home inspectors certified inspector; a private inspector certified by the national association of housing and redevelopment officials, the American association of code enforcement, or other comparable professional association as approved by the local municipality; a municipal code enforcement officer; a Washington licensed structural engineer; or a Washington licensed architect.

(16) "Reasonable attorney's fees", where authorized in this chapter, means an amount to be determined including the following factors: The time and labor required, the novelty and difficulty of the questions involved, the skill requisite to perform the legal service properly, the fee customarily charged in the locality for similar legal services, the amount involved and the results obtained, and the experience, reputation and ability of the lawyer or lawyers performing the services.

(17) "Rental agreement" means all agreements which establish or modify the terms, conditions, rules, regulations, or any other provisions concerning the use and occupancy of a dwelling unit.

(18) A "single family residence" is a structure maintained and used as a single dwelling unit. Notwithstanding that a dwelling unit shares one or more walls with another dwelling unit, it shall be deemed a single family residence if it has direct access to a street and shares neither heating facilities nor hot water equipment, nor any other essential facility or service, with any other dwelling unit.

(19) A "tenant" is any person who is entitled to occupy a dwelling unit primarily for living or dwelling purposes under a rental agreement. [2010 c 148 § 1; 2008 c 278 § 12; 1998 c 276 § 1; 1973 1st ex.s. c 207 § 3.]

**Reviser's note:** The definitions in this section have been alphabetized pursuant to RCW 1.08.015(2)(k).

**59.18.040 Living arrangements exempted from chapter.** The following living arrangements are not intended to be governed by the provisions of this chapter, unless established primarily to avoid its application, in which event the provisions of this chapter shall control:

(1) Residence at an institution, whether public or private, where residence is merely incidental to detention or the provision of medical, religious, educational, recreational, or similar services, including but not limited to correctional facilities, licensed nursing homes, monasteries and convents, and hospitals;

(2) Occupancy under a bona fide earnest money agreement to purchase or contract of sale of the dwelling unit or the property of which it is a part, where the tenant is, or stands in the place of, the purchaser;

(3) Residence in a hotel, motel, or other transient lodging whose operation is defined in RCW 19.48.010;

(4) Rental agreements entered into pursuant to the provisions of chapter 47.12 RCW where occupancy is by an owner-condemnee and where such agreement does not violate the public policy of this state of ensuring decent, safe, and sanitary housing and is so certified by the consumer protection division of the attorney general's office;

(5) Rental agreements for the use of any single family residence which are incidental to leases or rentals entered into in connection with a lease of land to be used primarily for agricultural purposes;

(6) Rental agreements providing housing for seasonal agricultural employees while provided in conjunction with such employment;

(7) Rental agreements with the state of Washington, department of natural resources, on public lands governed by Title 79 RCW;

(8) Occupancy by an employee of a landlord whose right to occupy is conditioned upon employment in or about the premises. [1989 c 342 § 3; 1973 1st ex.s. c 207 § 4.]

**59.18.050 Jurisdiction of district and superior courts.**

The district or superior courts of this state may exercise jurisdiction over any landlord or tenant with respect to any conduct in this state governed by this chapter or with respect to any claim arising from a transaction subject to this chapter within the respective jurisdictions of the district or superior courts as provided in Article IV, section 6 of the Constitution of the state of Washington. [1973 1st ex.s. c 207 § 5.]

**59.18.055 Notice—Alternative procedure—Court's jurisdiction limited—Application to chapter 59.20 RCW.**

(1) When the plaintiff, after the exercise of due diligence, is unable to personally serve the summons on the defendant, the court may authorize the alternative means of service described herein. Upon filing of an affidavit from the person or persons attempting service describing those attempts, and

the filing of an affidavit from the plaintiff, plaintiff's agent, or plaintiff's attorney stating the belief that the defendant cannot be found, the court may enter an order authorizing service of the summons as follows:

(a) The summons and complaint shall be posted in a conspicuous place on the premises unlawfully held, not less than nine days from the return date stated in the summons; and

(b) Copies of the summons and complaint shall be deposited in the mail, postage prepaid, by both regular mail and certified mail directed to the defendant's or defendants' last known address not less than nine days from the return date stated in the summons.

When service on the defendant or defendants is accomplished by this alternative procedure, the court's jurisdiction is limited to restoring possession of the premises to the plaintiff and no money judgment may be entered against the defendant or defendants until such time as jurisdiction over the defendant or defendants is obtained.

(2) This section shall apply to this chapter and chapter 59.20 RCW. [1997 c 86 § 1; 1989 c 342 § 14.]

**59.18.060 Landlord—Duties.** The landlord will at all times during the tenancy keep the premises fit for human habitation, and shall in particular:

(1) Maintain the premises to substantially comply with any applicable code, statute, ordinance, or regulation governing their maintenance or operation, which the legislative body enacting the applicable code, statute, ordinance or regulation could enforce as to the premises rented if such condition substantially endangers or impairs the health or safety of the tenant;

(2) Maintain the roofs, floors, walls, chimneys, fireplaces, foundations, and all other structural components in reasonably good repair so as to be usable and capable of resisting any and all normal forces and loads to which they may be subjected;

(3) Keep any shared or common areas reasonably clean, sanitary, and safe from defects increasing the hazards of fire or accident;

(4) Provide a reasonable program for the control of infestation by insects, rodents, and other pests at the initiation of the tenancy and, except in the case of a single family residence, control infestation during tenancy except where such infestation is caused by the tenant;

(5) Except where the condition is attributable to normal wear and tear, make repairs and arrangements necessary to put and keep the premises in as good condition as it by law or rental agreement should have been, at the commencement of the tenancy;

(6) Provide reasonably adequate locks and furnish keys to the tenant;

(7) Maintain all electrical, plumbing, heating, and other facilities and appliances supplied by him in reasonably good working order;

(8) Maintain the dwelling unit in reasonably weather-tight condition;

(9) Except in the case of a single family residence, provide and maintain appropriate receptacles in common areas for the removal of ashes, rubbish, and garbage, incidental to the occupancy and arrange for the reasonable and regular removal of such waste;

(10) Except where the building is not equipped for the purpose, provide facilities adequate to supply heat and water and hot water as reasonably required by the tenant;

(11)(a) Provide a written notice to all tenants disclosing fire safety and protection information. The landlord or his or her authorized agent must provide a written notice to the tenant that the dwelling unit is equipped with a smoke detection device as required in \*RCW 48.48.140. The notice shall inform the tenant of the tenant's responsibility to maintain the smoke detection device in proper operating condition and of penalties for failure to comply with the provisions of \*RCW 48.48.140(3). The notice must be signed by the landlord or the landlord's authorized agent and tenant with copies provided to both parties. Further, except with respect to a single-family residence, the written notice must also disclose the following:

(i) Whether the smoke detection device is hard-wired or battery operated;

(ii) Whether the building has a fire sprinkler system;

(iii) Whether the building has a fire alarm system;

(iv) Whether the building has a smoking policy, and what that policy is;

(v) Whether the building has an emergency notification plan for the occupants and, if so, provide a copy to the occupants;

(vi) Whether the building has an emergency relocation plan for the occupants and, if so, provide a copy to the occupants; and

(vii) Whether the building has an emergency evacuation plan for the occupants and, if so, provide a copy to the occupants.

(b) The information required under this subsection may be provided to a tenant in a multifamily residential building either as a written notice or as a checklist that discloses whether the building has fire safety and protection devices and systems. The checklist shall include a diagram showing the emergency evacuation routes for the occupants.

(c) The written notice or checklist must be provided to new tenants at the time the lease or rental agreement is signed, and must be provided to current tenants as soon as possible, but not later than January 1, 2004;

(12) Provide tenants with information provided or approved by the department of health about the health hazards associated with exposure to indoor mold. Information may be provided in written format individually to each tenant, or may be posted in a visible, public location at the dwelling unit property. The information must detail how tenants can control mold growth in their dwelling units to minimize the health risks associated with indoor mold. Landlords may obtain the information from the department's web site or, if requested by the landlord, the department must mail the information to the landlord in a printed format. When developing or changing the information, the department of health must include representatives of landlords in the development process. The information must be provided by the landlord to new tenants at the time the lease or rental agreement is signed, and must be provided to current tenants no later than January 1, 2006, or must be posted in a visible, public location at the dwelling unit property beginning July 24, 2005;

(13) The landlord and his or her agents and employees are immune from civil liability for failure to comply with

subsection (12) of this section except where the landlord and his or her agents and employees knowingly and intentionally do not comply with subsection (12) of this section; and

(14) Designate to the tenant the name and address of the person who is the landlord by a statement on the rental agreement or by a notice conspicuously posted on the premises. The tenant shall be notified immediately of any changes by certified mail or by an updated posting. If the person designated in this section does not reside in the state where the premises are located, there shall also be designated a person who resides in the county who is authorized to act as an agent for the purposes of service of notices and process, and if no designation is made of a person to act as agent, then the person to whom rental payments are to be made shall be considered such agent;

No duty shall devolve upon the landlord to repair a defective condition under this section, nor shall any defense or remedy be available to the tenant under this chapter, where the defective condition complained of was caused by the conduct of such tenant, his family, invitee, or other person acting under his control, or where a tenant unreasonably fails to allow the landlord access to the property for purposes of repair. When the duty imposed by subsection (1) of this section is incompatible with and greater than the duty imposed by any other provisions of this section, the landlord's duty shall be determined pursuant to subsection (1) of this section. [2005 c 465 § 2; 2002 c 259 § 1; 1991 c 154 § 2; 1973 1st ex.s. c 207 § 6.]

**\*Reviser's note:** RCW 48.48.140 was recodified as RCW 43.44.110 pursuant to 2006 c 25 § 13.

**Finding—2005 c 465:** "The legislature finds that residents of the state face preventable exposures to mold in their homes, apartments, and schools. Exposure to mold, and the toxins they produce, have been found to have adverse health effects, including loss of memory and impairment of the ability to think coherently and function in a job, and may cause fatigue, nausea, and headaches.

As steps can be taken by landlords and tenants to minimize exposure to indoor mold, and as the reduction of exposure to mold in buildings could reduce the rising number of mold-related claims submitted to insurance companies and increase the availability of coverage, the legislature supports providing tenants and landlords with information designed to minimize the public's exposure to mold." [2005 c 465 § 1.]

**59.18.063 Landlord—Provide written receipt upon request.** A landlord shall provide, upon the request of a tenant, a written receipt for any payments made by the tenant. [1997 c 84 § 1.]

**59.18.070 Landlord—Failure to perform duties—Notice from tenant—Contents—Time limits for landlord's remedial action.** If at any time during the tenancy the landlord fails to carry out the duties required by RCW 59.18.060 or by the rental agreement, the tenant may, in addition to pursuit of remedies otherwise provided him or her by law, deliver written notice to the person designated in RCW 59.18.060(14), or to the person who collects the rent, which notice shall specify the premises involved, the name of the owner, if known, and the nature of the defective condition. The landlord shall commence remedial action after receipt of such notice by the tenant as soon as possible but not later than the following time periods, except where circumstances are beyond the landlord's control:

(1) Not more than twenty-four hours, where the defective condition deprives the tenant of hot or cold water, heat, or electricity, or is imminently hazardous to life;

(2) Not more than seventy-two hours, where the defective condition deprives the tenant of the use of a refrigerator, range and oven, or a major plumbing fixture supplied by the landlord; and

(3) Not more than ten days in all other cases.

In each instance the burden shall be on the landlord to see that remedial work under this section is completed promptly. If completion is delayed due to circumstances beyond the landlord's control, including the unavailability of financing, the landlord shall remedy the defective condition as soon as possible. [2010 c 8 § 19018; 1989 c 342 § 4; 1973 1st ex.s. c 207 § 7.]

**59.18.075 Seizure of illegal drugs—Notification of landlord.** (1) Any law enforcement agency which seizes a legend drug pursuant to a violation of chapter 69.41 RCW, a controlled substance pursuant to a violation of chapter 69.50 RCW, or an imitation controlled substance pursuant to a violation of chapter 69.52 RCW, shall make a reasonable attempt to discover the identity of the landlord and shall notify the landlord in writing, at the last address listed in the property tax records and at any other address known to the law enforcement agency, of the seizure and the location of the seizure of the illegal drugs or substances.

(2) Any law enforcement agency which arrests a tenant for threatening another tenant with a firearm or other deadly weapon, or for some other unlawful use of a firearm or other deadly weapon on the rental premises, or for physically assaulting another person on the rental premises, shall make a reasonable attempt to discover the identity of the landlord and notify the landlord about the arrest in writing, at the last address listed in the property tax records and at any other address known to the law enforcement agency. [1992 c 38 § 4; 1988 c 150 § 11.]

**Intent—Effective date—1992 c 38:** See notes following RCW 59.18.352.

**Legislative findings—Severability—1988 c 150:** See notes following RCW 59.18.130.

**59.18.080 Payment of rent condition to exercising remedies—Exceptions.** The tenant shall be current in the payment of rent including all utilities which the tenant has agreed in the rental agreement to pay before exercising any of the remedies accorded him or her under the provisions of this chapter: PROVIDED, That this section shall not be construed as limiting the tenant's civil remedies for negligent or intentional damages: PROVIDED FURTHER, That this section shall not be construed as limiting the tenant's right in an unlawful detainer proceeding to raise the defense that there is no rent due and owing. [2010 c 8 § 19019; 1973 1st ex.s. c 207 § 8.]

**59.18.085 Rental of condemned or unlawful dwelling—Tenant's remedies—Relocation assistance—Penalties.** (1) If a governmental agency responsible for the enforcement of a building, housing, or other appropriate code has notified the landlord that a dwelling is condemned or unlawful to occupy due to the existence of conditions that

violate applicable codes, statutes, ordinances, or regulations, a landlord shall not enter into a rental agreement for the dwelling unit until the conditions are corrected.

(2) If a landlord knowingly violates subsection (1) of this section, the tenant shall recover either three months' periodic rent or up to treble the actual damages sustained as a result of the violation, whichever is greater, costs of suit, or arbitration and reasonable attorneys' fees. If the tenant elects to terminate the tenancy as a result of the conditions leading to the posting, or if the appropriate governmental agency requires that the tenant vacate the premises, the tenant also shall recover:

(a) The entire amount of any deposit prepaid by the tenant; and

(b) All prepaid rent.

(3)(a) If a governmental agency responsible for the enforcement of a building, housing, or other appropriate code has notified the landlord that a dwelling will be condemned or will be unlawful to occupy due to the existence of conditions that violate applicable codes, statutes, ordinances, or regulations, a landlord, who knew or should have known of the existence of these conditions, shall be required to pay relocation assistance to the displaced tenants except that:

(i) A landlord shall not be required to pay relocation assistance to any displaced tenant in a case in which the condemnation or no occupancy order affects one or more dwelling units and directly results from conditions caused by a tenant's or any third party's illegal conduct without the landlord's prior knowledge;

(ii) A landlord shall not be required to pay relocation assistance to any displaced tenant in a case in which the condemnation or no occupancy order affects one or more dwelling units and results from conditions arising from a natural disaster such as, but not exclusively, an earthquake, tsunami, wind storm, or hurricane; and

(iii) A landlord shall not be required to pay relocation assistance to any displaced tenant in a case in which a condemnation affects one or more dwelling units and the tenant's displacement is a direct result of the acquisition of the property by eminent domain.

(b) Relocation assistance provided to displaced tenants under this subsection shall be the greater amount of two thousand dollars per dwelling unit or three times the monthly rent. In addition to relocation assistance, the landlord shall be required to pay to the displaced tenants the entire amount of any deposit prepaid by the tenant and all prepaid rent.

(c) The landlord shall pay relocation assistance and any prepaid deposit and prepaid rent to displaced tenants within seven days of the governmental agency sending notice of the condemnation, eviction, or displacement order to the landlord. The landlord shall pay relocation assistance and any prepaid deposit and prepaid rent either by making individual payments by certified check to displaced tenants or by providing a certified check to the governmental agency ordering condemnation, eviction, or displacement, for distribution to the displaced tenants. If the landlord fails to complete payment of relocation assistance within the period required under this subsection, the city, town, county, or municipal corporation may advance the cost of the relocation assistance payments to the displaced tenants.

(d) During the period from the date that a governmental agency responsible for the enforcement of a building, housing, or other appropriate code first notifies the landlord of conditions that violate applicable codes, statutes, ordinances, or regulations to the time that relocation assistance payments are paid to eligible tenants, or the conditions leading to the notification are corrected, the landlord may not:

(i) Evict, harass, or intimidate tenants into vacating their units for the purpose of avoiding or diminishing application of this section;

(ii) Reduce services to any tenant; or

(iii) Materially increase or change the obligations of any tenant, including but not limited to any rent increase.

(e) Displaced tenants shall be entitled to recover any relocation assistance, prepaid deposits, and prepaid rent required by (b) of this subsection. In addition, displaced tenants shall be entitled to recover any actual damages sustained by them as a result of the condemnation, eviction, or displacement that exceed the amount of relocation assistance that is payable. In any action brought by displaced tenants to recover any payments or damages required or authorized by this subsection (3)(e) or (c) of this subsection that are not paid by the landlord or advanced by the city, town, county, or municipal corporation, the displaced tenants shall also be entitled to recover their costs of suit or arbitration and reasonable attorneys' fees.

(f) If, after sixty days from the date that the city, town, county, or municipal corporation first advanced relocation assistance funds to the displaced tenants, a landlord has failed to repay the amount of relocation assistance advanced by the city, town, county, or municipal corporation under (c) of this subsection, then the city, town, county, or municipal corporation shall assess civil penalties in the amount of fifty dollars per day for each tenant to whom the city, town, county, or municipal corporation has advanced a relocation assistance payment.

(g) In addition to the penalties set forth in (f) of this subsection, interest will accrue on the amount of relocation assistance paid by the city, town, county, or municipal corporation for which the property owner has not reimbursed the city, town, county, or municipal corporation. The rate of interest shall be the maximum legal rate of interest permitted under RCW 19.52.020, commencing thirty days after the date that the city, town, county, or municipal corporation first advanced relocation assistance funds to the displaced tenants.

(h) If the city, town, county, or municipal corporation must initiate legal action in order to recover the amount of relocation assistance payments that it has advanced to low-income tenants, including any interest and penalties under (f) and (g) of this subsection, the city, town, county, or municipal corporation shall be entitled to attorneys' fees and costs arising from its legal action.

(4) The governmental agency that has notified the landlord that a dwelling will be condemned or will be unlawful to occupy shall notify the displaced tenants that they may be entitled to relocation assistance under this section.

(5) No payment received by a displaced tenant under this section may be considered as income for the purpose of determining the eligibility or extent of eligibility of any person for assistance under any state law or for the purposes of any tax imposed under Title 82 RCW, and the payments shall not be

deducted from any amount to which any recipient would otherwise be entitled under Title 74 RCW.

(6)(a) A person whose living arrangements are exempted from this chapter under RCW 59.18.040(3) and who has resided in or occupied one or more dwelling units within a hotel, motel, or other place of transient lodging for thirty or more consecutive days with the knowledge and consent of the owner of the hotel, motel, or other place of transient lodging, or any manager, clerk, or other agent representing the owner, is deemed to be a tenant for the purposes of this section and is entitled to receive relocation assistance under the circumstances described in subsection (2) or (3) of this section except that all relocation assistance and other payments shall be made directly to the displaced tenants.

(b) An interruption in occupancy primarily intended to avoid the application of this section does not affect the application of this section.

(c) An occupancy agreement, whether oral or written, in which the provisions of this section are waived is deemed against public policy and is unenforceable. [2009 c 165 § 1; 2005 c 364 § 2; 1989 c 342 § 13.]

**Purpose—2005 c 364:** "The people of the state of Washington deserve decent, safe, and sanitary housing. Certain tenants in the state of Washington have remained in rental housing that does not meet the state's minimum standards for health and safety because they cannot afford to pay the costs of relocation in advance of occupying new, safe, and habitable housing. In egregious cases, authorities have been forced to condemn property when landlords have failed to remedy building code or health code violations after repeated notice, and, as a result, families with limited financial resources have been displaced and left with nowhere to go.

The purpose of this act is to establish a process by which displaced tenants would receive funds for relocation from landlords who fail to provide safe and sanitary housing after due notice of building code or health code violations. It is also the purpose of this act to provide enforcement mechanisms to cities, towns, counties, or municipal corporations including the ability to advance relocation funds to tenants who are displaced as a result of a landlord's failure to remedy building code or health code violations and later to collect the full amounts of these relocation funds, along with interest and penalties, from landlords." [2005 c 364 § 1.]

**Construction—2005 c 364:** "The powers and authority conferred by this act are in addition and supplemental to powers or authority conferred by any other law or authority, and nothing contained herein shall be construed to preempt any local ordinance requiring relocation assistance to tenants displaced by a landlord's failure to remedy building code or health code violations." [2005 c 364 § 4.]

**59.18.090 Landlord's failure to remedy defective condition—Tenant's choice of actions.** If, after receipt of written notice, and expiration of the applicable period of time, as provided in RCW 59.18.070, the landlord fails to remedy the defective condition within a reasonable time the tenant may:

(1) Terminate the rental agreement and quit the premises upon written notice to the landlord without further obligation under the rental agreement, in which case he or she shall be discharged from payment of rent for any period following the quitting date, and shall be entitled to a pro rata refund of any prepaid rent, and shall receive a full and specific statement of the basis for retaining any of the deposit together with any refund due in accordance with RCW 59.18.280;

(2) Bring an action in an appropriate court, or at arbitration if so agreed, for any remedy provided under this chapter or otherwise provided by law; or

(3) Pursue other remedies available under this chapter. [2010 c 8 § 19020; 1973 1st ex.s. c 207 § 9.]

(2010 Ed.)

**59.18.100 Landlord's failure to carry out duties—Repairs effected by tenant—Procedure—Deduction of cost from rent—Limitations.** (1) If at any time during the tenancy, the landlord fails to carry out any of the duties imposed by RCW 59.18.060, and notice of the defect is given to the landlord pursuant to RCW 59.18.070, the tenant may submit to the landlord or his or her designated agent by certified mail or in person a good faith estimate by the tenant of the cost to perform the repairs necessary to correct the defective condition if the repair is to be done by licensed or registered persons, or if no licensing or registration requirement applies to the type of work to be performed, the cost if the repair is to be done by responsible persons capable of performing such repairs. Such estimate may be submitted to the landlord at the same time as notice is given pursuant to RCW 59.18.070: PROVIDED, That the remedy provided in this section shall not be available for a landlord's failure to carry out the duties in RCW 59.18.060 (9) and (14): PROVIDED FURTHER, That if the tenant utilizes this section for repairs pursuant to RCW 59.18.060(6), the tenant shall promptly provide the landlord with a key to any new or replaced locks. The amount the tenant may deduct from the rent may vary from the estimate, but cannot exceed the one-month limit as described in subsection (2) of this section.

(2) If the landlord fails to commence remedial action of the defective condition within the applicable time period after receipt of notice and the estimate from the tenant, the tenant may contract with a licensed or registered person, or with a responsible person capable of performing the repair if no license or registration is required, to make the repair, and upon the completion of the repair and an opportunity for inspection by the landlord or his or her designated agent, the tenant may deduct the cost of repair from the rent in an amount not to exceed the sum expressed in dollars representing one month's rental of the tenant's unit per repair: PROVIDED, That when the landlord must commence to remedy the defective condition within ten days as provided in RCW 59.18.070(3), the tenant cannot contract for repairs for ten days after notice or five days after the landlord receives the estimate, whichever is later: PROVIDED FURTHER, That the total costs of repairs deducted in any twelve-month period under this subsection shall not exceed the sum expressed in dollars representing two month's rental of the tenant's unit.

(3) If the landlord fails to carry out the duties imposed by RCW 59.18.060 within the applicable time period, and if the cost of repair does not exceed one-half month's rent, including the cost of materials and labor, which shall be computed at the prevailing rate in the community for the performance of such work, and if repair of the condition need not by law be performed only by licensed or registered persons, and if the tenant has given notice under RCW 59.18.070, although no estimate shall be necessary under this subsection, the tenant may repair the defective condition in a workmanlike manner and upon completion of the repair and an opportunity for inspection, the tenant may deduct the cost of repair from the rent: PROVIDED, That repairs under this subsection are limited to defects within the leased premises: PROVIDED FURTHER, That the cost per repair shall not exceed one-half month's rent of the unit and that the total costs of repairs deducted in any twelve-month period under this subsection shall not exceed one month's rent of the unit.

(4) The provisions of this section shall not:

(a) Create a relationship of employer and employee between landlord and tenant; or

(b) Create liability under the workers' compensation act; or

(c) Constitute the tenant as an agent of the landlord for the purposes of \*RCW 60.04.010 and 60.04.040.

(5) Any repair work performed under the provisions of this section shall comply with the requirements imposed by any applicable code, statute, ordinance, or regulation. A landlord whose property is damaged because of repairs performed in a negligent manner may recover the actual damages in an action against the tenant.

(6) Nothing in this section shall prevent the tenant from agreeing with the landlord to undertake the repairs himself or herself in return for cash payment or a reasonable reduction in rent, the agreement thereof to be agreed upon between the parties, and such agreement does not alter the landlord's obligations under this chapter. [2010 c 8 § 19021; 1989 c 342 § 5; 1987 c 185 § 35; 1973 1st ex.s. c 207 § 10.]

**\*Reviser's note:** RCW 60.04.010 and 60.04.040 were repealed by 1991 c 281 § 31, effective April 1, 1992.

**Intent—Severability—1987 c 185:** See notes following RCW 51.12.130.

**59.18.110 Failure of landlord to carry out duties—Determination by court or arbitrator—Judgment against landlord for diminished rental value and repair costs—Enforcement of judgment—Reduction in rent under certain conditions.** (1) If a court or an arbitrator determines that:

(a) A landlord has failed to carry out a duty or duties imposed by RCW 59.18.060; and

(b) A reasonable time has passed for the landlord to remedy the defective condition following notice to the landlord in accordance with RCW 59.18.070 or such other time as may be allotted by the court or arbitrator; the court or arbitrator may determine the diminution in rental value of the premises due to the defective condition and shall render judgment against the landlord for the rent paid in excess of such diminished rental value from the time of notice of such defect to the time of decision and any costs of repair done pursuant to RCW 59.18.100 for which no deduction has been previously made. Such decisions may be enforced as other judgments at law and shall be available to the tenant as a set-off against any existing or subsequent claims of the landlord.

The court or arbitrator may also authorize the tenant to make or contract to make further corrective repairs: PROVIDED, That the court specifies a time period in which the landlord may make such repairs before the tenant may commence or contract for such repairs: PROVIDED FURTHER, That such repairs shall not exceed the sum expressed in dollars representing one month's rental of the tenant's unit in any one calendar year.

(2) The tenant shall not be obligated to pay rent in excess of the diminished rental value of the premises until such defect or defects are corrected by the landlord or until the court or arbitrator determines otherwise. [1973 1st ex.s. c 207 § 11.]

**59.18.115 Substandard and dangerous conditions—Notice to landlord—Government certification—Escrow account.** (1) The legislature finds that some tenants live in residences that are substandard and dangerous to their health and safety and that the repair and deduct remedies of RCW 59.18.100 may not be adequate to remedy substandard and dangerous conditions. Therefore, an extraordinary remedy is necessary if the conditions substantially endanger or impair the health and safety of the tenant.

(2)(a) If a landlord fails to fulfill any substantial obligation imposed by RCW 59.18.060 that substantially endangers or impairs the health or safety of a tenant, including (i) structural members that are of insufficient size or strength to carry imposed loads with safety, (ii) exposure of the occupants to the weather, (iii) plumbing and sanitation defects that directly expose the occupants to the risk of illness or injury, (iv) lack of water, including hot water, (v) heating or ventilation systems that are not functional or are hazardous, (vi) defective, hazardous, or missing electrical wiring or electrical service, (vii) defective or inadequate exits that increase the risk of injury to occupants, and (viii) conditions that increase the risk of fire, the tenant shall give notice in writing to the landlord, specifying the conditions, acts, omissions, or violations. Such notice shall be sent to the landlord or to the person or place where rent is normally paid.

(b) If after receipt of the notice described in (a) of this subsection the landlord fails to remedy the condition or conditions within a reasonable amount of time under RCW 59.18.070, the tenant may request that the local government provide for an inspection of the premises with regard to the specific condition or conditions that exist as provided in (a) of this subsection. The local government shall have the appropriate government official, or may designate a public or disinterested private person or company capable of conducting the inspection and making the certification, conduct an inspection of the specific condition or conditions listed by the tenant, and shall not inspect nor be liable for any other condition or conditions of the premises. The purpose of this inspection is to verify, to the best of the inspector's ability, whether the tenant's listed condition or conditions exist and substantially endanger the tenant's health or safety under (a) of this subsection; the inspection is for the purposes of this private civil remedy, and therefore shall not be related to any other governmental function such as enforcement of any code, ordinance, or state law.

(c) The local government or its designee, after receiving the request from the tenant to conduct an inspection under this section, shall conduct the inspection and make any certification within a reasonable amount of time not more than five days from the date of receipt of the request. The local government or its designee may enter the premises at any reasonable time to do the inspection, provided that he or she first shall display proper credentials and request entry. The local government or its designee shall whenever practicable, taking into consideration the imminence of any threat to the tenant's health or safety, give the landlord at least twenty-four hours notice of the date and time of inspection and provide the landlord with an opportunity to be present at the time of the inspection. The landlord shall have no power or authority to prohibit entry for the inspection.

(d) The local government or its designee shall certify whether the condition or the conditions specified by the tenant do exist and do make the premises substantially unfit for human habitation or can be a substantial risk to the health and safety of the tenant as described in (a) of this subsection. The certification shall be provided to the tenant, and a copy shall be included by the tenant with the notice sent to the landlord under subsection (3) of this section. The certification may be appealed to the local board of appeals, but the appeal shall not delay or preclude the tenant from proceeding with the escrow under this section.

(e) The tenant shall not be entitled to deposit rent in escrow pursuant to this section unless the tenant first makes a good faith determination that he or she is unable to repair the conditions described in the certification issued pursuant to subsection (2)(d) of this section through use of the repair remedies authorized by RCW 59.18.100.

(f) If the local government or its designee certifies that the condition or conditions specified by the tenant exist, the tenant shall then either pay the periodic rent due to the landlord or deposit all periodic rent then called for in the rental agreement and all rent thereafter called for in the rental agreement into an escrow account maintained by a person authorized by law to set up and maintain escrow accounts, including escrow companies under chapter 18.44 RCW, financial institutions, or attorneys, or with the clerk of the court of the district or superior court where the property is located. These depositories are hereinafter referred to as "escrow." The tenant shall notify the landlord in writing of the deposit by mailing the notice postage prepaid by first-class mail or by delivering the notice to the landlord promptly but not more than twenty-four hours after the deposit.

(g) This section, when elected as a remedy by the tenant by sending the notice under subsection (3) of this section, shall be the exclusive remedy available to the tenant regarding defects described in the certification under subsection (2)(d) of this section: PROVIDED, That the tenant may simultaneously commence or pursue an action in an appropriate court, or at arbitration if so agreed, to determine past, present, or future diminution in rental value of the premises due to any defective conditions.

(3) The notice to the landlord of the rent escrow under this section shall be a sworn statement by the tenant in substantially the following form:

NOTICE TO LANDLORD OF RENT ESCROW

Name of tenant:  
Name of landlord:  
Name and address of escrow:  
Date of deposit of rent into escrow:  
Amount of rent deposited into escrow:  
The following condition has been certified by a local building official to substantially endanger, impair, or affect the health or safety of a tenant:  
That written notice of the conditions needing repair was provided to the landlord on . . . , and . . . days have elapsed and the repairs have not been made.

.....  
(Sworn Signature)

(4) The escrow shall place all rent deposited in a separate rent escrow account in the name of the escrow in a bank or savings and loan association domiciled in this state. The escrow shall keep in a separate docket an account of each deposit, with the name and address of the tenant, and the name and address of the landlord and of the agent, if any.

(5)(a) A landlord who receives notice that the rent due has been deposited with an escrow pursuant to subsection (2) of this section may:

(i) Apply to the escrow for release of the funds after the local government certifies that the repairs to the conditions listed in the notice under subsection (3) of this section have been properly repaired. The escrow shall release the funds to the landlord less any escrow costs for which the tenant is entitled to reimbursement pursuant to this section, immediately upon written receipt of the local government certification that the repairs to the conditions listed in the notice under subsection (3) of this section have been properly completed.

(ii) File an action with the court and apply to the court for release of the rent on the grounds that the tenant did not comply with the notice requirement of subsection (2) or (3) of this section. Proceedings under this subsection shall be governed by the time, service, and filing requirements of RCW 59.18.370 regarding show cause hearings.

(iii) File an action with the court and apply to the court for release of the rent on the grounds that there was no violation of any obligation imposed upon the landlord or that the condition has been remedied.

(iv) This action may be filed in any court having jurisdiction, including small claims court. If the tenant has vacated the premises or if the landlord has failed to commence an action with the court for release of the funds within sixty days after rent is deposited in escrow, the tenant may file an action to determine how and when any rent deposited in escrow shall be released or disbursed. The landlord shall not commence an unlawful detainer action for nonpayment of rent by serving or filing a summons and complaint if the tenant initially pays the rent called for in the rental agreement that is due into escrow as provided for under this section on or before the date rent is due or on or before the expiration of a three-day notice to pay rent or vacate and continues to pay the rent into escrow as the rent becomes due or prior to the expiration of a three-day notice to pay rent or vacate; provided that the landlord shall not be barred from commencing an unlawful detainer action for nonpayment of rent if the amount of rent that is paid into escrow is less than the amount of rent agreed upon in the rental agreement between the parties.

(b) The tenant shall be named as a party to any action filed by the landlord under this section, and shall have the right to file an answer and counterclaim, although any counterclaim shall be dismissed without prejudice if the court or arbitrator determines that the tenant failed to follow the notice requirements contained in this section. Any counterclaim can only claim diminished rental value related to conditions specified by the tenant in the notice required under subsection (3) of this section. This limitation on the tenant's right to counterclaim shall not affect the tenant's right to bring his or her own separate action. A trial shall be held within sixty days of the date of filing of the landlord's or tenant's complaint.

(c) The tenant shall be entitled to reimbursement for any escrow costs or fees incurred for setting up or maintaining an escrow account pursuant to this section, unless the tenant did not comply with the notice requirements of subsection (2) or (3) of this section. Any escrow fees that are incurred for which the tenant is entitled to reimbursement shall be deducted from the rent deposited in escrow and remitted to the tenant at such time as any rent is released to the landlord. The prevailing party in any court action or arbitration brought under this section may also be awarded its costs and reasonable attorneys' fees.

(d) If a court determines a diminished rental value of the premises, the tenant may pay the rent due based on the diminished value of the premises into escrow until the landlord makes the necessary repairs.

(6)(a) If a landlord brings an action for the release of rent deposited, the court may, upon application of the landlord, release part of the rent on deposit for payment of the debt service on the premises, the insurance premiums for the premises, utility services, and repairs to the rental unit.

(b) In determining whether to release rent for the payments described in (a) of this subsection, the court shall consider the amount of rent the landlord receives from other rental units in the buildings of which the residential premises are a part, the cost of operating those units, and the costs which may be required to remedy the condition contained in the notice. The court shall also consider whether the expenses are due or have already been paid, whether the landlord has other financial resources, or whether the landlord or tenant will suffer irreparable damage. The court may request the landlord to provide additional security, such as a bond, prior to authorizing release of any of the funds in escrow. [1989 c 342 § 16.]

**59.18.120 Defective condition—Unfeasible to remedy defect—Termination of tenancy.** If a court or arbitrator determines a defective condition as described in RCW 59.18.060 to be so substantial that it is unfeasible for the landlord to remedy the defect within the time allotted by RCW 59.18.070, and that the tenant should not remain in the dwelling unit in its defective condition, the court or arbitrator may authorize the termination of the tenancy: PROVIDED, That the court or arbitrator shall set a reasonable time for the tenant to vacate the premises. [1973 1st ex.s. c 207 § 12.]

**59.18.125 Inspections by local municipalities—Frequency—Number of rental properties inspected—Notice—Appeals—Penalties.** (1) Local municipalities may require that landlords provide a certificate of inspection as a business license condition. A local municipality does not need to have a business license or registration program in order to require that landlords provide a certificate of inspection. A certificate of inspection does not preclude or limit inspections conducted pursuant to the tenant remedy as provided for in RCW 59.18.115, at the request or consent of the tenant, or pursuant to a warrant.

(2) A qualified inspector who is conducting an inspection under this section may only investigate a rental property as needed to provide a certificate of inspection.

(3) A local municipality may only require a certificate of inspection on a rental property once every three years.

(4)(a) A rental property that has received a certificate of occupancy within the last four years and has had no code violations reported on the property during that period is exempt from inspection under this section.

(b) A rental property inspected by a government agency or other qualified inspector within the previous twenty-four months may provide proof of that inspection which the local municipality may accept in lieu of a certificate of inspection. If any additional inspections of the rental property are conducted, a copy of the findings of these inspections may also be required by the local municipality.

(5) A rental property owner may choose to inspect one hundred percent of the units on the rental property and provide only the certificate of inspection for all units to the local municipality. However, if a rental property owner chooses to inspect only a sampling of the units, the owner must send written notice of the inspection to all units at the property. The notice must advise tenants that some of the units at the property will be inspected and that the tenants whose units need repairs or maintenance should send written notification to the landlord as provided in RCW 59.18.070. The notice must also advise tenants that if the landlord fails to adequately respond to the request for repairs or maintenance, the tenants may contact local municipality officials. A copy of the notice must be provided to the inspector upon request on the day of inspection.

(6)(a) If a rental property has twenty or fewer dwelling units, no more than four dwelling units at the rental property may be selected by the local municipality to provide a certificate of inspection as long as the initial inspection reveals that no conditions exist that endanger or impair the health or safety of a tenant.

(b) If a rental property has twenty-one or more units, no more than twenty percent of the units, rounded up to the next whole number, on the rental property, and up to a maximum of fifty units at any one property, may be selected by the local municipality to provide a certificate of inspection as long as the initial inspection reveals that no conditions exist that endanger or impair the health or safety of a tenant.

(c) If a rental property is asked to provide a certificate of inspection for a sample of units on the property and a selected unit fails the initial inspection, the local municipality may require up to one hundred percent of the units on the rental property to provide a certificate of inspection.

(d) If a rental property has had conditions that endanger or impair the health or safety of a tenant reported since the last required inspection, the local municipality may require one hundred percent of the units on the rental property to provide a certificate of inspection.

(e) If a rental property owner chooses to hire a qualified inspector other than a municipal housing code enforcement officer, and a selected unit of the rental property fails the initial inspection, both the results of the initial inspection and any certificate of inspection must be provided to the local municipality.

(7)(a) The landlord shall provide written notification of his or her intent to enter an individual unit for the purposes of providing a local municipality with a certificate of inspection in accordance with RCW 59.18.150(6). The written notice

must indicate the date and approximate time of the inspection and the company or person performing the inspection, and that the tenant has the right to see the inspector's identification before the inspector enters the individual unit. A copy of this notice must be provided to the inspector upon request on the day of inspection.

(b) A tenant who continues to deny access to his or her unit is subject to RCW 59.18.150(8).

(8) If a rental property owner does not agree with the findings of an inspection performed by a local municipality under this section, the local municipality shall offer an appeals process.

(9) A penalty for noncompliance under this section may be assessed by a local municipality. A local municipality may also notify the landlord that until a certificate of inspection is provided, it is unlawful to rent or to allow a tenant to continue to occupy the dwelling unit.

(10) Any person who knowingly submits or assists in the submission of a falsified certificate of inspection, or knowingly submits falsified information upon which a certificate of inspection is issued, is, in addition to the penalties provided for in subsection (9) of this section, guilty of a gross misdemeanor and must be punished by a fine of not more than five thousand dollars.

(11) As of June 10, 2010, a local municipality may not enact an ordinance requiring a certificate of inspection unless the ordinance complies with this section. This prohibition does not preclude any amendments made to ordinances adopted before June 10, 2010. [2010 c 148 § 2.]

**59.18.130 Duties of tenant.** Each tenant shall pay the rental amount at such times and in such amounts as provided for in the rental agreement or as otherwise provided by law and comply with all obligations imposed upon tenants by applicable provisions of all municipal, county, and state codes, statutes, ordinances, and regulations, and in addition shall:

(1) Keep that part of the premises which he or she occupies and uses as clean and sanitary as the conditions of the premises permit;

(2) Properly dispose from his or her dwelling unit all rubbish, garbage, and other organic or flammable waste, in a clean and sanitary manner at reasonable and regular intervals, and assume all costs of extermination and fumigation for infestation caused by the tenant;

(3) Properly use and operate all electrical, gas, heating, plumbing and other fixtures and appliances supplied by the landlord;

(4) Not intentionally or negligently destroy, deface, damage, impair, or remove any part of the structure or dwelling, with the appurtenances thereto, including the facilities, equipment, furniture, furnishings, and appliances, or permit any member of his or her family, invitee, licensee, or any person acting under his or her control to do so. Violations may be prosecuted under chapter 9A.48 RCW if the destruction is intentional and malicious;

(5) Not permit a nuisance or common waste;

(6) Not engage in drug-related activity at the rental premises, or allow a subtenant, sublessee, resident, or anyone else to engage in drug-related activity at the rental premises with the knowledge or consent of the tenant. "Drug-related

activity" means that activity which constitutes a violation of chapter 69.41, 69.50, or 69.52 RCW;

(7) Maintain the smoke detection device in accordance with the manufacturer's recommendations, including the replacement of batteries where required for the proper operation of the smoke detection device, as required in \*RCW 48.48.140(3);

(8) Not engage in any activity at the rental premises that is:

(a) Imminently hazardous to the physical safety of other persons on the premises; and

(b)(i) Entails physical assaults upon another person which result in an arrest; or

(ii) Entails the unlawful use of a firearm or other deadly weapon as defined in RCW 9A.04.110 which results in an arrest, including threatening another tenant or the landlord with a firearm or other deadly weapon under RCW 59.18.352. Nothing in this subsection (8) shall authorize the termination of tenancy and eviction of the victim of a physical assault or the victim of the use or threatened use of a firearm or other deadly weapon;

(9) Not engage in any gang-related activity at the premises, as defined in RCW 59.18.030, or allow another to engage in such activity at the premises, that renders people in at least two or more dwelling units or residences insecure in life or the use of property or that injures or endangers the safety or health of people in at least two or more dwelling units or residences. In determining whether a tenant is engaged in gang-related activity, a court should consider the totality of the circumstances, including factors such as whether there have been a significant number of complaints to the landlord about the tenant's activities at the property, damages done by the tenant to the property, including the property of other tenants or neighbors, harassment or threats made by the tenant to other tenants or neighbors that have been reported to law enforcement agencies, any police incident reports involving the tenant, and the tenant's criminal history; and

(10) Upon termination and vacation, restore the premises to their initial condition except for reasonable wear and tear or conditions caused by failure of the landlord to comply with his or her obligations under this chapter: PROVIDED, That the tenant shall not be charged for normal cleaning if he or she has paid a nonrefundable cleaning fee. [1998 c 276 § 2; 1992 c 38 § 2; 1991 c 154 § 3; 1988 c 150 § 2; 1983 c 264 § 3; 1973 1st ex.s. c 207 § 13.]

\*Reviser's note: RCW 48.48.140 was recodified as RCW 43.44.110 pursuant to 2006 c 25 § 13.

**Intent—Effective date—1992 c 38:** See notes following RCW 59.18.352.

**Legislative findings—1988 c 150:** "The legislature finds that the illegal use, sale, and manufacture of drugs and other drug-related activities is a statewide problem. Innocent persons, especially children, who come into contact with illegal drug-related activity within their own neighborhoods are seriously and adversely affected. Rental property is damaged and devalued by drug activities. The legislature further finds that a rapid and efficient response is necessary to: (1) Lessen the occurrence of drug-related enterprises; (2) reduce the drug use and trafficking problems within this state; and (3) reduce the damage caused to persons and property by drug activity. The legislature finds that it is beneficial to rental property owners and to the public to permit landlords to quickly and efficiently evict persons who engage in drug-related activities at rented premises." [1988 c 150 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.18.140 Reasonable obligations or restrictions—Tenant's duty to conform.** The tenant shall conform to all reasonable obligations or restrictions, whether denominated by the landlord as rules, rental agreement, rent, or otherwise, concerning the use, occupation, and maintenance of his or her dwelling unit, appurtenances thereto, and the property of which the dwelling unit is a part if such obligations and restrictions are not in violation of any of the terms of this chapter and are not otherwise contrary to law, and if such obligations and restrictions are brought to the attention of the tenant at the time of his or her initial occupancy of the dwelling unit and thus become part of the rental agreement. Except for termination of tenancy, after thirty days written notice to each affected tenant, a new rule of tenancy including a change in the amount of rent may become effective upon completion of the term of the rental agreement or sooner upon mutual consent. [2010 c 8 § 19022; 1989 c 342 § 6; 1973 1st ex.s. c 207 § 14.]

**59.18.150 Landlord's right of entry—Purposes—Searches by fire officials—Searches by code enforcement officials for inspection purposes—Conditions.** (1) The tenant shall not unreasonably withhold consent to the landlord to enter into the dwelling unit in order to inspect the premises, make necessary or agreed repairs, alterations, or improvements, supply necessary or agreed services, or exhibit the dwelling unit to prospective or actual purchasers, mortgagees, tenants, workers, or contractors.

(2) Upon written notice of intent to seek a search warrant, when a tenant or landlord denies a fire official the right to search a dwelling unit, a fire official may immediately seek a search warrant and, upon a showing of probable cause specific to the dwelling unit sought to be searched that criminal fire code violations exist in the dwelling unit, a court of competent jurisdiction shall issue a warrant allowing a search of the dwelling unit.

Upon written notice of intent to seek a search warrant, when a landlord denies a fire official the right to search the common areas of the rental building other than the dwelling unit, a fire official may immediately seek a search warrant and, upon a showing of probable cause specific to the common area sought to be searched that a criminal fire code violation exists in those areas, a court of competent jurisdiction shall issue a warrant allowing a search of the common areas in which the violation is alleged.

The superior court and courts of limited jurisdiction organized under Titles 3, 35, and 35A RCW have jurisdiction to issue such search warrants. Evidence obtained pursuant to any such search may be used in a civil or administrative enforcement action.

(3) As used in this section:

(a) "Common areas" means a common area or those areas that contain electrical, plumbing, and mechanical equipment and facilities used for the operation of the rental building.

(b) "Fire official" means any fire official authorized to enforce the state or local fire code.

(4)(a) A search warrant may be issued by a judge of a superior court or a court of limited jurisdiction under Titles 3, 35, and 35A RCW to a code enforcement official of the state or of any county, city, or other political subdivision for the

purpose of allowing the inspection of any specified dwelling unit and premises to determine the presence of an unsafe building condition or a violation of any building regulation, statute, or ordinance.

(b) A search warrant must only be issued upon application of a designated officer or employee of a county or city prosecuting or regulatory authority supported by an affidavit or declaration made under oath or upon sworn testimony before the judge, establishing probable cause that a violation of a state or local law, regulation, or ordinance regarding rental housing exists and endangers the health or safety of the tenant or adjoining neighbors. In addition, the affidavit must contain a statement that consent to inspect has been sought from the owner and the tenant but could not be obtained because the owner or the tenant either refused or failed to respond within five days, or a statement setting forth facts or circumstances reasonably justifying the failure to seek such consent. A landlord may not take or threaten to take reprisals or retaliatory action as defined in RCW 59.18.240 against a tenant who gives consent to a code enforcement official of the state or of any county, city, or other political subdivision to inspect his or her dwelling unit to determine the presence of an unsafe building condition or a violation of any building regulation, statute, or ordinance.

(c) In determining probable cause, the judge is not limited to evidence of specific knowledge, but may also consider any of the following:

(i) The age and general condition of the premises;

(ii) Previous violations or hazards found present in the premises;

(iii) The type of premises;

(iv) The purposes for which the premises are used; or

(v) The presence of hazards or violations in and the general condition of premises near the premises sought to be inspected.

(d) Before issuing an inspection warrant, the judge shall find that the applicant has: (i) Provided written notice of the date, approximate time, and court in which the applicant will be seeking the warrant to the owner and, if the applicant reasonably believes the dwelling unit or rental property to be inspected is in the lawful possession of a tenant, to the tenant; and (ii) posted a copy of the notice on the exterior of the dwelling unit or rental property to be inspected. The judge shall also allow the owner and any tenant who appears during consideration of the application for the warrant to defend against or in support of the issuance of the warrant.

(e) All warrants must include at least the following:

(i) The name of the agency and building official requesting the warrant and authorized to conduct an inspection pursuant to the warrant;

(ii) A reasonable description of the premises and items to be inspected; and

(iii) A brief description of the purposes of the inspection.

(f) An inspection warrant is effective for the time specified in the warrant, but not for a period of more than ten days unless it is extended or renewed by the judge who signed and issued the original warrant upon satisfying himself or herself that the extension or renewal is in the public interest. The inspection warrant must be executed and returned to the judge by whom it was issued within the time specified in the warrant or within the extended or renewed time. After the

expiration of the time specified in the warrant, the warrant, unless executed, is void.

(g) An inspection pursuant to a warrant must not be made:

(i) Between 7:00 p.m. of any day and 8:00 a.m. of the succeeding day, on Saturday or Sunday, or on any legal holiday, unless the owner or, if occupied, the tenant specifies a preference for inspection during such hours or on such a day;

(ii) Without the presence of an owner or occupant over the age of eighteen years or a person designated by the owner or occupant unless specifically authorized by a judge upon a showing that the authority is reasonably necessary to effectuate the purpose of the search warrant; or

(iii) By means of forcible entry, except that a judge may expressly authorize a forcible entry when:

(A) Facts are shown that are sufficient to create a reasonable suspicion of a violation of a state or local law or rule relating to municipal or county building, fire, safety, environmental, animal control, land use, plumbing, electrical, health, minimum housing, or zoning standards that, if the violation existed, would be an immediate threat to the health or safety of the tenant; or

(B) Facts are shown establishing that reasonable attempts to serve a previous warrant have been unsuccessful.

(h) Immediate execution of a warrant is prohibited, except when necessary to prevent loss of life or property.

(i) Any person who willfully refuses to permit inspection, obstructs inspection, or aids in the obstruction of an inspection of property authorized by warrant issued pursuant to this section is subject to remedial and punitive sanctions for contempt of court under chapter 7.21 RCW. Such conduct may also be subject to a civil penalty imposed by local ordinance that takes into consideration the facts and circumstances and the severity of the violation.

(5) The landlord may enter the dwelling unit without consent of the tenant in case of emergency or abandonment.

(6) The landlord shall not abuse the right of access or use it to harass the tenant. Except in the case of emergency or if it is impracticable to do so, the landlord shall give the tenant at least two days' notice of his or her intent to enter and shall enter only at reasonable times. The tenant shall not unreasonably withhold consent to the landlord to enter the dwelling unit at a specified time where the landlord has given at least one day's notice of intent to enter to exhibit the dwelling unit to prospective or actual purchasers or tenants. A landlord shall not unreasonably interfere with a tenant's enjoyment of the rented dwelling unit by excessively exhibiting the dwelling unit.

(7) The landlord has no other right of access except by court order, arbitrator or by consent of the tenant.

(8) A landlord or tenant who continues to violate the rights of the tenant or landlord with respect to the duties imposed on the other as set forth in this section after being served with one written notification alleging in good faith violations of this section listing the date and time of the violation shall be liable for up to one hundred dollars for each violation after receipt of the notice. The prevailing landlord or tenant may recover costs of the suit or arbitration under this section, and may also recover reasonable attorneys' fees.

(9) Nothing in this section is intended to (a) abrogate or modify in any way any common law right or privilege or (b)

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affect the common law as it relates to a local municipality's right of entry under emergency or exigent circumstances. [2010 c 148 § 3; 2002 c 263 § 1. Prior: 1989 c 342 § 7; 1989 c 12 § 18; 1973 1st ex.s. c 207 § 15.]

**59.18.160 Landlord's remedies if tenant fails to remedy defective condition.** If, after receipt of written notice, as provided in RCW 59.18.170, the tenant fails to remedy the defective condition within a reasonable time, the landlord may:

(1) Bring an action in an appropriate court, or at arbitration if so agreed for any remedy provided under this chapter or otherwise provided by law; or

(2) Pursue other remedies available under this chapter. [1973 1st ex.s. c 207 § 16.]

**59.18.170 Landlord to give notice if tenant fails to carry out duties.** If at any time during the tenancy the tenant fails to carry out the duties required by RCW 59.18.130 or 59.18.140, the landlord may, in addition to pursuit of remedies otherwise provided by law, give written notice to the tenant of said failure, which notice shall specify the nature of the failure. [1973 1st ex.s. c 207 § 17.]

**59.18.180 Tenant's failure to comply with statutory duties—Landlord to give tenant written notice of non-compliance—Landlord's remedies.** (1) If the tenant fails to comply with any portion of RCW 59.18.130 or 59.18.140, and such noncompliance can substantially affect the health and safety of the tenant or other tenants, or substantially increase the hazards of fire or accident that can be remedied by repair, replacement of a damaged item, or cleaning, the tenant shall comply within thirty days after written notice by the landlord specifying the noncompliance, or, in the case of emergency as promptly as conditions require. If the tenant fails to remedy the noncompliance within that period the landlord may enter the dwelling unit and cause the work to be done and submit an itemized bill of the actual and reasonable cost of repair, to be payable on the next date when periodic rent is due, or on terms mutually agreed to by the landlord and tenant, or immediately if the rental agreement has terminated. Any substantial noncompliance by the tenant of RCW 59.18.130 or 59.18.140 shall constitute a ground for commencing an action in unlawful detainer in accordance with the provisions of chapter 59.12 RCW, and a landlord may commence such action at any time after written notice pursuant to such chapter. The tenant shall have a defense to an unlawful detainer action filed solely on this ground if it is determined at the hearing authorized under the provisions of chapter 59.12 RCW that the tenant is in substantial compliance with the provisions of this section, or if the tenant remedies the noncomplying condition within the thirty day period provided for above or any shorter period determined at the hearing to have been required because of an emergency: PROVIDED, That if the defective condition is remedied after the commencement of an unlawful detainer action, the tenant may be liable to the landlord for statutory costs and reasonable attorney's fees.

(2) If drug-related activity is alleged to be a basis for termination of tenancy under RCW 59.18.130(6), 59.12.030(5),

or 59.20.140(5), the compliance provisions of this section do not apply and the landlord may proceed directly to an unlawful detainer action.

(3) If activity on the premises that creates an imminent hazard to the physical safety of other persons on the premises as defined in RCW 59.18.130(8) is alleged to be the basis for termination of the tenancy, and the tenant is arrested as a result of this activity, then the compliance provisions of this section do not apply and the landlord may proceed directly to an unlawful detainer action against the tenant who was arrested for this activity.

(4) If gang-related activity, as prohibited under RCW 59.18.130(9), is alleged to be the basis for termination of the tenancy, then the compliance provisions of this section do not apply and the landlord may proceed directly to an unlawful detainer action in accordance with chapter 59.12 RCW, and a landlord may commence such an action at any time after written notice under chapter 59.12 RCW.

(5) A landlord may not be held liable in any cause of action for bringing an unlawful detainer action against a tenant for drug-related activity, for creating an imminent hazard to the physical safety of others, or for engaging in gang-related activity that renders people in at least two or more dwelling units or residences insecure in life or the use of property or that injures or endangers the safety or health of people in at least two or more dwelling units or residences under this section, if the unlawful detainer action was brought in good faith. Nothing in this section shall affect a landlord's liability under RCW 59.18.380 to pay all damages sustained by the tenant should the writ of restitution be wrongfully sued out. [1998 c 276 § 3; 1992 c 38 § 3; 1988 c 150 § 7; 1973 1st ex.s. c 207 § 18.]

**Intent—Effective date—1992 c 38:** See notes following RCW 59.18.352.

**Legislative findings—Severability—1988 c 150:** See notes following RCW 59.18.130.

**59.18.190 Notice to tenant to remedy nonconformance.** Whenever the landlord learns of a breach of RCW 59.18.130 or has accepted performance by the tenant which is at variance with the terms of the rental agreement or rules enforceable after the commencement of the tenancy, he or she may immediately give notice to the tenant to remedy the nonconformance. Said notice shall expire after sixty days unless the landlord pursues any remedy under this chapter. [2010 c 8 § 19023; 1973 1st ex.s. c 207 § 19.]

**59.18.200 Tenancy from month to month or for rental period—Termination—Armed Forces exception—Exclusion of children—Conversion to condominium—Notice.** (1)(a) When premises are rented for an indefinite time, with monthly or other periodic rent reserved, such tenancy shall be construed to be a tenancy from month to month, or from period to period on which rent is payable, and shall be terminated by written notice of twenty days or more, preceding the end of any of the months or periods of tenancy, given by either party to the other.

(b) Any tenant who is a member of the armed forces, including the national guard and armed forces reserves, or that tenant's spouse or dependant, may terminate a rental agreement with less than twenty days' notice if the tenant

receives reassignment or deployment orders that do not allow a twenty-day notice.

(2)(a) Whenever a landlord plans to change to a policy of excluding children, the landlord shall give a written notice to a tenant at least ninety days before termination of the tenancy to effectuate such change in policy. Such ninety-day notice shall be in lieu of the notice required by subsection (1) of this section. However, if after giving the ninety-day notice the change in policy is delayed, the notice requirements of subsection (1) of this section shall apply unless waived by the tenant.

(b) Whenever a landlord plans to change any apartment or apartments to a condominium form of ownership, the landlord shall provide a written notice to a tenant at least one hundred twenty days before termination of the tenancy, in compliance with RCW 64.34.440(1), to effectuate such change. The one hundred twenty-day notice is in lieu of the notice required in subsection (1) of this section. However, if after providing the one hundred twenty-day notice the change to a condominium form of ownership is delayed, the notice requirements in subsection (1) of this section apply unless waived by the tenant. [2008 c 113 § 4; 2003 c 7 § 1; 1979 ex.s. c 70 § 1; 1973 1st ex.s. c 207 § 20.]

**Application—Effective date—2008 c 113:** See notes following RCW 64.34.440.

**Effective date—2003 c 7:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [March 24, 2003]." [2003 c 7 § 4.]

*Unlawful detainer, notice requirement: RCW 59.12.030(2).*

**59.18.210 Tenancies from year to year except under written contract.** Tenancies from year to year are hereby abolished except when the same are created by express written contract. Leases may be in writing or print, or partly in writing and partly in print, and shall be legal and valid for any term or period not exceeding one year, without acknowledgment, witnesses or seals. [1973 1st ex.s. c 207 § 21.]

**59.18.220 Termination of tenancy for a specified time—Armed forces exception.** (1) In all cases where premises are rented for a specified time, by express or implied contract, the tenancy shall be deemed terminated at the end of such specified time.

(2) Any tenant who is a member of the armed forces, including the national guard and armed forces reserves, or that tenant's spouse or dependent, may terminate a tenancy for a specified time if the tenant receives reassignment or deployment orders. The tenant shall provide notice of the reassignment or deployment order to the landlord no later than seven days after receipt. [2003 c 7 § 2; 1973 1st ex.s. c 207 § 22.]

**Effective date—2003 c 7:** See note following RCW 59.18.200.

**59.18.230 Waiver of chapter provisions prohibited—Provisions prohibited from rental agreement—Distress for rent abolished—Detention of personal property for rent—Remedies.** (1) Any provision of a lease or other agreement, whether oral or written, whereby any section or subsection of this chapter is waived except as provided in RCW 59.18.360 and shall be deemed against public policy

and shall be unenforceable. Such unenforceability shall not affect other provisions of the agreement which can be given effect without them.

(2) No rental agreement may provide that the tenant:

(a) Agrees to waive or to forego rights or remedies under this chapter; or

(b) Authorizes any person to confess judgment on a claim arising out of the rental agreement; or

(c) Agrees to pay the landlord's attorney's fees, except as authorized in this chapter; or

(d) Agrees to the exculpation or limitation of any liability of the landlord arising under law or to indemnify the landlord for that liability or the costs connected therewith; or

(e) And landlord have agreed to a particular arbitrator at the time the rental agreement is entered into.

(3) A provision prohibited by subsection (2) of this section included in a rental agreement is unenforceable. If a landlord deliberately uses a rental agreement containing provisions known by him or her to be prohibited, the tenant may recover actual damages sustained by him or her and reasonable attorney's fees.

(4) The common law right of the landlord of distress for rent is hereby abolished for property covered by this chapter. Any provision in a rental agreement creating a lien upon the personal property of the tenant or authorizing a distress for rent is null and void and of no force and effect. Any landlord who takes or detains the personal property of a tenant without the specific written consent of the tenant to such incident of taking or detention, and who, after written demand by the tenant for the return of his or her personal property, refuses to return the same promptly shall be liable to the tenant for the value of the property retained, actual damages, and if the refusal is intentional, may also be liable for damages of up to one hundred dollars per day but not to exceed one thousand dollars, for each day or part of a day that the tenant is deprived of his or her property. The prevailing party may recover his or her costs of suit and a reasonable attorney's fee.

In any action, including actions pursuant to chapters 7.64 or 12.28 RCW, brought by a tenant or other person to recover possession of his or her personal property taken or detained by a landlord in violation of this section, the court, upon motion and after notice to the opposing parties, may waive or reduce any bond requirements where it appears to be to the satisfaction of the court that the moving party is proceeding in good faith and has, prima facie, a meritorious claim for immediate delivery or redelivery of said property. [2010 c 8 § 19024; 1989 c 342 § 8; 1983 c 264 § 4; 1973 1st ex.s. c 207 § 23.]

**59.18.240 Reprisals or retaliatory actions by landlord—Prohibited.** So long as the tenant is in compliance with this chapter, the landlord shall not take or threaten to take reprisals or retaliatory action against the tenant because of any good faith and lawful:

(1) Complaints or reports by the tenant to a governmental authority concerning the failure of the landlord to substantially comply with any code, statute, ordinance, or regulation governing the maintenance or operation of the premises, if such condition may endanger or impair the health or safety of the tenant; or

(2) Assertions or enforcement by the tenant of his or her rights and remedies under this chapter.

"Reprisal or retaliatory action" shall mean and include but not be limited to any of the following actions by the landlord when such actions are intended primarily to retaliate against a tenant because of the tenant's good faith and lawful act:

(a) Eviction of the tenant;

(b) Increasing the rent required of the tenant;

(c) Reduction of services to the tenant; and

(d) Increasing the obligations of the tenant. [2010 c 8 § 19025; 1983 c 264 § 9; 1973 1st ex.s. c 207 § 24.]

**59.18.250 Reprisals or retaliatory actions by landlord—Presumptions—Rebuttal—Costs.** Initiation by the landlord of any action listed in RCW 59.18.240 within ninety days after a good faith and lawful act by the tenant as enumerated in RCW 59.18.240, or within ninety days after any inspection or proceeding of a governmental agency resulting from such act, shall create a rebuttable presumption affecting the burden of proof, that the action is a reprisal or retaliatory action against the tenant: PROVIDED, That if at the time the landlord gives notice of termination of tenancy pursuant to chapter 59.12 RCW the tenant is in arrears in rent or in breach of any other lease or rental obligation, there is a rebuttable presumption affecting the burden of proof that the landlord's action is neither a reprisal nor retaliatory action against the tenant: PROVIDED FURTHER, That if the court finds that the tenant made a complaint or report to a governmental authority within ninety days after notice of a proposed increase in rent or other action in good faith by the landlord, there is a rebuttable presumption that the complaint or report was not made in good faith: PROVIDED FURTHER, That no presumption against the landlord shall arise under this section, with respect to an increase in rent, if the landlord, in a notice to the tenant of increase in rent, specifies reasonable grounds for said increase, which grounds may include a substantial increase in market value due to remedial action under this chapter: PROVIDED FURTHER, That the presumption of retaliation, with respect to an eviction, may be rebutted by evidence that it is not practical to make necessary repairs while the tenant remains in occupancy. In any action or eviction proceeding where the tenant prevails upon his or her claim or defense that the landlord has violated this section, the tenant shall be entitled to recover his or her costs of suit or arbitration, including a reasonable attorney's fee, and where the landlord prevails upon his or her claim he or she shall be entitled to recover his or her costs of suit or arbitration, including a reasonable attorney's fee: PROVIDED FURTHER, That neither party may recover attorney's fees to the extent that their legal services are provided at no cost to them. [2010 c 8 § 19026; 1983 c 264 § 10; 1973 1st ex.s. c 207 § 25.]

**59.18.253 Deposit to secure occupancy by tenant—Landlord's duties—Violation.** (1) It shall be unlawful for a landlord to require a fee from a prospective tenant for the privilege of being placed on a waiting list to be considered as a tenant for a dwelling unit.

(2) A landlord who charges a prospective tenant a fee or deposit to secure that the prospective tenant will move into a dwelling unit, after the dwelling unit has been offered to the prospective tenant, must provide the prospective tenant with a receipt for the fee or deposit, together with a written statement of the conditions, if any, under which the fee or deposit is refundable. If the prospective tenant does occupy the dwelling unit, then the landlord must credit the amount of the fee or deposit to the tenant's first month's rent or to the tenant's security deposit. If the prospective tenant does not occupy the dwelling unit, then the landlord may keep up to the full amount of any fee or deposit that was paid by the prospective tenant to secure the tenancy, so long as it is in accordance with the written statement of conditions furnished to the prospective tenant at the time the fee or deposit was charged. A fee charged to secure a tenancy under this subsection does not include any cost charged by a landlord to use a tenant screening service or obtain background information on a prospective tenant.

(3) In any action brought for a violation of this section a landlord may be liable for the amount of the fee or deposit charged. In addition, any landlord who violates this section may be liable to the prospective tenant for an amount not to exceed one hundred dollars. The prevailing party may also recover court costs and a reasonable attorneys' fee. [1991 c 194 § 2.]

**Findings—1991 c 194:** "The legislature finds that tenant application fees often have the effect of excluding low-income people from applying for housing because many low-income people cannot afford these fees in addition to the rent and other deposits which may be required. The legislature further finds that application fees are frequently not returned to unsuccessful applicants for housing, which creates a hardship on low-income people. The legislature therefore finds and declares that it is the policy of the state that certain tenant application fees should be prohibited and guidelines should be established for the imposition of other tenant application fees.

The legislature also finds that it is important to both landlords and tenants that consumer information concerning prospective tenants is accurate. Many tenants are unaware of their rights under federal fair credit reporting laws to dispute information that may be inaccurate. The legislature therefore finds and declares that it is the policy of the state for prospective tenants to be informed of their rights to dispute information they feel is inaccurate in order to help prevent denials of housing based upon incorrect information." [1991 c 194 § 1.]

**59.18.257 Screening of tenants—Costs—Notice to tenant—Violation.** (1) If a landlord uses a tenant screening service, then the landlord may only charge for the costs incurred for using the tenant screening service under this section. If a landlord conducts his or her own screening of tenants, then the landlord may charge his or her actual costs in obtaining the background information, but the amount may not exceed the customary costs charged by a screening service in the general area. The landlord's actual costs include costs incurred for long distance phone calls and for time spent calling landlords, employers, and financial institutions.

(2) A landlord may not charge a prospective tenant for the cost of obtaining background information under this section unless the landlord first notifies the prospective tenant in writing of what a tenant screening entails, the prospective tenant's rights to dispute the accuracy of information provided by the tenant screening service or provided by the entities listed on the tenant application who will be contacted for information concerning the tenant, and the name and address of the tenant screening service used by the landlord.

(3) Nothing in this section requires a landlord to disclose information to a prospective tenant that was obtained from a tenant screening service or from entities listed on the tenant application which is not required under the federal fair credit reporting act, 15 U.S.C. Sec. 1681 et seq.

(4) Any landlord who violates this section may be liable to the prospective tenant for an amount not to exceed one hundred dollars. The prevailing party may also recover court costs and reasonable attorneys' fees. [1991 c 194 § 3.]

**Findings—1991 c 194:** See note following RCW 59.18.253.

**59.18.260 Moneys paid as deposit or security for performance by tenant—Written rental agreement to specify terms and conditions for retention by landlord—Written checklist required.** If any moneys are paid to the landlord by the tenant as a deposit or as security for performance of the tenant's obligations in a lease or rental agreement, the lease or rental agreement shall be in writing and shall include the terms and conditions under which the deposit or portion thereof may be withheld by the landlord upon termination of the lease or rental agreement. If all or part of the deposit may be withheld to indemnify the landlord for damages to the premises for which the tenant is responsible, the rental agreement shall be in writing and shall so specify. No deposit may be collected by a landlord unless the rental agreement is in writing and a written checklist or statement specifically describing the condition and cleanliness of or existing damages to the premises and furnishings, including, but not limited to, walls, floors, countertops, carpets, drapes, furniture, and appliances, is provided by the landlord to the tenant at the commencement of the tenancy. The checklist or statement shall be signed and dated by the landlord and the tenant, and the tenant shall be provided with a copy of the signed checklist or statement. No such deposit shall be withheld on account of normal wear and tear resulting from ordinary use of the premises. [1983 c 264 § 6; 1973 1st ex.s. c 207 § 26.]

**59.18.270 Moneys paid as deposit or security for performance by tenant—Deposit by landlord in trust account—Receipt—Claims.** All moneys paid to the landlord by the tenant as a deposit as security for performance of the tenant's obligations in a lease or rental agreement shall promptly be deposited by the landlord in a trust account, maintained by the landlord for the purpose of holding such security deposits for tenants of the landlord, in a financial institution as defined by RCW 30.22.041 or licensed escrow agent located in Washington. Unless otherwise agreed in writing, the landlord shall be entitled to receipt of interest paid on such trust account deposits. The landlord shall provide the tenant with a written receipt for the deposit and shall provide written notice of the name and address and location of the depository and any subsequent change thereof. If during a tenancy the status of landlord is transferred to another, any sums in the deposit trust account affected by such transfer shall simultaneously be transferred to an equivalent trust account of the successor landlord, and the successor landlord shall promptly notify the tenant of the transfer and of the name, address, and location of the new depository. The tenant's claim to any moneys paid under this section shall be prior to that of any creditor of the landlord, including a trustee

in bankruptcy or receiver, even if such moneys are commingled. [2004 c 136 § 1; 1975 1st ex.s. c 233 § 1; 1973 1st ex.s. c 207 § 27.]

**59.18.280 Moneys paid as deposit or security for performance by tenant—Statement and notice of basis for retention—Remedies for landlord’s failure to make refund.** Within fourteen days after the termination of the rental agreement and vacation of the premises or, if the tenant abandons the premises as defined in RCW 59.18.310, within fourteen days after the landlord learns of the abandonment, the landlord shall give a full and specific statement of the basis for retaining any of the deposit together with the payment of any refund due the tenant under the terms and conditions of the rental agreement. No portion of any deposit shall be withheld on account of wear resulting from ordinary use of the premises. The landlord complies with this section if the required statement or payment, or both, are deposited in the United States mail properly addressed with first-class postage prepaid within the fourteen days.

The notice shall be delivered to the tenant personally or by mail to his or her last known address. If the landlord fails to give such statement together with any refund due the tenant within the time limits specified above he or she shall be liable to the tenant for the full amount of the deposit. The landlord is also barred in any action brought by the tenant to recover the deposit from asserting any claim or raising any defense for retaining any of the deposit unless the landlord shows that circumstances beyond the landlord’s control prevented the landlord from providing the statement within the fourteen days or that the tenant abandoned the premises as defined in RCW 59.18.310. The court may in its discretion award up to two times the amount of the deposit for the intentional refusal of the landlord to give the statement or refund due. In any action brought by the tenant to recover the deposit, the prevailing party shall additionally be entitled to the cost of suit or arbitration including a reasonable attorney’s fee.

Nothing in this chapter shall preclude the landlord from proceeding against, and the landlord shall have the right to proceed against a tenant to recover sums exceeding the amount of the tenant’s damage or security deposit for damage to the property for which the tenant is responsible together with reasonable attorney’s fees. [2010 c 8 § 19027; 1989 c 342 § 9; 1983 c 264 § 7; 1973 1st ex.s. c 207 § 28.]

**59.18.285 Nonrefundable fees not to be designated as deposit—Written rental agreement required.** No moneys paid to the landlord which are nonrefundable may be designated as a deposit or as part of any deposit. If any moneys are paid to the landlord as a nonrefundable fee, the rental agreement shall be in writing and shall clearly specify that the fee is nonrefundable. [1983 c 264 § 5.]

**59.18.290 Removal or exclusion of tenant from premises—Holding over or excluding landlord from premises after termination date.** (1) It shall be unlawful for the landlord to remove or exclude from the premises the tenant thereof except under a court order so authorizing. Any tenant so removed or excluded in violation of this section may

(2010 Ed.)

recover possession of the property or terminate the rental agreement and, in either case, may recover the actual damages sustained. The prevailing party may recover the costs of suit or arbitration and reasonable attorney’s fees.

(2) It shall be unlawful for the tenant to hold over in the premises or exclude the landlord therefrom after the termination of the rental agreement except under a valid court order so authorizing. Any landlord so deprived of possession of premises in violation of this section may recover possession of the property and damages sustained by him or her, and the prevailing party may recover his or her costs of suit or arbitration and reasonable attorney’s fees. [2010 c 8 § 19028; 1973 1st ex.s. c 207 § 29.]

**59.18.300 Termination of tenant’s utility services—Tenant causing loss of landlord provided utility services.** It shall be unlawful for a landlord to intentionally cause termination of any of his or her tenant’s utility services, including water, heat, electricity, or gas, except for an interruption of utility services for a reasonable time in order to make necessary repairs. Any landlord who violates this section may be liable to such tenant for his or her actual damages sustained by him or her, and up to one hundred dollars for each day or part thereof the tenant is thereby deprived of any utility service, and the prevailing party may recover his or her costs of suit or arbitration and a reasonable attorney’s fee. It shall be unlawful for a tenant to intentionally cause the loss of utility services provided by the landlord, including water, heat, electricity, or gas, excepting as resulting from the normal occupancy of the premises. [2010 c 8 § 19029; 1973 1st ex.s. c 207 § 30.]

**59.18.310 Default in rent—Abandonment—Liability of tenant—Landlord’s remedies—Sale of tenant’s property by landlord.** If the tenant defaults in the payment of rent and reasonably indicates by words or actions the intention not to resume tenancy, the tenant shall be liable for the following for such abandonment: PROVIDED, That upon learning of such abandonment of the premises the landlord shall make a reasonable effort to mitigate the damages resulting from such abandonment:

(1) When the tenancy is month-to-month, the tenant shall be liable for the rent for the thirty days following either the date the landlord learns of the abandonment, or the date the next regular rental payment would have become due, whichever first occurs.

(2) When the tenancy is for a term greater than month-to-month, the tenant shall be liable for the lesser of the following:

- (a) The entire rent due for the remainder of the term; or
- (b) All rent accrued during the period reasonably necessary to rerent the premises at a fair rental, plus the difference between such fair rental and the rent agreed to in the prior agreement, plus actual costs incurred by the landlord in re-renting the premises together with statutory court costs and reasonable attorney’s fees.

In the event of such abandonment of tenancy and an accompanying default in the payment of rent by the tenant, the landlord may immediately enter and take possession of any property of the tenant found on the premises and may

store the same in any reasonably secure place. A landlord shall make reasonable efforts to provide the tenant with a notice containing the name and address of the landlord and the place where the property is stored and informing the tenant that a sale or disposition of the property shall take place pursuant to this section, and the date of the sale or disposal, and further informing the tenant of the right under RCW 59.18.230 to have the property returned prior to its sale or disposal. The landlord's efforts at notice under this subsection shall be satisfied by the mailing by first-class mail, postage prepaid, of such notice to the tenant's last known address and to any other address provided in writing by the tenant or actually known to the landlord where the tenant might receive the notice. The landlord shall return the property to the tenant after the tenant has paid the actual or reasonable drayage and storage costs whichever is less if the tenant makes a written request for the return of the property before the landlord has sold or disposed of the property. After forty-five days from the date the notice of such sale or disposal is mailed or personally delivered to the tenant, the landlord may sell or dispose of such property, including personal papers, family pictures, and keepsakes. The landlord may apply any income derived therefrom against moneys due the landlord, including actual or reasonable costs whichever is less of drayage and storage of the property. If the property has a cumulative value of fifty dollars or less, the landlord may sell or dispose of the property in the manner provided in this section, except for personal papers, family pictures, and keepsakes, after seven days from the date the notice of sale or disposal is mailed or personally delivered to the tenant: PROVIDED, That the landlord shall make reasonable efforts, as defined in this section, to notify the tenant. Any excess income derived from the sale of such property under this section shall be held by the landlord for the benefit of the tenant for a period of one year from the date of sale, and if no claim is made or action commenced by the tenant for the recovery thereof prior to the expiration of that period of time, the balance shall be the property of the landlord, including any interest paid on the income. [1991 c 220 § 1; 1989 c 342 § 10; 1983 c 264 § 8; 1973 1st ex.s. c 207 § 31.]

**59.18.312 Writ of restitution—Storage and sale of tenant's property—Use of proceeds from sale—Service by sheriff, form.** (1) A landlord shall, upon the execution of a writ of restitution by the sheriff, enter and take possession of any property of the tenant found on the premises. The landlord may store the property in any reasonably secure place, including the premises, and sell or dispose of the property as provided under subsection (3) of this section. The landlord must store the property if the tenant serves a written request to do so on the landlord or the landlord's representative by any of the methods described in RCW 59.18.365 no later than three days after service of the writ. A landlord may elect to store the property without such a request unless the tenant or the tenant's representative objects to the storage of the property. If the tenant or the tenant's representative objects to the storage of the property or the landlord elects not to store the property because the tenant has not served a written request on the landlord to do so, the property shall be deposited upon the nearest public property and may not be stored by the landlord. If the landlord knows that the tenant

is a person with a disability as defined in RCW 49.60.040 (as amended by chapter 317, Laws of 2007) and the disability impairs or prevents the tenant or the tenant's representative from making a written request for storage, it must be presumed that the tenant has requested the storage of the property as provided in this section unless the tenant objects in writing.

(2) Property stored under this section shall be returned to the tenant after the tenant has paid the actual or reasonable drayage and storage costs, whichever is less, or until it is sold or disposed of by the landlord in accordance with subsection (3) of this section.

(3) Prior to the sale of property stored pursuant to this section with a cumulative value of over one hundred dollars, the landlord shall notify the tenant of the pending sale. After thirty days from the date the notice of the sale is mailed or personally delivered to the tenant's last known address, the landlord may sell the property, including personal papers, family pictures, and keepsakes, and dispose of any property not sold.

If the property that is being stored has a cumulative value of one hundred dollars or less, then the landlord may sell or dispose of the property in the manner provided in this section, except for personal papers, family pictures, and keepsakes. Prior to the sale or disposal of property stored pursuant to this section with a cumulative value of one hundred dollars or less, the landlord shall notify the tenant of the pending sale or disposal. The notice shall either be mailed to the tenant's last known address or personally delivered to the tenant. After seven days from the date the notice is mailed or delivered to the tenant, the landlord may sell or dispose of the property.

The landlord may apply any income derived from the sale of the tenant's property against moneys due the landlord for drayage and storage of the property. The amount of sale proceeds that the landlord may apply towards such costs may not exceed the actual or reasonable costs for drayage and storage of the property, whichever is less. Any excess income derived from the sale of such property shall be held by the landlord for the benefit of the tenant for a period of one year from the date of the sale. If no claim is made or action commenced by the tenant for the recovery of the excess income prior to the expiration of that period of time, then the balance shall be treated as abandoned property and deposited by the landlord with the department of revenue pursuant to chapter 63.29 RCW.

(4) Nothing in this section shall be construed as creating a right of distress for rent.

(5) When serving a tenant with a writ of restitution pursuant to RCW 59.12.100 and 59.18.410, the sheriff shall provide written notice to the tenant that: (a) Upon execution of the writ, the landlord must store the tenant's property only if the tenant serves a written request on the landlord to do so no later than three days after service of the writ; (b) the notice to the landlord requesting storage may be served by personally delivering or mailing a copy of the request to the landlord at the address identified in, or by facsimile to the facsimile number listed on, the form described under subsection (6) of this section; (c) if the tenant has not made such a written request to the landlord, the landlord may elect to either store the tenant's property or place the tenant's property on the nearest public property unless the tenant objects; (d) if the

property is stored, it may not be returned to the tenant unless the tenant pays the actual or reasonable costs of drayage and storage, whichever is less, within thirty days; (e) if the tenant or the tenant’s representative objects to storage of the property, it will not be stored but will be placed on the nearest public property; and (f) the landlord may sell or otherwise dispose of the property as provided in subsection (3) of this section if the landlord provides written notice to the tenant first.

(6) When serving a tenant with a writ of restitution under subsection (5) of this section, the sheriff shall also serve the tenant with a form provided by the landlord that can be used to request the landlord to store the tenant’s property, which must be substantially in the following form:

REQUEST FOR STORAGE OF PERSONAL PROPERTY

Name of Plaintiff

Name(s) of Tenant(s)

I/we hereby request the landlord to store our personal property. I/we understand that I/we am/are responsible for the actual or reasonable costs of moving and storing the property, whichever is less. If I/we fail to pay these costs, the landlord may sell or dispose of the property pursuant to and within the time frame permitted under RCW 59.18.312(3).

Any notice of sale required under RCW 59.18.312(3) must be sent to the tenants at the following address:

IF NO ADDRESS IS PROVIDED, NOTICE OF SALE WILL BE SENT TO THE LAST KNOWN ADDRESS OF THE TENANT(S)

Dated:

Tenant-Print Name

Tenant-Print Name

This notice may be delivered or mailed to the landlord or the landlord’s representative at the following address:

This notice may also be served by facsimile to the landlord or the landlord’s representative at:

Facsimile Number

IMPORTANT

IF YOU WANT YOUR LANDLORD TO STORE YOUR PROPERTY, THIS WRITTEN REQUEST MUST BE RECEIVED BY THE LANDLORD NO LATER THAN THREE (3) DAYS AFTER THE SHERIFF SERVES THE

WRIT OF RESTITUTION. YOU SHOULD RETAIN PROOF OF SERVICE. [2008 c 43 § 1; 1992 c 38 § 8.]

Intent—Effective date—1992 c 38: See notes following RCW 59.18.352.

59.18.315 Mediation of disputes by independent third party. The landlord and tenant may agree in writing to submit any dispute arising under the provisions of this chapter or under the terms, conditions, or performance of the rental agreement, to mediation by an independent third party. The parties may agree to submit any dispute to mediation before exercising their right to arbitration under RCW 59.18.320. [1983 c 264 § 11.]

59.18.320 Arbitration—Authorized—Exceptions—Notice—Procedure. (1) The landlord and tenant may agree, in writing, except as provided in RCW 59.18.230(2)(e), to submit to arbitration, in conformity with the provisions of this section, any controversy arising under the provisions of this chapter, except the following:

(a) Controversies regarding the existence of defects covered in subsections (1) and (2) of RCW 59.18.070: PROVIDED, That this exception shall apply only before the implementation of any remedy by the tenant;

(b) Any situation where court action has been started by either landlord or tenant to enforce rights under this chapter; when the court action substantially affects the controversy, including but not limited to:

(i) Court action pursuant to subsections (2) and (3) of RCW 59.18.090 and subsections (1) and (2) of RCW 59.18.160; and

(ii) Any unlawful detainer action filed by the landlord pursuant to chapter 59.12 RCW.

(2) The party initiating arbitration under subsection (1) of this section shall give reasonable notice to the other party or parties.

(3) Except as otherwise provided in this section, the arbitration process shall be administered by any arbitrator agreed upon by the parties at the time the dispute arises: PROVIDED, That the procedures shall comply with the requirements of chapter 7.04A RCW (relating to arbitration) and of this chapter. [2005 c 433 § 45; 1973 1st ex.s. c 207 § 32.]

Application—Captions not law—Savings—Effective date—2005 c 433: See RCW 7.04A.290 through 7.04A.310 and 7.04A.900.

59.18.330 Arbitration—Application—Hearings—Decisions. (1) Unless otherwise mutually agreed to, in the event a controversy arises under RCW 59.18.320 the landlord or tenant, or both, shall complete an application for arbitration and deliver it to the selected arbitrator.

(2) The arbitrator so designated shall schedule a hearing to be held no later than ten days following receipt of notice of the controversy, except as provided in RCW 59.18.350.

(3) The arbitrator shall conduct public or private hearings. Reasonable notice of such hearings shall be given to the parties, who shall appear and be heard either in person or by counsel or other representative. Hearings shall be informal and the rules of evidence prevailing in judicial proceedings shall not be binding. A recording of the proceedings may be taken. Any oral or documentary evidence and other data deemed relevant by the arbitrator may be received in evi-

dence. The arbitrator shall have the power to administer oaths, to issue subpoenas, to require the attendance of witnesses and the production of such books, papers, contracts, agreements, and documents as may be deemed by the arbitrator material to a just determination of the issues in dispute. If any person refuses to obey such subpoena or refuses to be sworn to testify, or any witness, party, or attorney is guilty of any contempt while in attendance at any hearing held hereunder, the arbitrator may invoke the jurisdiction of any superior court, and such court shall have jurisdiction to issue an appropriate order. A failure to obey such order may be punished by the court as a contempt thereof.

(4) Within five days after conclusion of the hearing, the arbitrator shall make a written decision upon the issues presented, a copy of which shall be mailed by certified mail or otherwise delivered to the parties or their designated representatives. The determination of the dispute made by the arbitrator shall be final and binding upon both parties.

(5) If a defective condition exists which affects more than one dwelling unit in a similar manner, the arbitrator may consolidate the issues of fact common to those dwelling units in a single proceeding.

(6) Decisions of the arbitrator shall be enforced or appealed according to the provisions of chapter 7.04A RCW. [2005 c 433 § 46; 1973 1st ex.s. c 207 § 33.]

**Application—Captions not law—Savings—Effective date—2005 c 433:** See RCW 7.04A.290 through 7.04A.310 and 7.04A.900.

**59.18.340 Arbitration—Fee.** The administrative fee for this arbitration procedure shall be established by agreement of the parties and the arbitrator and, unless otherwise allocated by the arbitrator, shall be shared equally by the parties: PROVIDED, That upon either party signing an affidavit to the effect that he or she is unable to pay his or her share of the fee, that portion of the fee may be waived or deferred. [2010 c 8 § 19030; 1983 c 264 § 12; 1973 1st ex.s. c 207 § 34.]

**59.18.350 Arbitration—Completion of arbitration after giving notice.** When a party gives notice pursuant to RCW 59.18.320(2), he or she must, at the same time, arrange for arbitration of the grievance in the manner provided for in this chapter. The arbitration shall be completed before the rental due date next occurring after the giving of notice pursuant to RCW 59.18.320: PROVIDED, That in no event shall the arbitrator have less than ten days to complete the arbitration process. [2010 c 8 § 19031; 1973 1st ex.s. c 207 § 35.]

**59.18.352 Threatening behavior by tenant—Termination of agreement—Written notice—Financial obligations.** If a tenant notifies the landlord that he or she, or another tenant who shares that particular dwelling unit has been threatened by another tenant, and:

(1) The threat was made with a firearm or other deadly weapon as defined in RCW 9A.04.110; and

(2) The tenant who made the threat is arrested as a result of the threatening behavior; and

(3) The landlord fails to file an unlawful detainer action against the tenant who threatened another tenant within seven

calendar days after receiving notice of the arrest from a law enforcement agency;

then the tenant who was threatened may terminate the rental agreement and quit the premises upon written notice to the landlord without further obligation under the rental agreement.

A tenant who terminates a rental agreement under this section is discharged from payment of rent for any period following the quitting date, and is entitled to a pro rata refund of any prepaid rent, and shall receive a full and specific statement of the basis for retaining any of the deposit together with any refund due in accordance with RCW 59.18.280.

Nothing in this section shall be construed to require a landlord to terminate a rental agreement or file an unlawful detainer action. [1992 c 38 § 5.]

**Intent—1992 c 38:** "The legislature recognizes that tenants have a number of duties under the residential landlord tenant act. These duties include the duty to pay rent and give sufficient notice before terminating the tenancy, the duty to pay drayage and storage costs under certain circumstances, and the duty to not create a nuisance or common waste. The legislature finds that tenants are sometimes threatened by other tenants with firearms or other deadly weapons. Some landlords refuse to evict those tenants who threaten the well-being of other tenants even after an arrest has been made for the threatening behavior. The legislature also finds that some tenants who hold protective orders are still subjected to threats and acts of domestic violence. These tenants with protective orders must sometimes move quickly so that the person being restrained does not know where they reside. Tenants who move out of dwelling units because they fear for their safety often forfeit their damage deposit and last month's rent because they did not provide the requisite notice to terminate the tenancy. Some tenants remain in unsafe situations because they cannot afford to lose the money held as a deposit by the landlord. There is no current mechanism that authorizes the suspension of the tenant's duty to give the requisite notice before terminating a tenancy if they are endangered by others. There also is no current mechanism that imposes a duty on the tenant to pay drayage and storage costs when the landlord stores his or her property after an eviction. It is the intent of the legislature to provide a mechanism for tenants who are threatened to terminate their tenancies without suffering undue economic loss, to provide additional mechanisms to allow landlords to evict tenants who endanger others, and to establish a mechanism for tenants to pay drayage and storage costs under certain circumstances when the landlord stores the tenant's property after an eviction." [1992 c 38 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.18.354 Threatening behavior by landlord—Termination of agreement—Financial obligations.** If a tenant is threatened by the landlord with a firearm or other deadly weapon as defined in RCW 9A.04.110, and the threat leads to an arrest of the landlord, then the tenant may terminate the rental agreement and quit the premises without further obligation under the rental agreement. The tenant is discharged from payment of rent for any period following the quitting date, and is entitled to a pro rata refund of any prepaid rent, and shall receive a full and specific statement of the basis for retaining any of the deposit together with any refund due in accordance with RCW 59.18.280. [1992 c 38 § 6.]

**Intent—Effective date—1992 c 38:** See notes following RCW 59.18.352.

**59.18.360 Exemptions.** A landlord and tenant may agree, in writing, to exempt themselves from the provisions of RCW 59.18.060, 59.18.100, 59.18.110, 59.18.120, 59.18.130, and 59.18.190 if the following conditions have been met:

(1) The agreement may not appear in a standard form lease or rental agreement;

(2) There is no substantial inequality in the bargaining position of the two parties;

(3) The exemption does not violate the public policy of this state in favor of the ensuring safe, and sanitary housing; and

(4) Either the local county prosecutor’s office or the consumer protection division of the attorney general’s office or the attorney for the tenant has approved in writing the application for exemption as complying with subsections (1) through (3) of this section. [1973 1st ex.s. c 207 § 36.]

**59.18.363 Unlawful detainer action—Distressed home, previously.** In an unlawful detainer action involving property that was a distressed home:

(1) The plaintiff shall disclose to the court whether the defendant previously held title to the property that was a distressed home, and explain how the plaintiff came to acquire title;

(2) A defendant who previously held title to the property that was a distressed home shall not be required to escrow any money pending trial when a material question of fact exists as to whether the plaintiff acquired title from the defendant directly or indirectly through a distressed home conveyance;

(3) There must be both an automatic stay of the action and a consolidation of the action with a pending or subsequent quiet title action when a defendant claims that the plaintiff acquired title to the property through a distressed home conveyance. [2008 c 278 § 13.]

**59.18.365 Unlawful detainer action—Summons—Form.**

(1) The summons must contain the names of the parties to the proceeding, the attorney or attorneys if any, the court in which the same is brought, the nature of the action, in concise terms, and the relief sought, and also the return day; and must notify the defendant to appear and answer within the time designated or that the relief sought will be taken against him or her. The summons must contain a street address for service of the notice of appearance or answer and, if available, a facsimile number for the plaintiff or the plaintiff’s attorney, if represented. The summons must be served and returned in the same manner as a summons in other actions is served and returned.

(2) A defendant may serve a copy of an answer or notice of appearance by any of the following methods:

(a) By delivering a copy of the answer or notice of appearance to the person who signed the summons at the street address listed on the summons;

(b) By mailing a copy of the answer or notice of appearance addressed to the person who signed the summons to the street address listed on the summons;

(c) By facsimile to the facsimile number listed on the summons. Service by facsimile is complete upon successful transmission to the facsimile number listed upon the summons;

(d) As otherwise authorized by the superior court civil rules.

(3) The summons for unlawful detainer actions for tenancies covered by this chapter shall be substantially in the following form:

(2010 Ed.)

IN THE SUPERIOR COURT OF THE  
STATE OF WASHINGTON IN AND  
FOR . . . . . COUNTY

Plaintiff, } NO.  
vs. } EVICTION SUMMONS  
Defendant. } (Residential)

THIS IS NOTICE OF A LAWSUIT TO EVICT YOU.  
PLEASE READ IT CAREFULLY.  
THE DEADLINE FOR YOUR WRITTEN RESPONSE IS:  
5:00 p.m., on . . . . .

TO: . . . . . (Name)  
. . . . . (Address)

This is notice of a lawsuit to evict you from the property which you are renting. Your landlord is asking the court to terminate your tenancy, direct the sheriff to remove you and your belongings from the property, enter a money judgment against you for unpaid rent and/or damages for your use of the property, and for court costs and attorneys’ fees.

If you want to defend yourself in this lawsuit, you must respond to the eviction complaint in writing on or before the deadline stated above. You must respond in writing even if no case number has been assigned by the court yet.

You can respond to the complaint in writing by delivering a copy of a notice of appearance or answer to your landlord’s attorney (or your landlord if there is no attorney) by personal delivery, mailing, or facsimile to the address or facsimile number stated below **TO BE RECEIVED NO LATER THAN THE DEADLINE STATED ABOVE.** Service by facsimile is complete upon successful transmission to the facsimile number, if any, listed in the summons.

The notice of appearance or answer must include the name of this case (plaintiff(s) and defendant(s)), your name, the street address where further legal papers may be sent, your telephone number (if any), and your signature.

If there is a number on the upper right side of the eviction summons and complaint, you must also file your original notice of appearance or answer with the court clerk by the deadline for your written response.

You may demand that the plaintiff file this lawsuit with the court. If you do so, the demand must be in writing and must be served upon the person signing the summons. Within fourteen days after you serve the demand, the plaintiff must file this lawsuit with the court, or the service on you of this summons and complaint will be void.

If you wish to seek the advice of an attorney in this matter, you should do so promptly so that your written response, if any, may be served on time.

You may also be instructed in a separate order to appear for a court hearing on your eviction. If you receive an order to show cause you must personally appear at the hearing on the date indicated in the order to show cause **IN ADDITION** to delivering and filing your notice of appearance or answer by the deadline stated above.

IF YOU DO NOT RESPOND TO THE COMPLAINT IN WRITING BY THE DEADLINE STATED ABOVE YOU WILL LOSE BY DEFAULT. YOUR LANDLORD MAY PROCEED WITH THE LAWSUIT, EVEN IF YOU HAVE MOVED OUT OF THE PROPERTY.

The notice of appearance or answer must be delivered to:

.....  
 Name  
 .....  
 Street Address  
 .....  
 Telephone Number  
 .....  
 Facsimile Number  
 (Required if Available)

[2008 c 75 § 1; 2006 c 51 § 1; 2005 c 130 § 3; 1989 c 342 § 15.]

**59.18.370 Forcible entry or detainer or unlawful detainer actions—Writ of restitution—Application—Order—Hearing.** The plaintiff, at the time of commencing an action of forcible entry or detainer or unlawful detainer, or at any time afterwards, upon filing the complaint, may apply to the superior court in which the action is pending for an order directing the defendant to appear and show cause, if any he or she has, why a writ of restitution should not issue restoring to the plaintiff possession of the property in the complaint described, and the judge shall by order fix a time and place for a hearing of the motion, which shall not be less than seven nor more than thirty days from the date of service of the order upon defendant. A copy of the order, together with a copy of the summons and complaint if not previously served upon the defendant, shall be served upon the defendant. The order shall notify the defendant that if he or she fails to appear and show cause at the time and place specified by the order the court may order the sheriff to restore possession of the property to the plaintiff and may grant such other relief as may be prayed for in the complaint and provided by this chapter. [2005 c 130 § 2; 1973 1st ex.s. c 207 § 38.]

**59.18.375 Forcible entry or detainer or unlawful detainer actions—Payment of rent into court registry—Writ of restitution—Notice.** (1) The procedures and remedies provided by this section are optional and in addition to other procedures and remedies provided by this chapter.

(2) In an action of forcible entry, detainer, or unlawful detainer, commenced under this chapter which is based upon nonpayment of rent as provided in RCW 59.12.030(3), the defendant shall pay into the court registry the amount alleged due in the notice described in this section and continue to pay into the court registry the monthly rent as it becomes due under the terms of the rental agreement while the action is pending. Such payment is not required if the defendant submits to the court a written statement signed and sworn under penalty of perjury that sets forth the reasons why the rent alleged due in the notice is not owed. In the written statement, the defendant may provide as a reason that the rent

alleged due in the notice is not owed based upon a legal or equitable defense or set-off arising out of the tenancy.

(3) A defendant must comply with subsection (2) of this section on or before the deadline date specified in the notice, which must not precede the deadline for responding to the eviction summons and complaint for unlawful detainer. If the notice is served with the eviction summons and complaint, then the deadline for complying with the notice and the deadline for responding to the eviction summons and complaint must be the same date.

(4) Failure of the defendant to comply with this section shall be grounds for the immediate issuance of a writ of restitution without further notice to the defendant and without bond directing the sheriff to deliver possession of the premises to the plaintiff. Issuance of a writ of restitution under this section shall not affect the defendant's right to schedule a hearing on the merits. If the defendant fails to comply with this section and a writ of restitution is issued, the defendant may seek a hearing on the merits and an immediate stay of the writ of restitution. To obtain a stay of the writ of restitution, the defendant must make an offer of proof to the court that the plaintiff is not entitled to possession of the property based on a legal or equitable defense arising out of the tenancy. The court shall only grant the stay upon such prior notice as the court deems appropriate to the plaintiff's attorney, or to the plaintiff if there is no attorney. The court may grant the stay on such conditions as the court deems appropriate. The court may set a show cause hearing as soon as possible, but no later than seven days from the date the stay is sought or the date the defendant moves the court for a show cause hearing. If the court concludes at the show cause hearing that the writ of restitution should not have been issued because of any legal or equitable defense to the eviction, then the writ of restitution must be quashed and the defendant must be restored to possession.

(5) The defendant shall deliver written notice that the rent has been paid into the court registry or deliver a copy of the sworn statement referred to in subsection (2) of this section to the plaintiff by any of the following methods:

(a) By delivering a copy of the payment notice or sworn statement to the person who signed the notice to the street address listed on the notice;

(b) By mailing a copy of the payment notice or sworn statement addressed to the person who signed the notice to the street address listed on the notice;

(c) By facsimile to the facsimile number listed on the notice. Service by facsimile is complete upon successful transmission to the facsimile number listed upon the notice; or

(d) As otherwise authorized by the superior court civil rules.

(6) Before applying to the court for a writ of restitution under this section, the plaintiff must check with the clerk of the court to determine if the defendant has complied with subsection (2) of this section.

(7) If the plaintiff intends to use the procedures in this section, the plaintiff must first file the summons and complaint with the superior court of the appropriate county and deliver notice to the defendant of the payment requirements or sworn statement requirements of this section. The notice must:

(a) State that the defendant is required to comply with this section by a deadline date that is not less than seven days after the notice has been served on the defendant;

(b) Be separate from the eviction summons and complaint;

(c) Contain the names of the parties to the proceeding, the attorney or attorneys, if any, and the court in which the proceeding is being brought;

(d) Be signed and dated by the plaintiff's attorney, or by the plaintiff if there is no attorney;

(e) Contain a street address for service of the payment statement or sworn statement and, if available, a facsimile number for the landlord; and

(f) Be no less than twelve-point font type, in boldface type or capital letters where indicated below, and be substantially in the following form:

IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON IN AND FOR . . . . . COUNTY

Plaintiff, ) NO.
vs. ) RCW 59.18.375
) PAYMENT OR SWORN
) STATEMENT REQUIREMENT
Defendant, )

TO: . . . . . (Name)
. . . . . (Address)

IMPORTANT NOTICE
READ THESE INSTRUCTIONS CAREFULLY

YOU MUST DO THE FOLLOWING BY THE DEADLINE DATE:

THE DEADLINE DATE IS . . . . .

1. PAY RENT INTO THE COURT REGISTRY; OR

2. FILE A SWORN STATEMENT THAT YOU DO NOT OWE THE RENT CLAIMED DUE.

IF YOU FAIL TO DO ONE OF THE ABOVE ON OR BEFORE THE DEADLINE DATE, THE SHERIFF COULD EVICT YOU WITHOUT A HEARING EVEN IF YOU HAVE ALSO RECEIVED A NOTICE THAT A HEARING HAS BEEN SCHEDULED.

YOUR LANDLORD CLAIMS YOU OWE RENT

This eviction lawsuit is based upon nonpayment of rent. Your landlord claims you owe the following amount: \$ . . . . . The landlord is entitled to an order from the court directing the sheriff to evict you without a hearing unless you do the following by the deadline date: . . . . .

YOU MUST DO THE FOLLOWING BY THE DEADLINE DATE:

1. Pay into the court registry the amount your landlord claims you owe set forth above and continue paying into the court registry the monthly rent as it becomes due while this lawsuit is pending;

OR

2. If you deny that you owe the amount set forth above and you do not want to be evicted immediately without a hearing, you must file with the clerk of the court a written statement signed and sworn under penalty of perjury that sets forth why you do not owe that amount.

3. You must deliver written notice that the rent has been paid into the court registry OR deliver a copy of your sworn statement to the person named below by personal delivery, mail, or facsimile.

Name

Address

Telephone Number

Fax Number

4. The sworn statement must be filed IN ADDITION TO delivering your written response to the complaint and YOU MUST ALSO appear for any hearing that has been scheduled.

Dated: . . . . .

Signed: . . . . .

(8) The notice authorized in this section may be served pursuant to applicable civil rules either with a filed eviction summons and complaint or at any time after an eviction summons and complaint have been filed with the court. If the defendant has served a response to the eviction summons and complaint, then the notice may be served before or with an order to show cause as described in RCW 59.18.370.

(9) This section does not affect the defendant's right to restore the tenancy under RCW 59.18.410. [2008 c 75 § 2; 2006 c 51 § 2; 1983 c 264 § 13.]

59.18.380 Forcible entry or detainer or unlawful detainer actions—Writ of restitution—Answer—Order—Stay—Bond. At the time and place fixed for the hearing of plaintiff's motion for a writ of restitution, the defendant, or any person in possession or claiming possession of the property, may answer, orally or in writing, and assert any legal or equitable defense or set-off arising out of the tenancy. If the answer is oral the substance thereof shall be endorsed on the complaint by the court. The court shall examine the parties and witnesses orally to ascertain the merits of the complaint and answer, and if it shall appear that the plaintiff has the right to be restored to possession of the property, the court shall enter an order directing the issuance of a

writ of restitution, returnable ten days after its date, restoring to the plaintiff possession of the property and if it shall appear to the court that there is no substantial issue of material fact of the right of the plaintiff to be granted other relief as prayed for in the complaint and provided for in this chapter, the court may enter an order and judgment granting so much of such relief as may be sustained by the proof, and the court may grant such other relief as may be prayed for in the plaintiff's complaint and provided for in this chapter, then the court shall enter an order denying any relief sought by the plaintiff for which the court has determined that the plaintiff has no right as a matter of law: PROVIDED, That within three days after the service of the writ of restitution the defendant, or person in possession of the property, may, in any action for the recovery of possession of the property for failure to pay rent, stay the execution of the writ pending final judgment by paying into court or to the plaintiff, as the court directs, all rent found to be due and all the costs of the action, and in addition by paying, on a monthly basis pending final judgment, an amount equal to the monthly rent called for by the lease or rental agreement at the time the complaint was filed: PROVIDED FURTHER, That before any writ shall issue prior to final judgment the plaintiff shall execute to the defendant and file in the court a bond in such sum as the court may order, with sufficient surety to be approved by the clerk, conditioned that the plaintiff will prosecute his or her action without delay, and will pay all costs that may be adjudged to the defendant, and all damages which he or she may sustain by reason of the writ of restitution having been issued, should the same be wrongfully sued out. The court shall also enter an order directing the parties to proceed to trial on the complaint and answer in the usual manner.

If it appears to the court that the plaintiff should not be restored to possession of the property, the court shall deny plaintiff's motion for a writ of restitution and enter an order directing the parties to proceed to trial within thirty days on the complaint and answer. If it appears to the court that there is a substantial issue of material fact as to whether or not the plaintiff is entitled to other relief as is prayed for in plaintiff's complaint and provided for in this chapter, or that there is a genuine issue of a material fact pertaining to a legal or equitable defense or set-off raised in the defendant's answer, the court shall grant or deny so much of plaintiff's other relief sought and so much of defendant's defenses or set-off claimed, as may be proper. [2010 c 8 § 19032; 1973 1st ex.s. c 207 § 39.]

**59.18.390 Forcible entry or detainer or unlawful detainer actions—Writ of restitution—Service—Defendant's bond.** (1) The sheriff shall, upon receiving the writ of restitution, forthwith serve a copy thereof upon the defendant, his or her agent, or attorney, or a person in possession of the premises, and shall not execute the same for three days thereafter, and the defendant, or person in possession of the premises within three days after the service of the writ of restitution may execute to the plaintiff a bond to be filed with and approved by the clerk of the court in such sum as may be fixed by the judge, with sufficient surety to be approved by the clerk of the court, conditioned that they will pay to the plaintiff such sum as the plaintiff may recover for the use and occupation of the premises, or any rent found due, together

with all damages the plaintiff may sustain by reason of the defendant occupying or keeping possession of the premises, together with all damages which the court theretofore has awarded to the plaintiff as provided in this chapter, and also all the costs of the action. The plaintiff, his or her agent or attorneys, shall have notice of the time and place where the court or judge thereof shall fix the amount of the defendant's bond, and shall have notice and a reasonable opportunity to examine into the qualification and sufficiency of the sureties upon the bond before the bond shall be approved by the clerk. After the issuance of a writ of restitution, acceptance of a payment by the landlord or plaintiff that only partially satisfies the judgment will not invalidate the writ unless pursuant to a written agreement executed by both parties. The eviction will not be postponed or stopped unless a copy of that written agreement is provided to the sheriff. It is the responsibility of the tenant or defendant to ensure a copy of the agreement is provided to the sheriff. Upon receipt of the agreement the sheriff will cease action unless ordered to do otherwise by the court. The writ of restitution and the notice that accompanies the writ of restitution required under RCW 59.18.312 shall conspicuously state in bold face type, all capitals, not less than twelve points information about partial payments as set forth in subsection (2) of this section. If the writ of restitution has been based upon a finding by the court that the tenant, subtenant, sublessee, or a person residing at the rental premises has engaged in drug-related activity or has allowed any other person to engage in drug-related activity at those premises with his or her knowledge or approval, neither the tenant, the defendant, nor a person in possession of the premises shall be entitled to post a bond in order to retain possession of the premises. The writ may be served by the sheriff, in the event he or she shall be unable to find the defendant, an agent or attorney, or a person in possession of the premises, by affixing a copy of the writ in a conspicuous place upon the premises: PROVIDED, That the sheriff shall not require any bond for the service or execution of the writ. The sheriff shall be immune from all civil liability for serving and enforcing writs of restitution unless the sheriff is grossly negligent in carrying out his or her duty.

(2) The notice accompanying a writ of restitution required under RCW 59.18.312 shall be substantially similar to the following:

#### **IMPORTANT NOTICE - PARTIAL PAYMENTS**

**YOUR LANDLORD'S ACCEPTANCE OF A PARTIAL PAYMENT FROM YOU AFTER SERVICE OF THIS WRIT OF RESTITUTION WILL NOT AUTOMATICALLY POSTPONE OR STOP YOUR EVICTION. IF YOU HAVE A WRITTEN AGREEMENT WITH YOUR LANDLORD THAT THE EVICTION WILL BE POSTPONED OR STOPPED, IT IS YOUR RESPONSIBILITY TO PROVIDE A COPY OF THE AGREEMENT TO THE SHERIFF. THE SHERIFF WILL NOT CEASE ACTION UNLESS YOU PROVIDE A COPY OF THE AGREEMENT. AT THE DIRECTION OF THE COURT THE SHERIFF MAY TAKE FURTHER ACTION.**

[1997 c 255 § 1; 1989 c 342 § 11; 1988 c 150 § 3; 1973 1st ex.s. c 207 § 40.]

**Legislative findings—Severability—1988 c 150:** See notes following RCW 59.18.130.

**59.18.400 Forcible entry or detainer or unlawful detainer actions—Writ of restitution—Answer of defendant.** On or before the day fixed for his appearance the defendant may appear and answer. The defendant in his answer may assert any legal or equitable defense or set-off arising out of the tenancy. If the complaint alleges that the tenancy should be terminated because the defendant tenant, subtenant, sublessee, or resident engaged in drug-related activity, or allowed any other person to engage in drug-related activity at the rental premises with his or her knowledge or consent, no set-off shall be allowed as a defense to the complaint. [1988 c 150 § 4; 1973 1st ex.s. c 207 § 41.]

**Legislative findings—Severability—1988 c 150:** See notes following RCW 59.18.130.

**59.18.410 Forcible entry or detainer or unlawful detainer actions—Writ of restitution—Judgment—Execution.** If upon the trial the verdict of the jury or, if the case be tried without a jury, the finding of the court be in favor of the plaintiff and against the defendant, judgment shall be entered for the restitution of the premises; and if the proceeding be for unlawful detainer after neglect or failure to perform any condition or covenant of a lease or agreement under which the property is held, or after default in the payment of rent, the judgment shall also declare the forfeiture of the lease, agreement, or tenancy. The jury, or the court, if the proceedings be tried without a jury, shall also assess the damages arising out of the tenancy occasioned to the plaintiff by any forcible entry, or by any forcible or unlawful detainer, alleged in the complaint and proved on the trial, and, if the alleged unlawful detainer be after default in the payment of rent, find the amount of any rent due, and the judgment shall be rendered against the defendant guilty of the forcible entry, forcible detainer, or unlawful detainer for the amount of damages thus assessed and for the rent, if any, found due, and the court may award statutory costs and reasonable attorney's fees. When the proceeding is for an unlawful detainer after default in the payment of rent, and the lease or agreement under which the rent is payable has not by its terms expired, execution upon the judgment shall not be issued until the expiration of five days after the entry of the judgment, within which time the tenant or any subtenant, or any mortgagee of the term, or other party interested in the continuance of the tenancy, may pay into court for the landlord the amount of the judgment and costs, and thereupon the judgment shall be satisfied and the tenant restored to his or her tenancy; but if payment, as herein provided, be not made within five days the judgment may be enforced for its full amount and for the possession of the premises. In all other cases the judgment may be enforced immediately. If writ of restitution shall have been executed prior to judgment no further writ or execution for the premises shall be required. [2010 c 8 § 19033; 1973 1st ex.s. c 207 § 42.]

**59.18.415 Applicability to certain single family dwelling leases.** The provisions of this chapter shall not apply to any lease of a single family dwelling for a period of a year or more or to any lease of a single family dwelling con-

taining a bona fide option to purchase by the tenant: PROVIDED, That an attorney for the tenant must approve on the face of the agreement any lease exempted from the provisions of this chapter as provided for in this section. [1989 c 342 § 12; 1973 1st ex.s. c 207 § 43.]

**59.18.420 RCW 59.12.090, 59.12.100, 59.12.121, and 59.12.170 inapplicable.** The provisions of RCW 59.12.090, 59.12.100, 59.12.121, and 59.12.170 shall not apply to any rental agreement included under the provisions of chapter 59.18 RCW. [1973 1st ex.s. c 207 § 44.]

**59.18.430 Applicability to prior, existing or future leases.** RCW 59.18.010 through 59.18.360 and 59.18.900 shall not apply to any lease entered into prior to July 16, 1973. All provisions of this chapter shall apply to any lease or periodic tenancy entered into on or subsequent to July 16, 1973. [1973 1st ex.s. c 207 § 47.]

**59.18.440 Relocation assistance for low-income tenants—Certain cities, towns, counties, municipal corporations authorized to require.** (1) Any city, town, county, or municipal corporation that is required to develop a comprehensive plan under RCW 36.70A.040(1) is authorized to require, after reasonable notice to the public and a public hearing, property owners to provide their portion of reasonable relocation assistance to low-income tenants upon the demolition, substantial rehabilitation whether due to code enforcement or any other reason, or change of use of residential property, or upon the removal of use restrictions in an assisted-housing development. No city, town, county, or municipal corporation may require property owners to provide relocation assistance to low-income tenants, as defined in this chapter, upon the demolition, substantial rehabilitation, upon the change of use of residential property, or upon the removal of use restrictions in an assisted-housing development, except as expressly authorized herein or when authorized or required by state or federal law. As used in this section, "assisted housing development" means a multifamily rental housing development that either receives government assistance and is defined as federally assisted housing in RCW 59.28.020, or that receives other federal, state, or local government assistance and is subject to use restrictions.

(2) As used in this section, "low-income tenants" means tenants whose combined total income per dwelling unit is at or below fifty percent of the median income, adjusted for family size, in the county where the tenants reside.

The \*department of community, trade, and economic development shall adopt rules defining county median income in accordance with the definitions promulgated by the federal department of housing and urban development.

(3) A requirement that property owners provide relocation assistance shall include the amounts of such assistance to be provided to low-income tenants. In determining such amounts, the jurisdiction imposing the requirement shall evaluate, and receive public testimony on, what relocation expenses displaced tenants would reasonably incur in that jurisdiction including:

(a) Actual physical moving costs and expenses;

(b) Advance payments required for moving into a new residence such as the cost of first and last month's rent and security and damage deposits;

(c) Utility connection fees and deposits; and

(d) Anticipated additional rent and utility costs in the residence for one year after relocation.

(4)(a) Relocation assistance provided to low-income tenants under this section shall not exceed two thousand dollars for each dwelling unit displaced by actions of the property owner under subsection (1) of this section. A city, town, county, or municipal corporation may make future annual adjustments to the maximum amount of relocation assistance required under this subsection in order to reflect any changes in the housing component of the consumer price index as published by the United States department of labor, bureau of labor statistics.

(b) The property owner's portion of any relocation assistance provided to low-income tenants under this section shall not exceed one-half of the required relocation assistance under (a) of this subsection in cash or services.

(c) The portion of relocation assistance not covered by the property owner under (b) of this subsection shall be paid by the city, town, county, or municipal corporation authorized to require relocation assistance under subsection (1) of this section. The relocation assistance may be paid from proceeds collected from the excise tax imposed under RCW 82.46.010.

(5) A city, town, county, or municipal corporation requiring the provision of relocation assistance under this section shall adopt policies, procedures, or regulations to implement such requirement. Such policies, procedures, or regulations shall include provisions for administrative hearings to resolve disputes between tenants and property owners relating to relocation assistance or unlawful detainer actions during relocation, and shall require a decision within thirty days of a request for a hearing by either a tenant or property owner.

Judicial review of an administrative hearing decision relating to relocation assistance may be had by filing a petition, within ten days of the decision, in the superior court in the county where the residential property is located. Judicial review shall be confined to the record of the administrative hearing and the court may reverse the decision only if the administrative findings, inferences, conclusions, or decision is:

(a) In violation of constitutional provisions;

(b) In excess of the authority or jurisdiction of the administrative hearing officer;

(c) Made upon unlawful procedure or otherwise is contrary to law; or

(d) Arbitrary and capricious.

(6) Any city, town, county, or municipal corporation may require relocation assistance, under the terms of this section, for otherwise eligible tenants whose living arrangements are exempted from the provisions of this chapter under RCW 59.18.040(3) and if the living arrangement is considered to be a rental or lease not defined as a retail sale under RCW 82.04.050.

(7)(a) Persons who move from a dwelling unit prior to the application by the owner of the dwelling unit for any governmental permit necessary for the demolition, substantial

rehabilitation, or change of use of residential property or prior to any notification or filing required for condominium conversion shall not be entitled to the assistance authorized by this section.

(b) Persons who move into a dwelling unit after the application for any necessary governmental permit or after any required condominium conversion notification or filing shall not be entitled to the assistance authorized by this section if such persons receive written notice from the property owner prior to taking possession of the dwelling unit that specifically describes the activity or condition that may result in their temporary or permanent displacement and advises them of their ineligibility for relocation assistance. [1997 c 452 § 17; 1995 c 399 § 151; 1990 1st ex.s. c 17 § 49.]

**\*Reviser's note:** The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

**Intent—Severability—1997 c 452:** See notes following RCW 67.28.080.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.18.450 Relocation assistance for low-income tenants—Payments not considered income—Eligibility for other assistance not affected.** Relocation assistance payments received by tenants under \*RCW 59.18.440 shall not be considered as income or otherwise affect the eligibility for or amount of assistance paid under any government benefit program. [1990 1st ex.s. c 17 § 50.]

**\*Reviser's note:** The reference in 1990 1st ex.s. c 17 § 50 to "section 50 of this act" is apparently erroneous and has been translated to RCW 59.18.440, which was 1990 1st ex.s. c 17 § 49.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.18.500 Gang-related activity—Legislative findings, declarations, and intent.** The legislature finds and declares that the ability to feel safe and secure in one's own home and in one's own community is of primary importance. The legislature recognizes that certain gang-related activity can affect the safety of a considerable number of people in the rental premises and dwelling units. Therefore, such activity, although it may be occurring within an individual's home or the surrounding areas of an individual's home, becomes the community's concern.

The legislature intends that the remedy provided in RCW 59.18.510 be used solely to protect the health and safety of the community. The remedy is not a means for private citizens to bring malicious or unfounded actions against fellow tenants or residential neighbors for personal reasons. In determining whether the tenant's activity is the type prohibited under RCW 59.18.130(9), the court should consider the totality of the circumstances, including factors such as whether there have been numerous complaints to the landlord, damage to property, police or incident reports, reports of disturbance, and arrests. An absence of any or all of these factors does not necessarily mean gang activity is not occurring. In determining whether the tenant is engaging in gang-related activity, the court should consider the purpose and intent of RCW 59.18.510. The legislature intends to give people in the community a tool that will help them restore the health and vibrance of their community. [1998 c 276 § 4.]

**59.18.510 Gang-related activity—Notice and demand the landlord commence unlawful detainer action—Petition to court—Attorneys' fees.** (1)(a) Any person whose life, safety, health, or use of property is being injured or endangered by a tenant's gang-related activity, who has legal standing and resides, works in, or owns property in the same multifamily building, apartment complex, or within a one-block radius may serve the landlord with a ten-day notice and demand that the landlord commence an unlawful detainer action against the tenant. The notice and demand must set forth, in reasonable detail, facts and circumstances that lead the person to believe gang-related activity is occurring. The notice and demand shall be served by delivering a copy personally to the landlord or the landlord's agent. If the person is unable to personally serve the landlord after exercising due diligence, the person may deposit the notice and demand in the mail, postage prepaid, to the landlord's or the landlord's agent's last known address.

(b) A copy of the notice and demand must also be served upon the tenant engaging in the gang-related activity by delivering a copy personally to the tenant. However, if the person is prevented from personally serving the tenant due to threats or violence, or if personal service is not reasonable under the circumstances, the person may deposit the notice and demand in the mail, postage prepaid, to the tenant's address, or leave a copy of the notice and demand in a conspicuous location at the tenant's residence.

(2)(a) Within ten days from the time the notice and demand is served, the landlord has a duty to take reasonable steps to investigate the tenant's alleged noncompliance with RCW 59.18.130(9). The landlord must notify the person who brought the notice and demand that an investigation is occurring. The landlord has ten days from the time he or she notifies the person in which to conduct a reasonable investigation.

(b) If, after reasonable investigation, the landlord finds that the tenant is not in compliance with RCW 59.18.130(9), the landlord may proceed directly to an unlawful detainer action or take reasonable steps to ensure the tenant discontinues the prohibited activity and complies with RCW 59.18.130(9). The landlord shall notify the person who served the notice and demand of whatever action the landlord takes.

(c) If, after reasonable investigation, the landlord finds that the tenant is in compliance with RCW 59.18.130(9), the landlord shall notify the person who served the notice and demand of the landlord's findings.

(3) The person who served the notice and demand may petition the appropriate court to have the tenancy terminated and the tenant removed from the premises if: (a) Within ten days of service of the notice and demand, the tenant fails to discontinue the gang-related activity and the landlord fails to conduct a reasonable investigation; or (b) the landlord notifies the person that the landlord conducted a reasonable investigation and found that the tenant was not engaged in gang-related activity as prohibited under RCW 59.18.130(9); or (c) the landlord took reasonable steps to have the tenant comply with RCW 59.18.130(9), but the tenant has failed to comply within a reasonable time.

(4) If the court finds that the tenant was not in compliance with RCW 59.18.130(9), the court shall enter an order terminating the tenancy and requiring the tenant to vacate the premises. The court shall not issue the order terminating the tenancy unless it has found that the allegations of gang-related activity are corroborated by a source other than the person who has petitioned the court.

(5) The prevailing party shall recover reasonable attorneys' fees and costs. The court may impose sanctions, in addition to attorneys' fees, on a person who has brought an action under this chapter against the same tenant on more than one occasion, if the court finds the petition was brought with the intent to harass. However, the court must order the landlord to pay costs and reasonable attorneys' fees to the person petitioning for termination of the tenancy if the court finds that the landlord failed to comply with the duty to investigate, regardless of which party prevails. [1998 c 276 § 5.]

**59.18.550 Drug and alcohol free housing—Program of recovery—Terms—Application of chapter.** (1) For the purpose of this section, "drug and alcohol free housing" requires a rental agreement and means a dwelling in which:

(a) Each of the dwelling units on the premises is occupied or held for occupancy by at least one tenant who is a recovering alcoholic or drug addict and is participating in a program of recovery;

(b) The landlord is a nonprofit corporation incorporated under Title 24 RCW, a corporation for profit incorporated under Title 23B RCW, or a housing authority created under chapter 35.82 RCW, and is providing federally assisted housing as defined in chapter 59.28 RCW;

(c) The landlord provides:

(i) A drug and alcohol free environment, covering all tenants, employees, staff, agents of the landlord, and guests;

(ii) An employee who monitors the tenants for compliance with the requirements of (d) of this subsection;

(iii) Individual and group support for recovery; and

(iv) Access to a specified program of recovery; and

(d) The rental agreement is in writing and includes the following provisions:

(i) The tenant may not use, possess, or share alcohol, illegal drugs, controlled substances, or prescription drugs without a medical prescription, either on or off the premises;

(ii) The tenant may not allow the tenant's guests to use, possess, or share alcohol, illegal drugs, controlled substances, or prescription drugs without a medical prescription, on the premises;

(iii) The tenant must participate in a program of recovery, which specific program is described in the rental agreement;

(iv) On at least a quarterly basis the tenant must provide written verification from the tenant's program of recovery that the tenant is participating in the program of recovery and the tenant has not used alcohol or illegal drugs;

(v) The landlord has the right to require the tenant to take a urine analysis test regarding drug or alcohol usage, at the landlord's discretion and expense; and

(vi) The landlord has the right to terminate the tenant's tenancy by delivering a three-day notice to terminate with one day to comply, if a tenant living in drug and alcohol free housing uses, possesses, or shares alcohol, illegal drugs, con-

trolled substances, or prescription drugs without a medical prescription.

(2) For the purpose of this section, "program of recovery" means a verifiable program of counseling and rehabilitation treatment services, including a written plan, to assist recovering alcoholics or drug addicts to recover from their addiction to alcohol or illegal drugs while living in drug and alcohol free housing. A "program of recovery" includes Alcoholics Anonymous, Narcotics Anonymous, and similar programs.

(3) If a tenant living for less than two years in drug and alcohol free housing uses, possesses, or shares alcohol, illegal drugs, controlled substances, or prescription drugs without a medical prescription, the landlord may deliver a written notice to the tenant terminating the tenancy for cause as provided in this subsection. The notice must specify the acts constituting the drug or alcohol violation and must state that the rental agreement terminates in not less than three days after delivery of the notice, at a specified date and time. The notice must also state that the tenant can cure the drug or alcohol violation by a change in conduct or otherwise within one day after delivery of the notice. If the tenant cures the violation within the one-day period, the rental agreement does not terminate. If the tenant does not cure the violation within the one-day period, the rental agreement terminates as provided in the notice. If substantially the same act that constituted a prior drug or alcohol violation of which notice was given reoccurs within six months, the landlord may terminate the rental agreement upon at least three days' written notice specifying the violation and the date and time of termination of the rental agreement. The tenant does not have a right to cure this subsequent violation.

(4) Notwithstanding subsections (1), (2), and (3) of this section, federally assisted housing that is occupied on other than a transient basis by persons who are required to abstain from possession or use of alcohol or drugs as a condition of occupancy and who pay for the use of the housing on a periodic basis, without regard to whether the payment is characterized as rent, program fees, or other fees, costs, or charges, are covered by this chapter unless the living arrangement is exempt under RCW 59.18.040. [2003 c 382 § 1.]

**59.18.570 Victim protection—Definitions.** The definitions in this section apply throughout this section and RCW 59.18.575 through 59.18.585 unless the context clearly requires otherwise.

(1) "Credit reporting agency" has the same meaning as set forth in RCW 19.182.010(5).

(2) "Domestic violence" has the same meaning as set forth in RCW 26.50.010.

(3) "Household member" means a child or adult residing with the tenant other than the perpetrator of domestic violence, stalking, or sexual assault.

(4) "Landlord" has the same meaning as in RCW 59.18.030 and includes the landlord's employees.

(5) "Qualified third party" means any of the following people acting in their official capacity:

(a) Law enforcement officers;

(b) Persons subject to the provisions of chapter 18.120 RCW;

(c) Employees of a court of the state;

(d) Licensed mental health professionals or other licensed counselors;

(e) Employees of crime victim/witness programs as defined in RCW 7.69.020 who are trained advocates for the program; and

(f) Members of the clergy as defined in RCW 26.44.020.

(6) "Sexual assault" has the same meaning as set forth in RCW 70.125.030.

(7) "Stalking" has the same meaning as set forth in RCW 9A.46.110.

(8) "Tenant screening service provider" means any non-governmental agency that provides, for a fee, background information on prospective tenants to landlords.

(9) "Unlawful harassment" has the same meaning as in RCW 10.14.020 and also includes any request for sexual favors to a tenant or household member in return for a change in or performance of any or all terms of a lease or rental agreement. [2009 c 395 § 1; 2004 c 17 § 2.]

**Reviser's note:** The definitions in this section have been alphabetized pursuant to RCW 1.08.015(2)(k).

**Findings—Intent—2004 c 17:** "The legislature finds and declares that:

(1) Domestic violence, sexual assault, and stalking are widespread societal problems that have devastating effects for individual victims, their children, and their communities. Victims of violence may be forced to remain in unsafe situations because they are bound by residential lease agreements. The legislature finds that the inability of victims to terminate their rental agreements hinders or prevents victims from being able to safely flee domestic violence, sexual assault, or stalking. The legislature further finds that victims of these crimes who do not have access to safe housing are more likely to remain in or return to abusive or dangerous situations. Also, the legislature finds that victims of these crimes are further victimized when they are unable to obtain or retain rental housing due to their history as a victim of these crimes. The legislature further finds that evidence that a prospective tenant has been a victim of domestic violence, sexual assault, or stalking is not relevant to the decision whether to rent to that prospective tenant.

(2) By this act, the legislature intends to increase safety for victims of domestic violence, sexual assault, and stalking by removing barriers to safety and offering protection against discrimination." [2004 c 17 § 1.]

**Effective date—2004 c 17:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [March 15, 2004]." [2004 c 17 § 7.]

**59.18.575 Victim protection—Notice to landlord—Termination of rental agreement—Procedures.** (1)(a) If a tenant notifies the landlord in writing that he or she or a household member was a victim of an act that constitutes a crime of domestic violence, sexual assault, unlawful harassment, or stalking, and either (a)(i) or (ii) of this subsection applies, then subsection (2) of this section applies:

(i) The tenant or the household member has a valid order for protection under one or more of the following: Chapter 7.90, 26.50, or 26.26 RCW or RCW 9A.46.040, 9A.46.050, 10.14.080, 10.99.040 (2) or (3), or 26.09.050; or

(ii) The tenant or the household member has reported the domestic violence, sexual assault, unlawful harassment, or stalking to a qualified third party acting in his or her official capacity and the qualified third party has provided the tenant or the household member a written record of the report signed by the qualified third party.

(b) When a copy of a valid order for protection or a written record of a report signed by a qualified third party, as required under (a) of this subsection, is made available to the

landlord, the tenant may terminate the rental agreement and quit the premises without further obligation under the rental agreement or under chapter 59.18 RCW. However, the request to terminate the rental agreement must occur within ninety days of the reported act, event, or circumstance that gave rise to the protective order or report to a qualified third party. A record of the report to a qualified third party that is provided to the tenant or household member shall consist of a document signed and dated by the qualified third party stating: (i) That the tenant or the household member notified him or her that he or she was a victim of an act or acts that constitute a crime of domestic violence, sexual assault, unlawful harassment, or stalking; (ii) the time and date the act or acts occurred; (iii) the location where the act or acts occurred; (iv) a brief description of the act or acts of domestic violence, sexual assault, unlawful harassment, or stalking; and (v) that the tenant or household member informed him or her of the name of the alleged perpetrator of the act or acts. The record of the report provided to the tenant or household member shall not include the name of the alleged perpetrator of the act or acts of domestic violence, sexual assault, unlawful harassment, or stalking. The qualified third party shall keep a copy of the record of the report and shall note on the retained copy the name of the alleged perpetrator of the act or acts of domestic violence, sexual assault, unlawful harassment, or stalking. The record of the report to a qualified third party may be accomplished by completion of a form provided by the qualified third party, in substantially the following form:

[Name of organization, agency, clinic, professional service provider]

I and/or my . . . . . (household member) am/is a victim of

- . . . domestic violence as defined by RCW 26.50.010.
. . . sexual assault as defined by RCW 70.125.030.
. . . stalking as defined by RCW 9A.46.110.
. . . unlawful harassment as defined by RCW 59.18.570.

Briefly describe the incident of domestic violence, sexual assault, unlawful harassment, or stalking:

The incident(s) that I rely on in support of this declaration occurred on the following date(s) and time(s) and at the following location(s): .

The incident(s) that I rely on in support of this declaration were committed by the following person(s):

I state under penalty of perjury under the laws of the state of Washington that the foregoing is true and correct. Dated at . . . . . (city) . . , Washington, this . . . day of . . . , 20. . .

Signature of Tenant or Household Member

I verify that I have provided to the person whose signature appears above the statutes cited in RCW 59.18.575 and that the individual was a victim of an act that constitutes a crime of domestic violence, sexual assault, unlawful harassment, or stalking, and that the individual informed me of the name of the alleged perpetrator of the act. Dated this . . . day of . . . , 20. . .

Signature of authorized officer/employee of (Organization, agency, clinic, professional service provider)

(2) A tenant who terminates a rental agreement under this section is discharged from the payment of rent for any period following the last day of the month of the quitting date. The tenant shall remain liable for the rent for the month in which he or she terminated the rental agreement unless the termination is in accordance with RCW 59.18.200(1). Notwithstanding lease provisions that allow for forfeiture of a deposit for early termination, a tenant who terminates under this section is entitled to the return of the full deposit, subject to RCW 59.18.020 and 59.18.280. Other tenants who are parties to the rental agreement, except household members who are the victims of sexual assault, stalking, unlawful harassment, or domestic violence, are not released from their obligations under the rental agreement or other obligations under this chapter.

(3)(a) Notwithstanding any other provision under this section, if a tenant or a household member is a victim of sexual assault, stalking, or unlawful harassment by a landlord, the tenant may terminate the rental agreement and quit the premises without further obligation under the rental agreement or under this chapter prior to making a copy of a valid order for protection or a written record of a report signed by a qualified third party available to the landlord, provided that:

(i) The tenant must deliver a copy of a valid order for protection or written record of a report signed by a qualified third party to the landlord by mail, fax, or personal delivery by a third party within seven days of quitting the tenant's dwelling unit; and

(ii) A written record of a report signed by the qualified third party must be substantially in the form specified under subsection (1)(b) of this section. The record of the report provided to the landlord must not include the name of the alleged perpetrator of the act. On written request by the landlord, the qualified third party shall, within seven days, provide the name of the alleged perpetrator of the act to the landlord only if the alleged perpetrator was a person meeting the definition of the term "landlord" under RCW 59.18.570.

(b) A tenant who terminates his or her rental agreement under this subsection is discharged from the payment of rent for any period following the latter of: (i) The date the tenant vacates the unit; or (ii) the date the record of the report of the qualified third party and the written notice that the tenant has vacated are delivered to the landlord by mail, fax, or personal delivery by a third party. The tenant is entitled to a pro rata refund of any prepaid rent and must receive a full and specific statement of the basis for retaining any of the deposit together with any refund due in accordance with RCW 59.18.280.

(4) If a tenant or a household member is a victim of sexual assault, stalking, or unlawful harassment by a landlord, the tenant may change or add locks to the tenant's dwelling unit at the tenant's expense. If a tenant exercises his or her rights to change or add locks, the following rules apply:

(a) Within seven days of changing or adding locks, the tenant must deliver to the landlord by mail, fax, or personal delivery by a third party: (i) Written notice that the tenant has changed or added locks; and (ii) a copy of a valid order for protection or a written record of a report signed by a qualified third party. A written record of a report signed by a qualified third party must be substantially in the form specified under subsection (1)(b) of this section. The record of the report provided to the landlord must not include the name of the alleged perpetrator of the act. On written request by the landlord, the qualified third party shall, within seven days, provide the name of the alleged perpetrator to the landlord only if the alleged perpetrator was a person meeting the definition of the term "landlord" under RCW 59.18.570.

(b) After the tenant provides notice to the landlord that the tenant has changed or added locks, the tenant's rental agreement shall terminate on the ninetieth day after providing such notice, unless:

(i) Within sixty days of providing notice that the tenant has changed or added locks, the tenant notifies the landlord in writing that the tenant does not wish to terminate his or her rental agreement. If the perpetrator has been identified by the qualified third party and is no longer an employee or agent of the landlord or owner and does not reside at the property, the tenant shall provide the owner or owner's designated agent with a copy of the key to the new locks at the same time as providing notice that the tenant does not wish to terminate his or her rental agreement. A tenant who has a valid protection, antiharassment, or other protective order against the owner of the premises or against an employee or agent of the landlord or owner is not required to provide a key to the new locks until the protective order expires or the tenant vacates; or

(ii) The tenant exercises his or her rights to terminate the rental agreement under subsection (3) of this section within sixty days of providing notice that the tenant has changed or added locks.

(c) After a landlord receives notice that a tenant has changed or added locks to his or her dwelling unit under (a) of this subsection, the landlord may not enter the tenant's dwelling unit except as follows:

(i) In the case of an emergency, the landlord may enter the unit if accompanied by a law enforcement or fire official acting in his or her official capacity. If the landlord reasonably concludes that the circumstances require immediate entry into the unit, the landlord may, after notifying emergency services, use such force as necessary to enter the unit if the tenant is not present; or

(ii) The landlord complies with the requirements of RCW 59.18.150 and clearly specifies in writing the time and date that the landlord intends to enter the unit and the purpose for entering the unit. The tenant must make arrangements to permit access by the landlord.

(d) The exercise of rights to change or add locks under this subsection does not discharge the tenant from the payment of rent until the rental agreement is terminated and the tenant vacates the unit.

(e) The tenant may not change any locks to common areas and must make keys for new locks available to other household members.

(f) Upon vacating the dwelling unit, the tenant must deliver the key and all copies of the key to the landlord by mail or personal delivery by a third party.

(5) A tenant's remedies under this section do not preempt any other legal remedy available to the tenant.

(6) The provision of verification of a report under subsection (1)(b) of this section does not waive the confidential or privileged nature of the communication between a victim of domestic violence, sexual assault, or stalking with a qualified third party pursuant to RCW 5.60.060, 70.123.075, or 70.125.065. No record or evidence obtained from such disclosure may be used in any civil, administrative, or criminal proceeding against the victim unless a written waiver of applicable evidentiary privilege is obtained, except that the verification itself, and no other privileged information, under subsection (1)(b) of this section may be used in civil proceedings brought under this section. [2009 c 395 § 2; 2006 c 138 § 27; 2004 c 17 § 3.]

**Short title—2006 c 138:** See RCW 7.90.900.

**Findings—Intent—Effective date—2004 c 17:** See notes following RCW 59.18.570.

**59.18.580 Victim protection—Limitation on landlord's rental decisions.** (1) A landlord may not terminate a tenancy, fail to renew a tenancy, or refuse to enter into a rental agreement based on the tenant's or applicant's or a household member's status as a victim of domestic violence, sexual assault, or stalking, or based on the tenant or applicant having terminated a rental agreement under RCW 59.18.575.

(2) A landlord who refuses to enter into a rental agreement in violation of this section may be liable to the tenant or applicant in a civil action for damages sustained by the tenant or applicant. The prevailing party may also recover court costs and reasonable attorneys' fees.

(3) It is a defense to an unlawful detainer action under chapter 59.12 RCW that the action to remove the tenant and recover possession of the premises is in violation of subsection (1) of this section.

(4) This section does not prohibit adverse housing decisions based upon other lawful factors within the landlord's knowledge. [2004 c 17 § 4.]

**Findings—Intent—Effective date—2004 c 17:** See notes following RCW 59.18.570.

**59.18.585 Victim protection—Possession of dwelling unit—Exclusion of others—New lock or key.** (1) A tenant who has obtained a court order from a court of competent jurisdiction granting him or her possession of a dwelling unit to the exclusion of one or more cotenants may request that a lock be replaced or configured for a new key at the tenant's expense. The landlord shall, if provided a copy of the order, comply with the request and shall not provide copies of the new keys to the tenant restrained or excluded by the court's order. This section does not release a cotenant, other than a household member who is the victim of domestic violence, sexual assault, or stalking, from liability or obligations under the rental agreement.

(2) A landlord who replaces a lock or configures for a new key of a residential housing unit in accordance with subsection (1) of this section shall be held harmless from liability for any damages that result directly from the lock change. [2004 c 17 § 5.]

**Findings—Intent—Effective date—2004 c 17:** See notes following RCW 59.18.570.

**59.18.900 Severability—1973 1st ex.s. c 207.** If any provision of this chapter, or its application to any person or circumstance is held invalid, the remainder of the act, or its application to other persons or circumstances, is not affected. [1973 1st ex.s. c 207 § 37.]

**59.18.910 Severability—1989 c 342.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1989 c 342 § 18.]

**59.18.911 Effective date—1989 c 342.** This act shall take effect on August 1, 1989, and shall apply to landlord-tenant relationships existing on or entered into after the effective date of this act. [1989 c 342 § 19.]

**59.18.912 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.** For the purposes of this chapter, the terms spouse, marriage, marital, husband, wife, widow, widower, next of kin, and family shall be interpreted as applying equally to state registered domestic partnerships or individuals in state registered domestic partnerships as well as to marital relationships and married persons, and references to dissolution of marriage shall apply equally to state registered domestic partnerships that have been terminated, dissolved, or invalidated, to the extent that such interpretation does not conflict with federal law. Where necessary to implement chapter 521, Laws of 2009, gender-specific terms such as husband and wife used in any statute, rule, or other law shall be construed to be gender neutral, and applicable to individuals in state registered domestic partnerships. [2009 c 521 § 139.]

**Chapter 59.20 RCW**

**MANUFACTURED/MOBILE HOME LANDLORD-TENANT ACT**

(Formerly: Mobile Home Landlord-Tenant Act)

Sections

- 59.20.010 Short title.
- 59.20.020 Rights and remedies—Obligation of good faith required.
- 59.20.030 Definitions.
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- 59.20.305 Manufactured/mobile home communities—Good faith negotiations.
- 59.20.900 Severability—1977 ex.s. c 279.
- 59.20.901 Effective date—1999 c 359.
- 59.20.902 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.

*Filing fees for unlawful detainer actions: RCW 36.18.012.*

*Office of manufactured housing: Chapter 59.22 RCW.*

*Smoke detection devices required in dwelling units: RCW 43.44.110.*

**59.20.010 Short title.** This chapter shall be known and may be cited as the "Manufactured/Mobile Home Landlord-Tenant Act". [1999 c 359 § 1; 1977 ex.s. c 279 § 1.]

**59.20.020 Rights and remedies—Obligation of good faith required.** Every duty under this chapter and every act which must be performed as a condition precedent to the exercise of a right or remedy under this chapter imposes an obligation of good faith in its performance or enforcement. [1977 ex.s. c 279 § 2.]

**59.20.030 Definitions.** For purposes of this chapter:

(1) "Abandoned" as it relates to a mobile home, manufactured home, or park model owned by a tenant in a mobile home park, mobile home park cooperative, or mobile home park subdivision or tenancy in a mobile home lot means the tenant has defaulted in rent and by absence and by words or actions reasonably indicates the intention not to continue tenancy;

(2) "Eligible organization" includes local governments, local housing authorities, nonprofit community or neighbor-

hood-based organizations, federally recognized Indian tribes in the state of Washington, and regional or statewide non-profit housing assistance organizations;

(3) "Housing authority" or "authority" means any of the public body corporate and politic created in RCW 35.82.030;

(4) "Landlord" means the owner of a mobile home park and includes the agents of a landlord;

(5) "Local government" means a town government, city government, code city government, or county government in the state of Washington;

(6) "Manufactured home" means a single-family dwelling built according to the United States department of housing and urban development manufactured home construction and safety standards act, which is a national preemptive building code. A manufactured home also: (a) Includes plumbing, heating, air conditioning, and electrical systems; (b) is built on a permanent chassis; and (c) can be transported in one or more sections with each section at least eight feet wide and forty feet long when transported, or when installed on the site is three hundred twenty square feet or greater;

(7) "Manufactured/mobile home" means either a manufactured home or a mobile home;

(8) "Mobile home" means a factory-built dwelling built prior to June 15, 1976, to standards other than the United States department of housing and urban development code, and acceptable under applicable state codes in effect at the time of construction or introduction of the home into the state. Mobile homes have not been built since the introduction of the United States department of housing and urban development manufactured home construction and safety act;

(9) "Mobile home lot" means a portion of a mobile home park or manufactured housing community designated as the location of one mobile home, manufactured home, or park model and its accessory buildings, and intended for the exclusive use as a primary residence by the occupants of that mobile home, manufactured home, or park model;

(10) "Mobile home park," "manufactured housing community," or "manufactured/mobile home community" means any real property which is rented or held out for rent to others for the placement of two or more mobile homes, manufactured homes, or park models for the primary purpose of production of income, except where such real property is rented or held out for rent for seasonal recreational purpose only and is not intended for year-round occupancy;

(11) "Mobile home park cooperative" or "manufactured housing cooperative" means real property consisting of common areas and two or more lots held out for placement of mobile homes, manufactured homes, or park models in which both the individual lots and the common areas are owned by an association of shareholders which leases or otherwise extends the right to occupy individual lots to its own members;

(12) "Mobile home park subdivision" or "manufactured housing subdivision" means real property, whether it is called a subdivision, condominium, or planned unit development, consisting of common areas and two or more lots held for placement of mobile homes, manufactured homes, or park models in which there is private ownership of the individual lots and common, undivided ownership of the common areas by owners of the individual lots;

(13) "Notice of sale" means a notice required under RCW 59.20.300 to be delivered to all tenants of a manufactured/mobile home community and other specified parties within fourteen days after the date on which any advertisement, multiple listing, or public notice advertises that a manufactured/mobile home community is for sale;

(14) "Park model" means a recreational vehicle intended for permanent or semi-permanent installation and is used as a primary residence;

(15) "Qualified sale of manufactured/mobile home community" means the sale, as defined in RCW 82.45.010, of land and improvements comprising a manufactured/mobile home community that is transferred in a single purchase to a qualified tenant organization or to an eligible organization for the purpose of preserving the property as a manufactured/mobile home community;

(16) "Qualified tenant organization" means a formal organization of tenants within a manufactured/mobile home community, with the only requirement for membership consisting of being a tenant;

(17) "Recreational vehicle" means a travel trailer, motor home, truck camper, or camping trailer that is primarily designed and used as temporary living quarters, is either self-propelled or mounted on or drawn by another vehicle, is transient, is not occupied as a primary residence, and is not immobilized or permanently affixed to a mobile home lot;

(18) "Tenant" means any person, except a transient, who rents a mobile home lot;

(19) "Transient" means a person who rents a mobile home lot for a period of less than one month for purposes other than as a primary residence;

(20) "Occupant" means any person, including a live-in care provider, other than a tenant, who occupies a mobile home, manufactured home, or park model and mobile home lot. [2008 c 116 § 2; 2003 c 127 § 1; 1999 c 359 § 2; 1998 c 118 § 1; 1993 c 66 § 15; 1981 c 304 § 4; 1980 c 152 § 3; 1979 ex.s. c 186 § 1; 1977 ex.s. c 279 § 3.]

**Findings—Intent—Severability—2008 c 116:** See notes following RCW 59.20.300.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.20.040 Chapter applies to rental agreements regarding mobile home lots, cooperatives, or subdivisions—Applicability of and construction with provisions of chapters 59.12 and 59.18 RCW.** This chapter shall regulate and determine legal rights, remedies, and obligations arising from any rental agreement between a landlord and a tenant regarding a mobile home lot and including specified amenities within the mobile home park, mobile home park cooperative, or mobile home park subdivision, where the tenant has no ownership interest in the property or in the association which owns the property, whose uses are referred to as a part of the rent structure paid by the tenant. All such rental agreements shall be unenforceable to the extent of any conflict with any provision of this chapter. Chapter 59.12 RCW shall be applicable only in implementation of the provisions of this chapter and not as an alternative remedy to this chapter which shall be exclusive where applicable: PROVIDED, That the provision of RCW 59.12.090, 59.12.100, and 59.12.170 shall not apply to any rental agreement included under the provisions of this chapter. RCW 59.18.055 and

59.18.370 through 59.18.410 shall be applicable to any action of forcible entry or detainer or unlawful detainer arising from a tenancy under the provisions of this chapter, except when a mobile home, manufactured home, or park model or a tenancy in a mobile home lot is abandoned. Rentals of mobile homes, manufactured homes, or park models themselves are governed by the Residential Landlord-Tenant Act, chapter 59.18 RCW. [1999 c 359 § 3; 1997 c 86 § 2; 1981 c 304 § 5; 1979 ex.s. c 186 § 2; 1977 ex.s. c 279 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.20.045 Enforceability of rules against a tenant.**

Rules are enforceable against a tenant only if:

- (1) Their purpose is to promote the convenience, health, safety, or welfare of the residents, protect and preserve the premises from abusive use, or make a fair distribution of services and facilities made available for the tenants generally;
- (2) They are reasonably related to the purpose for which they are adopted;
- (3) They apply to all tenants in a fair manner;
- (4) They are not for the purpose of evading an obligation of the landlord; and
- (5) They are not retaliatory or discriminatory in nature. [1993 c 66 § 18.]

**59.20.050 Written rental agreement for term of one year or more required—Waiver—Exceptions—Application of section.**

(1) No landlord may offer a mobile home lot for rent to anyone without offering a written rental agreement for a term of one year or more. No landlord may offer to anyone any rental agreement for a term of one year or more for which the monthly rental is greater, or the terms of payment or other material conditions more burdensome to the tenant, than any month-to-month rental agreement also offered to such tenant or prospective tenant. Anyone who desires to occupy a mobile home lot for other than a term of one year or more may have the option to be on a month-to-month basis but must waive, in writing, the right to such one year or more term: PROVIDED, That annually, at any anniversary date of the tenancy the tenant may require that the landlord provide a written rental agreement for a term of one year. No landlord shall allow a mobile home, manufactured home, or park model to be moved into a mobile home park in this state until a written rental agreement has been signed by and is in the possession of the parties: PROVIDED, That if the landlord allows the tenant to move a mobile home, manufactured home, or park model into a mobile home park without obtaining a written rental agreement for a term of one year or more, or a written waiver of the right to a one-year term or more, the term of the tenancy shall be deemed to be for one year from the date of occupancy of the mobile home lot;

(2) The requirements of subsection (1) of this section shall not apply if:

- (a) The mobile home park or part thereof has been acquired or is under imminent threat of condemnation for a public works project, or
- (b) An employer-employee relationship exists between a landlord and tenant;
- (3) The provisions of this section shall apply to any tenancy upon expiration of the term of any oral or written rental

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agreement governing such tenancy. [1999 c 359 § 4; 1981 c 304 § 37; 1980 c 152 § 4; 1979 ex.s. c 186 § 3; 1977 ex.s. c 279 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.20.060 Rental agreements—Required contents—Prohibited provisions.**

(1) Any mobile home space tenancy regardless of the term, shall be based upon a written rental agreement, signed by the parties, which shall contain:

- (a) The terms for the payment of rent, including time and place, and any additional charges to be paid by the tenant. Additional charges that occur less frequently than monthly shall be itemized in a billing to the tenant;
- (b) Reasonable rules for guest parking which shall be clearly stated;
- (c) The rules and regulations of the park;
- (d) The name and address of the person who is the landlord, and if such person does not reside in the state there shall also be designated by name and address a person who resides in the county where the mobile home park is located who is authorized to act as agent for the purposes of service of notices and process. If no designation is made of a person to act as agent, then the person to whom rental payments are to be made shall be considered the agent;
- (e) The name and address of any party who has a secured interest in the mobile home, manufactured home, or park model;
- (f) A forwarding address of the tenant or the name and address of a person who would likely know the whereabouts of the tenant in the event of an emergency or an abandonment of the mobile home, manufactured home, or park model;
- (g)(i) A covenant by the landlord that, except for acts or events beyond the control of the landlord, the mobile home park will not be converted to a land use that will prevent the space that is the subject of the lease from continuing to be used for its intended use for a period of three years after the beginning of the term of the rental agreement;
- (ii) A rental agreement may, in the alternative, contain a statement that: "The park may be sold or otherwise transferred at any time with the result that subsequent owners may close the mobile home park, or that the landlord may close the park at any time after the required notice." The covenant or statement required by this subsection must: (A) Appear in print that is in bold face and is larger than the other text of the rental agreement; (B) be set off by means of a box, blank space, or comparable visual device; and (C) be located directly above the tenant's signature on the rental agreement.
- (h) The terms and conditions under which any deposit or portion thereof may be withheld by the landlord upon termination of the rental agreement if any moneys are paid to the landlord by the tenant as a deposit or as security for performance of the tenant's obligations in a rental agreement;
- (i) A listing of the utilities, services, and facilities which will be available to the tenant during the tenancy and the nature of the fees, if any, to be charged;
- (j) A description of the boundaries of a mobile home space sufficient to inform the tenant of the exact location of the tenant's space in relation to other tenants' spaces;
- (k) A statement of the current zoning of the land on which the mobile home park is located; and

(l) A statement of the expiration date of any conditional use, temporary use, or other land use permit subject to a fixed expiration date that is necessary for the continued use of the land as a mobile home park.

(2) Any rental agreement executed between the landlord and tenant shall not contain any provision:

(a) Which allows the landlord to charge a fee for guest parking unless a violation of the rules for guest parking occurs: PROVIDED, That a fee may be charged for guest parking which covers an extended period of time as defined in the rental agreement;

(b) Which authorizes the towing or impounding of a vehicle except upon notice to the owner thereof or the tenant whose guest is the owner of the vehicle;

(c) Which allows the landlord to alter the due date for rent payment or increase the rent: (i) During the term of the rental agreement if the term is less than one year, or (ii) more frequently than annually if the term is for one year or more: PROVIDED, That a rental agreement may include an escalation clause for a pro rata share of any increase in the mobile home park's real property taxes or utility assessments or charges, over the base taxes or utility assessments or charges of the year in which the rental agreement took effect, if the clause also provides for a pro rata reduction in rent or other charges in the event of a reduction in real property taxes or utility assessments or charges, below the base year: PROVIDED FURTHER, That a rental agreement for a term exceeding one year may provide for annual increases in rent in specified amounts or by a formula specified in such agreement;

(d) By which the tenant agrees to waive or forego rights or remedies under this chapter;

(e) Allowing the landlord to charge an "entrance fee" or an "exit fee." However, an entrance fee may be charged as part of a continuing care contract as defined in RCW 70.38.025;

(f) Which allows the landlord to charge a fee for guests: PROVIDED, That a landlord may establish rules charging for guests who remain on the premises for more than fifteen days in any sixty-day period;

(g) By which the tenant agrees to waive or forego home-stead rights provided by chapter 6.13 RCW. This subsection shall not prohibit such waiver after a default in rent so long as such waiver is in writing signed by the husband and wife or by an unmarried claimant and in consideration of the landlord's agreement not to terminate the tenancy for a period of time specified in the waiver if the landlord would be otherwise entitled to terminate the tenancy under this chapter; or

(h) By which, at the time the rental agreement is entered into, the landlord and tenant agree to the selection of a particular arbitrator. [2006 c 296 § 2; 2002 c 63 § 1; 1999 c 359 § 5. Prior: 1990 c 174 § 1; 1990 c 169 § 1; 1989 c 201 § 9; 1984 c 58 § 1; 1981 c 304 § 18; 1979 ex.s. c 186 § 4; 1977 ex.s. c 279 § 6.]

**Prospective application—2006 c 296 § 2:** "With respect to written mobile or manufactured home space rental agreements in effect on June 7, 2006, section 2 of this act applies prospectively when the term of the tenancy under the agreement is renewed." [2006 c 296 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.20.070 Prohibited acts by landlord.** A landlord shall not:

(1) Deny any tenant the right to sell such tenant's mobile home, manufactured home, or park model within a park or require the removal of the mobile home, manufactured home, or park model from the park because of the sale thereof. Requirements for the transfer of the rental agreement are in RCW 59.20.073;

(2) Restrict the tenant's freedom of choice in purchasing goods or services but may reserve the right to approve or disapprove any exterior structural improvements on a mobile home space: PROVIDED, That door-to-door solicitation in the mobile home park may be restricted in the rental agreement. Door-to-door solicitation does not include public officials or candidates for public office meeting or distributing information to tenants in accordance with subsection (4) of this section;

(3) Prohibit meetings by tenants of the mobile home park to discuss mobile home living and affairs, including political caucuses or forums for or speeches of public officials or candidates for public office, or meetings of organizations that represent the interest of tenants in the park, held in any of the park community or recreation halls if these halls are open for the use of the tenants, conducted at reasonable times and in an orderly manner on the premises, nor penalize any tenant for participation in such activities;

(4) Prohibit a public official or candidate for public office from meeting with or distributing information to tenants in their individual mobile homes, manufactured homes, or park models, nor penalize any tenant for participating in these meetings or receiving this information;

(5) Evict a tenant, terminate a rental agreement, decline to renew a rental agreement, increase rental or other tenant obligations, decrease services, or modify park rules in retaliation for any of the following actions on the part of a tenant taken in good faith:

(a) Filing a complaint with any state, county, or municipal governmental authority relating to any alleged violation by the landlord of an applicable statute, regulation, or ordinance;

(b) Requesting the landlord to comply with the provision of this chapter or other applicable statute, regulation, or ordinance of the state, county, or municipality;

(c) Filing suit against the landlord for any reason;

(d) Participation or membership in any homeowners association or group;

(6) Charge to any tenant a utility fee in excess of actual utility costs or intentionally cause termination or interruption of any tenant's utility services, including water, heat, electricity, or gas, except when an interruption of a reasonable duration is required to make necessary repairs;

(7) Remove or exclude a tenant from the premises unless this chapter is complied with or the exclusion or removal is under an appropriate court order; or

(8) Prevent the entry or require the removal of a mobile home, manufactured home, or park model for the sole reason that the mobile home has reached a certain age. Nothing in this subsection shall limit a landlords' right to exclude or expel a mobile home, manufactured home, or park model for any other reason, including but not limited to, failure to comply with fire, safety, and other provisions of local ordinances

and state laws relating to mobile homes, manufactured homes, and park models, as long as the action conforms to this chapter or any other relevant statutory provision. [2003 c 127 § 2; 1999 c 359 § 6; 1993 c 66 § 16; 1987 c 253 § 1; 1984 c 58 § 2; 1981 c 304 § 19; 1980 c 152 § 5; 1979 ex.s. c 186 § 5; 1977 ex.s. c 279 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.20.073 Transfer of rental agreements.** (1) Any rental agreement shall be assignable by the tenant to any person to whom he or she sells or transfers title to the mobile home, manufactured home, or park model.

(2) A tenant who sells a mobile home, manufactured home, or park model within a park shall notify the landlord in writing of the date of the intended sale and transfer of the rental agreement at least fifteen days in advance of such intended transfer and shall notify the buyer in writing of the provisions of this section. The tenant shall verify in writing to the landlord payment of all taxes, rent, and reasonable expenses due on the mobile home, manufactured home, or park model and mobile home lot.

(3) The landlord shall notify the selling tenant, in writing, of a refusal to permit transfer of the rental agreement at least seven days in advance of such intended transfer.

(4) The landlord may require the mobile home, manufactured home, or park model to meet applicable fire and safety standards if a state or local agency responsible for the enforcement of fire and safety standards has issued a notice of violation of those standards to the tenant and those violations remain uncorrected. Upon correction of the violation to the satisfaction of the state or local agency responsible for the enforcement of that notice of violation, the landlord's refusal to permit the transfer is deemed withdrawn.

(5) The landlord shall approve or disapprove of the assignment of a rental agreement on the same basis that the landlord approves or disapproves of any new tenant, and any disapproval shall be in writing. Consent to an assignment shall not be unreasonably withheld.

(6) Failure to notify the landlord in writing, as required under subsection (2) of this section; or failure of the new tenant to make a good faith attempt to arrange an interview with the landlord to discuss assignment of the rental agreement; or failure of the current or new tenant to obtain written approval of the landlord for assignment of the rental agreement, shall be grounds for disapproval of such transfer. [2003 c 127 § 3; 1999 c 359 § 7; 1993 c 66 § 17; 1981 c 304 § 20.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.20.074 Rent—Liability of secured party with right to possession.** (1) A secured party who has a security interest in a mobile home, manufactured home, or park model that is located within a mobile home park and who has a right to possession of the mobile home, manufactured home, or park model under \*RCW 62A.9-503, shall be liable to the landlord from the date the secured party receives written notice by certified mail, return receipt requested, for rent for occupancy of the mobile home space under the same terms the tenant was paying prior to repossession, and any other reasonable expenses incurred after the receipt of the notice, until disposition of the mobile home, manufactured home, or

park model under \*RCW 62A.9-504. The notice of default by a tenant must state the amount of rent and the amount and nature of any reasonable expenses that the secured party is liable for payment to the landlord. The notice must also state that the secured party will be provided a copy of the rental agreement previously signed by the tenant and the landlord upon request.

(2) This section shall not affect the availability of a landlord's lien as provided in chapter 60.72 RCW.

(3) As used in this section, "security interest" shall have the same meaning as this term is defined in RCW 62A.1-201, and "secured party" shall have the same meaning as this term is defined in \*RCW 62A.9-105.

(4) For purposes of this section, "reasonable expenses" means any routine maintenance and utility charges for which the tenant is liable under the rental agreement.

(5) Any rent or other reasonable expenses owed by the secured party to the landlord pursuant to this section shall be paid to the landlord prior to the removal of the mobile home, manufactured home, or park model from the mobile home park.

(6) If a secured party who has a secured interest in a mobile home, manufactured home, or park model that is located in a mobile home park becomes liable to the landlord pursuant to this section, then the relationship between the secured party and the landlord shall be governed by the rental agreement previously signed by the tenant and the landlord unless otherwise agreed, except that the term of the rental agreement shall convert to a month-to-month tenancy. No waiver is required to convert the rental agreement to a month-to-month tenancy. Either the landlord or the secured party may terminate the month-to-month tenancy upon giving written notice of thirty days or more. The secured party and the landlord are not required to execute a new rental agreement. Nothing in this section shall be construed to be a waiver of any rights by the tenant. [1999 c 359 § 8; 1990 c 169 § 2; 1985 c 78 § 1.]

\*Reviser's note: Article 62A.9 RCW was repealed in its entirety by 2000 c 250 § 9A-901, effective July 1, 2001. For later enactment, see Article 62A.9A RCW.

**59.20.075 Presumption of reprisal or retaliatory action.** Initiation by the landlord of any action listed in RCW 59.20.070(5) within one hundred twenty days after a good faith and lawful act by the tenant or within one hundred twenty days after any inspection or proceeding of a governmental agency resulting from such act, shall create a rebuttable presumption affecting the burden of proof, that the action is a reprisal or retaliatory action against the tenant: PROVIDED, That if the court finds that the tenant made a complaint or report to a governmental authority within one hundred twenty days after notice of a proposed increase in rent or other action in good faith by the landlord, there is a rebuttable presumption that the complaint or report was not made in good faith: PROVIDED FURTHER, That no presumption against the landlord shall arise under this section, with respect to an increase in rent, if the landlord, in a notice to the tenant of increase in rent, specifies reasonable grounds for said increase, which grounds may include a substantial increase in market value due to remedial action under this chapter. [1999 c 359 § 9; 1984 c 58 § 3; 1980 c 152 § 6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.20.080 Grounds for termination of tenancy or occupancy or failure to renew a tenancy or occupancy—Notice—Mediation.** (1) A landlord shall not terminate or fail to renew a tenancy of a tenant or the occupancy of an occupant, of whatever duration except for one or more of the following reasons:

(a) Substantial violation, or repeated or periodic violations of the rules of the mobile home park as established by the landlord at the inception of the tenancy or as assumed subsequently with the consent of the tenant or for violation of the tenant's duties as provided in RCW 59.20.140. The tenant shall be given written notice to cease the rule violation immediately. The notice shall state that failure to cease the violation of the rule or any subsequent violation of that or any other rule shall result in termination of the tenancy, and that the tenant shall vacate the premises within fifteen days: PROVIDED, That for a periodic violation the notice shall also specify that repetition of the same violation shall result in termination: PROVIDED FURTHER, That in the case of a violation of a "material change" in park rules with respect to pets, tenants with minor children living with them, or recreational facilities, the tenant shall be given written notice under this chapter of a six month period in which to comply or vacate;

(b) Nonpayment of rent or other charges specified in the rental agreement, upon five days written notice to pay rent and/or other charges or to vacate;

(c) Conviction of the tenant of a crime, commission of which threatens the health, safety, or welfare of the other mobile home park tenants. The tenant shall be given written notice of a fifteen day period in which to vacate;

(d) Failure of the tenant to comply with local ordinances and state laws and regulations relating to mobile homes, manufactured homes, or park models or mobile home, manufactured homes, or park model living within a reasonable time after the tenant's receipt of notice of such noncompliance from the appropriate governmental agency;

(e) Change of land use of the mobile home park including, but not limited to, conversion to a use other than for mobile homes, manufactured homes, or park models or conversion of the mobile home park to a mobile home park cooperative or mobile home park subdivision: PROVIDED, That the landlord shall give the tenants twelve months' notice in advance of the effective date of such change, except that for the period of six months following April 28, 1989, the landlord shall give the tenants eighteen months' notice in advance of the proposed effective date of such change;

(f) Engaging in "criminal activity." "Criminal activity" means a criminal act defined by statute or ordinance that threatens the health, safety, or welfare of the tenants. A park owner seeking to evict a tenant or occupant under this subsection need not produce evidence of a criminal conviction, even if the alleged misconduct constitutes a criminal offense. Notice from a law enforcement agency of criminal activity constitutes sufficient grounds, but not the only grounds, for an eviction under this subsection. Notification of the seizure of illegal drugs under RCW 59.20.155 is evidence of criminal activity and is grounds for an eviction under this subsection. The requirement that any tenant or occupant register as a sex

offender under RCW 9A.44.130 is grounds for eviction under this subsection. If criminal activity is alleged to be a basis of termination, the park owner may proceed directly to an unlawful detainer action;

(g) The tenant's application for tenancy contained a material misstatement that induced the park owner to approve the tenant as a resident of the park, and the park owner discovers and acts upon the misstatement within one year of the time the resident began paying rent;

(h) If the landlord serves a tenant three fifteen-day notices within a twelve-month period to comply or vacate for failure to comply with the material terms of the rental agreement or park rules. The applicable twelve-month period shall commence on the date of the first violation;

(i) Failure of the tenant to comply with obligations imposed upon tenants by applicable provisions of municipal, county, and state codes, statutes, ordinances, and regulations, including this chapter. The landlord shall give the tenant written notice to comply immediately. The notice must state that failure to comply will result in termination of the tenancy and that the tenant shall vacate the premises within fifteen days;

(j) The tenant engages in disorderly or substantially annoying conduct upon the park premises that results in the destruction of the rights of others to the peaceful enjoyment and use of the premises. The landlord shall give the tenant written notice to comply immediately. The notice must state that failure to comply will result in termination of the tenancy and that the tenant shall vacate the premises within fifteen days;

(k) The tenant creates a nuisance that materially affects the health, safety, and welfare of other park residents. The landlord shall give the tenant written notice to cease the conduct that constitutes a nuisance immediately. The notice must state that failure to cease the conduct will result in termination of the tenancy and that the tenant shall vacate the premises in five days;

(l) Any other substantial just cause that materially affects the health, safety, and welfare of other park residents. The landlord shall give the tenant written notice to comply immediately. The notice must state that failure to comply will result in termination of the tenancy and that the tenant shall vacate the premises within fifteen days; or

(m) Failure to pay rent by the due date provided for in the rental agreement three or more times in a twelve-month period, commencing with the date of the first violation, after service of a five-day notice to comply or vacate.

(2) Within five days of a notice of eviction as required by subsection (1)(a) of this section, the landlord and tenant shall submit any dispute to mediation. The parties may agree in writing to mediation by an independent third party or through industry mediation procedures. If the parties cannot agree, then mediation shall be through industry mediation procedures. A duty is imposed upon both parties to participate in the mediation process in good faith for a period of ten days for an eviction under subsection (1)(a) of this section. It is a defense to an eviction under subsection (1)(a) of this section that a landlord did not participate in the mediation process in good faith.

(3) Chapters 59.12 and 59.18 RCW govern the eviction of recreational vehicles, as defined in RCW 59.20.030, from

mobile home parks. This chapter governs the eviction of mobile homes, manufactured homes, park models, and recreational vehicles used as a primary residence from a mobile home park. [2003 c 127 § 4; 1999 c 359 § 10; 1998 c 118 § 2; 1993 c 66 § 19; 1989 c 201 § 12; 1988 c 150 § 5; 1984 c 58 § 4; 1981 c 304 § 21; 1979 ex.s. c 186 § 6; 1977 ex.s. c 279 § 8.]

**Legislative findings—Severability—1988 c 150:** See notes following RCW 59.18.130.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.20.090 Term of rental agreements—Renewal—Nonrenewal—Termination—Armed forces exception—Notices.** (1) Unless otherwise agreed rental agreements shall be for a term of one year. Any rental agreement of whatever duration shall be automatically renewed for the term of the original rental agreement, unless a different specified term is agreed upon.

(2) A landlord seeking to increase the rent upon expiration of the term of a rental agreement of any duration shall notify the tenant in writing three months prior to the effective date of any increase in rent.

(3) A tenant shall notify the landlord in writing one month prior to the expiration of a rental agreement of an intention not to renew.

(4)(a) The tenant may terminate the rental agreement upon thirty days written notice whenever a change in the location of the tenant’s employment requires a change in his or her residence, and shall not be liable for rental following such termination unless after due diligence and reasonable effort the landlord is not able to rent the mobile home lot at a fair rental. If the landlord is not able to rent the lot, the tenant shall remain liable for the rental specified in the rental agreement until the lot is rented or the original term ends.

(b) Any tenant who is a member of the armed forces, including the national guard and armed forces reserves, or that tenant’s spouse or dependent, may terminate a rental agreement with less than thirty days notice if the tenant receives reassignment or deployment orders which do not allow greater notice. The tenant shall provide notice of the reassignment or deployment order to the landlord no later than seven days after receipt. [2010 c 8 § 19034; 2003 c 7 § 3; 1998 c 118 § 3; 1980 c 152 § 2; 1979 ex.s. c 186 § 7; 1977 ex.s. c 279 § 9.]

**Effective date—2003 c 7:** See note following RCW 59.18.200.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.20.100 Improvements.** Improvements, except a natural lawn, purchased and installed by a tenant on a mobile home lot shall remain the property of the tenant even though affixed to or in the ground and may be removed or disposed of by the tenant prior to the termination of the tenancy: PROVIDED, That a tenant shall leave the mobile home lot in substantially the same or better condition than upon taking possession. [1977 ex.s. c 279 § 10.]

**59.20.110 Attorney’s fees and costs.** In any action arising out of this chapter, the prevailing party shall be entitled to reasonable attorney’s fees and costs. [1977 ex.s. c 279 § 11.]

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**59.20.120 Venue.** Venue for any action arising under this chapter shall be in the district or superior court of the county in which the mobile home lot is located. [1977 ex.s. c 279 § 12.]

**59.20.130 Duties of landlord.** It shall be the duty of the landlord to:

(1) Comply with codes, statutes, ordinances, and administrative rules applicable to the mobile home park;

(2) Maintain the common premises and prevent the accumulation of stagnant water and to prevent the detrimental effects of moving water when such condition is not the fault of the tenant;

(3) Keep any shared or common premises reasonably clean, sanitary, and safe from defects to reduce the hazards of fire or accident;

(4) Keep all common premises of the mobile home park, and vacant mobile home lots, not in the possession of tenants, free of weeds or plant growth noxious and detrimental to the health of the tenants and free from potentially injurious or unsightly objects and condition;

(5) Exterminate or make a reasonable effort to exterminate rodents, vermin, or other pests dangerous to the health and safety of the tenant whenever infestation exists on the common premises or whenever infestation occurs in the interior of a mobile home, manufactured home, or park model as a result of infestation existing on the common premises;

(6) Maintain and protect all utilities provided to the mobile home, manufactured home, or park model in good working condition. Maintenance responsibility shall be determined at that point where the normal mobile home, manufactured home, or park model utilities "hook-ups" connect to those provided by the landlord or utility company;

(7) Respect the privacy of the tenants and shall have no right of entry to a mobile home, manufactured home, or park model without the prior written consent of the occupant, except in case of emergency or when the occupant has abandoned the mobile home, manufactured home, or park model. Such consent may be revoked in writing by the occupant at any time. The ownership or management shall have a right of entry upon the land upon which a mobile home, manufactured home, or park model is situated for maintenance of utilities, to insure compliance with applicable codes, statutes, ordinances, administrative rules, and the rental agreement and the rules of the park, and protection of the mobile home park at any reasonable time or in an emergency, but not in a manner or at a time which would interfere with the occupant’s quiet enjoyment. The ownership or management shall make a reasonable effort to notify the tenant of their intention of entry upon the land which a mobile home, manufactured home, or park model is located prior to entry;

(8) Allow tenants freedom of choice in the purchase of goods and services, and not unreasonably restrict access to the mobile home park for such purposes;

(9) Maintain roads within the mobile home park in good condition; and

(10) Notify each tenant within five days after a petition has been filed by the landlord for a change in the zoning of the land where the mobile home park is located and make a description of the change available to the tenant.

A landlord shall not have a duty to repair a defective condition under this section, nor shall any defense or remedy be available to the tenant under this chapter, if the defective condition complained of was caused by the conduct of the tenant, the tenant's family, invitee, or other person acting under the tenant's control, or if a tenant unreasonably fails to allow the landlord access to the property for purposes of repair. [1999 c 359 § 11; 1993 c 66 § 20; 1984 c 58 § 5; 1979 ex.s. c 186 § 8.]

*Smoke detection devices required in dwelling units: RCW 43.44.110.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.20.135 Maintenance of permanent structures—Findings and declarations—Definition.** (1) The legislature finds that some mobile home park owners transfer the responsibility for the upkeep of permanent structures within the mobile home park to the park tenants. This transfer sometimes occurs after the permanent structures have been allowed to deteriorate. Many mobile home parks consist entirely of senior citizens who do not have the financial resources or physical capability to make the necessary repairs to these structures once they have fallen into disrepair. The inability of the tenants to maintain permanent structures can lead to significant safety hazards to the tenants as well as to visitors to the mobile home park. The legislature therefore finds and declares that it is in the public interest and necessary for the public health and safety to prohibit mobile home park owners from transferring the duty to maintain permanent structures in mobile home parks to the tenants.

(2) A mobile home park owner is prohibited from transferring responsibility for the maintenance or care of permanent structures within the mobile home park to the tenants of the park. A provision within a rental agreement or other document transferring responsibility for the maintenance or care of permanent structures within the mobile home park to the park tenants is void.

(3) A "permanent structure" for purposes of this section includes the clubhouse, carports, storage sheds, or other permanent structure. A permanent structure does not include structures built or affixed by a tenant. A permanent structure includes only those structures that were provided as amenities to the park tenants.

(4) Nothing in this section shall be construed to prohibit a park owner from requiring a tenant to maintain his or her mobile home, manufactured home, or park model or yard. Nothing in this section shall be construed to prohibit a park owner from transferring responsibility for the maintenance or care of permanent structures within the mobile home park to an organization of park tenants or to an individual park tenant when requested by the tenant organization or individual tenant. [1999 c 359 § 12; 1994 c 30 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.20.140 Duties of tenant.** It shall be the duty of the tenant to pay the rental amount at such times and in such amounts as provided for in the rental agreement or as otherwise provided by law and comply with all obligations imposed upon tenants by applicable provisions of all municipal, county, and state codes, statutes, ordinances, and regulations, and in addition the tenant shall:

(1) Keep the mobile home lot which he or she occupies and uses as clean and sanitary as the conditions of the premises permit;

(2) Properly dispose of all rubbish, garbage, and other organic or flammable waste, in a clean and sanitary manner at reasonable and regular intervals, and assume all costs of extermination and fumigation for infestation caused by the tenant on the tenant's leased premises;

(3) Not intentionally or negligently destroy, deface, damage, impair, or remove any facilities, equipment, furniture, furnishings, fixtures, or appliances provided by the landlord, or permit any member of his or her family, invitee, or licensee, or any person acting under his or her control to do so;

(4) Not permit a nuisance or common waste; and

(5) Not engage in drug-related activities as defined in RCW 59.20.080. [2010 c 8 § 19035; 1988 c 150 § 6; 1979 ex.s. c 186 § 9.]

**Legislative findings—Severability—1988 c 150:** See notes following RCW 59.18.130.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.20.145 Live-in care provider—Not a tenant—Agreements—Guest fee.** A tenant in a mobile home park may share his or her mobile home, manufactured home, or park model with any person over eighteen years of age, if that person is providing live-in home health care or live-in hospice care to the tenant under an approved plan of treatment ordered by the tenant's physician. The live-in care provider is not considered a tenant of the park and shall have no rights of tenancy in the park. Any agreement between the tenant and the live-in care provider does not change the terms and conditions of the rental agreement between the landlord and the tenant. The live-in care provider shall comply with the rules of the mobile home park, the rental agreement, and this chapter. The landlord may not charge a guest fee for the live-in care provider. [1999 c 359 § 13; 1993 c 152 § 1.]

**59.20.150 Service of notice on landlord or tenant.** (1) Any notice required by this chapter to be given to a tenant shall be served on behalf of the landlord: (a) By delivering a copy personally to the tenant; or (b) if the tenant is absent from the mobile home, manufactured home, or park model by affixing a copy of the notice in a conspicuous place on the mobile home, manufactured home, or park model and also sending a copy through the mail addressed to the tenant at the tenant's last known address.

(2) Any notice required by this chapter to be given to the landlord shall be served by the tenant in the same manner as provided for in subsection (1) of this section, or by mail to the landlord at such place as shall be expressly provided in the rental agreement.

(3) The landlord shall state in any notice of eviction required by RCW 59.20.080(1) as now or hereafter amended the specific reason for eviction in a clear and concise manner. [1999 c 359 § 14; 1979 ex.s. c 186 § 10.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.20.155 Seizure of illegal drugs—Notification of landlord.** Any law enforcement agency which seizes a leg-

end drug pursuant to a violation of chapter 69.41 RCW, a controlled substance pursuant to a violation of chapter 69.50 RCW, or an imitation controlled substance pursuant to a violation of chapter 69.52 RCW, shall make a reasonable attempt to discover the identity of the landlord and shall notify the landlord in writing, at the last address listed in the property tax records and at any other address known to the law enforcement agency, of the seizure and the location of the seizure of the illegal drugs or substances. [1988 c 150 § 12.]

**Legislative findings—Severability—1988 c 150:** See notes following RCW 59.18.130.

**59.20.160 Moneys paid as deposit or security for performance by tenant—Written rental agreement to specify terms and conditions for retention by landlord.** If any moneys are paid to the landlord by the tenant as a deposit or as security for performance of the tenant's obligations in a written rental agreement, such rental agreement shall include the terms and conditions under which the deposit or portion thereof may be withheld by the landlord upon termination of the rental agreement. If all or part of the deposit may be withheld to indemnify the landlord for damages to the mobile home space for which the tenant is responsible, the rental agreement shall so specify. It is unlawful to charge or collect a deposit or security for performance if the parties have not entered into a written rental agreement. [1984 c 58 § 17; 1979 ex.s. c 186 § 11.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.20.170 Moneys paid as deposit or security for performance by tenant—Deposit by landlord in trust account—Receipt—Claims.** (1) All moneys paid to the landlord by the tenant as a deposit as security for performance of the tenant's obligations in a rental agreement shall promptly be deposited by the landlord in a trust account, maintained by the landlord for the purpose of holding such security deposits for tenants of the landlord, in a financial institution as defined by RCW 30.22.041 or licensed escrow agent located in Washington. Except as provided in subsection (2) of this section, unless otherwise agreed in writing, the landlord shall be entitled to receipt of interest paid on such trust account deposits. The landlord shall provide the tenant with a written receipt for the deposit and shall provide written notice of the name and address and location of the depository and any subsequent change thereof. If during a tenancy the status of landlord is transferred to another, any sums in the deposit trust account affected by such transfer shall simultaneously be transferred to an equivalent trust account of the successor landlord, and the successor landlord shall promptly notify the tenant of the transfer and of the name, address and location of the new depository. The tenant's claim to any moneys paid under this section shall be prior to that of any creditor of the landlord, including a trustee in bankruptcy or receiver, even if such moneys are commingled.

(2) All moneys paid, in excess of two months' rent on the mobile home lot, to the landlord by the tenant as a deposit as security for performance of the tenant's obligations in a rental agreement shall be deposited into an interest-bearing trust account for the particular tenant. The interest accruing on the deposit in the account, minus fees charged to adminis-

ter the account, shall be paid to the tenant on an annual basis. All other provisions of subsection (1) of this section shall apply to deposits under this subsection. [2004 c 136 § 2; 1999 c 359 § 15; 1979 ex.s. c 186 § 12.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.20.180 Moneys paid as deposit or security for performance by tenant—Statement and notice of basis for retention.** Within fourteen days after the termination of the rental agreement and vacation of the mobile home space, the landlord shall give a full and specific statement of the basis for retaining any of the deposit together with the payment of any refund due the tenant under the terms and conditions of the rental agreement. No portion of any deposit shall be withheld on account of wear resulting from ordinary use of the mobile home space.

The statement shall be delivered to the tenant personally or by mail to the last known address. If the landlord fails to give such statement together with any refund due the tenant within the time limits specified above such landlord shall be liable to the tenant for the full amount of the refund due.

Nothing in this chapter shall preclude the landlord from proceeding against, and the landlord shall have the right to proceed against a tenant to recover sums exceeding the amount of the tenant's damage or security deposit for damage to the property for which the tenant is responsible. [1984 c 58 § 11; 1979 ex.s. c 186 § 13.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.20.190 Health and sanitation standards—Penalties.** The state board of health shall adopt rules on or before January 1, 1982, setting health and sanitation standards for mobile home parks. Such rules shall be enforced by the city, county, city-county, or district health officer of the jurisdiction in which the mobile home park is located, upon notice of a violation to such health officer. Failure to remedy the violation after enforcement efforts are made may result in a fine being imposed on the park owner, or tenant as may be applicable, by the enforcing governmental body of up to one hundred dollars per day, depending on the degree of risk of injury or illness to persons in or around the park. [1988 c 126 § 1; 1981 c 304 § 22.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.20.200 Landlord—Failure to carry out duties—Notice from tenant—Time limits for landlord's remedial action.** If at any time during the tenancy the landlord fails to carry out the duties required by RCW 59.20.130, the tenant may, in addition to pursuit of remedies otherwise provided the tenant by law, deliver written notice to the landlord, which notice shall specify the property involved, the name of the owner, if known, and the nature of the defective condition. For the purposes of this chapter, a reasonable time for the landlord to commence remedial action after receipt of such notice by the tenant shall be, except where circumstances are beyond the landlord's control;

(1) Not more than twenty-four hours, where the defective condition is imminently hazardous to life;

(2) Not more than forty-eight hours, where the landlord fails to provide water or heat;

(3) Subject to the provisions of subsections (1) and (2) of this section, not more than seven days in the case of a repair under RCW 59.20.130(3);

(4) Not more than thirty days in all other cases.

In each instance the burden shall be on the landlord to see that remedial work under this section is completed with reasonable promptness.

Where circumstances beyond the landlord's control, including the availability of financing, prevent the landlord from complying with the time limitations set forth in this section, the landlord shall endeavor to remedy the defective condition with all reasonable speed. [1984 c 58 § 6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.20.210 Landlord—Failure to carry out duties—Repairs effected by tenant—Bids—Notice—Deduction of cost from rent—Limitations.** (1) If at any time during the tenancy, the landlord fails to carry out any of the duties imposed by RCW 59.20.130, and notice of the defect is given to the landlord pursuant to RCW 59.20.200, the tenant may submit to the landlord or the landlord's designated agent by certified mail or in person at least two bids to perform the repairs necessary to correct the defective condition from licensed or registered persons, or if no licensing or registration requirement applies to the type of work to be performed, from responsible persons capable of performing such repairs. Such bids may be submitted to the landlord at the same time as notice is given pursuant to RCW 59.20.200.

(2) If the landlord fails to commence repair of the defective condition within a reasonable time after receipt of notice from the tenant, the tenant may contract with the person submitting the lowest bid to make the repair, and upon the completion of the repair and an opportunity for inspection by the landlord or the landlord's designated agent, the tenant may deduct the cost of repair from the rent in an amount not to exceed the sum expressed in dollars representing one month's rental of the tenant's mobile home space in any calendar year. When, however, the landlord is required to begin remedying the defective condition within thirty days under RCW 59.20.200, the tenant cannot contract for repairs for at least fifteen days following receipt of bids by the landlord. The total costs of repairs deducted by the tenant in any calendar year under this subsection shall not exceed the sum expressed in dollars representing one month's rental of the tenant's mobile home space.

(3) Two or more tenants shall not collectively initiate remedies under this section. Remedial action under this section shall not be initiated for conditions in the design or construction existing in a mobile home park before June 7, 1984.

(4) The provisions of this section shall not:

(a) Create a relationship of employer and employee between landlord and tenant; or

(b) Create liability under the worker's compensation act; or

(c) Constitute the tenant as an agent of the landlord for the purposes of mechanics' and materialmen's liens under chapter 60.04 RCW.

(5) Any repair work performed under this section shall comply with the requirements imposed by any applicable code, statute, ordinance, or rule. A landlord whose property is

damaged because of repairs performed in a negligent manner may recover the actual damages in an action against the tenant.

(6) Nothing in this section shall prevent the tenant from agreeing with the landlord to undertake the repairs in return for cash payment or a reasonable reduction in rent, the agreement to be between the parties, and this agreement does not alter the landlord's obligations under this chapter. [1999 c 359 § 16; 1984 c 58 § 8.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.20.220 Landlord—Failure to carry out duties—Judgment by court or arbitrator for diminished rental value and repair costs—Enforcement of judgment—Reduction in rent.** (1) If a court or an arbitrator determines that:

(a) A landlord has failed to carry out a duty or duties imposed by RCW 59.20.130; and

(b) A reasonable time has passed for the landlord to remedy the defective condition following notice to the landlord under RCW 59.20.200 or such other time as may be allotted by the court or arbitrator; the court or arbitrator may determine the diminution in rental value of the property due to the defective condition and shall render judgment against the landlord for the rent paid in excess of such diminished rental value from the time of notice of such defect to the time of decision and any costs of repair done pursuant to RCW 59.20.210 for which no deduction has been previously made. Such decisions may be enforced as other judgments at law and shall be available to the tenant as a set-off against any existing or subsequent claims of the landlord.

The court or arbitrator may also authorize the tenant to contract to make further corrective repairs. The court or arbitrator shall specify a time period in which the landlord may make such repairs before the tenant may contract for such repairs. Such repairs shall not exceed the sum expressed in dollars representing one month's rental of the tenant's mobile home space in any one calendar year.

(2) The tenant shall not be obligated to pay rent in excess of the diminished rental value of the mobile home space until such defect or defects are corrected by the landlord or until the court or arbitrator determines otherwise. [1999 c 359 § 17; 1984 c 58 § 9.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.20.230 Defective condition—Unfeasible to remedy defect—Termination of tenancy.** If a court or arbitrator determines a defective condition as described in RCW 59.20.130 to be so substantial that it is unfeasible for the landlord to remedy the defect within the time allotted by RCW 59.20.200, and that the tenant should not remain on the mobile home space in its defective condition, the court or arbitrator may authorize the termination of the tenancy. The court or arbitrator shall set a reasonable time for the tenant to vacate the premises. [1984 c 58 § 10.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.20.240 Payment of rent condition to exercising remedies.** The tenant shall be current in the payment of rent including all utilities which the tenant has agreed in the rental

agreement to pay before exercising any of the remedies accorded the tenant under the provisions of this chapter: PROVIDED, That this section shall not be construed as limiting the tenant's civil remedies for negligent or intentional damages: PROVIDED FURTHER, That this section shall not be construed as limiting the tenant's right in an unlawful detainer proceeding to raise the defense that there is no rent due and owing. [1984 c 58 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.20.250 Mediation of disputes by independent third party.** The landlord and tenant may agree in writing to submit any dispute arising under this chapter or under the terms, conditions, or performance of the rental agreement to mediation by an independent third party or to settle the dispute through industry mediation procedures. The parties may agree to submit any dispute to mediation before exercising their right to arbitration under RCW 59.20.260. [1984 c 58 § 12.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.20.260 Arbitration—Authorized—Selection of arbitrator—Procedure.** (1) The landlord and tenant may agree in writing to submit a controversy arising under this chapter to arbitration. The agreement shall contain the name of the arbitrator agreed upon by the parties or the process for selecting the arbitrator.

(2) The arbitration shall be administered under this chapter and chapter 7.04A RCW. [2005 c 433 § 47; 1984 c 58 § 13.]

**Application—Captions not law—Savings—Effective date—2005 c 433:** See RCW 7.04A.290 through 7.04A.310 and 7.04A.900.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.20.270 Arbitration—Application—Hearings—Decisions.** (1) If the landlord and tenant agree to submit the matter to arbitration, the parties shall complete an application for arbitration and deliver it to the selected arbitrator.

(2) The arbitrator shall schedule a hearing to be held no later than ten days following receipt of the application.

(3) Reasonable notice of the hearings shall be given to the parties, who shall appear and be heard either in person, by counsel, or by other representative. Hearings shall be informal and the rules of evidence prevailing in judicial proceedings shall not be binding. Hearings may be public or private. The proceedings may be recorded. Any oral or documentary evidence and other data deemed relevant by the arbitrator may be received in evidence. The arbitrator may administer oaths, issue subpoenas, and require the attendance of witnesses and the production of books, papers, contracts, agreements, and documents deemed by the arbitrator to be material to a just determination of the issues in dispute. If a person refuses to obey a subpoena or refuses to be sworn to testify, or any witness, party, or attorney is guilty of any contempt while in attendance at any hearing held under this section, the arbitrator may invoke the jurisdiction of any district or superior court, and the court shall have jurisdiction to issue an appropriate order. Failure to obey the order may be punished by the court as contempt.

(2010 Ed.)

(4) Within five days after the hearing, the arbitrator shall make a written decision upon the issues presented. A copy of the decision shall be mailed by certified mail or otherwise delivered to the parties or their designated representatives. The decision of the arbitrator shall be final and binding upon all parties.

(5) If a dispute exists affecting more than one tenant in a similar manner, the arbitrator may with the consent of the parties consolidate the cases into a single proceeding.

(6) Decisions of the arbitrator shall be enforced or appealed under chapter 7.04A RCW. [2005 c 433 § 48; 1984 c 58 § 14.]

**Application—Captions not law—Savings—Effective date—2005 c 433:** See RCW 7.04A.290 through 7.04A.310 and 7.04A.900.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.20.280 Arbitration—Fee.** The administrative fee for this arbitration procedure shall be established by agreement of the parties and the arbitrator and, unless otherwise allocated by the arbitrator, shall be shared equally by the parties. However, upon either party signing an affidavit to the effect that the party is unable to pay the share of the fee, that portion of the fee may be waived or deferred. [1984 c 58 § 15.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.20.290 Arbitration—Completion of arbitration after giving notice.** When a party gives notice of intent to arbitrate by giving reasonable notice to the other party, that party shall, at the same time, arrange for arbitration of the grievance in the manner provided for in this chapter. The arbitration shall be completed before the rental due date next occurring after the giving of notice under this section, but in no event shall the arbitrator have less than ten days to complete the arbitration process. [1984 c 58 § 16.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.20.300 Manufactured/mobile home communities—Notice of sale.** (1) A landlord must provide a written notice of sale of a manufactured/mobile home community by certified mail or personal delivery to:

- (a) Each tenant of the manufactured/mobile home community;
- (b) The officers of any known qualified tenant organization;
- (c) The office of manufactured housing;
- (d) The local government within whose jurisdiction all or part of the manufactured/mobile home community exists;
- (e) The housing authority within whose jurisdiction all or part of the manufactured/mobile home community exists; and
- (f) The Washington state housing finance commission.

(2) A notice of sale must include:

- (a) A statement that the landlord intends to sell the manufactured/mobile home community; and
- (b) The contact information of the landlord or landlord's agent who is responsible for communicating with the qualified tenant organization or eligible organization regarding the sale of the property. [2008 c 116 § 4.]

**Findings—Intent—2008 c 116:** "(1) The legislature finds that:

(a) Manufactured/mobile home communities provide a significant source of homeownership opportunities for Washington residents. However,

the increasing closure and conversion of manufactured/mobile home communities to other uses, combined with increasing mobile home lot rents, low vacancy rates in existing manufactured/mobile home communities, and the extremely high cost of moving homes when manufactured/mobile home communities close, increasingly make manufactured/mobile home community living insecure for manufactured/mobile home tenants.

(b) Many tenants who reside in manufactured/mobile home communities are low-income households and senior citizens and are, therefore, those residents most in need of reasonable security in the siting of their manufactured/mobile homes because of the adverse impacts on the health, safety, and welfare of tenants forced to move due to closure, change of use, or discontinuance of manufactured/mobile home communities.

(c) The preservation of manufactured/mobile home communities:

(i) Is a more economical alternative than providing new replacement housing units for tenants who are displaced from closing manufactured/mobile home communities;

(ii) Is a strategy by which all local governments can meet the affordable housing needs of their residents;

(iii) Is a strategy by which local governments planning under RCW 36.70A.040 may meet the housing element of their comprehensive plans as it relates to the provision of housing affordable to all economic sectors; and

(iv) Should be a goal of all housing authorities and local governments.

(d) The loss of manufactured/mobile home communities should not result in a net loss of affordable housing, thus compromising the ability of local governments to meet the affordable housing needs of its residents and the ability of these local governments planning under RCW 36.70A.040 to meet affordable housing goals under chapter 36.70A RCW.

(e) The closure of manufactured/mobile home communities has serious environmental, safety, and financial impacts, including:

(i) Homes that cannot be moved to other locations add to Washington's landfills;

(ii) Homes that are abandoned might attract crime; and

(iii) Vacant homes that will not be reoccupied need to be tested for asbestos and lead, and these toxic materials need to be removed prior to demolition.

(f) The self-governance aspect of tenants owning manufactured/mobile home communities results in a lesser usage of police resources as tenants experience fewer societal conflicts when they own the real estate as well as their homes.

(g) Housing authorities, by their creation and purpose, are the public body corporate and politic of the city or county responsible for addressing the availability of safe and sanitary dwelling accommodations available to persons of low income, senior citizens, and others.

(2) It is the intent of the legislature to encourage and facilitate the preservation of existing manufactured/mobile home communities in the event of voluntary sales of manufactured/mobile home communities and, to the extent necessary and possible, to involve manufactured/mobile home community tenants or an eligible organization representing the interests of tenants, such as a nonprofit organization, housing authority, or local government, in the preservation of manufactured/mobile home communities." [2008 c 116 § 1.]

**Severability—2008 c 116:** "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [2008 c 116 § 8.]

**59.20.305 Manufactured/mobile home communities—Good faith negotiations.** A landlord intending to sell a manufactured/mobile home community is encouraged to negotiate in good faith with qualified tenant organizations and eligible organizations. [2008 c 116 § 5.]

**Findings—Intent—Severability—2008 c 116:** See notes following RCW 59.20.300.

**59.20.900 Severability—1977 ex.s. c 279.** If any provision of this act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected. [1977 ex.s. c 279 § 13.]

**59.20.901 Effective date—1999 c 359.** This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 1999. [1999 c 359 § 21.]

**59.20.902 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.** For the purposes of this chapter, the terms spouse, marriage, marital, husband, wife, widow, widower, next of kin, and family shall be interpreted as applying equally to state registered domestic partnerships or individuals in state registered domestic partnerships as well as to marital relationships and married persons, and references to dissolution of marriage shall apply equally to state registered domestic partnerships that have been terminated, dissolved, or invalidated, to the extent that such interpretation does not conflict with federal law. Where necessary to implement chapter 521, Laws of 2009, gender-specific terms such as husband and wife used in any statute, rule, or other law shall be construed to be gender neutral, and applicable to individuals in state registered domestic partnerships. [2009 c 521 § 140.]

## Chapter 59.21 RCW

### MOBILE HOME RELOCATION ASSISTANCE

#### Sections

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59.21.905	Effective date—1995 c 122.
59.21.906	Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.

**59.21.005 Declaration—Purpose.** The legislature recognizes that it is quite costly to move a mobile home. Many mobile home tenants need financial assistance in order to move their mobile homes from a mobile home park. The purpose of this chapter is to provide a mechanism for assisting mobile home tenants to relocate to suitable alternative sites when the mobile home park in which they reside is closed or converted to another use. [1995 c 122 § 2; 1991 c 327 § 8.]

**59.21.006 Declaration—Intent—Purpose—1995 c 122.** The legislature recognizes that, in the decision of *Guimont et al. v. Clarke*, 121 Wn.2d (1993), the Washington supreme court held the mobile home relocation assistance program of chapter 59.21 RCW invalid for its monetary burden on mobile home park-owners. However, during the program's operation, substantial funds were validly collected

from mobile home owners and accumulated in the mobile home park relocation fund, created under the program. The legislature intends to utilize those funds for the purposes for which they were collected. The legislature also recognizes that, for a period of almost three years since this state's courts invalidated the program, no such assistance was available. The most needy tenants may have been forced to sell or abandon rather than relocate their homes in the face of park closures. Because the purpose of the program was to assist relocation, those persons should be compensated in a like manner to those who could afford to pay for relocation without assistance. To that end, the legislature has: (1) Repealed RCW 59.21.020, 59.21.035, 59.21.080, 59.21.085, 59.21.095, 59.21.900, 59.21.901, 59.21.902, and 59.21.903; (2) amended RCW 59.21.010, 59.21.030, 59.21.040, 59.21.050, 59.21.070, \*59.21.100, 59.21.110, and 43.84.092; (3) reenacted without amendment RCW 59.21.005 and \*\*59.21.105; and (4) added new sections to chapter 59.21 RCW. [1995 c 122 § 1.]

**Reviser's note:** \*(1) RCW 59.21.100 and 59.21.110 were not amended by 1995 c 122.

\*\*\*(2) RCW 59.21.105 was reenacted and amended by 1995 c 122.

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

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

(2) "Director" means the director of the department of commerce.

(3) "Fund" means the mobile home park relocation fund established under RCW 59.21.050.

(4) "Landlord" or "park-owner" means the owner of the mobile home park that is being closed at the time relocation assistance is provided.

(5) "Mobile home park" or "park" means real property that is rented or held out for rent to others for the placement of two or more mobile homes for the primary purpose of production of income, except where the real property is rented or held out for rent for seasonal recreational purpose only and is not intended for year-round occupancy.

(6) "Relocate" means to remove the mobile home from the mobile home park being closed and to either reinstall it in another location or to demolish it and purchase another mobile/manufactured home constructed to the standards set by the department of housing and urban development.

(7) "Relocation assistance" means the monetary assistance provided under this chapter. [2009 c 565 § 47; 2002 c 257 § 1; 1998 c 124 § 1; 1995 c 122 § 3; 1991 c 327 § 10; 1990 c 171 § 1; 1989 c 201 § 1.]

**Reviser's note:** The definitions in this section have been alphabetized pursuant to RCW 1.08.015(2)(k).

**Effective date—2002 c 257:** "This act takes effect January 1, 2003." [2002 c 257 § 5.]

**59.21.021 Relocation assistance—Eligibility after December 31, 1995—Amounts of assistance—Priority for distribution of assistance.** (1) If a mobile home park is closed or converted to another use after December 31, 1995, eligible tenants shall be entitled to assistance on a first-come, first-serve basis. The department shall give priority for distribution of relocation assistance to tenants residing in parks

that are closed as a result of park-owner fraud or as a result of health and safety concerns as determined by the local board of health. Payments shall be made upon the department's verification of eligibility, subject to the availability of remaining funds. Eligibility for relocation assistance funds is limited to low-income households. As used in this section, "low-income household" means a single person, family, or unrelated persons living together whose adjusted income is less than eighty percent of the median family income, adjusted for household size, for the county where the mobile or manufactured home is located.

(2) Assistance for closures occurring after December 31, 1995, is limited to persons who maintain ownership of and relocate their mobile home or who dispose of a home not relocatable to a new site.

(3) Persons who removed and disposed of their mobile home or maintained ownership of and relocated their mobile homes are entitled to reimbursement of actual relocation expenses up to twelve thousand dollars for a double-wide home and up to seven thousand five hundred dollars for a single-wide home.

(4) Any individual or organization may apply to receive funds from the mobile home park relocation fund, for use in combination with funds from public or private sources, toward relocation of tenants eligible under this section. Funds received from the mobile home park relocation fund shall only be used for relocation assistance expenses or other mobile/manufactured home ownership expenses, that include down payment assistance, if the owners are not planning to relocate their mobile home as long as their original home is removed from the park. [2005 c 399 § 5; 2002 c 257 § 2; 1998 c 124 § 2; 1995 c 122 § 5.]

**Effective date—2002 c 257:** See note following RCW 59.21.010.

**59.21.025 Relocation assistance—Sources other than fund—Reductions.** (1) If financial assistance for relocation is obtained from sources other than the mobile home park relocation fund established under this chapter, then the relocation assistance provided to any person under this chapter shall be reduced as necessary to ensure that no person receives from all sources combined more than: (a) That person's actual cost of relocation; or (b) seven thousand dollars for a double-wide mobile home and three thousand five hundred dollars for a single-wide mobile home.

(2) When a person receives financial assistance for relocation from a source other than the mobile home park relocation assistance fund, then the assistance received from the fund will be the difference between the maximum amount to which a person is entitled under RCW 59.21.021(3) and the amount of assistance received from the outside source.

(3) If the amount of assistance received from an outside source exceeds the maximum amounts of assistance to which a person is entitled under RCW 59.21.021(3), then that person will not receive any assistance from the mobile home park relocation assistance fund. [1998 c 124 § 3; 1995 c 122 § 6.]

**59.21.030 Notice—Requirements.** (1) Notice required by RCW 59.20.080 before park closure or conversion of the park, whether twelve months or longer, shall be given to the

director and all tenants in writing, and posted at all park entrances. The notice required by RCW 59.20.080 must also meet the following requirements:

(a) A copy of the closure notice must be provided with all month-to-month rental agreements signed after the original park closure notice date;

(b) Notice to the director must include: (i) A good faith estimate of the timetable for removal of the mobile homes; (ii) the reason for closure; and (iii) a list of the names and mailing addresses of the current registered park tenants. Notice required under this subsection must be sent to the director within ten business days of the date notice was given to all tenants as required by RCW 59.20.080; and

(c) Notice must be recorded in the office of the county auditor for the county where the mobile home park is located.

(2) The department must mail every tenant an application and information on relocation assistance within ten business days of receipt of the notice required in subsection (1) of this section. [2006 c 296 § 1; 1995 c 122 § 7; 1990 c 171 § 3; 1989 c 201 § 3.]

**59.21.040 Relocation assistance—Exemptions.** A tenant is not entitled to relocation assistance under this chapter if: (1) The tenant has given notice to the landlord of his or her intent to vacate the park and terminate the tenancy before any written notice of closure pursuant to RCW 59.20.080(1)(e) has been given; (2) the tenant purchased a mobile home already situated in the park or moved a mobile home into the park after a written notice of closure pursuant to RCW 59.20.090 has been given and the person received actual prior notice of the change or closure; or (3) the tenant receives assistance from an outside source that exceeds the maximum amounts of assistance to which a person is entitled under RCW 59.21.021(3). However, no tenant may be denied relocation assistance under subsection (1) of this section if the tenant has remained on the premises and continued paying rent for a period of at least six months after giving notice of intent to vacate and before receiving formal notice of a closure or change of use. [1998 c 124 § 4; 1995 c 122 § 8; 1989 c 201 § 4.]

**59.21.050 Relocation fund—Administration—Tenant's application—Form. (Effective until July 1, 2011.)** (1) The existence of the mobile home park relocation fund in the custody of the state treasurer is affirmed. Expenditures from the fund may be used only for relocation assistance awarded under this chapter. Only the director or the director's designee may authorize expenditures from the fund. All relocation payments to tenants shall be made from the fund. The fund is subject to allotment procedures under chapter 43.88 RCW, but no appropriation is required for expenditures.

(2) A park tenant is eligible for assistance under this chapter only after an application is submitted by that tenant or an organization acting on the tenant's account under RCW 59.21.021(4) on a form approved by the director which shall include:

(a) For those persons who maintained ownership of and relocated their homes or removed their homes from the park: (i) A copy of the notice from the park-owner, or other adequate proof, that the tenancy is terminated due to closure of

the park or its conversion to another use; (ii) a copy of the rental agreement then in force, or other proof that the applicant was a tenant at the time of notice of closure; (iii) a copy of the contract for relocating the home which includes the date of relocation, or other proof of actual relocation expenses incurred on a date certain; and (iv) a statement of any other available assistance;

(b) For those persons who sold their homes and incurred no relocation expenses: (i) A copy of the notice from the park-owner, or other adequate proof, that the tenancy is terminated due to closure of the park or its conversion to another use; (ii) a copy of the rental agreement then in force, or other proof that the applicant was a tenant at the time of notice of closure; and (iii) a copy of the record of title transfer issued by the department of licensing when the tenant sold the home rather than relocate it due to park closure or conversion.

(3) The department may deduct a percentage amount of the fee collected under RCW 59.21.055, not to exceed five percent of the fees received, for administration expenses incurred by the department. [2002 c 257 § 4; 1998 c 124 § 5; 1995 c 122 § 9; 1991 sp.s. c 13 § 74; 1991 c 327 § 12; 1990 c 171 § 5; 1989 c 201 § 5.]

**Effective date—2002 c 257:** See note following RCW 59.21.010.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.21.050 Relocation fund—Administration—Tenant's application—Form. (Effective July 1, 2011.)** (1) The existence of the mobile home park relocation fund in the custody of the state treasurer is affirmed. Expenditures from the fund may be used only for relocation assistance awarded under this chapter. Only the director or the director's designee may authorize expenditures from the fund. All relocation payments to tenants shall be made from the fund. The fund is subject to allotment procedures under chapter 43.88 RCW, but no appropriation is required for expenditures.

(2) A park tenant is eligible for assistance under this chapter only after an application is submitted by that tenant or an organization acting on the tenant's account under RCW 59.21.021(4) on a form approved by the director which shall include:

(a) For those persons who maintained ownership of and relocated their homes or removed their homes from the park: (i) A copy of the notice from the park-owner, or other adequate proof, that the tenancy is terminated due to closure of the park or its conversion to another use; (ii) a copy of the rental agreement then in force, or other proof that the applicant was a tenant at the time of notice of closure; (iii) a copy of the contract for relocating the home which includes the date of relocation, or other proof of actual relocation expenses incurred on a date certain; and (iv) a statement of any other available assistance;

(b) For those persons who sold their homes and incurred no relocation expenses: (i) A copy of the notice from the park-owner, or other adequate proof, that the tenancy is terminated due to closure of the park or its conversion to another use; (ii) a copy of the rental agreement then in force, or other proof that the applicant was a tenant at the time of notice of closure; and (iii) a copy of the record of title transfer issued by the department of licensing when the tenant sold the home rather than relocate it due to park closure or conversion.

(3) The department may deduct a percentage amount of the fee collected under RCW 46.17.155, not to exceed five percent of the fees received, for administration expenses incurred by the department. [2010 c 161 § 1149; 2002 c 257 § 4; 1998 c 124 § 5; 1995 c 122 § 9; 1991 sp.s. c 13 § 74; 1991 c 327 § 12; 1990 c 171 § 5; 1989 c 201 § 5.]

**Effective date—Intent—Legislation to reconcile chapter 161, Laws of 2010 and other amendments made during the 2010 legislative session—2010 c 161:** See notes following RCW 46.04.013.

**Effective date—2002 c 257:** See note following RCW 59.21.010.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.21.055 Fee imposed on transfer of title—Circumstances—Deposit—Rules. (Effective until July 1, 2011.)**

(1) A one hundred dollar fee is imposed upon the purchaser on every transfer of title issued under chapter 46.12 RCW on a mobile home one year old or more where (a) the ownership of the mobile home changes; and (b) the mobile home is located in a mobile home park. A transfer of title does not include the addition or deletion of a spouse co-owner or secured interest.

(2) Mobile homes with a sale price of less than five thousand dollars are not subject to the fee imposed in subsection (1) of this section.

(3) The department of licensing or its agents shall collect the fee when processing an application for transfer of title. The fee collected under this section shall be forwarded to the state treasurer for deposit into the mobile home park relocation fund created in this chapter. The department of licensing may deduct a percentage amount, not to exceed two percent of the fees collected, for the collection expenses incurred by the department of licensing.

(4) The department of licensing and the state treasurer may adopt rules necessary to carry out this section. [2002 c 257 § 3.]

**Effective date—2002 c 257:** See note following RCW 59.21.010.

**59.21.070 Rental agreement—Covenants.** If the rental agreement includes a covenant by the landlord as described in RCW 59.20.060(1)(g)(i), the covenant runs with the land and is binding upon the purchasers, successors, and assigns of the landlord. [1995 c 122 § 10; 1989 c 201 § 10.]

**59.21.100 Tenants—Waiver of rights—Attorney approval.** A tenant may, with the written approval of his or her attorney-at-law, waive or compromise their right to relocation assistance under this chapter. [1989 c 201 § 14.]

**59.21.105 Existing older mobile homes—Forced relocation—Code waiver.** (1) The legislature finds that existing older mobile homes provide affordable housing to many persons, and that requiring these homes that are legally located in mobile home parks to meet new fire, safety, and construction codes because they are relocating due to the closure or conversion of the mobile home park, compounds the economic burden facing these tenants.

(2) Mobile homes that are relocated due to either the closure or conversion of a mobile home park, may not be required by any city or county to comply with the requirements of any applicable fire, safety, or construction code for

(2010 Ed.)

the sole reason of its relocation. This section shall only apply if the original occupancy classification of the building is not changed as a result of the move.

(3) This section shall not apply to mobile homes that are substantially remodeled or rehabilitated, nor to any work performed in compliance with installation requirements. For the purpose of determining whether a moved mobile home has been substantially remodeled or rebuilt, any cost relating to preparation for relocation or installation shall not be considered. [1995 c 122 § 11; 1991 c 327 § 16.]

**59.21.110 Violations—Penalty.** Any person who intentionally violates, intentionally attempts to evade, or intentionally evades the provisions of this chapter is guilty of a misdemeanor. [1991 c 327 § 14; 1989 c 201 § 15.]

**59.21.904 Severability—1995 c 122.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1995 c 122 § 14.]

**59.21.905 Effective date—1995 c 122.** This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and shall take effect immediately [April 20, 1995]. [1995 c 122 § 15.]

**59.21.906 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.** For the purposes of this chapter, the terms spouse, marriage, marital, husband, wife, widow, widower, next of kin, and family shall be interpreted as applying equally to state registered domestic partnerships or individuals in state registered domestic partnerships as well as to marital relationships and married persons, and references to dissolution of marriage shall apply equally to state registered domestic partnerships that have been terminated, dissolved, or invalidated, to the extent that such interpretation does not conflict with federal law. Where necessary to implement chapter 521, Laws of 2009, gender-specific terms such as husband and wife used in any statute, rule, or other law shall be construed to be gender neutral, and applicable to individuals in state registered domestic partnerships. [2009 c 521 § 141.]

## Chapter 59.22 RCW

### OFFICE OF MANUFACTURED HOUSING— RESIDENT-OWNED MOBILE HOME PARKS

#### Sections

59.22.010	Legislative findings.
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59.22.090 Manufactured housing task force—Duties—Membership.  
 59.22.901 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.

*Manufactured/mobile home landlord-tenant act: Chapter 59.20 RCW.*

**59.22.010 Legislative findings.** (1) The legislature finds:

(a) That manufactured housing and mobile home parks provide a source of low-cost housing to the low income, elderly, poor and infirmed, without which they could not afford private housing; but rising costs of mobile home park development and operation, as well as turnover in ownership, has resulted in mobile home park living becoming unaffordable to the low income, elderly, poor and infirmed, resulting in increased numbers of homeless persons, and persons who must look to public housing and public programs, increasing the burden on the state to meet the housing needs of its residents;

(b) That state government can play a vital role in addressing the problems confronted by mobile home park residents by providing assistance which makes it possible for mobile home park residents to acquire the mobile home parks in which they reside and convert them to resident ownership; and

(c) That to accomplish this purpose, information and technical support shall be made available through the department.

(2) Therefore, it is the intent of the legislature, in order to maintain low-cost housing in mobile home parks to benefit the low income, elderly, poor and infirmed, to encourage and facilitate the conversion of mobile home parks to resident ownership, to protect low-income mobile home park residents from both physical and economic displacement, to obtain a high level of private financing for mobile home park conversions, and to help establish acceptance for resident-owned mobile home parks in the private market. [1995 c 399 § 154; 1987 c 482 § 1.]

**59.22.020 Definitions.** (*Effective until July 1, 2011.*)

The following definitions shall apply throughout this chapter unless the context clearly requires otherwise:

(1) "Account" means the manufactured housing account created under RCW 59.22.070.

(2) "Affordable" means that, where feasible, low-income residents should not pay more than thirty percent of their monthly income for housing costs.

(3) "Conversion costs" includes the cost of acquiring the mobile home park, the costs of planning and processing the conversion, the costs of any needed repairs or rehabilitation, and any expenditures required by a government agency or lender for the project.

(4) "Department" means the department of commerce.

(5) "Fee" means the mobile home title transfer fee imposed under RCW 59.22.080.

(6) "Fund" or "park purchase account" means the mobile home park purchase account created pursuant to RCW 59.22.030.

(7) "Housing costs" means the total cost of owning, occupying, and maintaining a mobile home and a lot or space in a mobile home park.

(8) "Individual interest in a mobile home park" means any interest which is fee ownership or a lesser interest which entitles the holder to occupy a lot or space in a mobile home park for a period of not less than either fifteen years or the life of the holder. Individual interests in a mobile home park include, but are not limited to, the following:

(a) Ownership of a lot or space in a mobile home park or subdivision;

(b) A membership or shares in a stock cooperative, or a limited equity housing cooperative; or

(c) Membership in a nonprofit mutual benefit corporation which owns, operates, or owns and operates the mobile home park.

(9) "Landlord" shall have the same meaning as it does in RCW 59.20.030.

(10) "Low-income resident" means an individual or household who resided in the mobile home park prior to application for a loan pursuant to this chapter and with an annual income at or below eighty percent of the median income for the county of standard metropolitan statistical area of residence. Net worth shall be considered in the calculation of income with the exception of the resident's mobile/manufactured home which is used as their primary residence.

(11) "Low-income spaces" means those spaces in a mobile home park operated by a resident organization which are occupied by low-income residents.

(12) "Manufactured housing" means residences constructed on one or more chassis for transportation, and which bear an insignia issued by a state or federal regulatory agency indication compliance with all applicable construction standards of the United States department of housing and urban development.

(13) "Mobile home" shall have the same meaning as it does in RCW 46.04.302.

(14) "Mobile home lot" shall have the same meaning as it does in RCW 59.20.030.

(15) "Mobile home park" means a mobile home park, as defined in RCW 59.20.030(10), or a manufactured home park subdivision as defined by RCW 59.20.030(12) created by the conversion to resident ownership of a mobile home park.

(16) "Resident organization" means a group of mobile home park residents who have formed a nonprofit corporation, cooperative corporation, or other entity or organization for the purpose of acquiring the mobile home park in which they reside and converting the mobile home park to resident ownership. The membership of a resident organization shall include at least two-thirds of the households residing in the mobile home park at the time of application for assistance from the department.

(17) "Resident ownership" means, depending on the context, either the ownership, by a resident organization, as defined in this section, of an interest in a mobile home park which entitles the resident organization to control the operations of the mobile home park for a term of no less than fifteen years, or the ownership of individual interests in a mobile home park, or both.

(18) "Tenant" means a person who rents a mobile home lot for a term of one month or longer and owns the mobile home on the lot. [2009 c 565 § 48; 1995 c 399 § 155; 1993 c 66 § 9; 1991 c 327 § 2; 1988 c 280 § 3; 1987 c 482 § 2.]

**Reviser's note:** The definitions in this section have been alphabetized pursuant to RCW 1.08.015(2)(k).

**59.22.020 Definitions. (Effective July 1, 2011.)** The following definitions shall apply throughout this chapter unless the context clearly requires otherwise:

(1) "Account" means the manufactured housing account created under RCW 59.22.070.

(2) "Affordable" means that, where feasible, low-income residents should not pay more than thirty percent of their monthly income for housing costs.

(3) "Conversion costs" includes the cost of acquiring the mobile home park, the costs of planning and processing the conversion, the costs of any needed repairs or rehabilitation, and any expenditures required by a government agency or lender for the project.

(4) "Department" means the department of commerce.

(5) "Fee" means the mobile home title transfer fee imposed under RCW 46.17.150.

(6) "Fund" or "park purchase account" means the mobile home park purchase account created pursuant to RCW 59.22.030.

(7) "Housing costs" means the total cost of owning, occupying, and maintaining a mobile home and a lot or space in a mobile home park.

(8) "Individual interest in a mobile home park" means any interest which is fee ownership or a lesser interest which entitles the holder to occupy a lot or space in a mobile home park for a period of not less than either fifteen years or the life of the holder. Individual interests in a mobile home park include, but are not limited to, the following:

(a) Ownership of a lot or space in a mobile home park or subdivision;

(b) A membership or shares in a stock cooperative, or a limited equity housing cooperative; or

(c) Membership in a nonprofit mutual benefit corporation which owns, operates, or owns and operates the mobile home park.

(9) "Landlord" shall have the same meaning as it does in RCW 59.20.030.

(10) "Low-income resident" means an individual or household who resided in the mobile home park prior to application for a loan pursuant to this chapter and with an annual income at or below eighty percent of the median income for the county of standard metropolitan statistical area of residence. Net worth shall be considered in the calculation of income with the exception of the resident's mobile/manufactured home which is used as their primary residence.

(11) "Low-income spaces" means those spaces in a mobile home park operated by a resident organization which are occupied by low-income residents.

(12) "Manufactured housing" means residences constructed on one or more chassis for transportation, and which bear an insignia issued by a state or federal regulatory agency indication compliance with all applicable construction standards of the United States department of housing and urban development.

(13) "Mobile home" shall have the same meaning as it does in RCW 46.04.302.

(14) "Mobile home lot" shall have the same meaning as it does in RCW 59.20.030.

(15) "Mobile home park" means a mobile home park, as defined in RCW 59.20.030(10), or a manufactured home park subdivision as defined by RCW 59.20.030(12) created by the conversion to resident ownership of a mobile home park.

(16) "Resident organization" means a group of mobile home park residents who have formed a nonprofit corporation, cooperative corporation, or other entity or organization for the purpose of acquiring the mobile home park in which they reside and converting the mobile home park to resident ownership. The membership of a resident organization shall include at least two-thirds of the households residing in the mobile home park at the time of application for assistance from the department.

(17) "Resident ownership" means, depending on the context, either the ownership, by a resident organization, as defined in this section, of an interest in a mobile home park which entitles the resident organization to control the operations of the mobile home park for a term of no less than fifteen years, or the ownership of individual interests in a mobile home park, or both.

(18) "Tenant" means a person who rents a mobile home lot for a term of one month or longer and owns the mobile home on the lot. [2010 c 161 § 1150. Prior: 2009 c 565 § 48; 1995 c 399 § 155; 1993 c 66 § 9; 1991 c 327 § 2; 1988 c 280 § 3; 1987 c 482 § 2.]

**Effective date—Intent—Legislation to reconcile chapter 161, Laws of 2010 and other amendments made during the 2010 legislative session—2010 c 161:** See notes following RCW 46.04.013.

**59.22.030 Mobile home park purchase account.** The mobile home park purchase account is hereby created in the state treasury. The purpose of this account is to provide loans according to the provisions of this chapter and for related administrative costs of the department. The account shall include appropriations, loan repayments, and any other money from private sources made available to the state for the purposes of this chapter. Owners of mobile home parks shall not be assessed for the purposes of this account. [1991 s.p.s. c 13 § 89; 1987 c 482 § 4.]

**Reviser's note:** Substantial portions of 1987 c 482, authorizing loans from the mobile home park purchase fund [account], were vetoed by the governor.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**59.22.032 Loans for mobile home park conversion costs—Resident eligibility—Flexible repayment terms.**

(1) The department may make loans from the fund to resident organizations for the purpose of financing mobile home park conversion costs. The department may only make loans to resident organizations of mobile home parks where a significant portion of the residents are low-income or infirm.

(2) The department may make loans from the fund to low-income residents of mobile home parks converted to resident ownership or which plan to convert to resident ownership. The purpose of providing loans under this subsection is to reduce the monthly housing costs for low-income residents to an affordable level. The department may establish flexible repayment terms for loans provided under this subsection if the terms are necessary to reduce the monthly housing costs

for low-income residents to an affordable level, and do not represent an unacceptable risk to the security of the fund. Flexible repayment terms may include, but are not limited to, graduated payment schedules with negative amortization. [1993 c 66 § 10.]

**59.22.034 Loan duration—Rate of interest—Security—Administration of loan.** (1) Any loans granted under RCW 59.22.032 shall be for a term of no more than thirty years.

(2) The department shall establish the rate of interest to be paid on loans made from the fund.

(3) The department shall obtain security for loans made under this chapter. The security may be in the form of a note, deed of trust, assignment of lease, or other form of security on real or personal property which the department determines is adequate to protect the security of the fund and the interests of the state. To the extent applicable, the documents evidencing the security shall be recorded or referenced in a recorded document in the office of the county auditor of the county in which the mobile home park is located.

(4) The department may contract with private lenders, nonprofit organizations, or units of local government to provide program administration and to service loans made under this chapter. [1993 c 66 § 11.]

**59.22.036 Requirements for financing approval—Department's duties.** Before providing financing under this chapter, the department shall require:

(1) Verification that at least two-thirds of the households residing in the mobile home park support the plan for acquisition and conversion of the park;

(2) Verification that either no park residents will be involuntarily displaced as a result of the park conversion, or the impacts of displacement will be mitigated so as not to impose a hardship on the displaced resident;

(3) Projected costs and sources of funds for conversion activities;

(4) A projected operating budget for the park during and after conversion; and

(5) A management plan for the conversion and operation of the park. [1993 c 66 § 12.]

**59.22.038 Eligibility for loans—Amount of loans—Determining factors.** The department shall consider the following factors in determining the eligibility for, and the amount, of loans made under this chapter:

(1) The reasonableness of the conversion costs relating to repairs, rehabilitation, construction, or other costs;

(2) The number of available and affordable mobile home park spaces in the general area;

(3) The adequacy of the management plan for the conversion and operation of the park; and

(4) Other factors established by the department by rule. [1993 c 66 § 13.]

**59.22.039 Technical assistance for mobile home park conversion.** The department may provide technical assistance to resident organizations who wish to convert the mobile home park in which they reside to resident ownership.

Technical assistance does not include details connected with the sale or conversion of a mobile home park which would require the department to act in a representative capacity, or the drafting of documents affecting legal or property rights of the parties by the department. [1993 c 66 § 14.]

**59.22.050 Office of manufactured housing—Duties.** (1) In order to provide general assistance to manufactured/mobile home resident organizations, qualified tenant organizations, manufactured/mobile home community or park owners, and landlords and tenants, the department shall establish an office of manufactured housing.

This office will provide, either directly or through contracted services, technical assistance to qualified tenant organizations as defined in RCW 59.20.030 and resident organizations or persons in the process of forming a resident organization pursuant to chapter 59.22 RCW. The office will keep records of its activities in this area.

(2) The office shall administer the mobile home relocation assistance program established in chapter 59.21 RCW, including verifying the eligibility of tenants for relocation assistance. [2008 c 116 § 6; 2007 c 432 § 9; 1991 c 327 § 3; (2005 c 429 § 9 expired December 31, 2005); 1989 c 294 § 1; 1988 c 280 § 2.]

**Findings—Intent—Severability—2008 c 116:** See notes following RCW 59.20.300.

**Registration assessments—2005 c 429:** "Any amount assessed under section 7(2), chapter 429, Laws of 2005 that remains uncollected on December 31, 2005, shall be collected under the terms of section 7, chapter 429, Laws of 2005 as it existed before December 31, 2005." [2005 c 429 § 10.]

**Effective date—2005 c 429:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [May 13, 2005]." [2005 c 429 § 11.]

**Expiration date—2005 c 429:** "Except for sections 10 and 13 of this act, this act expires December 31, 2005." [2005 c 429 § 12.]

**Registration assessments—2005 c 429:** "Beginning in January 2006, the state treasurer shall transfer any funds remaining in the manufactured/mobile home investigations account under section 8, chapter 429, Laws of 2005 to the mobile home affairs account under RCW 59.22.070 for the purposes under RCW 59.22.050. All funds collected by the department under section 10, chapter 429, Laws of 2005 shall be transferred to the state treasurer for deposit into the mobile home affairs account." [2005 c 429 § 13.]

**59.22.070 Manufactured housing account.** There is created in the custody of the state treasurer a special account known as the manufactured housing account.

Disbursements from this special account shall be as follows:

(1) For the two-year period beginning July 1, 1988, forty thousand dollars, or so much thereof as may be necessary for costs incurred in registering landlords and collecting fees, and thereafter five thousand dollars per year for that purpose.

(2) All remaining amounts shall be remitted to the department for the purpose of implementing RCW 59.22.050, except those funds needed to implement the state administrative agency function and manufactured home installation training and certification program under chapter 43.22A RCW, as well as all appropriated and nonappropriated funds related to department of labor and industries functions. [2007 c 432 § 10; 1995 c 399 § 156; 1989 c 201 § 8; 1988 c 280 § 5.]

**59.22.080 Transfer of title—Fee—Department of licensing—Rules.** (*Effective until July 1, 2011.*) (1) There is hereby imposed a fee of fifteen dollars on every transfer of title issued pursuant to chapter 46.12 RCW on a new or used mobile home where ownership of the mobile home is changed and on each application for the elimination of title under chapter 65.20 RCW. A transfer of title does not include the addition or deletion of a spouse co-owner or a secured interest. The department of licensing or its agents shall collect the fee when processing the application for transfer or elimination of title. The fee collected under this section shall be forwarded to the state treasurer. The state treasurer shall deposit each fee collected in the \*mobile home affairs account created by RCW 59.22.070.

(2) The department of licensing and the state treasurer may enact any rules necessary to carry out this section. [1991 c 327 § 1.]

**\*Reviser's note:** The "mobile home affairs account" was changed to the "manufactured housing account" by 2007 c 432 § 10.

**59.22.085 Transfer of title—Fee supersedes other fee.** (*Effective until July 1, 2011.*) The fifteen-dollar fee imposed in RCW 59.22.080 on the transfer or elimination of mobile home titles for deposit in the \*mobile home affairs account, shall supersede the fifteen dollars collected in \*\*RCW 59.21.060 for deposit into the \*mobile home affairs account on July 1, 1991. [1991 c 327 § 7.]

**Reviser's note:** \*(1) The "mobile home affairs account" was changed to the "manufactured housing account" by 2007 c 432 § 10.

\*\* (2) RCW 59.21.060 expired July 1, 1992.

**59.22.090 Manufactured housing task force—Duties—Membership.** (1) A manufactured housing task force is established to study and make recommendations concerning the structure state government should use to regulate manufactured housing in this state. In conducting this study, the task force shall review the structures used in other states, including those states with a commission structure. The task force shall consider the report prepared by the department of licensing, the department of labor and industries, and the \*department of community, trade, and economic development on consolidating mobile home-related functions in conducting its study. The task force may not consider any form of mobile home rent control, but shall consider mobile home park siting and density regulatory issues.

(2) The task force shall terminate on December 31, 1992.

(3) The task force shall consist of the following members:

(a) Two members of the house of representatives appointed by the speaker of the house of representatives, from different political caucuses;

(b) Two members of the senate appointed by the president of the senate, from different political caucuses;

(c) Two members who represent mobile home park owners, appointed by the governor;

(d) Two members who represent mobile home owners, appointed by the governor;

(e) One member who represents mobile home manufacturers, appointed by the governor;

(f) One member who represents mobile home dealers, appointed by the governor;

(2010 Ed.)

(g) One member who represents mobile home transporters, appointed by the governor;

(h) One member who represents local building officials, appointed by the governor;

(i) One member who is either an elected or appointed government official of a county with a population of one hundred thousand or more persons, appointed by the governor;

(j) One member who is either an elected or appointed government official of a county with a population of less than one hundred thousand persons, appointed by the governor;

(k) One member who is either an elected or appointed government official of a city with a population of thirty-five thousand persons, appointed by the governor;

(l) One member who is either an elected or appointed government official of a city with a population of less than thirty-five thousand persons, appointed by the governor;

(m) One member who represents local health officials, appointed by the governor; and

(n) The director, or the director's designee from the \*department of community, trade, and economic development, the department of licensing, the department of labor and industries, and the attorney general's office. The designees shall be nonvoting, ex officio members of the task force.

(4) The members of the task force shall select the chair or co-chairs of the task force.

(5) Staff assistance for the task force will be provided by legislative staff and staff from the agencies or offices listed in subsection (3)(n) of this section. [1998 c 245 § 105; 1991 c 327 § 4.]

**\*Reviser's note:** The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

**59.22.901 Construction—Chapter applicable to state registered domestic partnerships—2009 c 521.** For the purposes of this chapter, the terms spouse, marriage, marital, husband, wife, widow, widower, next of kin, and family shall be interpreted as applying equally to state registered domestic partnerships or individuals in state registered domestic partnerships as well as to marital relationships and married persons, and references to dissolution of marriage shall apply equally to state registered domestic partnerships that have been terminated, dissolved, or invalidated, to the extent that such interpretation does not conflict with federal law. Where necessary to implement chapter 521, Laws of 2009, gender-specific terms such as husband and wife used in any statute, rule, or other law shall be construed to be gender neutral, and applicable to individuals in state registered domestic partnerships. [2009 c 521 § 142.]

## Chapter 59.24 RCW

### RENTAL SECURITY DEPOSIT GUARANTEE PROGRAM

#### Sections

59.24.010	Legislative findings.
59.24.020	Program established—Grants—Eligible participants.
59.24.030	Contracts required—Terms.
59.24.040	Authority of grant recipients.
59.24.050	Rules.
59.24.060	Sources of funds.
59.24.900	Severability—1988 c 237.

**59.24.010 Legislative findings.** The legislature finds that one of the most difficult problems that temporarily homeless persons or families face in seeking permanent housing is the necessity of paying a security deposit in addition to paying the first month's rent. The security deposit requirement is often impossible for the temporarily homeless person or family to meet because their savings are depleted due, for example, to purchasing temporary shelter in a motel when space at an emergency shelter was not available. A program to guarantee the security deposit for the temporarily homeless person or family will help the poor in this state achieve adequate permanent shelter. [1988 c 237 § 1.]

**59.24.020 Program established—Grants—Eligible participants.** (1) The \*department of community, trade, and economic development shall establish the rental security deposit guarantee program. Through this program the \*department of community, trade, and economic development shall provide grants and technical assistance to local governments or nonprofit corporations, including local housing authorities as defined in RCW 35.82.030, who operate emergency housing shelters or transitional housing programs. The grants are to be used for the payment of residential rental security deposits under this chapter. The technical assistance is to help the local government or nonprofit corporation apply for grants and carry out the program. In order to be eligible for grants under this program, the recipient local government or nonprofit corporation shall provide fifteen percent of the total amount needed for the security deposit. The security deposit may include last month's rent where such rent is required as a normal practice by the landlord.

(2) The grants and matching funds shall be placed by the recipient local government or nonprofit corporation in a revolving loan fund and deposited in a bank or savings institution in an account that is separate from all other funds of the recipient. The funds and interest earned on these funds shall be utilized only as collateral to guarantee the payment of a security deposit required by a residential rental property owner as a condition for entering into a rental agreement with a prospective tenant.

(3) Prospective tenants who are eligible to participate in the rental security deposit guarantee program shall be limited to homeless persons or families who are residing in an emergency shelter or transitional housing operated by a local government or a nonprofit corporation, or to families who are temporarily residing in a park, car, or are otherwise without adequate shelter. The local government or nonprofit corporation shall make a determination regarding the person's or family's eligibility to participate in this program and a determination that a local rental unit is available for occupation. A determination of eligibility shall include, but is not limited to: (a) A determination that the person or family is homeless or is in transitional housing; (b) a verification of income and that the person or family can reasonably make the monthly rental payment; and (c) a determination that the person or family does not have the financial resources to make the rental security deposit. [1995 c 399 § 157; 1988 c 237 § 2.]

**\*Reviser's note:** The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

**59.24.030 Contracts required—Terms.** (1) A three-party contract shall be required of persons participating in the rental deposit guarantee program. The parties to the contract shall be the local government or nonprofit corporation operating a shelter for homeless persons or transitional housing, the tenant, and the rental property owner. The terms of the contract shall include, but are not limited to, all of the following:

(a) The owner of the rental property shall agree to allow the security deposit to be paid by the tenant over a specified number of months as an addition to the regular rental payment, rather than as a lump-sum payment.

(b) Upon execution of the agreement, the local government or nonprofit corporation shall encumber or reserve funds in a special fund created under RCW 59.24.020, as a guarantee of the contract, an amount no less than eighty percent of the outstanding balance of the security deposit owed by the tenant to the landlord.

(c) The tenant shall agree to a payment schedule of a specified number of months in which time the total amount of the required deposit shall be paid to the property owner.

(d) At any time during the operation of the guarantee, the property owner shall make all claims first against amounts of the security deposit actually paid by the tenant and secondly against the guarantee. At no time during or after the tenancy may the property owner make claims against the guarantee in excess of that amount agreed to as the guarantee.

(e) If a deduction from the guarantee fund is required, it may be accomplished only to the extent permitted by the contract and in the manner provided by law, including notice to the legal agency or organization. The tenant shall have no direct use of guarantee funds, including funds which may be referred to as "last month's rent."

(2) The department shall make available to local governments and nonprofit corporations receiving grants under this chapter the forms deemed necessary for the contracts and the determination of eligibility. Local governments and nonprofit corporations may develop and use their own forms as long as the forms meet the requirements specified in this chapter. [1988 c 237 § 3.]

**59.24.040 Authority of grant recipients.** A local government or nonprofit corporation receiving a grant under this chapter may utilize a portion of the allocation for costs of administering and operating its rental security deposit guarantee program. The department shall approve the amount so utilized prior to expenditure, and the amount may not exceed five percent of the allocation. The staff of the grant recipient shall be responsible for soliciting housing opportunities for low-income homeless persons, coordinating with local low-income rental property owners, making determinations regarding the eligibility of prospective tenants for the program, and providing information to prospective tenants on the tenant-property owner relationship, appropriate treatment of property, and the importance of timely rental payments. The staff of the grant recipient assigned to administer the program shall be reasonably available to property owners and tenants to answer questions or complaints about the program. [1988 c 237 § 4.]

**59.24.050 Rules.** The \*department of community, trade, and economic development may adopt rules to implement this chapter, including but not limited to: (1) The eligibility of and the application process for local governments and nonprofit corporations; (2) the criteria by which grants and technical assistance shall be provided to local governments and nonprofit corporations; and (3) the criteria local governments and nonprofit corporations shall use in entering into contracts with tenants and rental property owners. [1995 c 399 § 158; 1988 c 237 § 5.]

**\*Reviser's note:** The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

**59.24.060 Sources of funds.** The \*department of community, trade, and economic development may receive such gifts, grants, or endowments from public or private sources, as may be made from time to time, in trust or otherwise, to be used by the \*department of community, trade, and economic development for its programs, including the rental security deposit guarantee program. Funds from the housing trust fund, chapter 43.185 RCW, up to one hundred thousand dollars, may be used for the rental security deposit guarantee program by the \*department of community, trade, and economic development, local governments, and nonprofit organizations, provided all the requirements of this chapter and chapter 43.185 RCW are met. [1995 c 399 § 159; 1988 c 237 § 6.]

**\*Reviser's note:** The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

**59.24.900 Severability—1988 c 237.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1988 c 237 § 8.]

**Chapter 59.28 RCW**

**FEDERALLY ASSISTED HOUSING**

Sections

59.28.010	Legislative findings—Purpose.
59.28.020	Definitions.
59.28.030	Contracts—Expiration or termination—Notice—Applicability.
59.28.040	Notice of expiration or prepayment—Owner's duty.
59.28.050	Owner's rights—Public regulatory powers—Applicability.
59.28.060	Notice of expiration or prepayment—Contents—Location—Requests for information.
59.28.070	Removal of tenants—Notice of expiration or prepayment—Timing.
59.28.080	Rent increase—Notice of expiration or prepayment—Timing.
59.28.090	Modification of rental agreement—Notice of expiration or prepayment—Timing.
59.28.100	Violations—Civil actions—Parties.
59.28.120	Department of community, trade, and economic development—Develop and provide information and technical assistance.
59.28.130	Eviction of tenant—Restriction.
59.28.900	Severability—1989 c 188.
59.28.901	Severability—2000 c 255.
59.28.902	Effective date—2000 c 255.

**59.28.010 Legislative findings—Purpose.** The legislature finds that:

(1) There is a severe shortage of federally assisted housing within the state of Washington. Over one hundred sev-

enty thousand low and moderate-income households are eligible for federally assisted housing but are unable to locate vacant units.

(2) Within the next twenty years, more than twenty-six thousand existing low-income housing units may be lost as a result of the prepayment of mortgages or loans by the owners, or as a result of the expiration of rental assistance contracts. Over three thousand units of federally assisted housing have already been lost and an additional nine thousand units may be lost within the next two and one-half years.

(3) Recent reductions in federal housing assistance and tax benefits related to low-income housing make it uncertain whether additional units of federally assisted housing will be built or that those lost will be replaced.

(4) The loss of federally assisted housing will adversely affect current tenants and lead to their displacement. It will also drastically reduce the supply of affordable housing in our communities.

It is the purpose of this chapter to preserve federally assisted housing in the state of Washington and to minimize the involuntary displacement of tenants currently residing in such housing. [1989 c 188 § 1.]

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

(1) "Federally assisted housing" means any multifamily housing that is insured, financed, assisted, or held by the secretary of housing and urban development or the secretary of agriculture under:

- (a) Section 8 of the United States housing act of 1937, as amended (42 U.S.C. Sec. 1437f);
- (b) Section 101 of the housing and urban development act of 1965, as amended (12 U.S.C. Sec. 1701s);
- (c) The following sections of the national housing act:
  - (i) Section 202 (12 U.S.C. Sec. 1701q);
  - (ii) Section 213 (12 U.S.C. Sec. 1715e);
  - (iii) Section 221(d) (3) and (4) (12 U.S.C. Sec. 17151(d) (3) and (4));
  - (iv) Section 223(f) (12 U.S.C. Sec. 1715n(f));
  - (v) Section 231 (12 U.S.C. Sec. 1715v); or
  - (vi) Section 236 (12 U.S.C. Sec. 1715z-1); and
- (d) The following sections of the housing act of 1949, as amended:

- (i) Section 514 (42 U.S.C. Sec. 1484);
- (ii) Section 515 (42 U.S.C. Sec. 1485);
- (iii) Section 516 (42 U.S.C. Sec. 1486);
- (iv) Section 521(a)(1)(B) (42 U.S.C. Sec. 1490a(a)(1));

or

- (v) Section 521(a)(2) (42 U.S.C. Sec. 1490a(a)(2)).
- (2) "Rental agreement" means any agreement that establishes or modifies the terms, conditions, rules, regulations, or any other provision concerning the use and occupancy of a federally assisted housing unit.

(3) "Owner" means the current or subsequent owner or owners of federally assisted housing.

(4) "Low-income use restrictions" means any federal, state, or local statute, rule, regulation, ordinance, or contract which, as a condition of receipt of any federal, state, or local financial assistance, establishes maximum limitations on tenant income as a condition of eligibility for occupancy of the

units within a development, imposes any restrictions on the maximum rents that could be charged for any of the units within a development, or requires that rent for any of the units within a development be reviewed by any governmental body or agency before the rents are implemented.

(5) "Prepayment" means the payment in full or refinancing of the federally insured or federally held mortgage or loan prior to its original maturity date, or the voluntary cancellation of mortgage insurance, if that would have the effect of terminating any low-income use restrictions.

(6) "Public housing agency" means any state or local agency or nonprofit entity that is authorized to administer tenant-based rental assistance under federal, state, or local law. [2000 c 255 § 1; 1989 c 188 § 2.]

**59.28.030 Contracts—Expiration or termination—Notice—Applicability.** (1) This chapter shall not apply to the expiration or termination of a housing assistance contract between a public housing agency and an owner of existing housing participating in either the section 8 certificate or voucher program (42 U.S.C. Sec. 1437f).

(2) An owner of federally assisted housing shall not be required to give notice of a prepayment under this chapter, if the owner has: (a) Entered into an agreement with a federal, state, or local agency continuing existing, or imposing new, low-income use restrictions for at least twenty years that ensure that the tenants residing in the development at the time of prepayment are not involuntarily displaced except for good cause and that the housing will continue to serve very low and low-income families and persons in need of affordable housing; and (b) served notice of the agreement on the clerk of the city, or county if in an unincorporated area, in which the property is located, on any public housing agency that would be responsible for administering tenant-based rental assistance to persons who would otherwise be displaced from this housing, and on the \*department of community, trade, and economic development by regular and certified mail and posted a copy of the agreement in a conspicuous place at the development where it is likely to be seen by the tenants. The posted agreement shall be maintained intact and in legible form for the life of the agreement.

(3) An owner of federally assisted housing is not required to give notice that a rental assistance contract is expiring if: (a) The owner has entered into an agreement with the United States department of housing and urban development or other federal, state, or local agency to renew the rental assistance contract for a minimum of five years subject to the availability of adequate appropriations; (b) the agreement itself does not expire in less than twelve months; and (c) the owner has served written notice of the agreement on the clerk of the city, or county if in an unincorporated area, in which the property is located, on any public housing agency that would be responsible for administering tenant-based rental assistance to persons who would otherwise be displaced from this housing, and on the \*department of community, trade, and economic development, by regular and certified mail and posted these notices in a conspicuous place at the development where they are likely to be seen by the tenants. The posted notices shall be maintained intact and in legible form for the life of the agreement to renew the rental assistance contract. [2000 c 255 § 2; 1989 c 188 § 3.]

\*Reviser's note: The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

**59.28.040 Notice of expiration or prepayment—Owner's duty.** Except as provided in RCW 59.28.030, all owners of federally assisted housing shall, at least twelve months before the expiration of the rental assistance contract or prepayment of a mortgage or loan, serve a written notice of the anticipated expiration or prepayment date on each tenant household residing in the housing, on the clerk of the city, or clerk of the county legislative authority if in an unincorporated area, in which the property is located, on any public housing agency that would be responsible for administering tenant-based rental assistance to persons who would otherwise be displaced from this housing, and on the \*department of community, trade, and economic development, by regular and certified mail. All owners of federally assisted housing shall also serve written notice of the anticipated expiration or prepayment date on each tenant household that moves into the housing after the initial notice has been given, but before the expiration of the rental assistance contract or prepayment of the mortgage or loan. This notice shall be given before a new tenant is asked to execute a rental agreement or required to pay any deposits. [2002 c 30 § 3; 2000 c 255 § 3; 1995 c 399 § 160; 1989 c 188 § 4.]

\*Reviser's note: The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

**59.28.050 Owner's rights—Public regulatory powers—Applicability.** This chapter shall not in any way prohibit an owner of federally assisted housing from terminating a rental assistance contract or prepaying a mortgage or loan. The requirement in this chapter for notice shall not be construed as conferring any new or additional regulatory power upon the city or county clerk or upon the \*department of community, trade, and economic development. [1995 c 399 § 161; 1989 c 188 § 5.]

\*Reviser's note: The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

**59.28.060 Notice of expiration or prepayment—Contents—Location—Requests for information.** (1) The notice to tenants required by RCW 59.28.040 shall state:

(a) Whether the owner (i) intends to prepay the mortgage or loan or allow the rental assistance contract to expire in order to operate the housing without any low-income use restrictions, (ii) plans on renewing the rental assistance contract subject to the availability of adequate appropriations, or (iii) is seeking additional financial incentives or higher rents as a condition of remaining in the federal program; (b) the reason the owner plans on taking this action; (c) the owner's plans for the project, including any timetables or deadlines for actions to be taken by the owner and any specific federal, state, or local agency approvals that the owner is required to obtain; (d) the anticipated date of the prepayment of the mortgage or loan or expiration of the rental assistance contract; (e) the effect, if any, that prepayment of the mortgage or loan or expiration of the rental assistance contract will have upon the tenants' rent and other terms of their rental agreement; and (f) that additional information will be served on the city or county, on the local public housing agency, and on the

\*department of community, trade, and economic development and will be posted at the development. The owner shall also include with the notice written information, prepared by the \*department of community, trade, and economic development under RCW 59.28.120(1), concerning the legal rights, responsibilities, and options of owners and tenants when an owner intends to prepay a mortgage or loan or terminate a rental assistance contract.

(2) The notice to the city or county clerk and to the \*department of community, trade, and economic development required by RCW 59.28.040 shall state: (a) The name, location, and project number of the federally assisted housing and the type of assistance received from the federal government; (b) the number and size of units; (c) the age, race, family size, and estimated incomes of the tenants who will be affected by the prepayment of the loan or mortgage or expiration of the federal assistance contract; (d) the current rents and projected rent increases for each affected tenant after the prepayment of the mortgage or loan or expiration of the rental assistance contract without disclosing the identities of the affected tenants; (e) the availability and type, if any, of rental assistance after the prepayment of the mortgage or loan or expiration of the rental assistance contract; and (f) the age, race, family size, and estimated incomes of any applicants on the project's waiting list without disclosing the identities of the applicants. The owner shall attach to this notice a copy of the notice the owner sends to the tenants under this chapter.

(3) All owners of federally assisted housing shall immediately post a copy of any notices they send the city or county clerk, any public housing agency, and the \*department of community, trade, and economic development, under RCW 59.28.040, in a conspicuous place at the development where they are likely to be seen by current and prospective tenants. The notices shall be maintained intact and in legible form for twelve months from the date they are posted.

All owners of federally assisted housing shall, upon request of any state or local agency, provide the agency with a copy of any rent comparability study, market analysis, or projected budget that they submit to the United States department of housing and urban development or other federal agency in conjunction with the prepayment of their mortgage or loan or in anticipation of the expiration of their rental assistance contract, together with any physical inspection reports or capital needs assessments completed by the owner or federal agency within the last three years. [2000 c 255 § 4; 1995 c 399 § 162; 1989 c 188 § 6.]

**\*Reviser's note:** The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

**59.28.070 Removal of tenants—Notice of expiration or prepayment—Timing.** From the date of service of the notice under RCW 59.28.040 until either twelve months have elapsed or expiration or prepayment of the rental assistance contract or mortgage or loan, whichever is later, no owner of federally assisted housing may evict a tenant or demand possession of any federally assisted housing unit, except as authorized by the federal assistance program applicable to the project, prior to expiration or prepayment of the rental assistance contract or mortgage or loan. [1989 c 188 § 7.]

**59.28.080 Rent increase—Notice of expiration or prepayment—Timing.** From the date of service of the notice under RCW 59.28.040 until either twelve months have elapsed or expiration or prepayment of the rental assistance contract, mortgage, or loan, whichever is later, no owner of federally assisted housing may increase the rent of a federally assisted housing unit, or the share of the rent paid by the tenant, above the amount authorized by the federal assistance program applicable to the project prior to expiration or prepayment of the rental assistance contract or mortgage or loan. [2000 c 255 § 5; 1989 c 188 § 8.]

**59.28.090 Modification of rental agreement—Notice of expiration or prepayment—Timing.** From the date of service of the notice under RCW 59.28.040 until either twelve months have elapsed or expiration or prepayment of the rental assistance contract, mortgage, or loan, whichever is later, no owner of federally assisted housing may change the terms of the rental agreement, except as permitted under the existing rental agreement, prior to expiration or prepayment of the rental assistance contract or mortgage or loan. [1989 c 188 § 9.]

**59.28.100 Violations—Civil actions—Parties.** Any party who is entitled to receive notice under this chapter may bring a civil action to enjoin or recover actual damages for any violation of this chapter, together with the costs of the suit including reasonable attorneys' fees. Any tenant who is entitled to receive notice under this chapter shall also recover statutory damages of fifty dollars. [2000 c 255 § 6; 1989 c 188 § 10.]

**59.28.120 Department of community, trade, and economic development—Develop and provide information and technical assistance.** The \*department of community, trade, and economic development shall within ninety days after March 31, 2000, consult with all interested stakeholders and develop and provide to owners and tenants of federally assisted housing, state and local agencies, and other interested persons all of the following:

(1) Written information concerning the legal rights, responsibilities, and options of owners and tenants when an owner intends to prepay a mortgage or loan or terminate a rental assistance contract. This information shall include the name and telephone number of any qualified legal aid program that provides civil legal services to indigent persons and of any other state, regional, or local organization that can be contacted to request additional information about an owner's responsibilities and the rights and options of an affected tenant;

(2) Written information sufficient to enable an owner of federally assisted housing to comply with the notification requirements of this chapter, including the name and address of any public housing agency that would be responsible for administering tenant-based rental assistance to persons who would otherwise be displaced from federally assisted housing; and

(3) Any other information or technical assistance the department determines will further the purposes of this chapter. [2000 c 255 § 7.]

**\*Reviser's note:** The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

**59.28.130 Eviction of tenant—Restriction.** An owner of federally assisted housing who prepays the mortgage or loan or whose rental assistance contract expires and who continues to operate the property as residential housing within the scope of this chapter shall not evict a tenant residing in the dwelling unit when the mortgage or loan is prepaid or the rental assistance contract expires, except as authorized by the federal assistance program applicable to the project prior to prepayment of the mortgage or loan, or expiration of the rental assistance contract. [2000 c 255 § 8.]

**59.28.900 Severability—1989 c 188.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1989 c 188 § 12.]

**59.28.901 Severability—2000 c 255.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [2000 c 255 § 10.]

**59.28.902 Effective date—2000 c 255.** This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [March 31, 2000]. [2000 c 255 § 11.]

**Chapter 59.30 RCW  
MANUFACTURED/MOBILE HOME  
COMMUNITIES—DISPUTE RESOLUTION  
AND REGISTRATION**

Sections

59.30.010	Findings—Purpose—Intent.
59.30.020	Definitions.
59.30.030	Dispute resolution program—Purpose—Attorney general duties.
59.30.040	Dispute resolution program—Complaint process.
59.30.050	Registration process, fees.
59.30.060	Database.
59.30.070	Manufactured/mobile home dispute resolution program account.
59.30.080	Immunity from suit.

**59.30.010 Findings—Purpose—Intent.** (1) The legislature finds that there are factors unique to the relationship between a manufactured/mobile home tenant and a manufactured/mobile home community landlord. Once occupancy has commenced, the difficulty and expense in moving and relocating a manufactured/mobile home can affect the operation of market forces and lead to an inequality of the bargaining position of the parties. Once occupancy has commenced, a tenant may be subject to violations of the manufactured/mobile home landlord-tenant act without an adequate remedy at law. This chapter is created for the purpose of protecting the public, fostering fair and honest competition, and regulating the factors unique to the relationship between the

manufactured/mobile home tenant and the manufactured/mobile home community landlord.

(2) The legislature finds that taking legal action against a manufactured/mobile home community landlord for violations of the manufactured/mobile home landlord-tenant act can be a costly and lengthy process, and that many people cannot afford to pursue a court process to vindicate statutory rights. Manufactured/mobile home community landlords will also benefit by having access to a process that resolves disputes quickly and efficiently.

(3)(a) Therefore, it is the intent of the legislature to provide an equitable as well as a less costly and more efficient way for manufactured/mobile home tenants and manufactured/mobile home community landlords to resolve disputes, and to provide a mechanism for state authorities to quickly locate manufactured/mobile home community landlords.

(b) The legislature intends to authorize the department of licensing to register manufactured/mobile home communities and collect a registration fee.

(c) The legislature intends to authorize the attorney general to:

(i) Produce and distribute educational materials regarding the manufactured/mobile home landlord-tenant act and the manufactured/mobile home dispute resolution program created in RCW 59.30.030;

(ii) Administer the dispute resolution program by taking complaints, conducting investigations, making determinations, issuing fines and other penalties, and participating in administrative dispute resolutions, when necessary, when there are alleged violations of the manufactured/mobile home landlord-tenant act; and

(iii) Collect and annually report upon data related to disputes and violations, and make recommendations on modifying chapter 59.20 RCW, to the appropriate committees of the legislature. [2007 c 431 § 1.]

**Implementation—2007 c 431:** "The attorney general may take the necessary steps to ensure that this act is implemented on its effective date." [2007 c 431 § 12.]

**59.30.020 Definitions.** For purposes of this chapter:

(1) "Complainant" means a landlord, community owner, or tenant, who has a complaint alleging a violation of chapter 59.20 RCW;

(2) "Department" means the department of licensing;

(3) "Director" means the director of licensing;

(4) "Landlord" or "community owner" means the owner of a mobile home park or a manufactured housing community and includes the agents of a landlord;

(5) "Manufactured home" means a single-family dwelling built according to the United States department of housing and urban development manufactured home construction and safety standards act, which is a national preemptive building code. A manufactured home also: (a) Includes plumbing, heating, air conditioning, and electrical systems; (b) is built on a permanent chassis; and (c) can be transported in one or more sections with each section at least eight feet wide and forty feet long when transported, or when installed on the site is three hundred twenty square feet or greater;

(6) "Mobile home" means a factory-built dwelling built prior to June 15, 1976, to standards other than the United States department of housing and urban development code,

and acceptable under applicable state codes in effect at the time of construction or introduction of the home into the state. Mobile homes have not been built since the introduction of the United States department of housing and urban development manufactured home construction and safety act;

(7) "Manufactured/mobile home" means either a manufactured home or a mobile home;

(8) "Manufactured/mobile home lot" means a portion of a manufactured/mobile home community designated as the location of one mobile home, manufactured home, or park model and its accessory buildings, and intended for the exclusive use as a primary residence by the occupants of that mobile home, manufactured home, or park model;

(9) "Mobile home park," "manufactured housing community," or "manufactured/mobile home community" means any real property that is rented or held out for rent to others for the placement of two or more mobile homes, manufactured homes, park models, or recreational vehicles for the primary purpose of production of income, except where the real property is rented or held out for rent for seasonal recreational purposes only and is not used for year-round occupancy;

(10) "Owner" means one or more persons, jointly or severally, in whom is vested:

(a) All or part of the legal title to the real property; or

(b) All or part of the beneficial ownership, and a right to present use and enjoyment of the real property;

(11) "Park model" means a recreational vehicle intended for permanent or semipermanent installation and is used as a permanent residence;

(12) "Recreational vehicle" means a travel trailer, motor home, truck camper, or camping trailer that is primarily used as a permanent residence located in a mobile home park or manufactured housing community;

(13) "Respondent" means a landlord, community owner, or tenant, alleged to have committed [a] violation of chapter 59.20 RCW;

(14) "Tenant" means any person, except a transient as defined in RCW 59.20.030, who rents a mobile home lot. [2007 c 431 § 2.]

**Implementation—2007 c 431:** See note following RCW 59.30.010.

**59.30.030 Dispute resolution program—Purpose—Attorney general duties.** (1) The attorney general shall administer a manufactured/mobile home dispute resolution program.

(2) The purpose of the manufactured/mobile home dispute resolution program is to provide manufactured/mobile home community landlords and tenants with a cost-effective and time-efficient process to resolve disputes regarding alleged violations of the manufactured/mobile home landlord-tenant act.

(3) The attorney general under the manufactured/mobile home dispute resolution program shall:

(a) Produce educational materials regarding chapter 59.20 RCW and the manufactured/mobile home dispute resolution program, including a notice in a format that a landlord can reasonably post in a manufactured/mobile home community that summarizes tenant rights and responsibilities, includes information on how to file a complaint with the

attorney general, and includes a toll-free telephone number and web site address that landlords and tenants can use to seek additional information and communicate complaints;

(b) Distribute the educational materials described in (a) of this subsection to all known landlords and information alerting landlords that:

(i) All landlords must post the notice provided by the attorney general that summarizes tenant rights and responsibilities and includes information on how to file complaints, in a clearly visible location in all common areas of manufactured/mobile home communities, including in each clubhouse;

(ii) The attorney general may visually confirm that the notice is appropriately posted; and

(iii) The attorney general may issue a fine or other penalty if the attorney general discovers that the landlord has not appropriately posted the notice or that the landlord has not maintained the posted notice so that it is clearly visible to tenants;

(c) Distribute the educational materials described in (a) of this subsection to any complainants and respondents, as requested;

(d) Perform dispute resolution activities, including investigations, negotiations, determinations of violations, and imposition of fines or other penalties as described in RCW 59.30.040;

(e) Create and maintain a database of manufactured/mobile home communities that have had complaints filed against them. For each manufactured/mobile home community in the database, the following information must be contained, at a minimum:

(i) The number of complaints received;

(ii) The nature and extent of the complaints received;

(iii) The violation of law complained of; and

(iv) The manufactured/mobile home dispute resolution program outcomes for each complaint;

(f) Provide an annual report to the appropriate committees of the legislature on the data collected under this section, including program performance measures and recommendations regarding how the manufactured/mobile home dispute resolution program may be improved, by December 31st, beginning in 2007.

(4) The manufactured/mobile home dispute resolution program, including all of the duties of the attorney general under the program as described in this section, shall be funded by the collection of fines, other penalties, and fees deposited into the manufactured/mobile home dispute resolution program account created in RCW 59.30.070, and all other sources directed to the manufactured/mobile home dispute resolution program. [2007 c 431 § 3.]

**Implementation—2007 c 431:** See note following RCW 59.30.010.

**59.30.040 Dispute resolution program—Complaint process.** (1) An aggrieved party has the right to file a complaint with the attorney general alleging a violation of chapter 59.20 RCW.

(2) Upon receiving a complaint under this chapter, the attorney general must:

(a) Inform the complainant of any notification requirements under RCW 59.20.080 for tenant violations or RCW

59.20.200 for landlord violations and encourage the complainant to appropriately notify the respondent of the complaint; and

(b) If a statutory time period is applicable, inform the complainant of the time frame that the respondent has to remedy the complaint under RCW 59.20.080 for tenant violations or RCW 59.20.200 for landlord violations.

(3) After receiving a complaint under this chapter, the attorney general shall initiate the manufactured/mobile home dispute resolution program by investigating the alleged violations at its discretion and, if appropriate, facilitating negotiations between the complainant and the respondent.

(4)(a) Complainants and respondents shall cooperate with the attorney general in the course of an investigation by (i) responding to subpoenas issued by the attorney general, which may consist of providing access to papers or other documents, and (ii) providing access to the manufactured/mobile home facilities relevant to the investigation. Complainants and respondents must respond to attorney general subpoenas within thirty days.

(b) Failure to cooperate with the attorney general in the course of an investigation is a violation of this chapter.

(5) If after an investigation the attorney general determines that an agreement cannot be negotiated between the parties, the attorney general shall make a written determination on whether a violation of chapter 59.20 RCW has occurred.

(a) If the attorney general finds by a written determination that a violation of chapter 59.20 RCW has occurred, the attorney general shall deliver a written notice of violation to the respondent who committed the violation by certified mail. The notice of violation must specify the violation, the corrective action required, the time within which the corrective action must be taken, the penalties including fines, other penalties, and actions that will result if corrective action is not taken within the specified time period, and the process for contesting the determination, fines, penalties, and other actions included in the notice of violation through an administrative hearing. The attorney general must deliver to the complainant a copy of the notice of violation by certified mail.

(b) If the attorney general finds by a written determination that a violation of chapter 59.20 RCW has not occurred, the attorney general shall deliver a written notice of nonviolation to both the complainant and the respondent by certified mail. The notice of nonviolation must include the process for contesting the determination included in the notice of nonviolation through an administrative hearing.

(6) Corrective action must take place within fifteen business days of the respondent's receipt of a notice of violation, except as required otherwise by the attorney general, unless the respondent has submitted a timely request for an administrative hearing to contest the notice of violation as required under subsection (8) of this section. If a respondent, which includes either a landlord or a tenant, fails to take corrective action within the required time period and the attorney general has not received a timely request for an administrative hearing, the attorney general may impose a fine, up to a maximum of two hundred fifty dollars per violation per day, for each day that a violation remains uncorrected. The attorney general must consider the severity and duration of the viola-

tion and the violation's impact on other community residents when determining the appropriate amount of a fine or the appropriate penalty to impose on a respondent. If the respondent shows upon timely application to the attorney general that a good faith effort to comply with the corrective action requirements of the notice of violation has been made and that the corrective action has not been completed because of mitigating factors beyond the respondent's control, the attorney general may delay the imposition of a fine or penalty.

(7) The attorney general may issue an order requiring the respondent, or its assignee or agent, to cease and desist from an unlawful practice and take affirmative actions that in the judgment of the attorney general will carry out the purposes of this chapter. The affirmative actions may include, but are not limited to, the following:

(a) Refunds of rent increases, improper fees, charges, and assessments collected in violation of this chapter;

(b) Filing and utilization of documents that correct a statutory or rule violation; and

(c) Reasonable action necessary to correct a statutory or rule violation.

(8) A complainant or respondent may request an administrative hearing before an administrative law judge under chapter 34.05 RCW to contest:

(a) A notice of violation issued under subsection (5)(a) of this section or a notice of nonviolation issued under subsection (5)(b) of this section;

(b) A fine or other penalty imposed under subsection (6) of this section; or

(c) An order to cease and desist or an order to take affirmative actions under subsection (7) of this section.

The complainant or respondent must request an administrative hearing within fifteen business days of receipt of a notice of violation, notice of nonviolation, fine, other penalty, order, or action. If an administrative hearing is not requested within this time period, the notice of violation, notice of nonviolation, fine, other penalty, order, or action constitutes a final order of the attorney general and is not subject to review by any court or agency.

(9) If an administrative hearing is initiated, the respondent and complainant shall each bear the cost of his or her own legal expenses.

(10) The administrative law judge appointed under chapter 34.12 RCW shall:

(a) Hear and receive pertinent evidence and testimony;

(b) Decide whether the evidence supports the attorney general finding by a preponderance of the evidence; and

(c) Enter an appropriate order within thirty days after the close of the hearing and immediately mail copies of the order to the affected parties.

The order of the administrative law judge constitutes the final agency order of the attorney general and may be appealed to the superior court under chapter 34.05 RCW.

(11) When the attorney general imposes a fine, refund, or other penalty against a respondent, the respondent may not seek any recovery or reimbursement of the fine, refund, or other penalty from a complainant or from other manufactured/mobile home tenants.

(12) All receipts from the imposition of fines or other penalties collected under this section other than those due to a complainant must be deposited into the manufac-

tured/mobile home dispute resolution program account created in RCW 59.30.070.

(13) This section is not exclusive and does not limit the right of landlords or tenants to take legal action against another party as provided in chapter 59.20 RCW or otherwise. Exhaustion of the administrative remedy provided in this chapter is not required before a landlord or tenants may bring a legal action. This section does not apply to unlawful detainer actions initiated under RCW 59.20.080 prior to the filing and service of an unlawful detainer court action; however, a tenant is not precluded from seeking relief under this chapter if the complaint claims the notice of termination violates RCW 59.20.080 prior to the filing and service of an unlawful detainer action. [2007 c 431 § 4.]

**Implementation—2007 c 431:** See note following RCW 59.30.010.

**59.30.050 Registration process, fees.** (1) The department shall annually register all manufactured/mobile home communities. Each community must be registered separately. The department must deliver by certified mail registration notifications to all known manufactured/mobile home community landlords. Registration information packets must include:

(a) Registration forms; and

(b) Registration assessment information, including registration due dates and late fees, and the collections procedures, liens, and charging costs to tenants.

(2) To apply for registration, the landlord of a manufactured/mobile home community must file with the department an application for registration on a form provided by the department and must pay a registration fee as described in subsection (3) of this section. The department may require the submission of information necessary to assist in identifying and locating a manufactured/mobile home community and other information that may be useful to the state, which must include, at a minimum:

(a) The names and addresses of the owners of the manufactured/mobile home community;

(b) The name and address of the manufactured/mobile home community;

(c) The name and address of the landlord and manager of the manufactured/mobile home community;

(d) The number of lots within the manufactured/mobile home community that are subject to chapter 59.20 RCW; and

(e) The addresses of each manufactured/mobile home lot within the manufactured/mobile home community that is subject to chapter 59.20 RCW.

(3) Each manufactured/mobile home community landlord shall pay to the department:

(a) A one-time master application fee for the first year of registration and, in subsequent years, an annual master renewal application fee, as provided in RCW 19.02.075; and

(b) An annual registration assessment of ten dollars for each manufactured/mobile home that is subject to chapter 59.20 RCW within a manufactured/mobile home community. Manufactured/mobile home community landlords may charge a maximum of five dollars of this assessment to tenants. Nine dollars of the registration assessment for each manufactured/mobile home shall be deposited into the manufactured/mobile home dispute resolution program account

created in RCW 59.30.070 to fund the costs associated with the manufactured/mobile home dispute resolution program. The remaining one dollar shall be deposited into the master license fund created in RCW 19.02.210. The annual registration assessment must be reviewed once each biennium by the department and the attorney general and may be adjusted to reasonably relate to the cost of administering this chapter. The registration assessment may not exceed ten dollars, but if the assessment is reduced, the portion allocated to the manufactured/mobile home dispute resolution program account and the master license fund shall be adjusted proportionately.

(4) Initial registrations of mobile/manufactured housing communities must be filed with the department before November 1, 2007, or within three months of the availability of mobile home lots for rent within the community. The manufactured/mobile home community is subject to a delinquency fee of two hundred fifty dollars for late initial registrations. The delinquency fee shall be deposited in the master license fund. Renewal registrations that are not renewed by the expiration date as assigned by the department are subject to delinquency fees under RCW 19.02.085.

(5) Thirty days after sending late fee notices to a non-complying landlord, the department may refer the past due account to a collection agency. If there is no response from a noncomplying landlord after sixty days in collections, the department may file an action to enforce payment of unpaid registration assessments and late fees in the superior court for Thurston county or in the county in which the manufactured/mobile home community is located. If the department prevails, the manufactured/mobile home community landlord shall pay the department's costs, including reasonable attorneys' fees, for the enforcement proceedings.

(6) Registration is effective on the date determined by the department, and the department shall issue a registration number to each registered manufactured/mobile home community. The department must provide an expiration date, assigned by the department, to each manufactured/mobile home community who registers. [2007 c 431 § 6.]

**Implementation—2007 c 431:** See note following RCW 59.30.010.

**59.30.060 Database.** The department must have the capability to compile, update, and maintain the most accurate database possible of all the manufactured/mobile home communities in the state, which must include all of the information collected under RCW 59.30.050, except for the addresses of each manufactured/mobile home lot within the manufactured/mobile home community that is subject to chapter 59.20 RCW, which must be made available to the attorney general and the \*department of community, trade, and economic development in a format to be determined by a collaborative agreement between the department of licensing and the attorney general. [2007 c 431 § 7.]

**\*Reviser's note:** The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

**Implementation—2007 c 431:** See note following RCW 59.30.010.

**59.30.070 Manufactured/mobile home dispute resolution program account.** The manufactured/mobile home dispute resolution program account is created in the custody of the state treasurer. All receipts from sources directed to

the manufactured/mobile home dispute resolution program must be deposited in the account. Expenditures from the account may be used only for the costs associated with administering the manufactured/mobile home dispute resolution program. Only the attorney general or the attorney general's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures. [2007 c 431 § 8.]

**Implementation—2007 c 431:** See note following RCW 59.30.010.

**59.30.080 Immunity from suit.** The attorney general, director, or individuals acting on behalf of the attorney general or director are immune from suit in any action, civil or criminal, based upon any disciplinary actions or other official acts performed in the course of their duties under this chapter, except their intentional or willful misconduct. [2007 c 431 § 5.]

**Implementation—2007 c 431:** See note following RCW 59.30.010.

# Title 60

## LIENS

### Chapters

- 60.04** Mechanics' and materialmen's liens.
- 60.08** Chattel liens.
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### Liens

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## Chapter 60.04 RCW

## MECHANICS' AND MATERIALMEN'S LIENS

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*Crop lien for furnishing work or labor: RCW 60.11.040.*

**60.04.011 Definitions.** Unless the context requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Construction agent" means any registered or licensed contractor, registered or licensed subcontractor, architect, engineer, or other person having charge of any improvement to real property, who shall be deemed the agent of the owner for the limited purpose of establishing the lien created by this chapter.

(2) "Contract price" means the amount agreed upon by the contracting parties, or if no amount is agreed upon, then the customary and reasonable charge therefor.

(3) "Draws" means periodic disbursements of interim or construction financing by a lender.

(4) "Furnishing labor, professional services, materials, or equipment" means the performance of any labor or professional services, the contribution owed to any employee benefit plan on account of any labor, the provision of any supplies or materials, and the renting, leasing, or otherwise supplying of equipment for the improvement of real property.

(5) "Improvement" means: (a) Constructing, altering, repairing, remodeling, demolishing, clearing, grading, or filling in, of, to, or upon any real property or street or road in front of or adjoining the same; (b) planting of trees, vines, shrubs, plants, hedges, or lawns, or providing other landscaping materials on any real property; and (c) providing profes-

sional services upon real property or in preparation for or in conjunction with the intended activities in (a) or (b) of this subsection.

(6) "Interim or construction financing" means that portion of money secured by a mortgage, deed of trust, or other encumbrance to finance improvement of, or to real property, but does not include:

(a) Funds to acquire real property;

(b) Funds to pay interest, insurance premiums, lease deposits, taxes, assessments, or prior encumbrances;

(c) Funds to pay loan, commitment, title, legal, closing, recording, or appraisal fees;

(d) Funds to pay other customary fees, which pursuant to agreement with the owner or borrower are to be paid by the lender from time to time;

(e) Funds to acquire personal property for which the potential lien claimant may not claim a lien pursuant to this chapter.

(7) "Labor" means exertion of the powers of body or mind performed at the site for compensation. "Labor" includes amounts due and owed to any employee benefit plan on account of such labor performed.

(8) "Mortgagee" means a person who has a valid mortgage of record or deed of trust of record securing a loan.

(9) "Owner-occupied" means a single-family residence occupied by the owner as his or her principal residence.

(10) "Payment bond" means a surety bond issued by a surety licensed to issue surety bonds in the state of Washington that confers upon potential claimants the rights of third party beneficiaries.

(11) "Potential lien claimant" means any person or entity entitled to assert lien rights under this chapter who has otherwise complied with the provisions of this chapter and is registered or licensed if required to be licensed or registered by the provisions of the laws of the state of Washington.

(12) "Prime contractor" includes all contractors, general contractors, and specialty contractors, as defined by chapter 18.27 or 19.28 RCW, or who are otherwise required to be registered or licensed by law, who contract directly with a property owner or their common law agent to assume primary responsibility for the creation of an improvement to real property, and includes property owners or their common law agents who are contractors, general contractors, or specialty contractors as defined in chapter 18.27 or 19.28 RCW, or who are otherwise required to be registered or licensed by law, who offer to sell their property without occupying or using the structures, projects, developments, or improvements for more than one year.

(13) "Professional services" means surveying, establishing or marking the boundaries of, preparing maps, plans, or specifications for, or inspecting, testing, or otherwise performing any other architectural or engineering services for the improvement of real property.

(14) "Real property lender" means a bank, savings bank, savings and loan association, credit union, mortgage company, or other corporation, association, partnership, trust, or individual that makes loans secured by real property located in the state of Washington.

(15) "Site" means the real property which is or is to be improved.

(16) "Subcontractor" means a general contractor or specialty contractor as defined by chapter 18.27 or 19.28 RCW, or who is otherwise required to be registered or licensed by law, who contracts for the improvement of real property with someone other than the owner of the property or their common law agent. [1992 c 126 § 1; 1991 c 281 § 1.]

**60.04.021 Lien authorized.** Except as provided in RCW 60.04.031, any person furnishing labor, professional services, materials, or equipment for the improvement of real property shall have a lien upon the improvement for the contract price of labor, professional services, materials, or equipment furnished at the instance of the owner, or the agent or construction agent of the owner. [1991 c 281 § 2.]

**60.04.031 Notices—Exceptions.** (1) Except as otherwise provided in this section, every person furnishing professional services, materials, or equipment for the improvement of real property shall give the owner or reputed owner notice in writing of the right to claim a lien. If the prime contractor is in compliance with the requirements of RCW 19.27.095, 60.04.230, and 60.04.261, this notice shall also be given to the prime contractor as described in this subsection unless the potential lien claimant has contracted directly with the prime contractor. The notice may be given at any time but only protects the right to claim a lien for professional services, materials, or equipment supplied after the date which is sixty days before:

- (a) Mailing the notice by certified or registered mail to the owner or reputed owner; or
- (b) Delivering or serving the notice personally upon the owner or reputed owner and obtaining evidence of delivery in the form of a receipt or other acknowledgement signed by the owner or reputed owner or an affidavit of service.

In the case of new construction of a single-family residence, the notice of a right to claim a lien may be given at any time but only protects the right to claim a lien for professional services, materials, or equipment supplied after a date which is ten days before the notice is given as described in this subsection.

(2) Notices of a right to claim a lien shall not be required of:

- (a) Persons who contract directly with the owner or the owner's common law agent;
- (b) Laborers whose claim of lien is based solely on performing labor; or
- (c) Subcontractors who contract for the improvement of real property directly with the prime contractor, except as provided in subsection (3)(b) of this section.

(3) Persons who furnish professional services, materials, or equipment in connection with the repair, alteration, or remodel of an existing owner-occupied single-family residence or appurtenant garage:

- (a) Who contract directly with the owner-occupier or their common law agent shall not be required to send a written notice of the right to claim a lien and shall have a lien for the full amount due under their contract, as provided in RCW 60.04.021; or
- (b) Who do not contract directly with the owner-occupier or their common law agent shall give notice of the right to

claim a lien to the owner-occupier. Liens of persons furnishing professional services, materials, or equipment who do not contract directly with the owner-occupier or their common law agent may only be satisfied from amounts not yet paid to the prime contractor by the owner at the time the notice described in this section is received, regardless of whether amounts not yet paid to the prime contractor are due. For the purposes of this subsection "received" means actual receipt of notice by personal service, or registered or certified mail, or three days after mailing by registered or certified mail, excluding Saturdays, Sundays, or legal holidays.

(4) The notice of right to claim a lien described in subsection (1) of this section, shall include but not be limited to the following information and shall substantially be in the following form, using lower-case and upper-case ten-point type where appropriate.

NOTICE TO OWNER

IMPORTANT: READ BOTH SIDES  
OF THIS NOTICE CAREFULLY.

PROTECT YOURSELF FROM PAYING TWICE

To: .....Date: .....  
Re: (description of property: Street address or general location.)  
From: .....

AT THE REQUEST OF: (Name of person ordering the professional services, materials, or equipment)

THIS IS NOT A LIEN: This notice is sent to you to tell you who is providing professional services, materials, or equipment for the improvement of your property and to advise you of the rights of these persons and your responsibilities. Also take note that laborers on your project may claim a lien without sending you a notice.

OWNER/OCCUPIER OF EXISTING  
RESIDENTIAL PROPERTY

Under Washington law, those who furnish labor, professional services, materials, or equipment for the repair, remodel, or alteration of your owner-occupied principal residence and who are not paid, have a right to enforce their claim for payment against your property. This claim is known as a construction lien.

The law limits the amount that a lien claimant can claim against your property. Claims may only be made against that portion of the contract price you have not yet paid to your prime contractor as of the time this notice was given to you or three days after this notice was mailed to you. Review the back of this notice for more information and ways to avoid lien claims.

COMMERCIAL AND/OR NEW  
RESIDENTIAL PROPERTY

We have or will be providing professional services, materials, or equipment for the improvement of your commercial or new residential project. In the event you or your contractor fail to pay us, we may file a lien against your property. A lien may be claimed for all professional services, materials, or

equipment furnished after a date that is sixty days before this notice was given to you or mailed to you, unless the improvement to your property is the construction of a new single-family residence, then ten days before this notice was given to you or mailed to you.

Sender: .....
Address: .....
Telephone: .....

Brief description of professional services, materials, or equipment provided or to be provided: .....

IMPORTANT INFORMATION ON REVERSE SIDE

IMPORTANT INFORMATION FOR YOUR PROTECTION

This notice is sent to inform you that we have or will provide professional services, materials, or equipment for the improvement of your property. We expect to be paid by the person who ordered our services, but if we are not paid, we have the right to enforce our claim by filing a construction lien against your property.

LEARN more about the lien laws and the meaning of this notice by discussing them with your contractor, suppliers, Department of Labor and Industries, the firm sending you this notice, your lender, or your attorney.

COMMON METHODS TO AVOID CONSTRUCTION LIENS: There are several methods available to protect your property from construction liens. The following are two of the more commonly used methods.

DUAL PAYCHECKS (Joint Checks): When paying your contractor for services or materials, you may make checks payable jointly to the contractor and the firms furnishing you this notice.

LIEN RELEASES: You may require your contractor to provide lien releases signed by all the suppliers and subcontractors from whom you have received this notice. If they cannot obtain lien releases because you have not paid them, you may use the dual payee check method to protect yourself.

YOU SHOULD TAKE APPROPRIATE STEPS TO PROTECT YOUR PROPERTY FROM LIENS.

YOUR PRIME CONTRACTOR AND YOUR CONSTRUCTION LENDER ARE REQUIRED BY LAW TO GIVE YOU WRITTEN INFORMATION ABOUT LIEN CLAIMS. IF YOU HAVE NOT RECEIVED IT, ASK THEM FOR IT.

\*\*\*\*\*

(5) Every potential lien claimant providing professional services where no improvement as defined in RCW 60.04.011(5) (a) or (b) has been commenced, and the professional services provided are not visible from an inspection of the real property may record in the real property records of the county where the property is located a notice which shall contain the professional service provider's name, address, telephone number, legal description of the property, the

owner or reputed owner's name, and the general nature of the professional services provided. If such notice is not recorded, the lien claimed shall be subordinate to the interest of any subsequent mortgagee and invalid as to the interest of any subsequent purchaser if the mortgagee or purchaser acts in good faith and for a valuable consideration acquires an interest in the property prior to the commencement of an improvement as defined in RCW 60.04.011(5) (a) or (b) without notice of the professional services being provided. The notice described in this subsection shall be substantially in the following form:

NOTICE OF FURNISHING PROFESSIONAL SERVICES

That on the (day) day of (month and year), (name of provider) began providing professional services upon or for the improvement of real property legally described as follows:

[Legal Description is mandatory]

The general nature of the professional services provided is .....

The owner or reputed owner of the real property is .....

(Signature)

(Name of Claimant)

(Street Address)

(City, State, Zip Code)

(Phone Number)

(6) A lien authorized by this chapter shall not be enforced unless the lien claimant has complied with the applicable provisions of this section. [1992 c 126 § 2; 1991 c 281 § 3.]

60.04.035 Acts of coercion—Application of chapter 19.86 RCW. The legislature finds that acts of coercion or attempted coercion, including threats to withhold future contracts, made by a contractor or developer to discourage a contractor, subcontractor, or material or equipment supplier from giving an owner the notice of right to claim a lien required by RCW 60.04.031, or from filing a claim of lien under this chapter are matters vitally affecting the public interest for the purpose of applying the consumer protection act, chapter 19.86 RCW. These acts of coercion are not reasonable in relation to the development and preservation of business. These acts of coercion shall constitute an unfair or deceptive act or practice in trade or commerce for the purpose of applying the consumer protection act, chapter 19.86 RCW. [1992 c 126 § 3.]

**60.04.041 Contractor registration.** A contractor or subcontractor required to be registered under chapter 18.27 RCW or licensed under chapter 19.28 RCW, or otherwise required to be registered or licensed by law, shall be deemed the construction agent of the owner for the purposes of establishing the lien created by this chapter only if so registered or licensed. Persons dealing with contractors or subcontractors may rely, for the purposes of this section, upon a certificate of registration issued pursuant to chapter 18.27 RCW or license issued pursuant to chapter 19.28 RCW, or other certificate or license issued pursuant to law, covering the period when the labor, professional services, material, or equipment shall be furnished, and the lien rights shall not be lost by suspension or revocation of registration or license without their knowledge. No lien rights described in this chapter shall be lost or denied by virtue of the absence, suspension, or revocation of such registration or license with respect to any contractor or subcontractor not in immediate contractual privity with the lien claimant. [1992 c 126 § 4; 1991 c 281 § 4.]

**60.04.051 Property subject to lien.** The lot, tract, or parcel of land which is improved is subject to a lien to the extent of the interest of the owner at whose instance, directly or through a common law or construction agent the labor, professional services, equipment, or materials were furnished, as the court deems appropriate for satisfaction of the lien. If, for any reason, the title or interest in the land upon which the improvement is situated cannot be subjected to the lien, the court in order to satisfy the lien may order the sale and removal of the improvement from the land which is subject to the lien. [1992 c 126 § 5; 1991 c 281 § 5.]

**60.04.061 Priority of lien.** The claim of lien created by this chapter upon any lot or parcel of land shall be prior to any lien, mortgage, deed of trust, or other encumbrance which attached to the land after or was unrecorded at the time of commencement of labor or professional services or first delivery of materials or equipment by the lien claimant. [1991 c 281 § 6.]

**60.04.071 Release of lien rights.** Upon payment and acceptance of the amount due to the lien claimant and upon demand of the owner or the person making payment, the lien claimant shall immediately prepare and execute a release of all lien rights for which payment has been made, and deliver the release to the person making payment. In any suit to compel deliverance of the release thereafter in which the court determines the delay was unjustified, the court shall, in addition to ordering the deliverance of the release, award the costs of the action including reasonable attorneys' fees and any damages. [1991 c 281 § 7.]

**60.04.081 Frivolous claim—Procedure.** (1) Any owner of real property subject to a recorded claim of lien under this chapter, or contractor, subcontractor, lender, or lien claimant who believes the claim of lien to be frivolous and made without reasonable cause, or clearly excessive may apply by motion to the superior court for the county where the property, or some part thereof is located, for an order directing the lien claimant to appear before the court at a time

no earlier than six nor later than fifteen days following the date of service of the application and order on the lien claimant, and show cause, if any he or she has, why the relief requested should not be granted. The motion shall state the grounds upon which relief is asked, and shall be supported by the affidavit of the applicant or his or her attorney setting forth a concise statement of the facts upon which the motion is based.

(2) The order shall clearly state that if the lien claimant fails to appear at the time and place noted the lien shall be released, with prejudice, and that the lien claimant shall be ordered to pay the costs requested by the applicant including reasonable attorneys' fees.

(3) If no action to foreclose the lien claim has been filed, the clerk of the court shall assign a cause number to the application and obtain from the applicant a filing fee pursuant to RCW 36.18.016. If an action has been filed to foreclose the lien claim, the application shall be made a part of that action.

(4) If, following a hearing on the matter, the court determines that the lien is frivolous and made without reasonable cause, or clearly excessive, the court shall issue an order releasing the lien if frivolous and made without reasonable cause, or reducing the lien if clearly excessive, and awarding costs and reasonable attorneys' fees to the applicant to be paid by the lien claimant. If the court determines that the lien is not frivolous and was made with reasonable cause, and is not clearly excessive, the court shall issue an order so stating and awarding costs and reasonable attorneys' fees to the lien claimant to be paid by the applicant.

(5) Proceedings under this section shall not affect other rights and remedies available to the parties under this chapter or otherwise. [2006 c 192 § 3; 1992 c 126 § 6; 1991 c 281 § 8.]

#### **60.04.091 Recording—Time—Contents of lien.**

Every person claiming a lien under RCW 60.04.021 shall file for recording, in the county where the subject property is located, a notice of claim of lien not later than ninety days after the person has ceased to furnish labor, professional services, materials, or equipment or the last date on which employee benefit contributions were due. The notice of claim of lien:

(1) Shall state in substance and effect:

(a) The name, phone number, and address of the claimant;

(b) The first and last date on which the labor, professional services, materials, or equipment was furnished or employee benefit contributions were due;

(c) The name of the person indebted to the claimant;

(d) The street address, legal description, or other description reasonably calculated to identify, for a person familiar with the area, the location of the real property to be charged with the lien;

(e) The name of the owner or reputed owner of the property, if known, and, if not known, that fact shall be stated; and

(f) The principal amount for which the lien is claimed.

(2) Shall be signed by the claimant or some person authorized to act on his or her behalf who shall affirmatively state they have read the notice of claim of lien and believe the notice of claim of lien to be true and correct under penalty of perjury, and shall be acknowledged pursuant to chapter 64.08

RCW. If the lien has been assigned, the name of the assignee shall be stated. Where an action to foreclose the lien has been commenced such notice of claim of lien may be amended as pleadings may be by order of the court insofar as the interests of third parties are not adversely affected by such amendment. A claim of lien substantially in the following form shall be sufficient:

CLAIM OF LIEN

....., claimant, vs ....., name of person indebted to claimant:

Notice is hereby given that the person named below claims a lien pursuant to \*chapter 64.04 RCW. In support of this lien the following information is submitted:

1. NAME OF LIEN CLAIMANT: .....
TELEPHONE NUMBER: .....
ADDRESS: .....

2. DATE ON WHICH THE CLAIMANT BEGAN TO PERFORM LABOR, PROVIDE PROFESSIONAL SERVICES, SUPPLY MATERIAL OR EQUIPMENT OR THE DATE ON WHICH EMPLOYEE BENEFIT CONTRIBUTIONS BECAME DUE: .....

3. NAME OF PERSON INDEBTED TO THE CLAIMANT: .....

4. DESCRIPTION OF THE PROPERTY AGAINST WHICH A LIEN IS CLAIMED (Street address, legal description or other information that will reasonably describe the property): .....

5. NAME OF THE OWNER OR REPUTED OWNER (If not known state "unknown"): .....

6. THE LAST DATE ON WHICH LABOR WAS PERFORMED; PROFESSIONAL SERVICES WERE FURNISHED; CONTRIBUTIONS TO AN EMPLOYEE BENEFIT PLAN WERE DUE; OR MATERIAL, OR EQUIPMENT WAS FURNISHED: .....

7. PRINCIPAL AMOUNT FOR WHICH THE LIEN IS CLAIMED IS: .....

8. IF THE CLAIMANT IS THE ASSIGNEE OF THIS CLAIM SO STATE HERE: .....

....., Claimant
.....
.....
(Phone number, address, city, and state of claimant)

STATE OF WASHINGTON, COUNTY OF
....., ss.

....., being sworn, says: I am the claimant (or attorney of the claimant, or administrator, representative, or agent of the trustees of an employee benefit plan) above named; I have read or heard the foregoing claim, read and know the contents thereof, and believe the same to be true and correct and that the claim of lien is not frivolous and is made with reasonable cause, and is not clearly excessive under penalty of perjury.

Subscribed and sworn to before me this .... day of .....

The period provided for recording the claim of lien is a period of limitation and no action to foreclose a lien shall be maintained unless the claim of lien is filed for recording within the ninety-day period stated. The lien claimant shall give a copy of the claim of lien to the owner or reputed owner by mailing it by certified or registered mail or by personal service within fourteen days of the time the claim of lien is filed for recording. Failure to do so results in a forfeiture of any right the claimant may have to attorneys' fees and costs against the owner under RCW 60.04.181. [1992 c 126 § 7; 1991 c 281 § 9.]

\*Reviser's note: The reference to chapter 64.04 RCW appears to be erroneous. Reference to chapter 60.04 RCW was apparently intended.

60.04.101 Separate residential units—Time for filing. When furnishing labor, professional services, materials, or equipment for the construction of two or more separate residential units, the time for filing claims of lien against each separate residential unit shall commence to run upon the cessation of the furnishing of labor, professional services, materials, or equipment on each residential unit, as provided in this chapter. For the purposes of this section a separate residential unit is defined as consisting of one residential structure together with any garages or other outbuildings appurtenant thereto. [1991 c 281 § 10.]

60.04.111 Recording—Fees. The county auditor shall record the notice of claim of lien in the same manner as deeds and other instruments of title are recorded under chapter 65.08 RCW. Notices of claim of lien for registered land need not be recorded in the Torrens register. The county auditor shall charge no higher fee for recording notices of claim of lien than other documents. [1991 c 281 § 11.]

60.04.121 Lien—Assignment. Any lien or right of lien created by this chapter and the right of action to recover therefor, shall be assignable so as to vest in the assignee all rights and remedies of the assignor, subject to all defenses thereto that might be made. [1991 c 281 § 12.]

60.04.131 Claims—Designation of amount due. In every case in which the notice of claim of lien is recorded against two or more separate pieces of property owned by the same person or owned by two or more persons jointly or otherwise, who contracted for the labor, professional services, material, or equipment for which the notice of claim of lien is recorded, the person recording the notice of claim of lien

shall designate in the notice of claim of lien the amount due on each piece of property, otherwise the lien is subordinated to other liens that may be established under this chapter. The lien of such claim does not extend beyond the amount designated as against other creditors having liens upon any of such pieces of property. [1991 c 281 § 13.]

**60.04.141 Lien—Duration—Procedural limitations.**

No lien created by this chapter binds the property subject to the lien for a longer period than eight calendar months after the claim of lien has been recorded unless an action is filed by the lien claimant within that time in the superior court in the county where the subject property is located to enforce the lien, and service is made upon the owner of the subject property within ninety days of the date of filing the action; or, if credit is given and the terms thereof are stated in the claim of lien, then eight calendar months after the expiration of such credit; and in case the action is not prosecuted to judgment within two years after the commencement thereof, the court, in its discretion, may dismiss the action for want of prosecution, and the dismissal of the action or a judgment rendered thereon that no lien exists shall constitute a cancellation of the lien. This is a period of limitation, which shall be tolled by the filing of any petition seeking protection under Title Eleven, United States Code by an owner of any property subject to the lien established by this chapter. [1992 c 126 § 8; 1991 c 281 § 14.]

**60.04.151 Rights of owner—Recovery options.** The lien claimant shall be entitled to recover upon the claim recorded the contract price after deducting all claims of other lien claimants to whom the claimant is liable, for furnishing labor, professional services, materials, or equipment; and in all cases where a claim of lien shall be recorded under this chapter for labor, professional services, materials, or equipment supplied to any lien claimant, he or she shall defend any action brought thereupon at his or her own expense. During the pendency of the action, the owner may withhold from the prime contractor the amount of money for which a claim is recorded by any subcontractor, supplier, or laborer. In case of judgment against the owner or the owner's property, upon the lien, the owner shall be entitled to deduct from sums due to the prime contractor the principal amount of the judgment from any amount due or to become due from the owner to the prime contractor plus such costs, including interest and attorneys' fees, as the court deems just and equitable, and the owner shall be entitled to recover back from the prime contractor the amount for which a lien or liens are established in excess of any sum that may remain due from the owner to the prime contractor. [1992 c 126 § 9; 1991 c 281 § 15.]

**60.04.161 Bond in lieu of claim.** Any owner of real property subject to a recorded claim of lien under this chapter, or contractor, subcontractor, lender, or lien claimant who disputes the correctness or validity of the claim of lien may record, either before or after the commencement of an action to enforce the lien, in the office of the county recorder or auditor in the county where the claim of lien was recorded, a bond issued by a surety company authorized to issue surety bonds in the state. The surety shall be listed in the latest fed-

eral department of the treasury list of surety companies acceptable on federal bonds, published in the Federal Register, as authorized to issue bonds on United States government projects with an underwriting limitation, including applicable reinsurance, equal to or greater than the amount of the bond to be recorded. The bond shall contain a description of the claim of lien and real property involved, and be in an amount equal to the greater of five thousand dollars or two times the amount of the lien claimed if it is ten thousand dollars or less, and in an amount equal to or greater than one and one-half times the amount of the lien if it is in excess of ten thousand dollars. If the claim of lien affects more than one parcel of real property and is segregated to each parcel, the bond may be segregated the same as in the claim of lien. A separate bond shall be required for each claim of lien made by separate claimants. However, a single bond may be used to guarantee payment of amounts claimed by more than one claim of lien by a single claimant so long as the amount of the bond meets the requirements of this section as applied to the aggregate sum of all claims by such claimant. The condition of the bond shall be to guarantee payment of any judgment upon the lien in favor of the lien claimant entered in any action to recover the amount claimed in a claim of lien, or on the claim asserted in the claim of lien. The effect of recording a bond shall be to release the real property described in the notice of claim of lien from the lien and any action brought to recover the amount claimed. Unless otherwise prohibited by law, if no action is commenced to recover on a lien within the time specified in RCW 60.04.141, the surety shall be discharged from liability under the bond. If an action is timely commenced, then on payment of any judgment entered in the action or on payment of the full amount of the bond to the holder of the judgment, whichever is less, the surety shall be discharged from liability under the bond.

Nothing in this section shall in any way prohibit or limit the use of other methods, devised by the affected parties to secure the obligation underlying a claim of lien and to obtain a release of real property from a claim of lien. [1992 c 126 § 10; 1991 c 281 § 16.]

**60.04.171 Foreclosure—Parties.** The lien provided by this chapter, for which claims of lien have been recorded, may be foreclosed and enforced by a civil action in the court having jurisdiction in the manner prescribed for the judicial foreclosure of a mortgage. The court shall have the power to order the sale of the property. In any action brought to foreclose a lien, the owner shall be joined as a party. The interest in the real property of any person who, prior to the commencement of the action, has a recorded interest in the property, or any part thereof, shall not be foreclosed or affected unless they are joined as a party.

A person shall not begin an action to foreclose a lien upon any property while a prior action begun to foreclose another lien on the same property is pending, but if not made a party plaintiff or defendant to the prior action, he or she may apply to the court to be joined as a party thereto, and his or her lien may be foreclosed in the same action. The filing of such application shall toll the running of the period of limitation established by RCW 60.04.141 until disposition of the application or other time set by the court. The court shall grant the application for joinder unless to do so would create

an undue delay or cause hardship which cannot be cured by the imposition of costs or other conditions as the court deems just. If a lien foreclosure action is filed during the pendency of another such action, the court may, on its own motion or the motion of any party, consolidate actions upon such terms and conditions as the court deems just, unless to do so would create an undue delay or cause hardship which cannot be cured by the imposition of costs or other conditions. If consolidation of actions is not permissible under this section, the lien foreclosure action filed during the pendency of another such action shall not be dismissed if the filing was the result of mistake, inadvertence, surprise, excusable neglect, or irregularity. An action to foreclose a lien shall not be dismissed at the instance of a plaintiff therein to the prejudice of another party to the suit who claims a lien. [1992 c 126 § 11; 1991 c 281 § 17.]

**60.04.181 Rank of lien—Application of proceeds—Attorneys' fees.** (1) In every case in which different construction liens are claimed against the same property, the court shall declare the rank of such lien or class of liens, which liens shall be in the following order:

- (a) Liens for the performance of labor;
- (b) Liens for contributions owed to employee benefit plans;
- (c) Liens for furnishing material, supplies, or equipment;
- (d) Liens for subcontractors, including but not limited to their labor and materials; and
- (e) Liens for prime contractors, or for professional services.

(2) The proceeds of the sale of property must be applied to each lien or class of liens in order of its rank and, in an action brought to foreclose a lien, pro rata among each claimant in each separate priority class. A personal judgment may be rendered against any party personally liable for any debt for which the lien is claimed. If the lien is established, the judgment shall provide for the enforcement thereof upon the property liable as in the case of foreclosure of judgment liens. The amount realized by such enforcement of the lien shall be credited upon the proper personal judgment. The deficiency, if any, remaining unsatisfied, shall stand as a personal judgment, and may be collected by execution against any party liable therefor.

(3) The court may allow the prevailing party in the action, whether plaintiff or defendant, as part of the costs of the action, the moneys paid for recording the claim of lien, costs of title report, bond costs, and attorneys' fees and necessary expenses incurred by the attorney in the superior court, court of appeals, supreme court, or arbitration, as the court or arbitrator deems reasonable. Such costs shall have the priority of the class of lien to which they are related, as established by subsection (1) of this section.

(4) Real property against which a lien under this chapter is enforced may be ordered sold by the court and the proceeds deposited into the registry of the clerk of the court, pending further determination respecting distribution of the proceeds of the sale. [1992 c 126 § 12; 1991 c 281 § 18.]

**60.04.190 Destruction or concealment of property—Removal from premises—Penalty.** See RCW 61.12.030, 9.45.060.

**60.04.191 Effect of note—Personal action preserved.** The taking of a promissory note or other evidence of indebtedness for any labor, professional services, material, or equipment furnished for which a lien is created by this chapter does not discharge the lien therefor, unless expressly received as payment and so specified therein.

Nothing in this chapter shall be construed to impair or affect the right of any person to whom any debt may be due for the furnishing of labor, professional services, material, or equipment to maintain a personal action to recover the debt against any person liable therefor. [1991 c 281 § 19.]

**60.04.201 Material exempt from process—Exception.** Whenever material is furnished for use in the improvement of property subject to a lien created by this chapter, the material is not subject to attachment, execution, or other legal process to enforce any debt due by the purchaser of the material, except a debt due for the purchase money thereof, so long as in good faith, the material is about to be applied in the improvement of such property. [1991 c 281 § 20.]

**60.04.211 Lien—Effect on community interest.** The claim of lien, when filed as required by this chapter, shall be notice to the spouse or the domestic partner of the person who appears of record to be the owner of the property sought to be charged with the lien, and shall subject all the community interest of both spouses or both domestic partners to the lien. [2008 c 6 § 641; 1991 c 281 § 21.]

**Part headings not law—Severability—2008 c 6:** See RCW 26.60.900 and 26.60.901.

**60.04.221 Notice to lender—Withholding of funds.** Any lender providing interim or construction financing where there is not a payment bond of at least fifty percent of the amount of construction financing shall observe the following procedures and the rights and liabilities of the lender and potential lien claimant shall be affected as follows:

(1) Any potential lien claimant who has not received a payment within five days after the date required by their contract, invoice, employee benefit plan agreement, or purchase order may within thirty-five days of the date required for payment of the contract, invoice, employee benefit plan agreement, or purchase order, give a notice as provided in subsections (2) and (3) of this section of the sums due and to become due, for which a potential lien claimant may claim a lien under this chapter.

(2) The notice shall be signed by the potential lien claimant or some person authorized to act on his or her behalf.

(3) The notice shall be given in writing to the lender at the office administering the interim or construction financing, with a copy given to the owner and appropriate prime contractor. The notice shall be given by:

- (a) Mailing the notice by certified or registered mail to the lender, owner, and appropriate prime contractor; or
- (b) Delivering or serving the notice personally and obtaining evidence of delivery in the form of a receipt or

other acknowledgment signed by the lender, owner, and appropriate prime contractor, or an affidavit of service.

(4) The notice shall state in substance and effect as follows:

(a) The person, firm, trustee, or corporation filing the notice is entitled to receive contributions to any type of employee benefit plan or has furnished labor, professional services, materials, or equipment for which a lien is given by this chapter.

(b) The name of the prime contractor, common law agent, or construction agent ordering the same.

(c) A common or street address of the real property being improved or the legal description of the real property.

(d) The name, business address, and telephone number of the lien claimant.

The notice to the lender may contain additional information but shall be in substantially the following form:

NOTICE TO REAL PROPERTY LENDER
(Authorized by RCW . . . . .)

TO: . . . . .
(Name of Lender)

. . . . .
(Administrative Office-Street Address)

. . . . .
(City) (State) (Zip)

AND TO: . . . . .
(Owner)

AND TO: . . . . .
(Prime Contractor-If Different Than Owner)

. . . . .
(Name of Laborer, Professional,
Materials, or Equipment Supplier)

whose business address is . . . . ., did at the property located at . . . . .

(Check appropriate box) ( ) perform labor ( ) furnish professional services ( ) provide materials ( ) supply equipment as follows:

. . . . .
. . . . .

which was ordered by . . . . .
(Name of Person)

whose address was stated to be . . . . .

The amount owing to the undersigned according to contract or purchase order for labor, supplies, or equipment (as above mentioned) is the sum of . . . . . Dollars (\$ . . . . .). Said sums became due and owing as of

. . . . .
(State Date)

You are hereby required to withhold from any future draws on existing construction financing which has been made on the subject property (to the

extent there remain undisbursed funds) the sum of . . . . . Dollars (\$ . . . . .).

IMPORTANT

Failure to comply with the requirements of this notice may subject the lender to a whole or partial compromise of any priority lien interest it may have pursuant to RCW 60.04.226.

DATE: . . . . .

By: . . . . .

Its: . . . . .

(5) After the receipt of the notice, the lender shall withhold from the next and subsequent draws the amount claimed to be due as stated in the notice. Alternatively, the lender may obtain from the prime contractor or borrower a payment bond for the benefit of the potential lien claimant in an amount sufficient to cover the amount stated in the potential lien claimant's notice. The lender shall be obligated to withhold amounts only to the extent that sufficient interim or construction financing funds remain undisbursed as of the date the lender receives the notice.

(6) Sums so withheld shall not be disbursed by the lender, except by the written agreement of the potential lien claimant, owner, and prime contractor in such form as may be prescribed by the lender, or the order of a court of competent jurisdiction.

(7) In the event a lender fails to abide by the provisions of \*subsections (4) and (5) of this section, then the mortgage, deed of trust, or other encumbrance securing the lender shall be subordinated to the lien of the potential lien claimant to the extent of the interim or construction financing wrongfully disbursed, but in no event more than the amount stated in the notice plus costs as fixed by the court, including reasonable attorneys' fees.

(8) Any potential lien claimant shall be liable for any loss, cost, or expense, including reasonable attorneys' fees and statutory costs, to a party injured thereby arising out of any unjust, excessive, or premature notice filed under purported authority of this section. "Notice" as used in this subsection does not include notice given by a potential lien claimant of the right to claim liens under this chapter where no actual claim is made.

(9)(a) Any owner of real property subject to a notice to real property lender under this section, or the contractor, subcontractor, lender, or lien claimant who believes the claim that underlies the notice is frivolous and made without reasonable cause, or is clearly excessive may apply by motion to the superior court for the county where the property, or some part thereof is located, for an order commanding the potential lien claimant who issued the notice to the real property lender to appear before the court at a time no earlier than six nor later than fifteen days from the date of service of the application and order on the potential lien claimant, and show cause, if any he or she has, why the notice to real property lender should not be declared void. The motion shall state the grounds upon which relief is asked and shall be supported by the affidavit of the applicant or his or her attorney setting forth a concise statement of the facts upon which the motion is based.

(b) The order shall clearly state that if the potential lien claimant fails to appear at the time and place noted, the notice to lender shall be declared void and that the potential lien claimant issuing the notice shall be ordered to pay the costs requested by the applicant including reasonable attorneys' fees.

(c) The clerk of the court shall assign a cause number to the application and obtain from the applicant a filing fee of thirty-five dollars.

(d) If, following a hearing on the matter, the court determines that the claim upon which the notice to real property lender is based is frivolous and made without reasonable cause, or clearly excessive, the court shall issue an order declaring the notice to real property lender void if frivolous and made without reasonable cause, or reducing the amount stated in the notice if clearly excessive, and awarding costs and reasonable attorneys' fees to the applicant to be paid by the person who issued the notice. If the court determines that the claim underlying the notice to real property lender is not frivolous and was made with reasonable cause, and is not clearly excessive, the court shall issue an order so stating and awarding costs and reasonable attorneys' fees to the issuer of the notice to be paid by the applicant.

(e) Proceedings under this subsection shall not affect other rights and remedies available to the parties under this chapter or otherwise. [1992 c 126 § 13; 1991 c 281 § 22.]

**\*Reviser's note:** The reference to subsections (4) and (5) of this section appears to be erroneous. Engrossed Senate Bill No. 6441 changed the subsection numbers. Subsections (4) and (5) are now subsections (5) and (6).

#### **60.04.226 Financial encumbrances—Priorities.**

Except as otherwise provided in RCW 60.04.061 or 60.04.221, any mortgage or deed of trust shall be prior to all liens, mortgages, deeds of trust, and other encumbrances which have not been recorded prior to the recording of the mortgage or deed of trust to the extent of all sums secured by the mortgage or deed of trust regardless of when the same are disbursed or whether the disbursements are obligatory. [1991 c 281 § 23.]

#### **60.04.230 Construction projects—Notice to be posted by prime contractor—Penalty.**

(1) For any construction project costing more than five thousand dollars the prime contractor shall post in plain view for the duration of the construction project a legible notice at the construction job site containing the following:

(a) The legal description, or the tax parcel number assigned pursuant to RCW 84.40.160, and the street address if available, and may include any other identification of the construction site by the prime contractor;

(b) The property owner's name, address, and phone number;

(c) The prime contractor's business name, address, phone number, current state contractor registration number and identification; and

(d) Either:

(i) The name, address, and phone number of the office of the lender administering the interim construction financing, if any; or

(ii) The name and address of the firm that has issued a payment bond, if any, on behalf of the prime contractor for

the protection of the owner if the bond is for an amount not less than fifty percent of the total amount of the construction project.

(2) For any construction project which requires a building permit under local ordinance, compliance with the posting requirements of RCW 19.27.095 shall constitute compliance with this section. Otherwise, the information shall be posted as set forth in this section.

(3) Failure to comply with this section shall subject the prime contractor to a civil penalty of not more than five thousand dollars, payable to the county where the project is located. [1991 c 281 § 28; 1984 c 202 § 3.]

#### **60.04.250 Informational materials on construction lien laws—Master documents.**

The department of labor and industries shall prepare master documents that provide informational material about construction lien laws and available safeguards against real property lien claims. The material shall include methods of protection against lien claims, including obtaining lien release documents, performance bonds, joint payee checks, the opportunity to require contractor disclosure of all potential lien claimants as a condition of payment, and lender supervision under \*RCW 60.04.200 and 60.04.210. The material shall also include sources of further information, including the department of labor and industries and the office of the attorney general. [1990 c 81 § 1; 1988 c 270 § 1.]

**\*Reviser's note:** RCW 60.04.200 and 60.04.210 were repealed by 1991 c 281 § 31, effective April 1, 1992.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **60.04.255 Informational materials on construction lien laws—Copies—Liability.**

(1) Every real property lender shall provide a copy of the informational material described in RCW 60.04.250 to all persons obtaining loans, the proceeds of which are to be used for residential construction or residential repair or remodeling.

(2) Every contractor shall provide a copy of the informational material described in RCW 60.04.250 to customers required to receive contractor disclosure notice under RCW 18.27.114.

(3) No cause of action may lie against the state, a real property lender, or a contractor arising from the provisions of RCW 60.04.250 and this section.

(4) For the purpose of this section, "real property lender" means a bank, savings bank, savings and loan association, credit union, mortgage company, or other corporation, association, partnership, or individual that makes loans secured by real property in this state. [1988 c 270 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **60.04.261 Availability of information.**

The prime contractor shall immediately supply the information listed in RCW 19.27.095(2) to any person who has contracted to supply materials, equipment, or professional services or who is a subcontractor on the improvement, as soon as the identity and mailing address of such subcontractor, supplier, or professional is made known to the prime contractor either directly or through another subcontractor, supplier, or professional. [1991 c 281 § 24.]

**60.04.900 Liberal construction—1991 c 281.** RCW 19.27.095, 60.04.230, and 60.04.011 through 60.04.226 and 60.04.261 are to be liberally construed to provide security for all parties intended to be protected by their provisions. [1991 c 281 § 25.]

**60.04.901 Captions not law—1991 c 281.** Section headings as used in this chapter do not constitute any part of the law. [1991 c 281 § 26.]

**60.04.902 Effective date, application—1991 c 281.** This act shall take effect June 1, 1992. Lien claims based on an improvement commenced by a potential lien claimant on or after June 1, 1992, shall be governed by the provisions of this act. [1992 c 126 § 14; 1991 c 281 § 32.]

**60.04.903 Effective date—1992 c 126.** This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and shall take effect June 1, 1992, except section 14 of this act which shall take effect immediately [March 31, 1992]. [1992 c 126 § 15.]

**60.04.904 Application of chapter 281, Laws of 1991, to actions pending as of June 1, 1992—1993 c 357.** All rights acquired and liabilities incurred under acts or parts of act repealed by chapter 281, Laws of 1991, are hereby preserved, and all actions pending as of June 1, 1992, shall proceed under the law as it existed at the time chapter 281, Laws of 1991, took effect. [1993 c 357 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**Chapter 60.08 RCW  
CHATTEL LIENS**

Sections

- 60.08.010 Lien authorized.
- 60.08.020 Notice of lien—Contents—Form.
- 60.08.030 Priority of lien.
- 60.08.040 Enforcement of lien—Limitation of action.
- 60.08.050 Rank of lien—Personal judgment—Deficiency—Costs.
- 60.08.060 Filing notice of liens.
- 60.08.080 Frivolous or clearly excessive claims of lien—Motion to court—Procedures.
- 60.08.085 Transferring title of a vehicle—Requirements—Application to chapter 60.10 RCW.

**60.08.010 Lien authorized.** Every person, firm or corporation who shall have performed labor or furnished material in the construction or repair of any chattel at the request of its owner, shall have a lien upon such chattel for such labor performed or material furnished, notwithstanding the fact that such chattel be surrendered to the owner thereof: PROVIDED, HOWEVER, That no such lien shall continue, after the delivery of such chattel to its owner, as against the rights of third persons who, prior to the filing of the lien notice as hereinafter provided for, may have acquired the title to such chattel in good faith, for value and without actual notice of the lien. [1917 c 68 § 1; 1909 c 166 § 1; 1905 c 72 § 1; RRS § 1154.]

(2010 Ed.)

**60.08.020 Notice of lien—Contents—Form.** In order to make such lien effectual the lien claimant shall, within ninety days from the date of delivery of such chattel to the owner, file in the office of the auditor of the county in which such chattel is kept, a lien notice, which notice shall state the name of the claimant, the name of the owner, a description of the chattel upon which the claimant has performed labor or furnished material, the amount for which a lien is claimed and the date upon which such expenditure of labor or material was completed, which notice shall be signed by the claimant or someone on his behalf, and may be in substantially the following form:

CHATTEL LIEN NOTICE.

.....	Claimant,	}
against		
.....	Owner.	

Notice is hereby given that ..... has and claims a lien upon (here insert description of chattel), owned by ..... for the sum of ..... dollars, for and on account of labor, skill and material expended upon said ..... which was completed upon the .... day of ....., 19...  
.....  
Claimant.

[1983 c 33 § 1; 1917 c 68 § 2; 1905 c 72 § 2; RRS § 1155.]

**60.08.030 Priority of lien.** The liens created by this chapter are preferred to any lien, mortgage or other encumbrance which may attach subsequently to the time of the commencement of the performance of the labor, or the furnishing of the materials for which the right of lien is given by this chapter, and are also preferred to any lien, mortgage or other encumbrance which may have attached previously to that time, and which was not filed or recorded so as to create constructive notice of the same prior to that time, and of which the lien claimant has no notice. [1917 c 68 § 3; 1905 c 72 § 3; RRS § 1156.]

**60.08.040 Enforcement of lien—Limitation of action.** The lien herein provided for may be enforced against all persons having a junior or subsequent interest in any such chattel, by judicial procedure or by summary procedure as set forth in chapter 60.10 RCW within nine months after the filing of such lien notice, and if no such action shall be commenced within such time such lien shall cease. [1995 c 62 § 4; 1969 c 82 § 11; 1917 c 68 § 4; 1905 c 72 § 4; RRS § 1157.]

*Secured transactions: Article 62A.9A RCW.*

**60.08.050 Rank of lien—Personal judgment—Deficiency—Costs.** In every case originating in or removed to a court of competent jurisdiction, in which different liens are claimed against the same property, the court, in the judgment, must declare the rank of such lien or class of liens, which shall be in the following order:

- (1) All persons performing labor;
- (2) All persons furnishing material;

And the proceeds of the sale of the property must be applied to each lien or class of liens in the order of its rank; and personal judgment may be rendered in an action brought

to foreclose a lien, against any party personally liable for any debt for which the lien is claimed, and if the lien be established, the judgment shall provide for the enforcement thereof upon the property liable as in case of foreclosure of mortgages; and the amount realized by such enforcement of the lien shall be credited upon the proper personal judgment, and the deficiency, if any, remaining unsatisfied, shall stand as a personal judgment, and may be collected by execution against the party liable therefor. The court may allow, as part of the costs of the action, the moneys paid for filing or recording the claim, and a reasonable attorney's fee in the action. [1917 c 68 § 5; RRS § 1157a.]

**60.08.060 Filing notice of liens.** Upon presentation of such lien notice to the auditor of any county, he shall file the same, and endorse thereon the time of the reception, the number thereof, and shall enter the same in a suitable book or file (but need not record the same). Such book or file shall have herewith an alphabetic index, in which the county auditor shall index such notice by noting the name of the owner, name of lien claimant, description of property, date of lien (which shall be the date upon which such expenditure of labor, skill or material was completed), date of filing and when released, the date of release. [1983 c 33 § 2; 1905 c 72 § 5; RRS § 1158.]

**60.08.080 Frivolous or clearly excessive claims of lien—Motion to court—Procedures.** (1) Any owner of property subject to a recorded claim of lien under this chapter, or contractor, subcontractor, lender, or lien claimant who believes the claim of lien to be frivolous and made without reasonable cause, or clearly excessive may apply by motion to the superior court for the county where the property is located, for an order directing the lien claimant to appear before the court at a time no earlier than six nor later than fifteen days following the date of service of the application and order on the lien claimant, and show cause, if any he or she has, why the relief requested should not be granted. The motion shall state the grounds upon which relief is asked, and shall be supported by the affidavit of the applicant or his or her attorney setting forth a concise statement of the facts upon which the motion is based.

(2) The order shall clearly state that if the lien claimant fails to appear at the time and place noted the lien shall be released, with prejudice, and that the lien claimant shall be ordered to pay the costs requested by the applicant including reasonable attorneys' fees.

(3) If no action to foreclose the lien claim has been filed, the clerk of the court shall assign a cause number to the application and obtain from the applicant a filing fee of thirty-five dollars. If an action has been filed to foreclose the lien claim, the application shall be made a part of that action.

(4) The applicant must give notice of the hearing to the lien claimant by providing copies of the motion, order, and any other documents filed with the court, to the lien claimant by first-class mail, by certified or registered mail, or by personal service.

(5) If, following a hearing on the matter, the court determines that the lien is frivolous and made without reasonable cause, or clearly excessive, the court shall issue an order

releasing the lien if frivolous and made without reasonable cause, or reducing the lien if clearly excessive, and awarding costs and reasonable attorneys' fees to the applicant to be paid by the lien claimant. If the court determines that the lien is not frivolous and was made with reasonable cause, and is not clearly excessive, the court shall issue an order so stating and awarding costs and reasonable attorneys' fees to the lien claimant to be paid by the applicant.

(6) Proceedings under this section shall not affect other rights and remedies available to the parties under this chapter or otherwise. [2006 c 283 § 1.]

**Effective date—2006 c 283:** "This act takes effect October 1, 2006." [2006 c 283 § 5.]

**60.08.085 Transferring title of a vehicle—Requirements—Application to chapter 60.10 RCW.** The department of licensing, and the department's agents and sub-agents, shall not transfer title of a vehicle through the chattel lien process under this chapter and chapter 60.10 RCW unless an affidavit of sale and the following documentation is submitted: (1) A certified copy of the lien filing that is filed with the county auditor; (2) a copy of the letter, sent by the lien claimant via first-class mail, and certified or registered mail, including the return receipt, to the address of the current registered owner notifying the current registered owner of the lien filing; and (3) an affidavit of service by mail. [2006 c 283 § 2.]

**Effective date—2006 c 283:** See note following RCW 60.08.080.

**Chapter 60.10 RCW**

**PERSONAL PROPERTY LIENS—  
SUMMARY FORECLOSURE**

Sections

- 60.10.010 Definitions.
- 60.10.020 Methods of foreclosure.
- 60.10.023 Judicial foreclosure of personal property liens.
- 60.10.027 Judicial foreclosure of a security interest.
- 60.10.030 Notice and sale—Priorities—Sale procedure—Surplus—Deficiency—Obligation of lien holder.
- 60.10.040 Rights and interest of purchaser for value—Certificates of title.
- 60.10.050 Redemption.
- 60.10.060 Noncompliance with chapter—Rights of lien debtor.
- 60.10.070 "Commercially reasonable."

**60.10.010 Definitions.** As used in this chapter:

(1) The term "lien debtor" means the person who is obligated, owes payment or other performance. Where the lien debtor and the owner of the collateral are not the same person, the term "lien debtor" means the owner of the collateral.

(2) "Collateral" means the property subject to a statutory lien.

(3) "Lien holder" means a person who, by statute, has acquired a lien on the property of the lien debtor, or such person's successor in interest.

(4) "Secured party" has the same meaning as used in Article 9A of the Uniform Commercial Code (Title 62A RCW). [2001 c 32 § 3; 1969 c 82 § 2.]

**Effective date—2001 c 32:** See note following RCW 62A.9A-102.

*Judicial foreclosure of personal property liens: RCW 60.10.023.*

**60.10.020 Methods of foreclosure.** Any lien upon personal property, excluded by \*RCW 62A.9-104 from the provisions of the Uniform Commercial Code (Title 62A RCW), may be foreclosed by: (1) An action in the district court having jurisdiction in the district in which the property is situated in accordance with RCW 60.10.023, if the value of the claim does not exceed the jurisdictional limit of the district court provided in RCW 3.66.020; or (2) an action in the superior court having jurisdiction in the county in which the property is situated in accordance with RCW 60.10.023, if the value of the claim exceeds the jurisdictional limit of the district court provided in RCW 3.66.020; or (3) summary procedure as provided in this chapter. [1995 c 62 § 5; 1991 c 33 § 3; 1969 c 82 § 3.]

**\*Reviser's note:** Article 62A.9 RCW was repealed in its entirety by 2000 c 250 § 9A-901, effective July 1, 2001. For later enactment, see Article 62A.9A RCW.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**60.10.023 Judicial foreclosure of personal property liens.** The provisions of chapter 61.12 RCW, so far as they are applicable, govern in actions for the judicial foreclosure of liens on personal property excluded by \*RCW 62A.9-104 from the provisions of the Uniform Commercial Code, Title 62A RCW. The lien holder may proceed on the lien; and if there is a separate obligation secured by the lien, the lienholder may bring suit on the obligation. If the lienor proceeds on the obligation, the court shall, in addition to entering a decree foreclosing the lien, render judgment for the amount due on the obligation. The decree shall direct the sale of the lien property, and if there is a judgment on an obligation and the proceeds of the sale are insufficient to satisfy the judgment, the sheriff is authorized to proceed under the same execution and levy on and sell other property of the lien debtor, not exempt from execution, for the sum remaining unsatisfied.

Redemption rights and the rights and interest of a purchaser for value under this section are governed by RCW 60.10.040 and 60.10.050. [1995 c 62 § 1; 1969 c 82 § 1. Formerly RCW 61.12.162.]

**\*Reviser's note:** Article 62A.9 RCW was repealed in its entirety by 2000 c 250 § 9A-901, effective July 1, 2001. For later enactment, see Article 62A.9A RCW.

**60.10.027 Judicial foreclosure of a security interest.** The provisions of chapter 61.12 RCW, so far as they are applicable, shall also be available to a secured party seeking to enforce a security interest by judicial proceedings as authorized by \*RCW 62A.9-501(1). In such a proceeding, the court shall enter a judgment foreclosing the security interest and shall render judgment for the amount due on the secured obligation. The decree shall direct the sale of property that is subject to the foreclosed security interest and is within the court's jurisdiction, and if the proceeds of sale are insufficient to satisfy the judgment, the sheriff is authorized to proceed under the same execution and levy on other property of the judgment debtor, not exempt from execution, for the sum remaining unsatisfied.

The rights and interest of a purchaser for value are governed by RCW 60.10.040 except as otherwise provided in Title 62A RCW. [1995 c 62 § 2.]

**\*Reviser's note:** Article 62A.9 RCW was repealed in its entirety by 2000 c 250 § 9A-901, effective July 1, 2001. For later enactment, see Article 62A.9A RCW.

**60.10.030 Notice and sale—Priorities—Sale procedure—Surplus—Deficiency—Obligation of lien holder.**

(1) A lien foreclosure authorized by RCW 60.10.020 may be summarily foreclosed by notice and sale as provided herein. The lien holder may sell, or otherwise dispose of the collateral in its then condition or following any commercially reasonable preparation or processing. The proceeds of disposition shall be applied in the order following to

(a) the reasonable expenses of retaking, holding, preparing for sale, selling and the like and, to the extent provided for in the agreement and not prohibited by law, the reasonable attorneys' fees and legal expenses incurred by the secured party;

(b) the satisfaction of indebtedness secured by the lien under which the disposition is made;

(c) the satisfaction of indebtedness secured by any subordinate security interest in the collateral if written notification of demand therefor is received before distribution of the proceeds is completed. If requested by the lien holder, the holder of a subordinate security interest must seasonably furnish reasonable proof of his or her interest, and unless that is done, the lien holder need not comply with that demand.

(2) The lien holder must account to the lien debtor for any surplus, and, unless otherwise agreed, the lien debtor is not liable for any deficiency.

(3) Disposition of the collateral may be by public or private proceedings and may be made by way of one or more contracts. Sale or other disposition may be as a unit or in parcels and at any time and place and on any terms but every aspect of the disposition including the method, manner, time, place and terms must be commercially reasonable which shall be construed as provided in RCW 60.10.070. Unless collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, reasonable notification of the time and place of any public sale or reasonable notification of the time after which any private sale or other intended disposition is to be made shall be sent by the lien holder to the lien debtor, by first-class mail, and registered or certified mail, and except in the case of consumer goods to any other person who has a security interest in the collateral and who has duly filed a financing statement indexed in the name of the lien debtor in this state or who is known by the lien holder to have a security interest in the collateral. The lien holder may buy at any public sale and if the collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations he or she may buy at private sale. Before accepting any bid or offer for purchase, the lien holder shall inform the bidder or purchaser of the existence of any prior lien or security interest in the collateral, and the identity of the holder of the prior lien or security interest. If the lien holder does not know this information, he or she shall advise the prospective purchaser of that. [2006 c 283 § 3; 1969 c 82 § 4.]

**Effective date—2006 c 283:** See note following RCW 60.08.080.

**60.10.040 Rights and interest of purchaser for value—Certificates of title.** When a lien is foreclosed in accordance with the provisions of this chapter, the disposition transfers to a purchaser for value all of the lien debtor's rights therein, discharges the lien under which it is made and any security interest or lien subordinate thereto. The purchaser takes free of all such rights and interests even though the lien holder fails to comply with the requirements of this chapter:

(1) In the case of a public sale, if the purchaser has no knowledge of any defects in the sale and if he or she does not buy in collusion with the lien holder, other bidders, or the person conducting the sale; or

(2) In any other case, if the purchaser acts in good faith.

The purchaser takes subject to any security interest or lien that is superior to the lien under which the sale is made. In the case of property that is subject to a certificate of title, the department of licensing and the department's agents and subagents shall not transfer title through this process unless the new certificate of title reflects the security interest that is superior to the lien under which the sale is made. If a new certificate of title is issued that does not reflect the security interest that is superior to the lien under which the sale is made, the holder of such interest may request and obtain from the department of licensing a replacement certificate of title reflecting such security interest, and showing the purchaser as the registered owner. The department of licensing shall notify the purchaser of the issuance of any replacement title. [2006 c 283 § 4; 1995 c 62 § 6; 1969 c 82 § 5.]

**Effective date—2006 c 283:** See note following RCW 60.08.080.

**60.10.050 Redemption.** At any time before the lien holder has disposed of collateral or entered into a contract for its disposition under this chapter, the lien debtor or any other secured party may redeem the collateral by tendering fulfillment of all obligations to the holder that are secured by the collateral as well as the expenses reasonably incurred by the lien holder in holding and preparing the collateral for disposition, in arranging for the sale, and for reasonable attorneys' fees and legal expenses. [1995 c 62 § 7; 1969 c 82 § 6.]

**60.10.060 Noncompliance with chapter—Rights of lien debtor.** If it is established that the lien holder is not proceeding in accordance with the provisions of this chapter disposition may be ordered or restrained on appropriate terms and conditions. If the disposition has occurred the lien debtor or any person entitled to notification or whose security interest has been made known to the lien holder prior to the disposition has a right to recover from the lien holder any loss caused by a failure to comply with the provisions of this chapter. The lien debtor has a right to recover in any event an amount not less than ten percent of the original lien claimed. [1969 c 82 § 7.]

**60.10.070 "Commercially reasonable."** As used in this chapter, "commercially reasonable" shall be construed in a manner consistent with the following:

The fact that a better price could have been obtained by a sale at a different time or in a different method from that selected by the lien holder is not of itself sufficient to establish that the sale was not made in a commercially reasonable

manner. If the lien holder either sells the collateral in the usual manner in any recognized market therefor or if he sells at the price current in such market at the time of his sale or if he has otherwise sold in conformity with reasonable commercial practices among dealers in the type of property sold he has sold in a commercially reasonable manner. A disposition which has been approved in any judicial proceeding or by any bona fide creditors' committee or representative of creditors shall conclusively be deemed to be commercially reasonable, but this sentence does not indicate that any such approval must be obtained in any case nor does it indicate that any disposition not so approved is not commercially reasonable. [1969 c 82 § 8.]

## Chapter 60.11 RCW CROP LIENS

### Sections

60.11.010	Definitions.
60.11.020	Persons entitled to crop liens—Property subject to lien.
60.11.030	Attachment and effectiveness of lien on crops and proceeds—Filing.
60.11.040	Statement of lien—Filing—Contents—Duration.
60.11.050	Priorities of liens and security interests.
60.11.060	Foreclosure and enforcement of crop lien.
60.11.070	Judicial foreclosure.
60.11.080	Summary foreclosure.
60.11.090	Rights and interest of purchaser for value.
60.11.100	Redemption.
60.11.110	Noncompliance with chapter—Rights of lien debtor.
60.11.120	"Commercially reasonable."
60.11.130	Limitation of action to foreclose.
60.11.140	Termination statement.
60.11.900	Savings—Liens created under prior law.
60.11.901	Section captions.
60.11.902	Severability—1986 c 242.
60.11.903	Effective date—1986 c 242.
60.11.904	Transition rule for filings made before July 1, 2001.

**60.11.010 Definitions.** As used in this chapter, the following terms have the meanings indicated unless the context clearly requires otherwise.

(1) "Crop" means all products of the soil either growing or cropped, cut, or gathered which require annual planting, harvesting, or cultivating. A crop includes orchard crops, but does not include vegetation produced by the powers of nature alone, nursery stock, or vegetation intended as a permanent enhancement of the land itself.

(2) "Handler" means a person who prepares an orchard crop for market for the account of, or as agent for, the producer of the orchard crop, which preparation includes, but is not limited to, receiving, storing, packing, marketing, selling, or delivering the orchard crop; and who takes delivery of the orchard crop from the producer of the orchard crop or from another handler. "Handler" does not include a person who solely transports the orchard crop from the producer or another handler to another person.

(3) "Landlord" means a person who leases or subleases to a tenant real property upon which crops are growing or will be grown.

(4) "Orchard crop" means cherries, peaches, nectarines, plums or prunes, pears, apricots, and apples.

(5) "Secured party" and "security interest" have the same meaning as used in the Uniform Commercial Code, Title 62A RCW.

(6) "Supplier" includes, but is not limited to, a person who furnishes seed, furnishes and/or applies commercial fertilizer, pesticide, fungicide, weed killer, or herbicide, including spraying and dusting, upon the land of the grower or landowner, or furnishes any work or labor upon the land of the grower or landowner including tilling, preparing for the growing of crops, sowing, planting, cultivating, cutting, digging, picking, pulling, or otherwise harvesting any crop grown thereon, or in gathering, securing, or housing any crop grown thereon, or in threshing any grain or hauling to any warehouse any crop, including grain, grown thereon.

(7) "Lien debtor" means the person who is obligated or owes payment or other performance. If the lien debtor and the owner of the property encumbered by the crop lien or security interest are not the same person, "lien debtor" means the owner of the property encumbered by the crop lien or security interest.

(8) "Lien holder" means a person who, by statute, has acquired a lien on the property of the lien debtor, or such person's successor in interest. [2000 c 250 § 9A-824; 1991 c 286 § 1; 1986 c 242 § 1.]

**Effective date—2000 c 250:** See RCW 62A.9A-701.

**60.11.020 Persons entitled to crop liens—Property subject to lien.** (1) A landlord whose lease or other agreement with the tenant provides for cash rental payment shall have a lien upon all crops grown upon the demised land in which the landlord has an interest for payment of no more than one year's rent, where the last or only payment of such one year's rent is due or will become due within six months following the last day of harvest of the crops encumbered by the crop lien. A landlord with a crop share agreement has an interest in the growing crop which shall not be encumbered by crop liens except as provided in subsections (2) and (3) of this section.

(2) A supplier shall have a lien upon all crops for which the supplies are used or applied for payment of the purchase price of the supplies and/or services performed: PROVIDED, That the landlord's interest in the crop shall only be subject to the lien for the amount obligated to be paid by the landlord if prior written consent of the landlord is obtained or if the landlord has agreed in writing with the tenant to pay or be responsible for a portion of the supplies and/or services provided by the lien holder.

(3) A handler shall have a lien on all orchard crops delivered by the lien debtor or another handler to the handler and on all proceeds of the orchard crops for payment of: (a) All customary charges for the ordinary and necessary handling of the orchard crop, including but not limited to charges for transporting, receiving, inspecting, materials and supplies furnished, washing, waxing, sorting, packing, storing, promoting, marketing, selling, advertising, insuring, or otherwise handling the lien debtor's orchard crop; and (b) reasonable cooperative per unit retainages, and for all governmental or quasi-governmental assessments imposed by statute, ordinance, or government regulation. Charges shall not include direct or indirect advances or extensions of credit to a lien debtor. [2000 c 250 § 9A-825; 1991 c 286 § 2; 1986 c 242 § 2.]

**Effective date—2000 c 250:** See RCW 62A.9A-701.

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**60.11.030 Attachment and effectiveness of lien on crops and proceeds—Filing.** (1) Upon the later of both: (a) Execution of the lease or other agreement, or commencement of delivery of such supplies, and/or of provision of such services giving rise to the crop lien; and (b) filing a financing statement as required by RCW 62A.9A-310 and subsection (3) of this section, the crop liens described in RCW 60.11.020 (1) and (2) shall become effective and attach to the subject crop for all sums then and thereafter due and owing the lien holder under this chapter, and those liens shall continue in all identifiable cash proceeds of the crop.

(2) Upon the delivery of an orchard crop by the lien debtor or another handler to a handler without the necessity of filing, the crop lien described in RCW 60.11.020(3) shall become effective and attach to and be perfected in the delivered orchard crop for all sums then and thereafter due and owing the lien holder under this chapter, and the lien shall continue and be perfected in all proceeds of the orchard crop.

(3) Except as provided in RCW 60.11.040(4) with respect to the lien of a landlord, and except for the lien of a handler on orchard crops as provided in RCW 60.11.020(3), the lien holder must file the required financing statement during the period after the commencement of delivery of such supplies and/or of provision of such services, but before the completion of the harvest of the crops for which the lien is claimed, or in the case of a lien for furnishing work or labor, before the end of the fortieth day after the cessation of the work or labor for which the lien is claimed. If the lien holder under the crop liens described in RCW 60.11.020 (1) or (2) is to be allowed costs, disbursements, and attorneys' fees, the lien holder must also mail a copy of such financing statement to the last known address of the debtor by certified mail, return receipt requested, within ten days after filing the financing statement. [2001 c 32 § 4; 2000 c 250 § 9A-826; 1991 c 286 § 3; 1986 c 242 § 3.]

**Effective date—2001 c 32:** See note following RCW 62A.9A-102.

**Effective date—2000 c 250:** See RCW 62A.9A-701.

**60.11.040 Statement of lien—Filing—Contents—Duration.** (1) Within fourteen days of receipt of a written request from the lien debtor, or other person who provides the lien holder authorization from the lien debtor for such statement, the lien holder shall provide that person a statement described in subsection (2) of this section. Failure timely to provide the statement shall cause the lien holder to be liable to the person requesting for the attorneys' fees and costs incurred by that person to obtain the statement, together with damages incurred by that person due to the failure of the lien holder to provide the statement, including in the case of the lien debtor any loss resulting from the lien debtor's inability to obtain financing, or the increased costs thereof.

(2) The statement shall be in writing, authenticated by the claimant, and shall contain in substance the following information:

- (a) The name and address of the claimant;
- (b) The name and address of the debtor;
- (c) The date of commencement of performance for which the lien is claimed;
- (d) A description of the labor services, materials, or supplies furnished;

(e) A description of the crop and its location to be charged with the lien sufficient for identification; and

(f) The signature of the claimant.

(3) The statement need not be filed with the department of licensing.

(4) A lien for rent claimed by a landlord pursuant to this chapter shall be effective during the term of the lease for a period of up to five years. A financing statement for a landlord lien covering a lease term longer than five years may be continued in accordance with RCW 62A.9A-515(d). A landlord who has a right to a share of the crop may place suppliers on notice by filing a financing statement in the same manner as provided for filing a financing statement for a landlord's lien. [2000 c 250 § 9A-827; 1991 c 286 § 4; 1989 c 229 § 1; 1986 c 242 § 4.]

**Effective date—2000 c 250:** See RCW 62A.9A-701.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **60.11.050 Priorities of liens and security interests.**

(1) Except as provided in subsections (2), (3), (4), and (5) of this section, conflicting liens and security interests in crops and their proceeds shall rank in accordance with the time of filing.

(2) The lien created in RCW 60.11.020(2) in favor of any person who furnishes any work or labor upon the land of the grower or landowner shall be preferred and prior to any other lien or security interest upon the crops to which they attach including the liens described in subsections (3), (4), and (5) of this section.

(3) The lien created in RCW 60.11.020(3) in favor of handlers is preferred and prior to a lien or security interest described in subsection (4) or (5) of this section and to any other lien or security interest upon the orchard crops to which they attach except the liens in favor of a person who furnishes work or labor upon the land of the grower or landlord. Whenever more than one handler holds a handler's lien created by RCW 60.11.020(3) in the same orchard crop, unless the affected parties otherwise agree in writing, the later of the liens to attach has priority over all previously attached handlers' liens created by RCW 60.11.020(3).

(4) A lien or security interest in crops otherwise entitled to priority pursuant to subsection (1) of this section shall be subordinate to a later perfected lien or security interest incurred to produce the crop to the extent that obligations secured by such earlier perfected security interest or lien were not incurred to produce such crops.

(5) A lien or security interest in crops otherwise entitled to priority pursuant to subsection (1) of this section shall be subordinate to a properly perfected landlord's lien. [2000 c 250 § 9A-828; 1991 c 286 § 5; 1986 c 242 § 5.]

**Effective date—2000 c 250:** See RCW 62A.9A-701.

#### **60.11.060 Foreclosure and enforcement of crop lien.**

Any lien created by this chapter may be foreclosed or enforced by: (1) An action in the district court having jurisdiction in the district in which the real property on which the crop in question was grown is situated in accordance with RCW 60.11.070, if the value of the claim does not exceed the jurisdictional limit of the district court provided in RCW 3.66.020; or (2) an action in the superior court having juris-

isdiction in the county in which the real property on which the crop in question was grown is situated in accordance with RCW 60.11.070, if the value of the claim exceeds the jurisdictional limit of the district court provided in RCW 3.66.020; or (3) summary procedure as provided in RCW 60.11.080; or (4) procedures in Part 6 of Article 9A of the Uniform Commercial Code. [2000 c 250 § 9A-829; 1991 c 33 § 4; 1986 c 242 § 6.]

**Effective date—2000 c 250:** See RCW 62A.9A-701.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**60.11.070 Judicial foreclosure.** The lien holder may proceed upon his or her lien; and if there is a separate obligation in writing to pay the same, secured by the lien, he or she may bring suit upon such separate promise. When he or she proceeds on the promise, if there is a specific agreement therein contained, for the payment of a certain sum or there is a separate obligation for the sum in addition to a decree of sale of lien property, judgment shall be rendered for the amount due upon the promise or other instrument, the payment of which is thereby secured; the decree shall direct the sale of the lien property and if the proceeds of the sale are insufficient under the execution, the sheriff is authorized to levy upon and sell other property of the lien debtor, not exempt from execution, for the sum remaining unsatisfied. In a judicial foreclosure, the court shall allow reasonable attorneys' fees and disbursements for establishing a lien. [2000 c 250 § 9A-830; 1986 c 242 § 7.]

**Effective date—2000 c 250:** See RCW 62A.9A-701.

**60.11.080 Summary foreclosure.** (1) A lien may be summarily foreclosed by notice and sale as provided in this section. The lien holder may sell or otherwise dispose of the collateral in its existing condition or following any commercially reasonable preparation or processing. The proceeds of disposition shall be applied in the order following to:

(a) The reasonable expenses of retaking, holding, preparing for sale, selling and the like, and to the extent provided for in the agreement and not prohibited by law, the reasonable attorneys' fees and legal expenses incurred by the secured party;

(b) The satisfaction of indebtedness secured by the lien under which the disposition is made;

(c) The satisfaction of indebtedness secured by any subordinate security interest in the collateral if written notification of demand therefor is received before distribution of the proceeds is completed. If requested by the lien holder, the holder of a subordinate security interest must seasonably furnish reasonable proof of his or her interest, and unless he or she does so, the lien holder need not comply with the demand.

(2) The lien holder shall account to the lien debtor for any surplus, and, unless otherwise agreed, the lien debtor is not liable for any deficiency.

(3) Disposition of the collateral may be by public or private proceedings and may be made by way of one or more contracts. Sale or other disposition may be as a unit or in parcels and at any time and place and on any terms but every aspect of the disposition including the method, manner, time, place, and terms must be commercially reasonable. Unless

collateral is perishable or threatens to decline quickly in value or is of a type customarily sold on a recognized market, reasonable notification of the time after which any private sale or other intended disposition is to be made shall be sent by the lien holder to the lien debtor, and to any other person who has a duly filed crop lien, or who has a security interest in the collateral and has duly filed a financing statement indexed in the name of the lien debtor in this state, or who is known by the lien holder to have a security interest or crop lien in the collateral. The lien holder may buy at any public sale, and if the collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations the lien holder may buy at private sale. [1986 c 242 § 8.]

**60.11.090 Rights and interest of purchaser for value.**

When a lien is foreclosed in accordance with RCW 60.11.060, the disposition transfers to a purchaser for value all of the lien debtor's right therein and discharges the lien under which it is made and any security interest or lien subordinate thereto. The purchaser takes free of all such rights and interest even though the lien holder fails to comply with the requirements of this chapter or of any judicial proceedings under RCW 60.11.070:

(1) In the case of a public sale, if the purchaser has no knowledge of any defects in the sale and if he or she does not buy in collusion with the lien holder, other bidders, or the person conducting the sale; or

(2) In any other case, if the purchaser acts in good faith. [1986 c 242 § 9.]

**60.11.100 Redemption.** The right of the lien debtor and others to redeem collateral shall be as provided in RCW 62A.9A-623. [2000 c 250 § 9A-831; 1986 c 242 § 10.]

**Effective date—2000 c 250:** See RCW 62A.9A-701.

**60.11.110 Noncompliance with chapter—Rights of lien debtor.** If the lien holder is not proceeding in accordance with the provisions of this chapter, disposition may be ordered or restrained on appropriate terms and conditions. If the disposition has occurred the lien debtor or any person entitled to notification or whose security interest has been made known to the lien holder prior to the disposition has a right to recover from the lien holder any loss caused by a failure to comply with the provisions of this chapter. [1986 c 242 § 11.]

**60.11.120 "Commercially reasonable."** For purposes of this chapter, "commercially reasonable" has the meaning given and shall be construed in a manner consistent with RCW 62A.9A-627. [2000 c 250 § 9A-832; 1986 c 242 § 12.]

**Effective date—2000 c 250:** See RCW 62A.9A-701.

**60.11.130 Limitation of action to foreclose.** Judicial foreclosure or summary procedure as provided in RCW 60.11.060 shall be brought within twenty-four calendar months after filing the financing statement for the lien, except: (1) In the case of a landlord lien which shall be twenty-four calendar months from the date of default on the lease, and (2) in the case of a handler's lien on a given

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orchard crop which shall be twenty-four calendar months from the date of default on payment of the charges described in RCW 60.11.020(3) attributable to that orchard crop. Upon expiration of such time, the claimed lien shall expire. [2000 c 250 § 9A-833; 1986 c 242 § 13.]

**Effective date—2000 c 250:** See RCW 62A.9A-701.

**60.11.140 Termination statement.** Whenever the total amount of the lien has been fully paid and as otherwise provided in RCW 62A.9A-513 (c) and (d), within twenty days following receipt of an authenticated demand following such full payment of the lien, the lien holder filing a lien shall send to the lien debtor or file with the department of licensing a termination statement for the financing statement. Failure to file a termination statement by the lien holder or the assignee of the lien holder shall cause the lien holder or its assignee to be liable to the debtor for the attorneys' fees and costs incurred by the debtor to have the lien terminated together with damages incurred by the debtor due to the failure of the lien holder to terminate the lien. [2000 c 250 § 9A-834; 1991 c 286 § 6; 1986 c 242 § 14.]

**Effective date—2000 c 250:** See RCW 62A.9A-701.

**60.11.900 Savings—Liens created under prior law.**

Liens created prior to January 1, 1987, which are based on statutes repealed by \*this act, shall remain in effect for the duration provided by the law in effect before January 1, 1987. The department of licensing shall notify persons requesting information for crop liens that, for this transition period, records of crop liens may exist at a county auditor's office as well as at the department of licensing. [1986 c 242 § 15.]

**\*Reviser's note:** "this act" [1986 c 242] repealed chapters 60.12, 60.14, and 60.22 RCW.

**60.11.901 Section captions.** As used in this chapter, section captions constitute no part of the law. [1986 c 242 § 18.]

**60.11.902 Severability—1986 c 242.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. [1986 c 242 § 19.]

**60.11.903 Effective date—1986 c 242.** This act shall take effect January 1, 1987. [1986 c 242 § 21.]

**60.11.904 Transition rule for filings made before July 1, 2001.** All statements filed with the department of licensing under this chapter before July 1, 2001, shall satisfy the requirements of RCW 62A.9A-310 and 60.11.030 for filing a financing statement. [2001 c 32 § 5; 2000 c 250 § 9A-835.]

**Effective date—2001 c 32:** See note following RCW 62A.9A-102.

**Effective date—2000 c 250:** See RCW 62A.9A-701.

## Chapter 60.13 RCW

PROCESSOR AND PREPARER LIENS  
FOR AGRICULTURAL PRODUCTS

## Sections

60.13.010	Definitions.
60.13.020	Processor lien.
60.13.030	Preparer lien for grain, hay, or straw.
60.13.035	Notice of preparer lien for dairy products—Proof of lien.
60.13.040	Filing of statement evidencing lien—Contents—Standard filing forms, fees, and procedures.
60.13.050	Priority of lien.
60.13.060	Duration of lien—Statement of discharge.
60.13.070	Foreclosure and enforcement of lien—Costs.

**60.13.010 Definitions.** As used in this chapter, the terms defined in this section have the meanings indicated unless the context clearly requires otherwise.

(1) "Agricultural product" means any unprocessed horticultural, vermicultural and its by-products, viticultural, berry, poultry, poultry product, grain, bee, or other agricultural products, and includes mint or mint oil processed by or for the producer thereof and hay and straw baled or prepared for market in any manner or form and livestock. When used in RCW 60.13.020, "agricultural product" means horticultural, viticultural, aquacultural, or berry products, hay and straw, milk and milk products, vegetable seed, or turf and forage seed and applies only when such products are delivered to a processor or conditioner in an unprocessed form.

(2) "Conditioner," "consignor," "person," and "producer" have the meanings defined in RCW 20.01.010.

(3) "Delivers" means that a producer completes the performance of all contractual obligations with reference to the transfer of actual or constructive possession or control of an agricultural product to a processor or conditioner or preparer, regardless of whether the processor or conditioner or preparer takes physical possession.

(4) "Preparer" means a person engaged in the business of feeding livestock or preparing livestock products for market.

(5) "Processor" means any person, firm, company, or other organization that purchases agricultural products except milk and milk products from a consignor and that cans, freezes, dries, dehydrates, cooks, presses, powders, or otherwise processes those crops in any manner whatsoever for eventual resale, or that purchases or markets milk from a dairy producer and is obligated to remit payment to such dairy producer directly.

(6) "Commercial fisherman" means a person licensed to fish commercially for or to take food fish or shellfish or steelhead legally caught pursuant to executive order, treaty right, or federal statute.

(7) "Fish" means food fish or shellfish or steelhead legally caught pursuant to executive order, treaty right, or federal statute. [2002 c 278 § 1; 1991 c 174 § 2; 1987 c 148 § 1; 1985 c 412 § 1.]

**60.13.020 Processor lien.** Starting on the date a producer delivers any agricultural product to a processor or conditioner, the producer has a first priority statutory lien, referred to as a "processor lien." A commercial fisherman who delivers fish to a processor also has a first priority statutory "processor lien" starting on the date the fisherman delivers fish to the processor. This processor lien shall continue

until twenty days after payment for the product is due and remains unpaid, without filing any notice of lien, for the contract price, if any, or the fair market value of the products delivered. The processor lien attaches to the agricultural products or fish delivered, to the processor's or conditioner's inventory, and to the processor's or conditioner's accounts receivable. However, no processor lien may attach to agricultural products or fish delivered by a producer or commercial fisherman, or on the producer's or fisherman's behalf, to a processor which is organized and operated on a cooperative basis and of which the producer or fisherman is a member, nor may such lien attach to such processor's inventory or accounts receivable. [1987 c 148 § 2; 1985 c 412 § 2.]

**60.13.030 Preparer lien for grain, hay, or straw.** Starting on the date a producer delivers grain, hay, or straw to a preparer, the producer has a first priority statutory lien, referred to as a "preparer lien." This preparer lien shall continue twenty days after payment for the product is due and remains unpaid, without filing any notice of lien, for the contract price, if any, or the fair market value of the products delivered. The preparer lien attaches to the agricultural products delivered by the producer to the preparer, and to the preparer's accounts receivable. [1985 c 412 § 3.]

**60.13.035 Notice of preparer lien for dairy products—Proof of lien.** A person who controls or possesses amounts payable to the preparer of dairy products or the preparer's assigns, if the preparer or preparer's assigns is not a producer-handler, which are properly encumbered by a preparer's lien upon an account receivable shall not be obligated to pay a producer amounts to which the producer's preparer lien has attached until that person receives written notice of such lien, nor shall that person be liable to the producer for any amounts paid out prior to receipt of said notice. The notice required herein shall contain the information described in RCW 60.13.040(2). If requested by the person responsible for payment of such amounts, the producer must seasonably furnish reasonable proof that the preparer lien continues to exist and unless such proof is so furnished, that person has no obligation to pay the producer. A preparer of dairy products shall provide the name of the purchaser or marketing agent of the products to the producer upon request.

Failure to furnish the written notice as provided in this section shall not affect the status of the lien established under this chapter in regard to the relationship with other creditors. [1986 c 178 § 15.]

**60.13.040 Filing of statement evidencing lien—Contents—Standard filing forms, fees, and procedures.** (1) A producer or commercial fisherman claiming a processor or preparer lien may file a statement evidencing the lien with the department of licensing after payment from the processor, conditioner, or preparer to the producer or fisherman is due and remains unpaid. For purposes of this subsection and RCW 60.13.050, payment is due on the date specified in the contract, or if not specified, then within thirty days from time of delivery.

(2) The statement shall be in a record, authenticated by the producer or fisherman, and shall contain in substance the following information:

(a) A true statement or a reasonable estimate of the amount demanded after deducting all credits and offsets;

(b) The name of the processor, conditioner, or preparer who received the agricultural product or fish to be charged with the lien;

(c) A description sufficient to identify the agricultural product or fish to be charged with the lien;

(d) A statement that the amount claimed is a true and bona fide existing debt as of the date of the filing of the notice evidencing the lien;

(e) The date on which payment was due for the agricultural product or fish to be charged with the lien; and

(f) The department of licensing may by rule prescribe standard filing forms, fees, and uniform procedures for filing with, and obtaining information from, filing officers. [2002 c 278 § 2; 2001 c 32 § 6. Prior: 1987 c 189 § 7; 1987 c 148 § 3; 1985 c 412 § 4.]

**Effective date—2001 c 32:** See note following RCW 62A.9A-102.

**60.13.050 Priority of lien.** (1)(a) If a statement is filed pursuant to RCW 60.13.040 within twenty days of the date upon which payment from the processor, conditioner, or preparer to the producer or commercial fisherman is due and remains unpaid, the processor or preparer lien evidenced by the statement continues its priority over all other liens or security interests upon agricultural products or fish, inventory, and accounts receivable, except as provided in (b) of this subsection. Such priority is without regard to whether the other liens or security interests attached before or after the date on which the processor or preparer lien attached.

(b) The processor or preparer lien shall be subordinate to liens for taxes or labor perfected before filing of the processor or preparer lien.

(2) If the statement provided for in RCW 60.13.040 is not filed within twenty days of the date payment is due and remains unpaid, the processor or preparer lien shall thereupon become subordinate to:

(a) A lien that has attached to the agricultural product or fish, inventory, or accounts receivable before the date on which the processor or preparer lien attaches; and

(b) A perfected security interest in the agricultural product or fish, inventory, or accounts receivable. [1987 c 148 § 4; 1985 c 412 § 5.]

**60.13.060 Duration of lien—Statement of discharge.**

(1) The processor lien shall terminate twelve months after, and the preparer lien shall terminate fifty days after, the later of the date of attachment or filing, unless a suit to foreclose the lien has been filed before that time as provided in RCW 60.13.070.

(2) If a statement has been filed as provided in RCW 60.13.040 and the producer or commercial fisherman has received payment for the obligation secured by the lien, the producer or fisherman shall promptly file with the department of licensing a statement declaring that full payment has been received and that the lien is discharged. If, after payment, the producer or fisherman fails to file such statement of

discharge within ten days following a request to do so, the producer or fisherman shall be liable to the processor, conditioner, or preparer in the sum of one hundred dollars plus actual damages caused by the failure. [2002 c 278 § 3; 1987 c 148 § 5; 1985 c 412 § 6.]

**60.13.070 Foreclosure and enforcement of lien—Costs.** (1) The processor or preparer liens may be foreclosed and enforced by civil action in superior court.

(2) In all suits to enforce processor or preparer liens, the court shall, upon entering judgment, allow to the prevailing party as a part of the costs, all moneys paid for the filing and recording of the lien and reasonable attorney fees. [1985 c 412 § 7.]

**Chapter 60.16 RCW**

**LABOR LIENS ON ORCHARDS AND ORCHARD LANDS**

Sections

60.16.010	Liens authorized.
60.16.020	Notice of lien—Filing—Contents—Foreclosure.
60.16.030	Limitation of action to foreclose—Costs.

**60.16.010 Liens authorized.** Any person or corporation who shall do or cause to be done any labor upon any orchard or orchard lands, in pruning, spraying, cultivating and caring for the same, at the request of the owner thereof, or his agent, shall have a lien upon such orchard and orchard lands for such work and labor so performed. [1917 c 110 § 1; RRS § 1131-1.]

**60.16.020 Notice of lien—Filing—Contents—Foreclosure.** Any person or corporation claiming the benefit of this chapter, must within forty days after the close of such work or labor for each season during which such work and labor is done, file for record with the county auditor of the county in which said work and labor was performed and in which said land or part thereof is situated, a claim of lien which shall be in substance in accordance with the provisions of \*RCW 60.04.060, so far as the same is applicable, which said claim of lien shall be verified as in said section provided, and such lien may be enforced in a civil action in the same manner as near as may be, as provided in \*RCW 60.04.120. [1917 c 110 § 2; RRS § 1131-2.]

**\*Reviser's note:** RCW 60.04.060 and 60.04.120 were repealed by 1991 c 281 § 31, effective April 1, 1992.

**60.16.030 Limitation of action to foreclose—Costs.** Any action to foreclose such claim of lien shall be brought within eight calendar months after the filing of such claim for lien as provided in RCW 60.16.020 and in any such action brought to enforce such lien, the court shall allow as part of the costs the money paid for making, filing and recording such claim of lien and a reasonable attorney's fee. [1917 c 110 § 3; RRS § 1131-3.]

## Chapter 60.24 RCW

LIEN FOR LABOR AND SERVICES  
ON TIMBER AND LUMBER

## Sections

60.24.020	Liens on saw logs, spars, piles, cord wood, shingle bolts or other timber.
60.24.030	Lien on lumber—"Lumber" defined.
60.24.033	Lien on real property for labor or services on timber and lumber.
60.24.035	Lien for stumpage.
60.24.038	Priority of lien.
60.24.040	Period covered by labor liens.
60.24.070	Period covered by stumpage lien.
60.24.075	Claims—Contents—Form.
60.24.080	Filing claim for stumpage lien.
60.24.100	Recording claims—Fees.
60.24.110	Limitation of action.
60.24.120	Venue—Procedure.
60.24.130	Sheriff as receiver—Deposit to recover possession—Costs.
60.24.140	Pleadings by defendant—Amendments—Hearing.
60.24.150	Enforcement against all or part of property.
60.24.160	Errors in claim, effect of.
60.24.170	Purchase of property subject to lien—Presumption of notice.
60.24.180	Joinder—Costs.
60.24.190	Judgment—Sale—Disposition of proceeds.
60.24.195	Sale of property subject to lien—When.
60.24.200	Damages for eloigning, injuring, destroying or removing marks, etc.—Recovery.

*Lien under this chapter extends to real property on which labor and services are performed: RCW 60.24.033.*

**60.24.020 Liens on saw logs, spars, piles, cord wood, shingle bolts or other timber.** Every person performing labor upon or who shall assist in obtaining or securing saw logs, spars, piles, cord wood, shingle bolts or other timber, and the owner or owners of any tugboat or towboat, which shall tow or assist in towing, from one place to another within this state, any saw logs, spars, piles, cord wood, shingle bolts or other timber, and the owner or owners of any team or any logging engine, which shall haul or assist in hauling from one place to another within this state, any saw logs, spars, piles, cord wood, shingle bolts or other timber, and the owner or owners of any logging or other railroad over which saw logs, spars, piles, cord wood, shingle bolts, or other timber shall be transported and delivered, shall have a lien upon the same for the work or labor done upon, or in obtaining or securing, or for services rendered in towing, transporting, hauling, or driving, the particular saw logs, spars, cord wood, shingle bolts, or other timber in said claim of lien described whether such work, labor or services was done, rendered or performed at the instance of the owner of the same or his agent. Scalpers, and bull cooks, and cooks, flunkeys and waiters in lumber camps, shall be regarded as persons who assist in obtaining or securing the timber herein mentioned. [1923 c 10 § 1; 1907 c 9 § 1; 1895 c 88 § 1; 1893 c 132 § 1; RRS § 1162. Prior: Code 1881 § 1941; 1879 p 100 § 2; 1877 p 217 § 3; 1860 p 340 § 1.]

**60.24.030 Lien on lumber—"Lumber" defined.** Every person performing work or labor or assisting in manufacturing saw logs and other timber into lumber and shingles, has a lien upon such lumber while the same remains at the mill where it was manufactured, or in the possession or under the control of the manufacturer, whether such work or labor was done at the instance of the owner of such logs or his agent or any contractor or subcontractor of such owner. The term lumber, as used in this chapter, shall be held and be con-

strued to mean all logs or other timber sawed or split for use, including beams, joists, planks, boards, shingles, laths, staves, hoops, and every article of whatsoever nature or description manufactured from saw logs or other timber. [1893 c 132 § 2; 1893 c 10 § 1; RRS § 1163. Prior: Code 1881 § 1942; 1877 p 217 § 4. Formerly RCW 60.24.010, part.]

**60.24.033 Lien on real property for labor or services on timber and lumber.** The lot tract, parcel of land, or any other type of real property or real property improvements upon which the type of activities listed in RCW 60.24.020, 60.24.030, or 60.24.035 are to be performed, or so much property thereof as may be necessary to satisfy the lien and the judgment thereon, to be determined by the court on rendering judgment in a foreclosure of lien, shall also be subject to the lien to the extent of its interest of the persons who in their own behalf, or through any of their agents, caused any of the types of activities listed in RCW 60.24.020, 60.24.030, or 60.24.035. [1986 c 179 § 1. Formerly RCW 60.04.045.]

**60.24.035 Lien for stumpage.** Any person who shall permit another to go upon his timber land and cut thereon saw logs, spars, piles or other timber, has a lien upon the same for the price agreed to be paid for such privilege, or for the price such privilege would be reasonably worth in case there was no express agreement fixing the price. [1893 c 132 § 3; RRS § 1164. Prior: Code 1881 § 1943; 1877 p 217 § 5. Formerly RCW 60.24.060.]

**60.24.038 Priority of lien.** The liens provided for in this chapter are preferred liens and are prior to any other liens, and no sale or transfer of any saw logs, spars, piles or other timber or manufactured lumber or shingles shall divest the lien thereon as herein provided, and as between liens provided for in this chapter those for work and labor shall be preferred: PROVIDED, That as between liens for work and labor claimed by several laborers on the same logs or lot of logs the claim or claims for work or labor done or performed on the identical logs proceeded against to the extent that said logs can be identified, shall be preferred as against the general claim of lien for work and labor recognized and provided for in this chapter. [1893 c 132 § 4; RRS § 1165. Prior: Code 1881 § 1944; 1877 p 217 § 6. Formerly RCW 60.24.090.]

**60.24.040 Period covered by labor liens.** The person rendering the service of [or] doing the work or labor named in RCW 60.24.020 and 60.24.030 is only entitled to the liens as provided herein for services, work or labor for the period of eight calendar months, or any part thereof next preceding the filing of the claim, as provided in \*section 8 of this act. [1893 c 132 § 5; RRS § 1166. Prior: Code 1881 § 1945; 1877 p 217 § 7.]

\*Reviser's note: "section 8 of this act" is codified as RCW 60.24.080. Section 7 (codified as RCW 60.24.075) was probably intended.

**60.24.070 Period covered by stumpage lien.** The person granting the privilege mentioned in RCW 60.24.035 is only entitled to the lien as provided therein for saw logs, spars, piles and other timber cut during the eight months next

preceding the filing of the claim, as herein provided in RCW 60.24.075. [1893 c 132 § 6; RRS § 1167. Prior: Code 1881 § 1946; 1877 p 217 § 8.]

**60.24.075 Claims—Contents—Form.** Every person, within sixty days after the close of the rendition of the services, or after the close of the work or labor mentioned in the preceding sections, claiming the benefit hereof, must file for record with the county auditor of the county in which such saw logs, spars, piles, and other timber were cut, or in which such lumber or shingles were manufactured, a claim containing a statement of his demand and the amount thereof, after deducting as nearly as possible all just credits and offsets, with the name of the person by whom he was employed, with a statement of the terms and conditions of his contract, if any, and in case there is no express contract, the claim shall state what such service, work, or labor is reasonably worth; and it shall also contain a description of the property to be charged with the lien sufficient for identification with reasonable certainty, which claim must be verified by the oath of himself or some other person to the effect that the affiant believes the same to be true, which claim shall be substantially in the following form:

..... Claimant, vs. ....

Notice is hereby given that ..... of ..... county, state of Washington, claims a lien upon a ..... of ....., being about ..... in quantity, which were cut or manufactured in ..... county, state of Washington, are marked thus ....., and are now lying in ....., for labor performed upon and assistance rendered in ..... said .....,; that the name of the owner or reputed owner is .....,; that ..... employed said ..... to perform such labor and render such assistance upon the following terms and conditions, to wit:

The said ..... agreed to pay the said ..... for such labor and assistance .....,; that said contract has been faithfully performed and fully complied with on the part of said ....., who performed labor upon and assisted in ..... said ..... for the period of .....,; that said labor and assistance were so performed and rendered upon said ..... between the ... day of ..... and the ... day of .....,; and the rendition of said service was closed on the ... day of ....., and sixty days have not elapsed since that time; that the amount of claimant's demand for said service is .....,; that no part thereof has been paid except ....., and there is now due and remaining unpaid thereon, after deducting all just credits and offsets, the sum of ....., in which amount he claims a lien upon said ....., The said ..... also claims a lien on all said ..... now owned by said ..... of said county to secure payment for the work and labor performed in obtaining or securing the said logs, spars, piles, or other timber, lumber, or shingles herein described.

State of Washington, county of ..... ss.

..... being first duly sworn, on oath says that he is ..... named in the foregoing claim, has heard the same read, knows the contents thereof, and believes the same to be true.

Subscribed and sworn to before me this .... day of .....

[1986 c 179 § 2; 1893 c 132 § 7; RRS § 1168. Prior: Code 1881 § 1947; 1879 p 100 § 4; 1877 p 217 § 9. Formerly RCW 60.24.050.]

**60.24.080 Filing claim for stumpage lien.** Every person mentioned in RCW 60.24.035 claiming the benefit thereof must file for record with the county auditor of the county in which such saw logs, spars, piles or other timber were cut, a claim in substance the same as provided in RCW 60.24.075, and verified as therein provided. [1893 c 132 § 8; RRS § 1169. Prior: Code 1881 § 1948; 1877 p 218 § 10.]

**60.24.100 Recording claims—Fees.** The county auditor must record any claim filed under this chapter in a book kept by him for that purpose, which record must be indexed, as deeds and other conveyances are required by law to be indexed, and for which he may receive the same fees as are allowed by law for recording deeds and other instruments. [1893 c 132 § 9; RRS § 1170. Prior: Code 1881 § 1949; 1877 p 218 § 11.]

**60.24.110 Limitation of action.** No lien provided for in this chapter binds any saw logs, spars, piles or other timber, or lumber and shingles, for a longer period than eight calendar months after the claim as herein provided has been filed, unless a civil action be commenced in a proper court, within that time, to enforce the same: PROVIDED, HOWEVER, That in case such civil action so commenced should for any cause other than the merits, be nonsuited or dismissed, then the lien shall continue for the term of one calendar month, if the said eight months have expired, to permit the commencement of another action thereon, which shall be as effective in prolonging the lien as if it had been entered during the term of eight months hereinbefore stated. [1893 c 132 § 10; RRS § 1171. Prior: Code 1881 § 1950; 1879 p 100 § 5; 1877 p 218 § 12.]

**60.24.120 Venue—Procedure.** The liens provided for in this chapter shall be enforced by a civil action in the superior court of the county wherein the lien was filed, and shall be governed by the laws regulating the proceedings in civil actions touching the mode and manner of trial, and the proceedings and laws to secure property so as to hold it for the satisfaction of any lien that be against it; except as hereinafter otherwise provided. [1893 c 132 § 11; RRS § 1172. Prior: Code 1881 § 1951; 1877 p 218 § 13.]

**60.24.130 Sheriff as receiver—Deposit to recover possession—Costs.** The sheriff of the county wherein the lien is filed shall be the receiver when one is appointed, and the superior court upon a showing made shall appoint such receiver without notice, who shall be allowed such fees as may seem just to the court, which fees shall be accounted for by such sheriff as other fees collected by him in his official capacity: PROVIDED, That at any time when any property is in the custody of such sheriff under the provisions of this

chapter, and any person claiming any interest therein, may deposit with the clerk of the court in which such action is pending, a sum of money in an amount equal to the claim sued upon, together with one hundred dollars, to cover costs and interest, (unless the court shall make an order fixing a different amount to cover such costs and interest, then such an amount as the court shall fix to secure such costs and interest, which such action is being prosecuted) and shall have the right to demand and receive forthwith from such sheriff the possession and custody of such property: PROVIDED, That in no action brought under the provisions of this chapter shall costs be allowed to lien holders unless a demand has been made for payment of his lien claim before commencement of suit, unless the court shall find the claimants at time of bringing action had reasonable ground to believe that the owner or the person having control of the property upon which such lien is claimed was attempting to defraud such claimant, or prevent the collection of such lien. [1899 c 90 § 1; 1893 c 132 § 12; RRS § 1173.]

**60.24.140 Pleadings by defendant—Amendments—Hearing.** If the defendant or defendants appear in a suit to enforce any lien provided by this chapter he or they shall make their answer on the merits of the complaint, and any motion or demurrer against the said complaint must be filed with the answer; and no motion shall be allowed to make complaint more definite and certain, if it appear to the court that the defendant or defendants have or should have knowledge of the facts, or that it can be made more certain and definite by facts which will appear necessarily in the testimony; but the case, unless the court sustains the demurrer to the complaint, shall be heard on the merits as speedily as possible, and amendments of the pleadings, if necessary, shall be liberally allowed. [1893 c 132 § 13; RRS § 1174.]

**60.24.150 Enforcement against all or part of property.** Any person who shall bring a civil action to enforce the lien herein provided for, or any person having a lien as herein provided for, who shall be made a party to any such civil action, has the right to demand that such lien be enforced against the whole or any part of the saw logs, spars, piles or other timber or manufactured lumber or shingles upon which he has performed labor or which he has assisted in securing or obtaining, or which he has cut on his timber land during the eight months next preceding the filing of his lien, for all his labor upon or for all his assistance in obtaining or securing said logs, spars, piles or other timber, or in manufacturing said lumber or shingles during the whole or any part of the eight months mentioned in \*section seven (7) of this act, or for timber cut during the whole or any part of the eight months above mentioned. And where proceedings are commenced against any lot of saw logs, spars, piles or other timber or lumber or shingles as herein provided, and some of the lienors claim liens against the specific logs, spars, piles or other timber or lumber or shingles proceeded against, and others against the same generally, to secure their claims for work and labor, the priority of the liens shall be determined as hereinbefore provided. [1893 c 132 § 14; RRS § 1175. Prior: Code 1881 § 1952; 1877 p 218 § 14.]

\*Reviser's note: "section seven (7) of this act" is codified as RCW 60.24.075. Section 5 (codified as RCW 60.24.040) was probably intended.

**60.24.160 Errors in claim, effect of.** No mistake or error in the statement of the demand, or of the amount of credits and offsets allowed, or of the balance asserted to be due to claimant, nor in the description of the property against which the claim is filed, shall invalidate the lien, unless the court finds that such mistake or error in the statement of the demand, credits and offsets or of the balance due was made with intent to defraud, or the court shall find that an innocent third party without notice, direct or constructive, has, since the claim was filed, become the bona fide owner of the property liened upon, and that the notice of claim was so deficient that it did not put the party upon further inquiry, in any manner. [1893 c 132 § 15; RRS § 1176.]

**60.24.170 Purchase of property subject to lien—Presumption of notice.** It shall be conclusively presumed by the court that a party purchasing the property liened upon within thirty days given herein to claimants wherein to file their liens, is not an innocent third party, nor that he has become a bona fide owner of the property liened upon, unless it shall appear that he has paid full value for the said property, and has seen that the purchase money of the said property has been applied to the payment of such bona fide claims as are entitled to liens upon the said property under the provisions of this chapter, according to the priorities herein established. [1893 c 132 § 16; RRS § 1177.]

**60.24.180 Joinder—Costs.** Any number of persons claiming liens under this chapter may join in the affidavit in RCW 60.24.075 provided, and may join in the same action, and when separate actions are commenced the court may consolidate them. The court shall also allow as part of the costs the moneys paid for filing, making and recording the claim, and a reasonable attorney's fee for each person claiming a lien. [1901 c 23 § 1; 1893 c 132 § 17; RRS § 1178. Prior: Code 1881 § 1691; 1877 p 219 § 15.]

**60.24.190 Judgment—Sale—Disposition of proceeds.** In each civil action judgment must be rendered in favor of each person having a lien for the amount due to him, and the court or judge thereof shall order any property subject to the lien herein provided for to be sold by the sheriff of the proper county in the same manner that personal property is sold on execution, and the court or judge shall apportion the proceeds of such sale to the payment of each judgment, according to the priorities established in this chapter pro rata in its class according to the amount of such judgment. [1893 c 132 § 18; RRS § 1179. Prior: Code 1881 § 1954; 1877 p 219 § 16. FORMER PART OF SECTION: 1893 c 132 § 19; RRS § 1180 now codified as RCW 60.24.195.]

*Sale of property on execution: Chapter 6.21 RCW.*

**60.24.195 Sale of property subject to lien—When.** The court or judge may order any property subject to a lien as in this chapter provided to be sold by the sheriff as personal property is sold on execution either before or at the time judgment is rendered, as provided in RCW 60.24.190, and the proceeds of such sale must be paid into court to be applied as in RCW 60.24.190 directed. [1893 c 132 § 19; RRS § 1180.]

Prior: Code 1881 § 1955; 1877 p 219 § 17. Formerly RCW 60.24.190, part.]

*Sale of property on execution: Chapter 6.21 RCW.*

**60.24.200 Damages for eloigning, injuring, destroying or removing marks, etc.—Recovery.** Any person who shall eloin, injure or destroy, or who shall render difficult, uncertain or impossible of identification any saw logs, spars, piles, shingles or other timber upon which there is a lien as herein provided, without the express consent of the person entitled to such lien, shall be liable to the lien holder for the damages to the amount secured by his lien, and it being shown to the court in the civil action to enforce said lien, it shall be the duty of the court to enter a personal judgment for the amount in such action against the said person, provided he be a party to such action, or the damages may be recovered by a civil action against such person. [1893 c 132 § 20; RRS § 1181. Prior: Code 1881 § 1956; 1877 p 219 § 18.]

### Chapter 60.28 RCW

## LIEN FOR LABOR, MATERIALS, TAXES ON PUBLIC WORKS

#### Sections

60.28.011	Retained percentage—Labor and material lien created—Bond in lieu of retained funds—Termination before completion—Chapter deemed exclusive—Release of ferry contract payments—Projects of farmers home administration—General contractor/construction manager procedure—Definitions.
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60.28.040	Tax liens—Priority of liens ( <i>as amended by 2009 c 432</i> ).
60.28.051	Duties of disbursing officer upon completion of contract.
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60.28.900	Severability—1955 c 236.

*Contractor's bond for payment of mechanics, laborers, materialmen, etc., on public works: Chapter 39.08 RCW.*

**60.28.011 Retained percentage—Labor and material lien created—Bond in lieu of retained funds—Termination before completion—Chapter deemed exclusive—Release of ferry contract payments—Projects of farmers home administration—General contractor/construction manager procedure—Definitions.** (1) Public improvement contracts shall provide, and public bodies shall reserve, a contract retainage not to exceed five percent of the moneys earned by the contractor as a trust fund for the protection and payment of: (a) The claims of any person arising under the contract; and (b) the state with respect to taxes imposed pursuant to Titles 50, 51, and 82 RCW which may be due from such contractor.

(2) Every person performing labor or furnishing supplies toward the completion of a public improvement contract shall have a lien upon moneys reserved by a public body under the provisions of a public improvement contract. However, the notice of the lien of the claimant shall be given within forty-five days of completion of the contract work, and in the manner provided in RCW 39.08.030.

(3) The contractor at any time may request the contract retainage be reduced to one hundred percent of the value of the work remaining on the project.

(a) After completion of all contract work other than landscaping, the contractor may request that the public body release and pay in full the amounts retained during the performance of the contract, and sixty days thereafter the public body must release and pay in full the amounts retained (other than continuing retention of five percent of the moneys earned for landscaping) subject to the provisions of chapters 39.12 and 60.28 RCW.

(b) Sixty days after completion of all contract work the public body must release and pay in full the amounts retained during the performance of the contract subject to the provisions of chapters 39.12 and 60.28 RCW.

(4) The moneys reserved by a public body under the provisions of a public improvement contract, at the option of the contractor, shall be:

(a) Retained in a fund by the public body;

(b) Deposited by the public body in an interest bearing account in a bank, mutual savings bank, or savings and loan association. Interest on moneys reserved by a public body under the provision of a public improvement contract shall be paid to the contractor;

(c) Placed in escrow with a bank or trust company by the public body. When the moneys reserved are placed in escrow, the public body shall issue a check representing the sum of the moneys reserved payable to the bank or trust company and the contractor jointly. This check shall be converted into bonds and securities chosen by the contractor and approved by the public body and the bonds and securities shall be held in escrow. Interest on the bonds and securities shall be paid to the contractor as the interest accrues.

(5) The contractor or subcontractor may withhold payment of not more than five percent from the moneys earned by any subcontractor or sub-subcontractor or supplier contracted with by the contractor to provide labor, materials, or equipment to the public project. Whenever the contractor or subcontractor reserves funds earned by a subcontractor or sub-subcontractor or supplier, the contractor or subcontractor shall pay interest to the subcontractor or sub-subcontractor or supplier at a rate equal to that received by the contractor or subcontractor from reserved funds.

(6) A contractor may submit a bond for all or any portion of the contract retainage in a form acceptable to the public body and from a bonding company meeting standards established by the public body. The public body shall accept a bond meeting these requirements unless the public body can demonstrate good cause for refusing to accept it. This bond and any proceeds therefrom are subject to all claims and liens and in the same manner and priority as set forth for retained percentages in this chapter. The public body shall release the bonded portion of the retained funds to the contractor within thirty days of accepting the bond from the contractor. Whenever a public body accepts a bond in lieu of retained funds from a contractor, the contractor shall accept like bonds from any subcontractors or suppliers from which the contractor has retained funds. The contractor shall then release the funds retained from the subcontractor or supplier to the subcontractor or supplier within thirty days of accepting the bond from the subcontractor or supplier.

(7) If the public body administering a contract, after a substantial portion of the work has been completed, finds that an unreasonable delay will occur in the completion of the remaining portion of the contract for any reason not the result of a breach thereof, it may, if the contractor agrees, delete from the contract the remaining work and accept as final the improvement at the stage of completion then attained and make payment in proportion to the amount of the work accomplished and in this case any amounts retained and accumulated under this section shall be held for a period of sixty days following the completion. In the event that the work is terminated before final completion as provided in this section, the public body may thereafter enter into a new contract with the same contractor to perform the remaining work or improvement for an amount equal to or less than the cost of the remaining work as was provided for in the original contract without advertisement or bid. The provisions of this chapter are exclusive and shall supersede all provisions and regulations in conflict herewith.

(8) Whenever the department of transportation has contracted for the construction of two or more ferry vessels, sixty days after completion of all contract work on each ferry vessel, the department must release and pay in full the amounts retained in connection with the construction of the vessel subject to the provisions of RCW 60.28.021 and chapter 39.12 RCW. However, the department of transportation may at its discretion condition the release of funds retained in connection with the completed ferry upon the contractor delivering a good and sufficient bond with two or more sureties, or with a surety company, in the amount of the retained funds to be released to the contractor, conditioned that no taxes shall be certified or claims filed for work on the ferry after a period of sixty days following completion of the ferry; and if taxes are certified or claims filed, recovery may be had on the bond by the department of revenue, the employment security department, the department of labor and industries, and the material suppliers and laborers filing claims.

(9) Except as provided in subsection (1) of this section, reservation by a public body for any purpose from the moneys earned by a contractor by fulfilling its responsibilities under public improvement contracts is prohibited.

(10) Contracts on projects funded in whole or in part by farmers home administration and subject to farmers home administration regulations are not subject to subsections (1) through (9) of this section.

(11) This subsection applies only to a public body that has contracted for the construction of a facility using the general contractor/construction manager procedure, as defined under RCW 39.10.210. If the work performed by a subcontractor on the project has been completed within the first half of the time provided in the general contractor/construction manager contract for completing the work, the public body may accept the completion of the subcontract. The public body must give public notice of this acceptance. After a forty-five day period for giving notice of liens, and compliance with the retainage release procedures in RCW 60.28.021, the public body may release that portion of the retained funds associated with the subcontract. Claims against the retained funds after the forty-five day period are not valid.

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

(a) "Contract retainage" means an amount reserved by a public body from the moneys earned by a person under a public improvement contract.

(b) "Person" means a person or persons, mechanic, subcontractor, or material person who performs labor or provides materials for a public improvement contract, and any other person who supplies the person with provisions or supplies for the carrying on of a public improvement contract.

(c) "Public body" means the state, or a county, city, town, district, board, or other public body.

(d) "Public improvement contract" means a contract for public improvements or work, other than for professional services, or a work order as defined in RCW 39.10.210. [2009 c 432 § 5; 2009 c 219 § 6. Prior: 2007 c 494 § 504; 2007 c 218 § 92; 2003 c 301 § 7; 2000 c 185 § 1; 1994 c 101 § 1; 1992 c 223 § 2.]

**Reviser's note:** This section was amended by 2009 c 219 § 6 and by 2009 c 432 § 5, each without reference to the other. Both amendments are incorporated in the publication of this section under RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

**Report—2009 c 432:** See note following RCW 18.27.062.

**Part headings and captions not law—Effective dates—Severability—2007 c 494:** See RCW 39.10.903 through 39.10.905.

**Intent—Finding—2007 c 218:** See note following RCW 1.08.130.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

#### **60.28.015 Recovery from retained percentage—Written notice to contractor of materials furnished.**

Every person, firm, or corporation furnishing materials, supplies, or equipment to be used in the construction, performance, carrying on, prosecution, or doing of any work for the state, or any county, city, town, district, municipality, or other public body, shall give to the contractor of the work a notice in writing, which notice shall cover the material, supplies, or equipment furnished or leased during the sixty days preceding the giving of such notice as well as all subsequent materials, supplies, or equipment furnished or leased, stating in substance and effect that such person, firm, or corporation is and/or has furnished materials and supplies, or equipment for use thereon, with the name of the subcontractor ordering the same, and that a lien against the retained percentage may be claimed for all materials and supplies, or equipment furnished by such person, firm, or corporation for use thereon, which notice shall be given by (1) mailing the same by registered or certified mail in an envelope addressed to the contractor, or (2) by serving the same personally upon the contractor or the contractor's representative and obtaining evidence of such service in the form of a receipt or other acknowledgement signed by the contractor or the contractor's representative, and no suit or action shall be maintained in any court against the retained percentage to recover for such material, supplies, or equipment or any part thereof unless the provisions of this section have been complied with. [1986 c 314 § 5.]

**60.28.021 Excess over lien claims paid to contractor.** After the expiration of the forty-five day period for giving notice of lien provided in RCW 60.28.011(2), and after receipt of the certificates of the department of revenue, the

employment security department, and the department of labor and industries, and the public body is satisfied that the taxes certified as due or to become due by the department of revenue, the employment security department, and the department of labor and industries are discharged, and the claims of material suppliers and laborers who have filed their claims, together with a sum sufficient to defray the cost of foreclosing the liens of such claims, and to pay attorneys' fees, have been paid, the public body may withhold from the remaining retained amounts for claims the public body may have against the contractor and shall pay the balance, if any, to the contractor the fund retained by it or release to the contractor the securities and bonds held in escrow.

If such taxes have not been discharged or the claims, expenses, and fees have not been paid, the public body shall either retain in its fund, or in an interest bearing account, or retain in escrow, at the option of the contractor, an amount equal to such unpaid taxes and unpaid claims together with a sum sufficient to defray the costs and attorney fees incurred in foreclosing the lien of such claims, and shall pay, or release from escrow, the remainder to the contractor. [2009 c 432 § 6; 2007 c 218 § 94; 1992 c 223 § 3.]

**Report—2009 c 432:** See note following RCW 18.27.062.

**Intent—Finding—2007 c 218:** See note following RCW 1.08.130.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**60.28.030 Foreclosure of lien—Limitation of action—Release of funds.** Any person, firm, or corporation filing a claim against the reserve fund shall have four months from the time of the filing thereof in which to bring an action to foreclose the lien. The lien shall be enforced by action in the superior court of the county where filed, and shall be governed by the laws regulating the proceedings in civil actions touching the mode and manner of trial and the proceedings and laws to secure property so as to hold it for the satisfaction of any lien against it: PROVIDED, That the public body shall not be required to make any detailed answer to any complaint or other pleading but need only certify to the court the name of the contractor; the work contracted to be done; the date of the contract; the date of completion and final acceptance of the work; the amount retained; the amount of taxes certified due or to become due to the state; and all claims filed with it showing respectively the dates of filing, the names of claimants, and amounts claimed. Such certification shall operate to arrest payment of so much of the funds retained as is required to discharge the taxes certified due or to become due and the claims filed in accordance with this chapter. In any action brought to enforce the lien, the claimant, if he prevails, is entitled to recover, in addition to all other costs, attorney fees in such sum as the court finds reasonable. If a claimant fails to bring action to foreclose his lien within the four months period, the reserve fund shall be discharged from the lien of his claim and the funds shall be paid to the contractor. The four months limitation shall not, however, be construed as a limitation upon the right to sue the contractor or his surety where no right of foreclosure is sought against the fund. [1979 ex.s. c 38 § 1; 1955 c 236 § 3; 1927 c 241 § 1; 1921 c 166 § 3; RRS § 10322.]

(2010 Ed.)

**60.28.040 Tax liens—Priority of liens (as amended by 2009 c 219).** The amount of all taxes, increases and penalties due or to become due under Title 82 RCW, from a contractor or the contractor's successors or assignees with respect to a public improvement contract wherein the contract price is ((twenty)) ~~thirty-five~~ thousand dollars or more shall be a lien prior to all other liens upon the amount of the retained percentage withheld by the disbursing officer under such contract, except that the employees of a contractor or the contractor's successors or assignees who have not been paid the prevailing wage under such a public improvement contract shall have a first priority lien against the bond or retainage prior to all other liens. The amount of all other taxes, increases and penalties due and owing from the contractor shall be a lien upon the balance of such retained percentage remaining in the possession of the disbursing officer after all other statutory lien claims have been paid. [2009 c 219 § 7; 1985 c 80 § 1; 1971 ex.s. c 299 § 1; 1955 c 236 § 4. Prior: 1949 c 228 § 27, part; Rem. Supp. 1949 § 8370-204a, part; RCW 82.32.250, part.]

**60.28.040 Tax liens—Priority of liens (as amended by 2009 c 432).** (1) Subject to subsection (5) of this section, the amount of all taxes, increases, and penalties due or to become due under Title 82 RCW, from a contractor or the contractor's successors or assignees with respect to a public improvement contract wherein the contract price is twenty thousand dollars or more, shall be a lien prior to all other liens upon the amount of the retained percentage withheld by the disbursing officer under such contract((, except that)).

(2) Subject to subsection (5) of this section, after payment of all taxes, increases, and penalties due or to become due under Title 82 RCW, from a contractor or the contractor's successors or assignees with respect to a public improvement contract wherein the contract price is twenty thousand dollars or more, the amount of all other taxes, increases, and penalties under Title 82 RCW, due and owing from the contractor, shall be a lien prior to all other liens upon the amount of the retained percentage withheld by the disbursing officer under such contract.

(3) Subject to subsection (5) of this section, after payment of all taxes, increases, and penalties due or to become due under Title 82 RCW, the amount of all taxes, increases, and penalties due or to become due under Titles 50 and 51 RCW from the contractor or the contractor's successors or assignees with respect to a public improvement contract wherein the contract price is twenty thousand dollars or more shall be a lien prior to all other liens upon the amount of the retained percentage withheld by the disbursing officer under such contract.

(4) Subject to subsection (5) of this section, the amount of all other taxes, increases, and penalties due and owing from the contractor shall be a lien upon the balance of such retained percentage remaining in the possession of the disbursing officer after all other statutory lien claims have been paid.

(5) The employees of a contractor or the contractor's successors or assignees who have not been paid the prevailing wage under such a public improvement contract shall have a first priority lien against the bond or retainage prior to all other liens. ((The amount of all other taxes, increases and penalties due and owing from the contractor shall be a lien upon the balance of such retained percentage remaining in the possession of the disbursing officer after all other statutory lien claims have been paid.)) [2009 c 432 § 7; 1985 c 80 § 1; 1971 ex.s. c 299 § 1; 1955 c 236 § 4. Prior: 1949 c 228 § 27, part; Rem. Supp. 1949 § 8370-204a, part; RCW 82.32.250, part.]

**Reviser's note:** RCW 60.28.040 was amended twice during the 2009 legislative session, each without reference to the other. For rule of construction concerning sections amended more than once during the same legislative session, see RCW 1.12.025.

**Report—2009 c 432:** See note following RCW 18.27.062.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**60.28.051 Duties of disbursing officer upon completion of contract.** Upon completion of a contract, the state, county, or other municipal officer charged with the duty of disbursing or authorizing disbursement or payment of such contracts shall forthwith notify the department of revenue, the employment security department, and the department of labor and industries of the completion of contracts over thirty-five thousand dollars. Such officer shall not make any payment from the retained percentage fund or release any

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retained percentage escrow account to any person, until he or she has received from the department of revenue, the employment security department, and the department of labor and industries certificates that all taxes, increases, and penalties due from the contractor, and all taxes due and to become due with respect to such contract have been paid in full or that they are, in each department's opinion, readily collectible without recourse to the state's lien on the retained percentage. [2009 c 432 § 8; 2007 c 210 § 2; 1992 c 223 § 4.]

**Report—2009 c 432:** See note following RCW 18.27.062.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**60.28.060 Duties of disbursing officer upon final acceptance of contract—Request of payment of taxes, increases, penalties, and claims.** If within thirty days after receipt of notice by the department of revenue, the employment security department, and the department of labor and industries of the completion of the contract, the amount of all taxes, increases and penalties due from the contractor or any of his successors or assignees or to become due with respect to such contract have not been paid, the department of revenue, the employment security department, and the department of labor and industries may certify to the disbursing officer the amount of all taxes, increases and penalties due from the contractor, together with the amount of all taxes due and to become due with respect to the contract and may request payment thereof in accordance with the priority provided by this chapter. The disbursing officer shall within ten days after receipt of such certificate and request pay to the department of revenue, the employment security department, and the department of labor and industries the amount of all taxes, increases and penalties certified to be due or to become due and all claims which by statute are a lien upon the retained percentage withheld by the disbursing officer in accordance with the priority provided by this chapter. If the contractor owes no taxes imposed pursuant to Titles 50, 51, and 82 RCW, the department of revenue, the employment security department, and the department of labor and industries shall so certify to the disbursing officer. [2009 c 432 § 9; 1967 ex.s. c 26 § 25; 1955 c 236 § 6. Prior: 1949 c 228 § 27, part; Rem. Supp. 1949 § 8370-204a, part; RCW 82.32.250, part.]

**Report—2009 c 432:** See note following RCW 18.27.062.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**60.28.080 Delay due to litigation—Change order or force account directive—Costs—Arbitration—Termination.** (1) If any delay in issuance of notice to proceed or in construction following an award of any public construction contract is primarily caused by acts or omissions of persons or agencies other than the contractor and a preliminary, special or permanent restraining order of a court of competent jurisdiction is issued pursuant to litigation and the appropriate public contracting body does not elect to delete the completion of the contract as provided by RCW 60.28.011(7), the appropriate contracting body will issue a change order or force account directive to cover reasonable costs incurred by the contractor as a result of such delay. These costs shall include but not be limited to contractor's costs for wages, labor costs other than wages, wage taxes, materials, equip-

ment rentals, insurance, bonds, professional fees, and sub-contracts, attributable to such delay plus a reasonable sum for overhead and profit.

In the event of a dispute between the contracting body and the contractor, arbitration procedures may be commenced under the applicable terms of the construction contract, or, if the contract contains no such provision for arbitration, under the then obtaining rules of the American Arbitration Association.

If the delay caused by litigation exceeds six months, the contractor may then elect to terminate the contract and to delete the completion of the contract and receive payment in proportion to the amount of the work completed plus the cost of the delay. Amounts retained and accumulated under RCW 60.28.011 shall be held for a period of forty-five days following the election of the contractor to terminate. Election not to terminate the contract by the contractor shall not affect the accumulation of costs incurred as a result of the delay provided above.

(2) This section shall not apply to any contract awarded pursuant to an invitation for bid issued on or before July 16, 1973. [2009 c 219 § 8; 1982 c 170 § 3; 1973 1st ex.s. c 62 § 3.]

*Change orders due to environmental protection requirements, costs:* RCW 39.04.120.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**60.28.900 Severability—1955 c 236.** If any section, provision or part of this chapter shall be adjudged to be invalid or unconstitutional, such adjudication shall not affect the validity of this chapter as a whole or any section, provision or part hereof not adjudged invalid or unconstitutional. [1955 c 236 § 8.]

## Chapter 60.32 RCW

### LABOR LIENS ON FRANCHISES, EARNINGS, AND PROPERTY OF CERTAIN COMPANIES

#### Sections

60.32.010	Liens authorized.
60.32.020	Notice of lien—Contents—Filing and serving.
60.32.030	Manner of serving notice.
60.32.040	Manner of enforcing liens.
60.32.050	Receiver or assignee to pay claims first.

**60.32.010 Liens authorized.** Every person performing labor for any person, company or corporation, in the operation of any railway, canal or transportation company, or any water, mining or manufacturing company, sawmill, lumber or timber company, shall have a prior lien on the franchise, earnings, and on all the real and personal property of said person, company or corporation, which is used in the operation of its business, to the extent of the moneys due him from such person, company or corporation, operating said franchise or business, for labor performed within six months next preceding the filing of his claim therefor, as hereinafter provided; and no mortgage, deed of trust or conveyance shall defeat or take precedence over said lien. [1897 c 43 § 1; RRS § 1149.]

**60.32.020 Notice of lien—Contents—Filing and serving.** No person shall be entitled to the lien given by RCW

60.32.010, unless he shall, within ninety days after he has ceased to perform labor for such person, company or corporation, filed for record with the county auditor of the county in which said labor was performed, or in which is located the principal office of such person, company or corporation in this state, a notice of claim, containing a statement of his demand, after deducting all just credits and offsets, the name of the person, company or corporation, and the name of the person or persons employing claimant, if known, with the statement of the terms and conditions of his contract, if any, and the time he commenced the employment, and the date of his last service, and shall serve a copy thereof on said person, company or corporation within thirty days after the same is so filed for record.

Any number of claimants may join in the same notice for the purpose of filing and enforcing their liens, but the amount claimed by each claimant shall be separately stated. [1977 ex.s. c 176 § 1; 1897 c 43 § 2; RRS § 1150.]

**60.32.030 Manner of serving notice.** Service of notice, as herein required, may be made in the same manner as summons in civil actions. [1897 c 43 § 3; RRS § 1151.]

*Service of summons in civil actions: RCW 4.28.080.*

**60.32.040 Manner of enforcing liens.** Any such lien may be enforced within the same time and in the same manner as mechanics' liens are foreclosed. [1897 c 43 § 4; RRS § 1152.]

**60.32.050 Receiver or assignee to pay claims first.** Whenever a receiver or assignee is appointed for any person, company or corporation, the court shall require such receiver or assignee to pay all claims for which a lien could be filed under this chapter, before the payment of any other debts or claims, other than operating expenses. [1897 c 43 § 5; RRS § 1153.]

### Chapter 60.34 RCW

#### LIEN OF RESTAURANT, HOTEL, TAVERN, ETC., EMPLOYEES

##### Sections

60.34.010	Liens authorized.
60.34.020	Notice of lien—Contents—Filing and serving.
60.34.030	Manner of serving notice.
60.34.040	Manner of enforcing liens—Costs.
60.34.050	Priority of lien.

**60.34.010 Liens authorized.** Every person performing labor in the operation of any restaurant, hotel, tavern, or other place of business engaged in the selling of prepared foods or drinks, or any hotel service employee, shall have a lien on the earnings and on all the property of his employer used in the operation of said business to the extent of the moneys due him for labor performed within three months next preceding the filing of his claim therefor. [1953 c 205 § 1.]

**60.34.020 Notice of lien—Contents—Filing and serving.** The lien claimant shall within thirty days after he has ceased to perform such labor, file for record with the auditor of the county in which the labor was performed a notice of

claim, containing a statement of his demand, the name of the employer and the name of the person employing him, if known, with a statement of the terms and conditions of his contract, if any, and the time he commenced the employment, and the date of his last service, and shall serve or mail a copy thereof to said employer within said period. [1953 c 205 § 2.]

**60.34.030 Manner of serving notice.** Service of the notice of claim may be made in the same manner as summons in civil actions. [1953 c 205 § 3.]

*Service of summons in civil actions: RCW 4.28.080.*

**60.34.040 Manner of enforcing liens—Costs.** The lien may be enforced within the same time and in the same manner as mechanics' liens are foreclosed, when said lien is upon real property, or in the same manner as provided in chapter 60.10 RCW when the lien is upon personal property. The court may allow as part of the costs of the action the money paid for filing or recording the claim and a reasonable attorney fee. [1995 c 62 § 8; 1969 c 82 § 12; 1959 c 173 § 1; 1953 c 205 § 4.]

**60.34.050 Priority of lien.** The lien created herein shall be preferred to any encumbrance which may attach after the commencement of the labor and is also preferred to any encumbrance which may have attached previously to that time, but which was not filed or recorded so as to create constructive notice thereof prior to that time, and of which the lien claimant had no notice. [1953 c 205 § 5.]

### Chapter 60.36 RCW

#### LIEN ON VESSELS AND EQUIPMENT

##### Sections

60.36.010	Liens created.
60.36.020	Actions to enforce liens.
60.36.030	Liens for handling cargo.
60.36.040	Liens for handling cargo—Priority.
60.36.050	Liens for handling cargo—Foreclosure.
60.36.060	Lien for breach of contract for towing, dunnaging, stevedoring, etc.

**60.36.010 Liens created.** All steamers, vessels and boats, their tackle, apparel and furniture, are liable—

(1) For service rendered on board at the request of, or under contract with their respective owners, charterers, masters, agents or consignees.

(2) For work done or material furnished in this state for their construction, repair or equipment at the request of their respective owners, charterers, masters, agents, consignees, contractors, subcontractors, or other person or persons having charge in whole or in part of their construction, alteration, repair or equipment; and every contractor, builder or person having charge, either in whole or in part, of the construction, alteration, repair or equipment of any steamer, vessel or boat, shall be held to be the agent of the owner for the purposes of RCW 60.36.010 and 60.36.020, and for supplies furnished in this state for their use, at the request of their respective owners, charterers, masters, agents or consignees, and any person having charge, either in whole or in part, of the purchasing of supplies for the use of any such steamer, vessel or boat, shall

be held to be the agent of the owner for the purposes of RCW 60.36.010 and 60.36.020.

(3) For their wharfage and anchorage within this state.

(4) For nonperformance or malperformance of any contract for the transportation of persons or property between places within this state, or to or from places within this state, made by their respective owners, masters, agents or consignees.

(5) For injuries committed by them to persons or property within this state, or while transporting such persons or property to or from this state. Demands for these several causes constitute liens upon all steamers, vessels and boats, and their tackle, apparel and furniture, and have priority in the order of the subdivisions hereinbefore enumerated, and have preference over all other demands; but such liens continue in force only for a period of three years from the time the cause of action accrued. [1901 c 24 § 1; Code 1881 § 1939; 1877 p 216 § 1; RRS § 1182. Prior: 1858 p 29 § 1.]

*Lien of pilot for pilotage compensation: RCW 88.16.140.*

**60.36.020 Actions to enforce liens.** Such liens may be enforced, in all cases of maritime contracts or service, by a suit in admiralty, in rem, and the law regulating proceedings in admiralty shall govern in all such suits; and in all cases of contracts or service not maritime, by a civil action in any superior court of this state as provided in RCW 60.10.023. [1995 c 62 § 9; 1969 c 82 § 19; Code 1881 § 1940; 1877 p 216 § 2; RRS § 1183.]

**60.36.030 Liens for handling cargo.** All steamers, vessels and boats, their tackle, apparel and furniture shall be held liable at all ports and places within this state or within the jurisdiction of the courts of this state or within the jurisdiction of the courts of the United States in said state for services rendered by stevedores, longshoremen or others engaged in the loading, unloading, stowing or dunnaging of cargo in or from any steamer, vessel or boat in any harbor or at any other place within said state, or within the jurisdiction of the courts thereof as above stated, and said steamers, vessels and boats shall further be liable as per their contracts for all services performed upon wharfs or landing places by stevedores, longshoremen or others: PROVIDED, That such services must have been so performed in and about and be connected with the loading, unloading, dunnaging or stowing of said cargo. [1901 c 75 § 1; RRS § 1184.]

**60.36.040 Liens for handling cargo—Priority.** Demands for wages and all sums due under contracts or otherwise for the performance of all or any of the services mentioned in RCW 60.36.030 shall constitute liens upon all steamers, vessels and boats, their tackle, apparel and furniture, and shall have priority over all other demands save and excepting the demands mentioned in RCW 60.36.010 (1), (2) and (3), to which said demands the lien hereby provided shall be subordinate: PROVIDED, That such liens shall only continue in force for the period of three years from the date when such work was done or the last services performed by such stevedores, longshoremen or others. [1901 c 75 § 2; RRS § 1185.]

**60.36.050 Liens for handling cargo—Foreclosure.** The liens hereby created may be foreclosed as provided in RCW 60.10.023. [1995 c 62 § 10; 1969 c 82 § 13; 1901 c 75 § 3; RRS § 1186.]

**60.36.060 Lien for breach of contract for towing, dunnaging, stevedoring, etc.** Whenever the owner, charterer, or any person or corporation operating, managing or controlling any steamship, vessel or boat shall wilfully fail, neglect or refuse to carry out or perform any express contract or portion thereof for the towing, loading, unloading, dunnaging or stevedoring of such steamship, vessel or boat, any person or persons, firm or corporation sustaining thereby any loss or damage which is capable of definite ascertainment shall have a lien upon such steamship, vessel or boat for said loss or damage. The rank and priority of the lien hereby created and the manner of its enforcement shall be fixed, controlled and regulated by the provisions of the existing law pertaining to liens for similar services already performed. [1903 c 149 § 1; RRS § 1187.]

## Chapter 60.40 RCW LIEN FOR ATTORNEY'S FEES

### Sections

60.40.010	Lien created—Enforcement—Definition—Exception.
60.40.020	Proceedings to compel delivery of money or papers.
60.40.030	Procedure when lien is claimed.

**Rules of court:** *Return of files of disbarred or suspended attorney—RLD 8.1.*

**60.40.010 Lien created—Enforcement—Definition—Exception.** (1) An attorney has a lien for his or her compensation, whether specially agreed upon or implied, as hereinafter provided:

(a) Upon the papers of the client, which have come into the attorney's possession in the course of his or her professional employment;

(b) Upon money in the attorney's hands belonging to the client;

(c) Upon money in the hands of the adverse party in an action or proceeding, in which the attorney was employed, from the time of giving notice of the lien to that party;

(d) Upon an action, including one pursued by arbitration or mediation, and its proceeds after the commencement thereof to the extent of the value of any services performed by the attorney in the action, or if the services were rendered under a special agreement, for the sum due under such agreement; and

(e) Upon a judgment to the extent of the value of any services performed by the attorney in the action, or if the services were rendered under a special agreement, for the sum due under such agreement, from the time of filing notice of such lien or claim with the clerk of the court in which such judgment is entered, which notice must be filed with the papers in the action in which such judgment was rendered, and an entry made in the execution docket, showing name of claimant, amount claimed and date of filing notice.

(2) Attorneys have the same right and power over actions to enforce their liens under subsection (1)(d) of this section and over judgments to enforce their liens under subsection

(1)(e) of this section as their clients have for the amount due thereon to them.

(3) The lien created by subsection (1)(d) of this section upon an action and proceeds and the lien created by subsection (1)(e) of this section upon a judgment for money is superior to all other liens.

(4) The lien created by subsection (1)(d) of this section is not affected by settlement between the parties to the action until the lien of the attorney for fees based thereon is satisfied in full.

(5) For the purposes of this section, "proceeds" means any monetary sum received in the action. Once proceeds come into the possession of a client, such as through payment by an opposing party or another person or by distribution from the attorney's trust account or registry of the court, the term "proceeds" is limited to identifiable cash proceeds determined in accordance with RCW 62A.9A-315(b)(2). The attorney's lien continues in such identifiable cash proceeds, subject to the rights of a secured party under RCW 62A.9A-327 or a transferee under RCW 62A.9A-332.

(6) Child support liens are exempt from this section. [2004 c 73 § 2; Code 1881 § 3286; 1863 p 406 § 12; RRS § 136.]

**Purpose—Intent—Application—2004 c 73:** "The purpose of this act is to end double taxation of attorneys' fees obtained through judgments and settlements, whether paid by the client from the recovery or by the defendant pursuant to a statute or a contract. Through this legislation, Washington law clearly recognizes that attorneys have a property interest in their clients' cases so that the attorney's fee portion of an award or settlement may be taxed only once and against the attorney who actually receives the fee. This statute should be liberally construed to effectuate its purpose. This act is curative and remedial, and intended to ensure that Washington residents do not incur double taxation on attorneys' fees received in litigation and owed to their attorneys. Thus, except for RCW 60.40.010(4), the statute is intended to apply retroactively." [2004 c 73 § 1.]

**60.40.020 Proceedings to compel delivery of money or papers.** When an attorney refuses to deliver over money or papers, to a person from or for whom he has received them in the course of professional employment, whether in an action or not, he may be required by an order of the court in which an action, if any, was prosecuted, or if no action was prosecuted, then by order of any judge of a court of record, to do so within a specified time, or show cause why he should not be punished for a contempt. [Code 1881 § 3287; 1863 p 406 § 13; RRS § 137.]

**60.40.030 Procedure when lien is claimed.** If, however, the attorney claim a lien, upon the money or papers, under the provisions of \*this chapter, the court or judge may: (1) Impose as a condition of making the order, that the client give security in a form and amount to be directed, to satisfy the lien, when determined in an action; (2) summarily to inquire into the facts on which the claim of a lien is founded, and determine the same; or (3) to refer it, and upon the report, determine the same as in other cases. [Code 1881 § 3288; 1863 p 406 § 14; RRS § 138.]

**\*Reviser's note:** "this chapter" appeared in section 3288, chapter 250 of the Code of 1881, the lien sections of which are codified as chapter 60.40 RCW.

(2010 Ed.)

## Chapter 60.42 RCW

### COMMERCIAL REAL ESTATE BROKER LIEN ACT

#### Sections

60.42.005	Definitions.
60.42.010	Lien upon personal property—Effective date—Notice of claim of lien—Waiver of lien rights—Court costs, attorneys' fees, and statutory interest.
60.42.020	Disputed claim—Order to show cause—Hearing.
60.42.030	Lien on net rental proceeds—Order to show cause—Hearing.
60.42.040	Priority of lien claims.
60.42.050	Deposit made pending resolution of amounts due—Recording of receipt—Release of notice of claim of lien.
60.42.060	County auditor or recorder—Duties—Fees.
60.42.070	Delivery of notice of claim of lien—Form—Time effective—Address.
60.42.900	Application.
60.42.901	Short title.

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

(1) "Commercial real estate" means a fee title interest or possessory estate in real property located in this state except an interest in real property which is (a) improved with one single-family residential unit or one multifamily structure with four or less residential units, or (b) unimproved and the maximum permitted development is one to four residential units or structures under the county or city zoning ordinances or comprehensive plan applicable to that real estate, or (c) classified as farm and agricultural land or timber land for assessment purposes pursuant to chapter 84.34 RCW, or (d) improved with single-family residential units such as condominiums, townhouses, timeshares, or stand-alone houses in a subdivision that may be legally sold, leased, or otherwise disposed of on a unit-by-unit basis. Real estate will be considered commercial real estate if the commission agreement so provides, or if it meets the definition contained in this section on the date of the disposition.

(2) "Commission agreement" means a written instrument which meets the requirements of RCW 19.36.010 signed by the owner, or by a party duly authorized to sign on behalf of the owner, of commercial real estate, pursuant to which the owner agrees to pay a broker a real estate commission upon either the disposition or lease of commercial real estate or upon entering into an agreement for disposition or lease of commercial real estate. When a broker and owner execute multiple versions of a commission agreement regarding the same disposition of commercial real estate, the final written version of the commission agreement, which incorporates the final agreement between the broker and the owner, constitutes the "commission agreement" and shall be used to determine the amount of the lien created by this chapter.

(3) "Days" means calendar days. However, if a period ends on a day other than a business day, then the last day shall be the next business day.

(4) "Disposition" means a voluntary transfer or conveyance of commercial real estate.

(5) "Escrow closing agent" means the person or entity who receives documents and funds for recording and disbursement in completing a transaction for the disposition of commercial real estate.

(6) "Lease" means a written agreement which gives rise to a relationship of landlord and tenant, affecting commercial real estate, such that the holder of a fee simple interest or pos-

sessory estate in commercial real estate permits another to possess the commercial real estate for a period, and which meets the requirements of RCW 19.36.010, if applicable.

(7) "Net rental proceeds" means the base rent paid by the tenant under a lease, less any amounts currently due under the terms of liens which have priority over the lien created under this chapter. Base rent is the rent so designated in a lease as base rent, or a similar term, for the possession and use of the commercial real estate, but does not include separate payments made by tenants for insurance, taxes, utilities, or other expenses.

(8) "Owner" means a person or entity which is vested in record fee title or a possessory estate in commercial real estate.

(9)(a) "Owner's net proceeds" means the gross sales proceeds from the disposition of the commercial real estate described in a notice of claim of lien against proceeds pursuant to this chapter, less the following: (i) Amounts necessary to pay all encumbrances and liens which have priority over the lien created by this chapter other than those permitted to remain by the buyer; (ii) owner's closing costs, such as real estate excise tax, title insurance premiums, real estate tax and assessment prorations, and escrow fees payable by the owner pursuant to an agreement with the buyer; and (iii) amounts held by a third party for use by the owner to complete an exchange of real estate which is deferred from federal income tax under section 1031 of the internal revenue code of 1986, as amended.

(b) "Owner's net proceeds" shall include any gross sales proceeds which are held by a third party for purposes of completing an exchange of real estate which is deferred from federal income tax under section 1031 of the internal revenue code of 1986, as amended, but are subsequently not used for that purpose. "Owner's net proceeds" are personal property, upon which the lien created by this chapter attaches.

(10) "Real estate broker" or "broker" means the same as defined in \*RCW 18.85.010.

(11) "Real property" means one or more parcels or tracts of land, including appurtenances or improvements. [1997 c 315 § 1.]

\*Reviser's note: RCW 18.85.010 was recodified as RCW 18.85.011 pursuant to 2008 c 23 § 49, effective July 1, 2010.

**60.42.010 Lien upon personal property—Effective date—Notice of claim of lien—Waiver of lien rights—Court costs, attorneys' fees, and statutory interest.**

(1) The lien created under this chapter is a lien upon personal property, not upon real property.

(2) A broker has a lien upon the owner's net proceeds from the disposition of commercial real estate and a lien upon the net rental proceeds from the lease of commercial real estate in the amount which the owner has agreed to pay the broker under a commission agreement. The lien under this chapter is available only to the broker named in the commission agreement, and may not be assigned voluntarily or by operation of law.

(3) Subject to the requirements of subsection (4) of this section, the lien created by this chapter becomes effective on the date of the recording of a notice of claim of lien upon proceeds pursuant to subsection (6) of this section, and is perfected by such recording. Recording must be made with the

county auditor or recorder in the county or counties in which the commercial real estate is located.

(4) In the case of a disposition of commercial real estate, the lien under this chapter is not effective unless it is recorded at least thirty days prior to the date a deed conveying the commercial real estate is recorded in the office of the county auditor or recorder in the county or counties in which the commercial real estate is located. In the case of a lease of commercial real estate, the lien under this chapter is not effective unless it is recorded within ninety days after the tenant takes possession of the leased commercial real estate.

(5) The lien created by this chapter is null and void unless, within ten days of recording its notice of claim of lien against proceeds, the broker delivers a copy of the notice of claim of lien against proceeds to the owner of the commercial real estate in the manner provided in RCW 60.42.070. In the case of the disposition of commercial real estate, on or before the date the deed conveying the commercial real estate is recorded, the broker shall deliver a copy of the notice of claim of lien against proceeds to the escrow closing agent closing the disposition in the manner provided in RCW 60.42.070, if the identity of the escrow closing agent is actually known by the broker.

(6) To be effective, the notice of claim of lien against proceeds must state the following:

- (a) The name, address, and telephone number of the broker;
- (b) The date of the commission agreement;
- (c) The name of the owner of the commercial real estate;
- (d) The legal description of the commercial real estate as described in the commission agreement;
- (e) The amount for which the lien is claimed, which may be stated in a dollar amount or may be stated in the form of a formula for how the amount is to be determined such as a percentage of the sales price;
- (f) The real estate license number of the broker; and
- (g) That the lien claimant has read the claim, knows the contents, and believes the same to be true and correct, and that the claim is made pursuant to a valid commission agreement, and is not frivolous, under penalties of perjury.

A copy of the commission agreement must be attached to the recorded notice of claim of lien against proceeds. The notice of claim of lien against proceeds must recite that the information contained in the notice of claim of lien against proceeds is true and accurate to the knowledge of the signatory. The notice of claim of lien against proceeds must be acknowledged pursuant to chapter 64.08 RCW. A notice of claim of lien against proceeds substantially in the following form is sufficient:

NOTICE OF CLAIM OF LIEN AGAINST PROCEEDS  
PURSUANT TO CHAPTER 60.42 RCW

Notice is hereby given that the person named below claims a lien as to owner's net proceeds or net rental proceeds, but not real property, pursuant to chapter 60.42 RCW. In support of this lien, the following information is submitted:

- 1. Name, telephone number, and address of lien claimant: .....
- 2. Washington state broker's license number of lien



**60.42.030 Lien on net rental proceeds—Order to show cause—Hearing.** (1) If a broker has a lien on net rental proceeds pursuant to RCW 60.42.010(2), and the broker has recorded a notice of claim of lien against proceeds and otherwise complied with the requirements of this chapter, the broker may apply by motion to the superior court for the county where the commercial real estate, or some part thereof, is located, for an order directing the owner to appear before the court at a time no earlier than seven nor later than fifteen days following the date of service of the motion and order on the owner, and show cause as to why the relief requested should not be granted. The motion must state the grounds upon which relief is asked, and must be supported by the affidavit of the broker setting forth a concise statement of the facts upon which the motion is based.

(2) The order to show cause must clearly state that if the owner fails to appear at the time and place noted, the broker shall be entitled to an order enjoining the owner from paying the net rental proceeds from such lease to any party other than the broker, and that the owner shall be ordered to pay the costs requested by the broker, including reasonable attorneys' fees.

(3) If, following a hearing on the matter, the court determines that the owner is, or was, a party to an agreement for the lease of commercial real estate, which did or will result in the owner being obligated to pay to the broker a commission pursuant to the terms of a commission agreement, the court shall issue an order enjoining the owner from paying the net rental proceeds from such lease to any party other than the broker. The court shall also order the owner to pay such net rental proceeds to the broker and award costs and reasonable attorneys' fees to the broker, to be paid by the owner. If the court determines that the owner is not, or was not, a party to an agreement for the lease of commercial real estate, which did or will result in the owner being obligated to pay to the broker a commission pursuant to the terms of a commission agreement, the court shall issue an order so stating and awarding costs and reasonable attorneys' fees to the owner, to be paid by the broker. Such orders are final judgments.

(4) Proceedings under this section shall not affect other rights and remedies available to the parties under this chapter or otherwise. [1997 c 315 § 4.]

**60.42.040 Priority of lien claims.** All statutory liens, consensual liens, mortgages, deeds of trust, assignments of rents, and other encumbrances, including all advances or charges made or accruing thereunder, whether voluntary or obligatory, and all modifications, extensions, renewals, and replacements thereof, recorded prior to the recording of a notice of claim of lien against proceeds have priority over a lien created under this chapter. A prior recorded lien includes, without limitation, a valid materialmen's or mechanic's lien claim that is recorded after the recording of the broker's notice of claim of lien against proceeds but which relates back to a date prior to the recording date of the broker's notice of claim of lien against proceeds. [1997 c 315 § 5.]

**60.42.050 Deposit made pending resolution of amounts due—Recording of receipt—Release of notice of claim of lien.** A notice of claim of lien against proceeds recorded under this chapter must be released without further

act, upon the recording of a receipt showing the deposit with the superior court of the county in which the commercial real estate, or some part thereof, is located, of an amount equal to one and one-quarter times the amount of the lien claimed. The receipt shall be recorded in the office in which the notice of claim was recorded. The amount of the deposit in the superior court shall be held pending a resolution of amounts due to the broker and the owner. [1997 c 315 § 6.]

**60.42.060 County auditor or recorder—Duties—Fees.** The county auditor or recorder shall record the notice of claim of lien against proceeds, and any release thereof, in the same manner as deeds and other instruments of title are recorded under chapter 65.08 RCW. Notices of claim of lien against proceeds for registered land need not be recorded in the Torrens register. The county auditor or recorder may not charge a higher fee for recording a notice of claim of lien against proceeds, or for a release thereof, than what the county auditor or recorder charges for other documents. [1997 c 315 § 7.]

**60.42.070 Delivery of notice of claim of lien—Form—Time effective—Address.** Notices to be delivered to a party under this chapter, other than service of process as required in civil actions, shall be by service of process, or by registered or certified mail, return receipt requested, or by personal or electronic delivery and obtaining evidence of delivery in the form of a receipt or other paper or electronic acknowledgment by the party to whom the notice is delivered or an affidavit of service. Delivery is effective at the time of personal service, or personal or electronic delivery, or three days following deposit in the mail as required by this section. Notice to a broker or owner may be given to the address of the broker or owner that is contained in the commission agreement, or such other address as is contained in a written notice from the broker or owner to the party giving the notice. If no address is provided in the commission agreement, the notice to the broker may be given to the broker's address of record with the department of licensing pursuant to chapter 18.85 RCW and notice to the owner may be given to the address of the commercial real estate. [1997 c 315 § 8.]

**60.42.900 Application.** This chapter applies to lien claims based on a commission agreement entered into on, or after, July 27, 1997. [1997 c 315 § 9.]

**60.42.901 Short title.** This chapter may be known and cited as the commercial real estate broker lien act. [1997 c 315 § 10.]

## Chapter 60.44 RCW LIEN OF DOCTORS, NURSES, HOSPITALS, AMBULANCE SERVICES

### Sections

60.44.010	Liens authorized.
60.44.020	Notice of lien—Contents—Filing.
60.44.030	Record of claims.
60.44.040	Taking note—Effect on lien.
60.44.050	Settlement of damages—Effect on lien.
60.44.060	Enforcement of lien—Payment as evidence.

## Lien of Department of Social and Health Services for Medical Care Furnished Injured Recipient 60.52.010

*Lien of department of social and health services for medical care of injured recipient, payment of tortfeasor or tortfeasor's insurer does not discharge lien: RCW 74.09.180, 43.20B.040, and 43.20B.050.*

*Lien on funds withheld by employer from employee's pay: RCW 49.52.030 and 49.52.040.*

**60.44.010 Liens authorized.** Every operator, whether private or public, of an ambulance service or of a hospital, and every duly licensed nurse, practitioner, physician, and surgeon rendering service, or transportation and care, for any person who has received a traumatic injury and which is rendered by reason thereof shall have a lien upon any claim, right of action, and/or money to which such person is entitled against any tort-feasor and/or insurer of such tort-feasor for the value of such service, together with costs and such reasonable attorney's fees as the court may allow, incurred in enforcing such lien: PROVIDED, HOWEVER, That nothing in this chapter shall apply to any claim, right of action, or money accruing under the workers' compensation act of the state of Washington, and: PROVIDED, FURTHER, That all the said liens for service rendered to any one person as a result of any one accident or event shall not exceed twenty-five percent of the amount of an award, verdict, report, decision, decree, judgment, or settlement. [1987 c 185 § 36; 1975 1st ex.s. c 250 § 1; 1937 c 69 § 1; RRS § 1209-1.]

**Intent—Severability—1987 c 185:** See notes following RCW 51.12.130.

**60.44.020 Notice of lien—Contents—Filing.** No person shall be entitled to the lien given by RCW 60.44.010 unless such person shall, within twenty days after the date of such injury or receipt of transportation or care, or, if settlement has not been accomplished and payment made to such injured person, then at any time before such settlement and payment, file for record with the county auditor of the county in which said service was performed, a notice of claim stating the name and address of the person claiming the lien and whether such person claims as a practitioner, physician, nurse, ambulance service, or hospital, the name and address of the patient and place of domicile or residence, the time when and place where the alleged fault or negligence of the tort-feasor occurred, and the nature of the injury if any, the name and address of the tort-feasor, if same or any thereof are known, which claim shall be subscribed by the claimant and verified before a person authorized to administer oaths. [1975 1st ex.s. c 250 § 2; 1937 c 69 § 2; RRS § 1209-2.]

**60.44.030 Record of claims.** The county auditor shall record the claims mentioned in this chapter, which record must be indexed as deeds and other conveyances are required by law to be indexed. [1999 c 233 § 6; 1937 c 69 § 3; RRS § 1209-4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**60.44.040 Taking note—Effect on lien.** The taking of a promissory note or other evidence of indebtedness for any services performed, as provided in this chapter, shall not discharge the lien therefor unless expressly received as a payment for such services and so specified therein. [1937 c 69 § 4; RRS § 1209-4.]

(2010 Ed.)

**60.44.050 Settlement of damages—Effect on lien.** No settlement made by and between the patient and tortfeasor and/or insurer shall discharge the lien against any money due or owing by such tortfeasor or insurer to the patient or relieve the tortfeasor and/or insurer from liability by reason of such lien unless such settlement also provides for the payment and discharge of such lien or unless a written release or waiver of any such claim of lien, signed by the claimant, be filed in the court where any action has been commenced on such claim, or in case no action has been commenced against the tortfeasor and/or insurer, then such written release or waiver shall be delivered to the tortfeasor and/or insurer. [1937 c 69 § 5; RRS § 1209-5.]

**60.44.060 Enforcement of lien—Payment as evidence.** Such lien may be enforced by a suit at law brought by the claimant or his assignee within one year after the filing of such lien against the said tortfeasor and/or insurer. In the event that such tortfeasor and/or insurer shall have made payment or settlement on account of such injury, the fact of such payment shall only for the purpose of such suit be prima facie evidence of the negligence of the tortfeasor and of the liability of the payer to compensate for such negligence. [1937 c 69 § 6; RRS § 1209-6.]

### Chapter 60.45 RCW

#### LIEN OF DEPARTMENT OF SOCIAL AND HEALTH SERVICES FOR MEDICAL CARE FURNISHED INJURED RECIPIENT

##### Sections

60.45.010 Medical care to injured recipient—Recovery of cost against tortfeasor or tortfeasor's insurer—Lien created, filing—Payment to recipient does not discharge lien.

**60.45.010 Medical care to injured recipient—Recovery of cost against tortfeasor or tortfeasor's insurer—Lien created, filing—Payment to recipient does not discharge lien.** See RCW 74.09.180, 43.20B.040, and 43.20B.050.

### Chapter 60.52 RCW

#### LIEN FOR SERVICES OF SIRE

##### Sections

60.52.010 Liens authorized—Filing statement.  
60.52.020 Auditor's certificate—Contents—Posting.  
60.52.030 Statement of lien—Filing—Duration of lien.  
60.52.035 Delivery of semen by artificial insemination procedures—Lien upon female or offspring—No filing—Duration of lien—Statement of account.  
60.52.040 Foreclosure of lien.  
60.52.050 Auditor's fees.

**60.52.010 Liens authorized—Filing statement.** In order to secure to the owner or owners of sires payment for service, the following provisions are enacted: That every owner of a sire having a service fee, in order to have a lien upon the female served, and upon the get of any such sire, under the provisions of this chapter, for such service, shall file for record with the county auditor of the county where said sire is kept for service a statement, verified by oath or affirmation, to the best of his knowledge and belief, giving

[Title 60 RCW—page 33]

the name, age, description and pedigree, as well as the terms and conditions upon which such sire is advertised for service: PROVIDED, That owners of sires who are not in possession of pedigrees for such sires shall not be debarred from the benefits of this chapter. [1890 p 451 § 1; RRS § 3056.]

**60.52.020 Auditor’s certificate—Contents—Posting.** The county auditor, upon the receipt of the statement as specified in RCW 60.52.010, duly verified by affidavit, shall issue a certificate to the owner or owners of said sire, which shall be posted by the owner in a conspicuous place where said sire may be stationed, which certificate shall state the name, age, description, pedigree and ownership of such sire, the terms and conditions upon which the said sire is advertised for service, and that the provisions of this chapter, so far as relates to the filing of the statement aforesaid, has been complied with. [1890 p 451 § 2; RRS § 3057.]

**60.52.030 Statement of lien—Filing—Duration of lien.** The owner or owners of any such sire receiving such certificate, by complying with RCW 60.52.010 and 60.52.020, shall obtain and have a lien upon the female served for the period of eighteen months from the date of service, or upon the get of any such sire for the period of one year from the date of birth of such get: PROVIDED, Said owner or owners shall file for record a statement of account, verified by affidavit, with the county auditor of the county wherein the service has been rendered, of the amount due such owner or owners for said service, together with a description of the female served, within ten months from the date of service or date of birth, as the case may be: PROVIDED FURTHER, That the lien upon the get of any such sire shall be a preferred lien: AND PROVIDED FURTHER, That no sale or transfer of any female animal served shall defeat the right of such lien holder. [1998 c 99 § 1; 1913 c 53 § 1; 1890 p 451 § 3; RRS § 3058.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**60.52.035 Delivery of semen by artificial insemination procedures—Lien upon female or offspring—No filing—Duration of lien—Statement of account.** When an owner of a sire, or an owner of semen from sires, provides, for the insemination of a female, reproductively viable semen from the sire, the owner of the sire, or the owner of the semen, without satisfying the requirements of RCW 60.52.010 and 60.52.020, upon delivery of the semen by artificial insemination procedures, obtains and has a lien upon the female to which the semen is delivered by artificial insemination procedures, or a lien upon the offspring of that female as the result of delivery of the semen by artificial insemination procedures. The lien upon the female survives for eighteen months from the date of the insemination procedure; the lien upon the offspring survives for one year from the date of birth of the resulting offspring. However, the owner of the sire, or the owner of the semen, must, within ten months of the date of the insemination procedure or the date of birth, file for record, with the county auditor of the county where the insemination procedure was rendered, a statement of account, verified by affidavit, indicating the amount due to the owner for the reproductively viable semen, along with a description

of the female or the name and address of the person for whom the procedure was provided. The lien, whether upon the female or upon the offspring, is a preferred lien. Sale or transfer of the inseminated female or of the offspring does not defeat the right of the lien holder. [1998 c 99 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**60.52.040 Foreclosure of lien.** Liens under this chapter may be foreclosed as provided in chapter 60.10 RCW. [1995 c 62 § 11; 1969 c 82 § 14; 1890 p 452 § 4; RRS § 3059.]

**60.52.050 Auditor’s fees.** For filing certificate, making copy of such affidavit, and the certificate of date of such filing, the clerk of record shall be entitled to the same fees as are provided by law for similar service in regard to chattel mortgages. [1890 p 452 § 5; RRS § 3059 1/2.]

**Chapter 60.56 RCW  
AGISTER AND TRAINER LIENS**

Sections

60.56.005	Definition of "agister."
60.56.010	Liens created.
60.56.015	Liens perfected.
60.56.018	Potential sale of animal to which lien is attached—Notice to lien holder and potential buyer.
60.56.021	Violation of RCW 60.56.018—Civil action for damages—Civil fine.
60.56.025	Lien created for care of animal seized by law enforcement officer.
60.56.035	Expiration of lien.
60.56.050	Enforcement of lien.

**60.56.005 Definition of "agister."** For purposes of this chapter "agister" means a farmer, ranchman, herder of cattle, livery and boarding stable keeper, veterinarian, or other person, to whom horses, mules, cattle, or sheep are entrusted for the purpose of feeding, herding, pasturing, training, caring for, or ranching. [1993 c 53 § 1.]

**60.56.010 Liens created.** Any agister shall have a lien upon the horses, mules, cattle, or sheep, and upon the proceeds or accounts receivable from such animals, for such amount that may be due for the feeding, herding, pasturing, training, caring for, and ranching of the animals, and shall be authorized to retain possession of the horses, mules, cattle, or sheep, until the amount is paid or the lien expires, whichever first occurs. The lien attaches on the date such amounts are due and payable but are unpaid. [1993 c 53 § 2; 1989 c 67 § 1; 1987 c 233 § 1; 1909 c 176 § 1; RRS § 1197.]

**60.56.015 Liens perfected.** An agister who holds a lien under RCW 60.56.010 shall perfect the lien by (1) posting notice of the lien in a conspicuous location on the premises where the lien holder is keeping the animal or animals, (2) providing a copy of the posted notice to the owner of the animal or animals, and (3) providing a copy of the posted notice to any lien creditor as defined in RCW 62A.9A-102(52) if the amount of the agister lien is in excess of one thousand five hundred dollars. A lien creditor may be determined through a search under RCW 62A.9A-523 and 62A.9A-526. The lien holder is entitled to collect from the buyer, the seller, or the person selling on a commission basis if there is a failure to

make payment to the perfected lien holder. [2001 c 32 § 7; 1993 c 53 § 3; 1989 c 67 § 2.]

**Effective date—2001 c 32:** See note following RCW 62A.9A-102.

**60.56.018 Potential sale of animal to which lien is attached—Notice to lien holder and potential buyer.** A party subject to a lien under RCW 60.56.010 shall notify (1) the lien holder of a potential sale of the animal or animals to which the lien is attached, (2) a potential buyer of the existence of the unsatisfied lien against the animal or animals for sale, and (3) any lien holder of record of the potential sale of the animal or animals and of the existence of the unsatisfied lien. [1993 c 53 § 4.]

**60.56.021 Violation of RCW 60.56.018—Civil action for damages—Civil fine.** A person injured by a violation of RCW 60.56.018 may bring civil action in the appropriate court of jurisdiction to recover the actual damages sustained, together with the costs of the suit, including reasonable attorney fees and any other costs associated with satisfaction of the lien. The court may, in its discretion, increase the award of damages to an amount not to exceed three times the actual damages sustained.

If damages are awarded under this section, the court may impose on a liable party a civil fine of not more than one thousand dollars to be paid to the plaintiff. [1993 c 53 § 5.]

**60.56.025 Lien created for care of animal seized by law enforcement officer.** If a law enforcement officer authorizes removal of an animal pursuant to chapter 16.52 RCW, the person or entity receiving the animal and aiding in its care or restoration to health shall have a lien upon the animal for the cost of feeding, pasturing, and caring otherwise for the animal. The lien attaches on the date such costs are due and payable but are unpaid. Any such person is authorized to retain possession of the animal until such costs are paid or the lien expires, whichever first occurs. [1987 c 233 § 2.]

**60.56.035 Expiration of lien.** Any lien created by this chapter shall expire one hundred eighty days after it attaches, unless, within that period, an action to enforce the lien is filed pursuant to RCW 60.56.050. [1993 c 53 § 6; 1987 c 233 § 3.]

**60.56.050 Enforcement of lien.** Any person having a lien under the provisions of this chapter may enforce the same under chapter 60.10 RCW or, at the agister's option, by an action in any court of competent jurisdiction. If enforcement is through court proceeding, the property may be sold on execution for the purpose of satisfying the amount of the judgment and costs of sale, together with the proper costs of keeping the same up to the time of the sale. [1993 c 53 § 7; 1987 c 233 § 4; 1891 c 80 § 2; RRS § 1198. Formerly RCW 60.56.020, part.]

(2010 Ed.)

## Chapter 60.60 RCW

### LIEN FOR TRANSPORTATION, STORAGE, ADVANCEMENTS, ETC.

#### Sections

60.60.010	Liens created.
60.60.020	Livestock and perishable property—Sale of.
60.60.030	Sale of other property.
60.60.040	Application of proceeds.
60.60.050	Special contract not affected.
60.60.060	Notice, how given.

**60.60.010 Liens created.** Every person, firm or corporation who, as a commission merchant, carrier, wharfinger or storage warehouseman, shall make advances for freight, transportation, wharfage or storage upon the personal property of another, or shall carry or store such personal property, shall have a lien thereon, so long as the same remains in his possession, for the charges for advances, freight, transportation, wharfage or storage, and it shall be lawful for such person, firm or corporation to cause such property to be sold as is herein in this chapter provided. [1927 c 144 § 1; Code 1881 § 1980; 1863 p 421 § 11; 1860 p 288 § 11; RRS § 1191.]

**60.60.020 Livestock and perishable property—Sale of.** If said property consists of livestock, the maintenance of which at the place where kept is wasteful and expensive in proportion to the value of the animals, or consists of perishable property liable, if kept, to destruction, waste or great depreciation, the person, firm or corporation having such lien may sell the same upon giving ten days' notice. [1927 c 144 § 2; Code 1881 § 1981; 1863 p 421 § 13; 1860 p 288 § 13; RRS § 1192.]

**60.60.030 Sale of other property.** All other property upon which such charges may be unpaid, due, and a lien after the same shall have remained in store uncalled for, for a period of thirty days after such charges shall have become due, may be sold by the person or persons having a lien for the payment of such charges upon giving ten days' notice: PROVIDED, That where the property can be conveniently divided into separate lots or parcels, no more lots or parcels shall be sold than shall be sufficient to pay the charges due on the day of sale, and the expenses of the sale. [Code 1881 § 1982; 1863 p 421 § 12; 1860 p 288 § 12; RRS § 1193.]

**60.60.040 Application of proceeds.** The moneys arising from sales made under the provisions of this chapter shall first be applied to the payment of the costs and expenses of the sale, and then to the payment of the lawful charges of the person or persons having a lien thereon for advances, freight, transportation, wharfage or storage, for whose benefit the sale shall [have] been made; the surplus, if any, shall be retained subject to the future lawful charge of the person or persons for whose benefit the sale was made, upon the property of the same owner still remaining in store uncalled for, if any there be, and to the demand of the owner of the property, who shall have paid such charges or otherwise satisfied such lien, and all moneys remaining uncalled for, for the period of three months, shall be paid to the county treasurer, and shall remain in his hands a special fund for the benefit of the lawful

claimant thereof. [Code 1881 § 1983; 1863 p 421 § 14; 1860 p 288 § 14; RRS § 1194.]

**60.60.050 Special contract not affected.** Nothing in this chapter contained shall be so construed as to alter or affect the terms of any special contract in writing, made by the parties as to the advances, affreightment, wharfage or storage; but when any such special contract shall have been made, its terms shall govern irrespective of this chapter. [Code 1881 § 1984; RRS § 1195.]

**60.60.060 Notice, how given.** All notices required under this chapter shall be given as is or may be by law provided in cases of sales of personal property upon execution. [Code 1881 § 1985; 1863 p 421 § 15; 1860 p 288 § 15; RRS § 1196.]

*Sale of property on execution: Chapter 6.21 RCW.*

### Chapter 60.64 RCW

#### LIEN OF HOTELS, LODGING AND BOARDING HOUSES—1915 ACT

##### Sections

60.64.003	"Hotel" defined.
60.64.005	Record of guests—Hotels and trailer camps.
60.64.007	Liability for loss of valuables, baggage and other property.
60.64.010	Lien on property of guest—"Guest" defined.
60.64.040	Sale—Notice—Disposition of funds.
60.64.050	Obtaining accommodations by fraud—Penalty.

*Lien of hotels, lodging and boarding houses—1890 act: Chapter 60.66 RCW.*

**60.64.003 "Hotel" defined.** See RCW 19.48.010.

**60.64.005 Record of guests—Hotels and trailer camps.** See RCW 19.48.020.

**60.64.007 Liability for loss of valuables, baggage and other property.** See RCW 19.48.030 and 19.48.070.

**60.64.010 Lien on property of guest—"Guest" defined.** The keeper of any hotel, boarding house or lodging house, whether individual, partnership or corporation, has a lien upon, and may retain, all baggage, sample cases, and other property, lawfully in the possession of a guest, boarder, or lodger, brought upon the premises by such guest, boarder, or lodger, for the proper charges due from him or her, on account of his or her food, board, room rent, lodging and accommodation, and for such extras as are furnished at his or her request, and for all money and credit paid for or advanced to him or her; and for the costs of enforcing such lien; and said hotel keeper, inn keeper, lodging house keeper or boarding house keeper, shall have the right to retain and hold possession of such baggage, sample cases and other property until the amount of such charges and moneys be fully paid, and to sell such baggage, sample cases, or other property for the payment of such lien, charges and moneys in the manner provided in RCW 60.64.040; and such baggage, sample cases and property shall not be subject to attachment or execution until such lien and storage charges and the cost of satisfying such lien are fully satisfied: PROVIDED, HOWEVER, That

if any baggage, sample cases, or property becoming subject to the lien herein provided for does not belong to the guest, boarder or lodger who incurred the charges or indebtedness secured thereby at the time when such charges or indebtedness shall be incurred, and if the hotel, inn, boarding house or lodging house keeper entitled to such lien receives actual notice of such fact at any time before the sale of such baggage, sample cases or property hereunder, then and in that event such baggage, sample cases and property which are subject to said lien and do not belong to said guest, boarder or lodger at the time when such charges or indebtedness shall be incurred, shall not be subject to sale in the manner herein provided, but the same may be sold in the manner provided by law for the sale of property under a writ of execution to satisfy a judgment obtained in any action brought to recover the said charges or indebtedness. A guest, within the meaning of this chapter and chapter 19.48 RCW, includes each and every person who is a member of the family of, or dependent upon, a guest, boarder or lodger, in such hotel, inn, boarding house or lodging house, and for whose support such tenant, guest, boarder or lodger is legally liable. [1929 c 216 § 4; 1915 c 190 § 5; RRS § 6864. Formerly RCW 60.64.010 through 60.64.030.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**60.64.040 Sale—Notice—Disposition of funds.** If such lien and all such charges and moneys are not fully paid and satisfied within sixty days from the time when such charges and moneys, respectively, become due, the keeper of such hotel, inn, boarding house or lodging house, may then proceed to sell such baggage, sample cases and other property, or any part thereof, at public auction, after giving ten days notice of the time and place of sale by posting said notice in three public places in the city or town wherein such hotel, inn, boarding house or lodging house is located, and by mailing a notice of the time and place of sale to such guest[,] boarder or lodger at the place of residence, if any, registered by him or her on the register, if any, of said hotel, inn, boarding house or lodging house; and after satisfying the lien and paying all legal charges due from such guest, boarder or lodger, including proper charges for storage of the said baggage, sample cases or property, and any expense of selling the same that may accrue, any residue remaining shall, on demand, within one year after such sale, be paid to such guest, boarder or lodger, or his or her legal representatives: PROVIDED, HOWEVER, That should such guest, boarder or lodger fail or refuse to register from any particular town or city, or not register at all, the notice herein required to be mailed shall be addressed to the name of such guest, boarder or lodger at the city or town wherein such hotel, inn, boarding house or lodging house is located; and such sale shall be a perpetual bar to any action against said hotel, inn, boarding house or lodging house keeper for the recovery of such baggage, sample cases, or property, or of the value thereof, or for any damage arising from the failure of such guest, boarder or lodger to receive such baggage, sample cases, or property. [1929 c 216 § 5; 1915 c 190 § 6; RRS § 6865.]

**60.64.050 Obtaining accommodations by fraud—Penalty.** See RCW 19.48.110.

**Chapter 60.66 RCW**  
**LIEN OF HOTELS, LODGING AND**  
**BOARDING HOUSES—1890 ACT**

## Sections

60.66.010 Lien on property of guest.  
 60.66.020 Sale to satisfy lien—Notice.

*Lien of hotels, lodging and boarding houses—1915 act: Chapter 60.64 RCW.*

**60.66.010 Lien on property of guest.** Hereafter all hotel keepers, inn keepers, lodging house keepers and boarding house keepers in this state shall have a lien upon the baggage, property, or other valuables of their guests, lodgers or boarders, brought into such hotel, inn, lodging house or boarding house by such guests, lodgers or boarders, for the proper charges due from such guests, lodgers or boarders for their accommodation, board or lodging and such other extras as are furnished at their request, and shall have the right to retain in their possession such baggage, property or other valuables until such charges are fully paid, and to sell such baggage, property or other valuables for the payment of such charges in the manner provided in RCW 60.66.020. [1890 p 96 § 1; RRS § 1201.]

**60.66.020 Sale to satisfy lien—Notice.** Whenever any baggage, property or other valuables which have been retained by any hotel keeper, inn keeper, lodging house keeper or boarding house keeper, in his possession by virtue of the provision of RCW 60.66.010, shall remain unredeemed for the period of three months after the same shall have been so retained, then it shall be lawful for such hotel keeper, inn keeper, lodging house keeper or boarding house keeper to sell such baggage, property or other valuables at public auction, after giving the owner thereof ten days' notice of the time and place of such sale, through the post office, or by advertising in some newspaper published in the county where such sale is made, or by posting notices in three conspicuous places in such county, and out of the proceeds of such sale to pay all legal charges due from the owner of such baggage, property or valuables, including proper charges for storage of the same, and the overplus, if any, shall be paid to the owner upon demand. [1890 p 96 § 2; RRS § 1202.]

**Chapter 60.68 RCW**

**UNIFORM FEDERAL LIEN REGISTRATION ACT**

(Formerly: Lien for internal revenue taxes)

## Sections

60.68.005 Application of chapter.  
 60.68.015 Notice of federal liens.  
 60.68.025 Certification of federal liens.  
 60.68.035 Fees for recording or filing federal liens.  
 60.68.045 Tax lien index—Duties of county auditor—Uniform commercial code filing system—Department of licensing.  
 60.68.900 Uniform application of chapter.  
 60.68.901 Short title.  
 60.68.902 Effective date—1988 c 73.  
 60.68.903 Effective date—1992 c 133.

**60.68.005 Application of chapter.** This chapter applies only to federal tax liens and to other federal liens, notices of which under any act of congress or any regulation adopted pursuant thereto are required or permitted to be recorded in

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the same manner as notices of federal tax liens. [1988 c 73 § 1.]

**60.68.015 Notice of federal liens.** (1) Notices of liens, certificates, and other notices affecting federal tax liens or other federal liens must be recorded for record in accordance with this chapter.

(2) Notices of liens upon real property for obligations payable to the United States and certificates and notices affecting the liens shall be recorded in the office of the recorder of the county in which the real property subject to the liens is situated.

(3) Notices of federal liens upon personal property, whether tangible or intangible, for obligations payable to the United States and certificates and notices affecting the liens shall be filed with the department of licensing. [1992 c 133 § 1; 1988 c 73 § 2.]

**60.68.025 Certification of federal liens.** Certification of notices of liens, certificates, or other notices affecting federal liens by the United States secretary of the treasury or the secretary's delegate, or by an official or entity of the United States responsible for recording or certifying of notice of any other lien, entitles those liens to be recorded and no other attestation, certification, or acknowledgement is necessary. [1988 c 73 § 3.]

**60.68.035 Fees for recording or filing federal liens.** (1) The fee for recording a lien on real estate with the county auditor shall be as set forth in RCW 36.18.010.

(2) The fee for filing liens of personal property with the department of licensing of the state of Washington shall be as determined by the department.

(3) The recording or filing officer shall bill the district directors of the internal revenue service or other appropriate federal officials on a monthly basis for fees for documents filed for record by them. [1992 c 133 § 2; 1988 c 73 § 4.]

**60.68.045 Tax lien index—Duties of county auditor—Uniform commercial code filing system—Department of licensing.** (1) When a notice of a tax lien is recorded under RCW 60.68.015(2), the county auditor shall forthwith enter it in the general index showing the name and residence of the taxpayer named in the notice, the collector's serial number of the notice, the date and hour of recording, and the amount of tax and penalty assessed. The auditor shall have the ability to produce a separate tax lien index listing.

(2) When a notice of a tax lien is filed under RCW 60.68.015(3), the department of licensing shall enter it in the uniform commercial code filing system showing the name and address of the taxpayer as the debtor, and the internal revenue service as a secured party, and include the collector's serial number of the notice, the date and hour of filing, and the amount of tax and penalty assessed. [1999 c 233 § 7; 1992 c 133 § 3; 1988 c 73 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**60.68.900 Uniform application of chapter.** This chapter shall be applied and construed to effectuate its general

purpose to make uniform the law with respect to the subject of this chapter among states enacting it. [1988 c 73 § 6.]

**60.68.901 Short title.** This chapter may be known and cited as the uniform federal lien registration act. [1988 c 73 § 7.]

**60.68.902 Effective date—1988 c 73.** This chapter shall take effect July 1, 1988. [1988 c 73 § 10.]

**60.68.903 Effective date—1992 c 133.** This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and shall take effect July 1, 1992. [1992 c 133 § 4.]

### Chapter 60.70 RCW

#### LIMITATIONS ON NONCONSENSUAL COMMON LAW LIENS

##### Sections

60.70.010	Intent—Definitions.
60.70.020	Real property common law liens unenforceable—Personal property common law liens limited.
60.70.030	No duty to accept filing of common law lien—Filing of a notice of invalid lien.
60.70.040	No duty to disclose record of common law lien.
60.70.050	Immunity from liability for failure to accept filing or disclose common law lien.
60.70.060	Petition for order directing common law lien claimant to appear before court—Service of process—Filing fee—Costs and attorneys' fees.
60.70.070	Claim of lien against a federal, state, or local official or employee—Performance of duties—Validity.

**60.70.010 Intent—Definitions.** (1) It is the intent of this chapter to limit the circumstances in which nonconsensual common law liens shall be recognized in this state.

(2) For the purposes of this chapter:

(a) "Lien" means an encumbrance on property as security for the payment of a debt;

(b) "Nonconsensual common law lien" is a lien that:

(i) Is not provided for by a specific statute;

(ii) Does not depend upon the consent of the owner of the property affected for its existence; and

(iii) Is not a court-imposed equitable or constructive lien;

(c) "State or local official or employee" means an appointed or elected official or any employee of a state agency, board, commission, department in any branch of state government, or institution of higher education; or of a school district, political subdivision, or unit of local government of this state; and

(d) "Federal official or employee" means an employee of the government and federal agency as defined for purposes of the federal tort claims act, 28 U.S.C. Sec. 2671.

(3) Nothing in this chapter is intended to affect:

(a) Any lien provided for by statute;

(b) Any consensual liens now or hereafter recognized under the common law of this state; or

(c) The ability of courts to impose equitable or constructive liens. [1995 c 19 § 1; 1986 c 181 § 1.]

**60.70.020 Real property common law liens unenforceable—Personal property common law liens limited.** Nonconsensual common law liens against real property shall not be recognized or enforceable. Nonconsensual common law liens claimed against any personal property shall not be recognized or enforceable if, at any time the lien is claimed, the claimant fails to retain actual lawfully acquired possession or exclusive control of the property. [1986 c 181 § 2.]

**60.70.030 No duty to accept filing of common law lien—Filing of a notice of invalid lien.** (1) No person has a duty to accept for filing or recording any claim of lien unless the lien is authorized by statute or imposed by a court having jurisdiction over property affected by the lien, nor does any person have a duty to reject for filing or recording any claim of lien, except as provided in subsection (2) of this section.

(2) No person shall be obligated to accept for filing any claim of lien against a federal, state, or local official or employee based on the performance or nonperformance of that official's or employee's duties unless accompanied by a specific order from a court of competent jurisdiction authorizing the filing of such lien.

(3) If a claim of lien as described in subsection (2) of this section has been accepted for filing, the recording officer shall accept for filing a notice of invalid lien signed and submitted by the assistant United States attorney representing the federal agency of which the individual is an official or employee; the assistant attorney general representing the state agency, board, commission, department, or institution of higher education of which the individual is an official or employee; or the attorney representing the school district, political subdivision, or unit of local government of this state of which the individual is an official or employee. A copy of the notice of invalid lien shall be mailed by the attorney to the person who filed the claim of lien at his or her last known address. No recording officer or county shall be liable for the acceptance for filing of a claim of lien as described in subsection (2) of this section, nor for the acceptance for filing of a notice of invalid lien pursuant to this subsection. [1995 c 19 § 4; 1986 c 181 § 3.]

**60.70.040 No duty to disclose record of common law lien.** No person has a duty to disclose an instrument of record or file that attempts to give notice of a common law lien. This section does not relieve any person of any duty which otherwise may exist to disclose a claim of lien authorized by statute or imposed by order of a court having jurisdiction over property affected by the lien. [1986 c 181 § 4.]

**60.70.050 Immunity from liability for failure to accept filing or disclose common law lien.** A person is not liable for damages arising from a refusal to record or file or a failure to disclose any claim of a common law lien of record. [1986 c 181 § 5.]

**60.70.060 Petition for order directing common law lien claimant to appear before court—Service of process—Filing fee—Costs and attorneys' fees.** (1) Any person whose real or personal property is subject to a recorded claim of common law lien who believes the claim of lien is

invalid, may petition the superior court of the county in which the claim of lien has been recorded for an order, which may be granted ex parte, directing the lien claimant to appear before the court at a time no earlier than six nor later than twenty-one days following the date of service of the petition and order on the lien claimant, and show cause, if any, why the claim of lien should not be stricken and other relief provided for by this section should not be granted. The petition shall state the grounds upon which relief is requested, and shall be supported by the affidavit of the petitioner or his or her attorney setting forth a concise statement of the facts upon which the motion is based. The order shall be served upon the lien claimant by personal service, or, where the court determines that service by mail is likely to give actual notice, the court may order that service be made by any person over eighteen years of age, who is competent to be a witness, other than a party, by mailing copies of the petition and order to the lien claimant at his or her last known address or any other address determined by the court to be appropriate. Two copies shall be mailed, postage prepaid, one by ordinary first-class mail and the other by a form of mail requiring a signed receipt showing when and to whom it was delivered. The envelopes must bear the return address of the sender.

(2) The order shall clearly state that if the lien claimant fails to appear at the time and place noted, the claim of lien shall be stricken and released and that the lien claimant shall be ordered to pay the costs incurred by the petitioner, including reasonable attorneys' fees.

(3) The clerk of the court shall assign a cause number to the petition and obtain from the petitioner a filing fee pursuant to RCW 36.18.012.

(4) If, following a hearing on the matter, the court determines that the claim of lien is invalid, the court shall issue an order striking and releasing the claim of lien and awarding costs and reasonable attorneys' fees to the petitioner to be paid by the lien claimant. If the court determines that the claim of lien is valid, the court shall issue an order so stating and may award costs and reasonable attorneys' fees to the lien claimant to be paid by the petitioner. [2006 c 192 § 4; 1995 c 19 § 2.]

**60.70.070 Claim of lien against a federal, state, or local official or employee—Performance of duties—Validity.** Any claim of lien against a federal, state, or local official or employee based on the performance or nonperformance of that official's or employee's duties shall be invalid unless accompanied by a specific order from a court of competent jurisdiction authorizing the filing of such lien or unless a specific statute authorizes the filing of such lien. [1995 c 19 § 3.]

### Chapter 60.72 RCW LANDLORD'S LIEN FOR RENT

#### Sections

60.72.010 Liens created—Priority—Extent—Exceptions.  
60.72.040 Foreclosure of lien.

**60.72.010 Liens created—Priority—Extent—Exceptions.** Any person to whom rent may be due, his or her executor, administrator, or assign, shall have a lien for such

rent upon personal property which has been used or kept on the rented premises by the tenant, except property of third persons delivered to or left with the tenant for storage, repair, manufacture, or sale, or under conditional bills of sale duly filed, and such property as is exempt from execution by law. Such liens for rent shall be paramount to, and have preference over, all other liens except liens for taxes, general and special liens of labor, and liens of mortgages duly recorded prior to the tenancy. Such liens shall not be for more than two months' rent due, except that a lien for up to four months' rent due may be established when the tenant is renting a mobile home lot in a mobile home park as defined in RCW 59.20.030. No lien may be enforced for any rent or any installment thereof which has been due for more than two months at the time of the commencement of an action to foreclose such liens, except that a lien may be enforced for rent due for up to four months at the time of the commencement of an action to foreclose the lien when the tenant is renting a mobile home lot in a mobile home park as defined in RCW 59.20.030. No writing or recording shall be necessary to create such lien; and if such property be removed from the rented premises and not returned to the owner, agent, executor, administrator, or assign, the lien shall continue and be a superior lien on the property so removed for ten days from the date of its removal, and the lien may be enforced against the property wherever found. In the event the property contained in the rented premises be destroyed by fire or other elements, the lien shall extend to any money that may be received by the tenant as indemnity for the destruction of the property, nor shall the lien be lost by the sale of the property, except merchandise sold in the usual course of trade or to purchasers without notice of the tenancy. The provisions of this chapter shall not apply to, nor shall it be enforced against, the property of tenants in dwelling houses or apartments or any other place that is used exclusively as a home or residence of the tenant and his or her family. [1990 c 169 § 3; 1927 c 108 § 1; 1917 c 165 § 1; RRS § 1203-1. Formerly RCW 60.72.010, 60.72.020, 60.72.030.]

**60.72.040 Foreclosure of lien.** Said lien may be foreclosed as provided in chapter 60.10 RCW. [1995 c 62 § 12; 1969 c 82 § 15; 1917 c 165 § 2; RRS § 1203-2.]

### Chapter 60.76 RCW LIEN OF EMPLOYEES FOR CONTRIBUTIONS TO BENEFIT PLANS

#### Sections

60.76.010 Lien authorized.  
60.76.020 Notice of lien—Contents—Filing and serving.  
60.76.030 Manner of serving notice.  
60.76.040 Manner of enforcing lien—Costs.  
60.76.050 Priority of lien.

**60.76.010 Lien authorized.** Every employer who is required to pay contributions, by agreement or otherwise, into a fund of any employee benefit plan in order that his employee may participate therein, shall pay such contributions in the required amounts and at the stipulated time or each employee affected thereby shall have a lien on the earn-

ings and on all property used in the operation of said employer's business to the extent of the moneys, plus any penalties, due to be paid by or on his behalf in order to qualify him for participation therein, and for any moneys expended or obligations incurred for medical, hospital, or other expenses to which he would have been entitled had such required contributions been paid. [1961 c 86 § 1.]

**60.76.020 Notice of lien—Contents—Filing and serving.** The lien claimant, or his representative on his behalf, or the trustee of the fund on the claimant's behalf, within sixty days after such payment becomes due shall file for record with the auditor of the county wherein the claimant is or was employed by such employer a notice of claim, containing a statement of the demand, the name of the employer and the name of the person employing the claimant, if known, with a statement of the pertinent terms and conditions of the employee benefit plan and the time when such contributions are due and were to have been paid, and shall serve or mail a copy thereof to said employer within such time. [1961 c 86 § 2.]

**60.76.030 Manner of serving notice.** Service of the notice of claim may be made in the same manner as summons in civil actions. [1961 c 86 § 3.]

**60.76.040 Manner of enforcing lien—Costs.** The lien may be enforced within the same time and in the same manner as mechanics' liens are foreclosed when said lien is upon real property, or within the same time and in the same manner as chattel liens are enforced when the lien is upon personal property. The court may allow, as part of the costs of the action, the moneys paid for filing or recording the claim, a reasonable attorney's fee in the superior court, court of appeals, and supreme court, and court costs. [1971 c 81 § 130; 1961 c 86 § 4.]

**60.76.050 Priority of lien.** The lien created herein shall be preferred to any encumbrance which may attach after the contribution payments became due and is also preferred to any encumbrance which may have attached previous to that time, but which was not filed or recorded so as to create constructive notice thereof prior to that time, and of which the lien claimant had no notice. [1961 c 86 § 5.]

**Chapter 60.80 RCW**

**LIEN FOR UNRECORDED UTILITY CHARGES**

Sections

- 60.80.005 Definitions.
- 60.80.010 Seller of real property responsible for satisfying lien—Closing agent's duties and liabilities—Fee.
- 60.80.020 Seller's duty to inform closing agent—Written waiver—Closing agent's duties—Utility's duties—Payment of final billing.
- 60.80.900 Effective date—1996 c 43.

**60.80.005 Definitions.** Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter:

(1) Except as otherwise provided in this subsection (1), "charges" include: (a) All lawful charges assessed by a utility operated under chapter 35.21, 35.67, 36.36, 36.89, 36.94, or 57.08 RCW, but not evidenced by a recorded lien, recorded covenant, recorded agreement, or special assessment roll filed with the city or county treasurer or assessor, and not billed and collected with property taxes; and (b) penalties and interest, and reasonable attorneys' fees and other costs of foreclosure if foreclosure proceedings have been commenced.

(2) "Closing agent" means an escrow agent as defined in \*RCW 18.44.011(6) or a person exempt from licensing requirements under RCW 18.44.021, handling the escrow on the sale of the real property.

(3) "Real estate agent" means a real estate broker, real estate salesperson, associate real estate broker, or person as defined in \*\*RCW 18.85.010 (1) through (4).

(4) "Business day" means a day the offices of the county or counties in which the utility in question provides service are open for business. [2004 c 215 § 7; 1996 c 43 § 1.]

**Reviser's note:** \*(1) RCW 18.44.011 was alphabetized pursuant to RCW 1.08.015(2)(k), changing subsection (6) to subsection (7).

\*\*\*(2) RCW 18.85.010 was recodified as RCW 18.85.011 pursuant to 2008 c 23 § 49; and RCW 18.85.010 was also amended by 2008 c 23 § 1, changing and/or removing the definitions in subsections (1) through (4), effective July 1, 2010.

**60.80.010 Seller of real property responsible for satisfying lien—Closing agent's duties and liabilities—Fee.**

(1) Unless otherwise stated and acknowledged in writing by the purchaser, the seller of a fee interest in real property is responsible for satisfying, upon closing, any lien provided for by RCW 35.21.290, 35.67.200, 36.36.045, \*36.89.090, or 36.94.150.

(2) No closing agent may refuse a written request by the seller or purchaser of a fee interest in real property to administer the disbursement of closing funds necessary to satisfy unpaid charges as charges are defined in RCW 60.80.005. Except as otherwise provided in this subsection (2), a closing agent who refuses such a written request is liable to the purchaser for unpaid charges for utility services covered by the request. A closing agent is not liable if the closing agent's refusal is based on the seller's inaccurate or incomplete identification of utilities providing service to the property, or if a utility fails to provide an estimated or actual final billing, or written extension of the per diem rate, as required by RCW 60.80.020, or if disbursement of closing funds necessary to satisfy the unpaid charges would violate RCW 18.44.400.

(3) A closing agent may charge a fee for performing the services required of the closing agent by this chapter, which fee may be in addition to other fees or settlement charges collected in the course of ordinary settlement practices. [2004 c 215 § 8; 1996 c 43 § 2.]

**\*Reviser's note:** RCW 36.89.090 was recodified as RCW 36.89.065, September 2007.

**60.80.020 Seller's duty to inform closing agent—Written waiver—Closing agent's duties—Utility's duties—Payment of final billing.**

(1) Unless the seller and purchaser waive, in writing, the services of a closing agent in administering the disbursement of closing funds necessary to satisfy unpaid charges as charges are defined in RCW

60.80.005, the seller shall, as a provision in a written agreement for the purchase and sale of real estate, inform the closing agent for the sale of the names and addresses of all utilities, including special districts, providing service to the property under chapter 35.21, 35.67, 36.36, 36.89, 36.94, or 57.08 RCW. The provision of the information in a written agreement for the purchase and sale of real estate constitutes a written request to the closing agent to administer disbursement of closing funds necessary to satisfy unpaid charges.

Unless the seller and purchaser have waived the services of a closing agent as provided in this subsection, the closing agent shall submit a written request for a final billing to each utility identified by the seller as providing service to the property under chapter 35.21, 35.67, 36.36, 36.89, 36.94, or 57.08 RCW. Either the seller or purchaser may submit a written request for a final billing to each utility identified by the seller as providing service to the property under chapter 35.21, 35.67, 36.36, 36.89, 36.94, or 57.08 RCW.

The written request must identify the property by both legal description and address. The closing agent, seller, or purchaser may submit a written request to a utility by facsimile. In requesting final billings for utility services, the closing agent may rely upon information provided by the seller, and a closing agent or a real estate agent who is not the seller is not liable for inaccurate or incomplete information.

(2) After receiving a written request for a final billing for utility services to real property to be sold, a utility operated under chapter 35.21, 35.67, 36.36, 36.89, 36.94, or 57.08 RCW shall provide the requesting party with a written estimated or actual final billing as provided in this section. If the utility is unable to provide a written estimated or actual final billing or written extension of the per diem rate, due to insufficient information to identify the account, the utility shall notify the requesting party in writing that the information is insufficient to identify the account.

The utility shall provide the written estimated or actual final billing, or statement that the information in the request is insufficient to identify the account, to the requesting party within seven business days of receipt of the written request if the request was mailed to the utility, or within three business days if the request was sent to the utility by facsimile or delivered to the utility by messenger. A utility may provide a written estimated or actual final billing to the requesting party by facsimile.

(a) The final billing must include all outstanding charges and, in addition to the estimated or actual final amount owing as of the stated closing date, must state the average per diem rate for the utility or utilities involved, including taxes and other charges, which shall apply for up to thirty days beyond the stated closing date if the closing date is delayed.

(b) If closing is delayed beyond thirty days, a new estimated or actual final billing must be requested in writing. In lieu of furnishing a written revised final billing, the utility may extend, in writing, the number of days for which the per diem charge applies. The utility shall respond within seven business days of receipt of the written request for a new estimated or actual final billing if the request was mailed to the utility, or within three business days if the request was sent to the utility by facsimile or delivered to the utility by messenger.

(c) If a utility fails to provide a written estimated or actual final billing, written extension of the per diem rate, or statement that the information in the request is insufficient to identify the account, within seven business days of receipt of a written request if the request was mailed to the utility, or within three business days if the request was sent to the utility by facsimile or delivered to the utility by messenger, an unrecorded lien provided for by RCW 35.21.290, 35.67.200, 36.36.045, \*36.89.090, or 36.94.150 for charges incurred prior to the closing date is extinguished, and the utility may not recover the charges from the purchaser of the property.

(d) A closing agent shall inform the seller and purchaser of all applicable estimated and actual final billings furnished by utilities.

In performing his or her duties under this chapter, a closing agent may rely upon information provided by utilities and is not liable if information provided by utilities is inaccurate or incomplete.

(3) If closing occurs no later than the last date for which per diem charges may be applied, full payment of the estimated or actual final billing plus per diem charges extinguishes a lien of the utility provided for by RCW 35.21.290, 35.67.200, 36.36.045, \*36.89.090, or 36.94.150 for charges incurred prior to the closing date.

(4)(a) Except as otherwise provided in this subsection (4)(a), this section does not limit the right of a utility to recover from the purchaser of the property unpaid utility charges incurred prior to closing, if the utility did not receive a written request for a final billing or if the utility complied with subsection (2) of this section.

A utility may not recover from a purchaser unpaid utility charges incurred prior to closing in excess of an estimated final billing.

(b) This section does not limit the right of a utility to recover unpaid utility charges incurred prior to closing, including unpaid utility charges in excess of an estimated final billing, from the seller of the property, or from the person or persons who incurred the charges.

(c) If an estimated final billing is in excess of the actual final billing, unless otherwise directed in writing by the seller and purchaser, a utility shall refund any overcharge to the seller of the property by sending the refund in the seller's name to the last address provided by the seller. A utility shall refund the overcharge within fourteen business days of the date the utility receives payment for the final billing, unless a county treasurer acts in an ex officio capacity as the treasurer of a utility, in which case the utility shall refund the overcharge within thirty business days of the date the utility receives payment for the final billing. [2004 c 215 § 9; 1996 c 43 § 3.]

**\*Reviser's note:** RCW 36.89.090 was recodified as RCW 36.89.065, September 2007.

**60.80.900 Effective date—1996 c 43.** This act shall take effect January 1, 1997. [1996 c 43 § 4.]

## Chapter 60.84 RCW

## LIEN ON DIES, MOLDS, FORMS, AND PATTERNS

## Sections

- 60.84.005 Definitions.  
 60.84.010 Plastic fabricator, molder, and person conducting a plastic fabricating business has a lien—May retain possession—Notice to customer—Foreclosure by notice and sale.

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

(1) "Customer" means an individual or entity that contracts with, causes, or caused a plastic fabricator to use a die, mold, form, or pattern to manufacture, assemble, or otherwise make a plastic product.

(2) "Plastic fabricator," "fabricator," or "molder" means an individual or entity, including but not limited to a tool or die maker, that contracts to or uses a die, mold, form, or pattern to manufacture, assemble, or otherwise make a plastic product for a customer. [1996 c 235 § 3.]

**60.84.010 Plastic fabricator, molder, and person conducting a plastic fabricating business has a lien—May retain possession—Notice to customer—Foreclosure by notice and sale.** (1) A plastic fabricator, molder, and person conducting a plastic fabricating business has a lien, dependent on possession, on a die, mold, form, or pattern belonging to the customer for the amount owing from the customer for plastic fabrication work and for the value of materials used in the work. The fabricator may retain possession of the die, mold, form, or pattern until the charges are paid. This lien does not have priority over any security interest in the die, mold, form, or pattern that is perfected at the time the fabricator acquires the lien.

(2) Before a lien is enforced, the fabricator must cause written notice to be delivered personally or by registered or certified mail to the last known address of the customer. The notice must state that the fabricator will exercise its lien right because of nonpayment. The notice must also state the amount of money owed and demand payment. The fabricator's name, address, and phone number must be included in the notice.

(3) If the fabricator is not paid the total due within sixty days after the notice has been received by the customer, the fabricator may foreclose the lien by notice and sale as provided in this section, if the die, mold, form, or pattern is in the fabricator's possession. The fabricator must send notice of intended sale, by registered or certified mail with return receipt requested, to the last known address of the customer. The notice must include: A description of the die, mold, form, or pattern to be sold; a statement of intent to sell the die, mold, form, or pattern at public sale; the date, time, and place of the sale; and an itemized statement of moneys owing.

If there is no return receipt or if the postal service returns the notice as undeliverable, the fabricator shall publish notice of intention to sell the die, mold, form, or pattern at public sale in a newspaper of general circulation in the county where the die, mold, form, or pattern is physically located. The publication must include: A description of the die, mold, form, or pattern; the name, address, and phone number of the cus-

tomers; the name, address, and phone number of the fabricator; and the date, time, and place of the sale.

The fabricator is entitled to the amount owing plus the costs of holding, preparing for sale, and selling the die, mold, form, or pattern. The fabricator is also entitled to reasonable attorneys' fees incurred.

(4) If the sale proceeds exceed the amount owing, the excess must be paid to subsequent lien holders. Any remainder must be remitted to the customer.

(5) A public sale may not be held under this section if it is in violation of a right of a customer under federal patent or copyright law. [1996 c 235 § 4.]